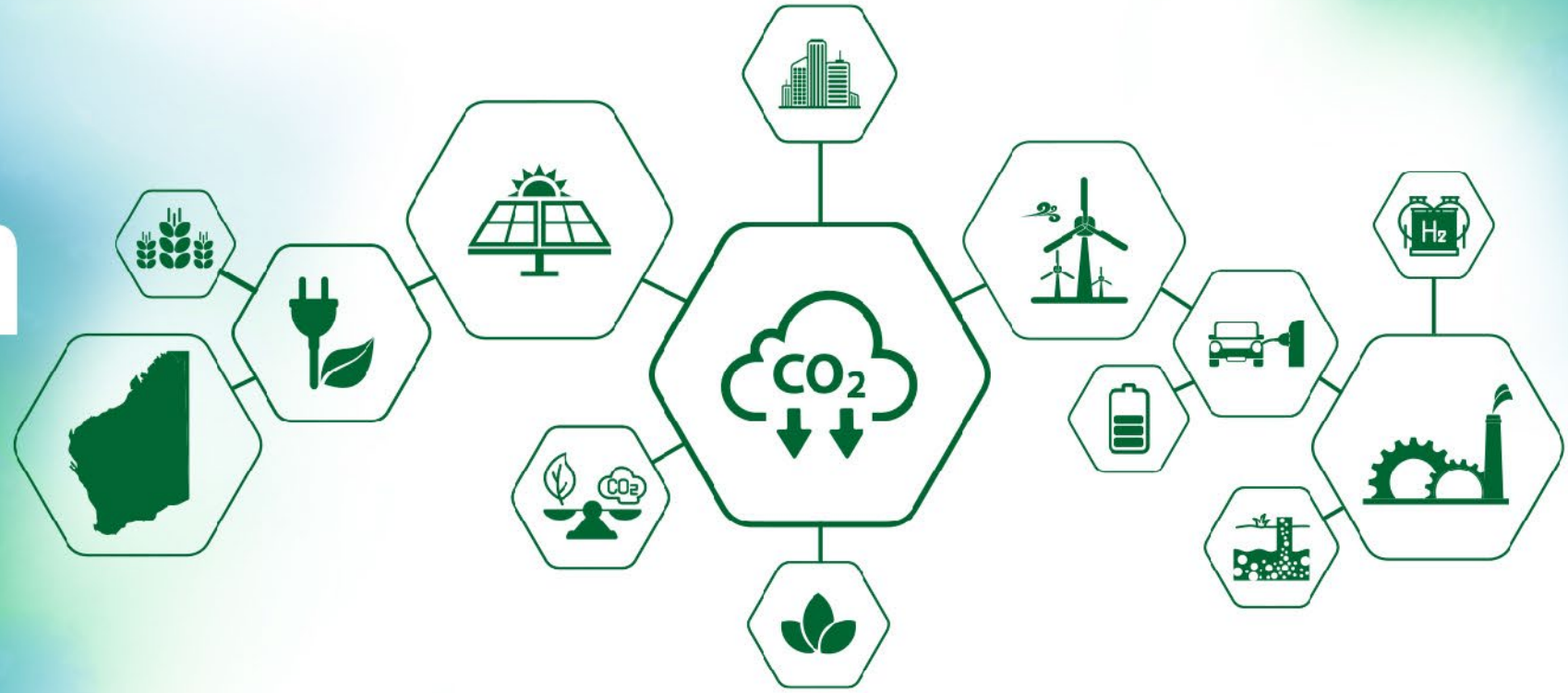


Carbon Innovation Grants Program



Information session



Second online information session

- 45 minutes for presentation of an overview of the program Merit Criteria followed by a walk through of the Financial Model template for feasibility studies
- 30 minutes for questions related to the presentation
- Questions may be asked throughout the session via the online chat facility
- Session to be recorded and posted on the program website
- Further online sessions may be announced on the program website before the current round closes on 16 December 2022



Objectives of the program

- Reduction of carbon emissions from heavy industry processes in Western Australia
- Support of the development of innovative technologies for carbon abatement and sequestration
- Maximisation of co-benefits for the environment and the Western Australian economy
- Optionally, an increase of the supply of carbon credits enabling heavy industry to offset residual emissions



The two funding streams available to Applicants

Stream 1 – Feasibility studies

- Technology development to move from concept through to real-world trials

Stream 2 – Pilot projects and capital works

- Real-world pilot trials to enable technologies to scale up to full commercial-ready applications



Components assessed for reducing emissions (MT1)

- Greenhouse gas emissions and savings should be demonstrated through the financial model template
- Use NGER emissions factors, or other evidence-based calculation methods to demonstrate emissions estimates are genuine and realistic
- **Direct and indirect emissions reductions** – consider operational control boundaries, Scope 3 emissions can be included
- **The scale of emissions reduction relative to a baseline** – demonstrate how the project would make a material difference to current emissions
- **Permanence of savings** – demonstrate that the project will continue to reduce emissions in the longer term; permanence requirements will vary with project type and may need to address future production plans, reliability of sequestration (e.g. reservoirs, land sector) or retention in used products (CCUS)
- **Target cost of abatement** – demonstrate that the project aims to achieve emissions reduction at a competitive market cost



Mitigation hierarchy and transition to net zero – demonstrate that emissions are being addressed across the hierarchy and that there is a plan to reach net zero

Example: A carbon offset project should demonstrate that it is addressing residual emissions and that other projects higher up the value chain are already planned or underway to reduce emissions from the industrial site

Hierarchy:

- 1. Avoid** – Cease processes that produce emissions (may not be covered by CIGP)
- 2. Reduce** – improve process efficiency
- 3. Replace** – change an industrial process to remove emissions (e.g. replace natural gas-based hydrogen with green hydrogen)
- 4. Store** – Carbon capture use and storage
- 5. Offset** – Approved carbon offset products and methods



Components assessed for the business case (MT2)

- Funding sought relative to project costs
- Funding and security of sources
- Applicant's monetary contribution not less than 25% of project cost
- Justification for funding, the project not being business as usual or otherwise not commercially viable without government assistance
- Impact of grant and consequent acceleration of sectoral change
- Technical feasibility and demonstration that the project would be a good investment for the state
- Commitment to progress the project further after the feasibility or pilot phase and thereby the longer-term and substantial benefits that could be realised



Components assessed for the ability to deliver (MT3)

- Technical management capability and expertise
- Timeframe for project commencement and delivery
- Relevant agreements with project partners their respective roles and level of involvement of one or more heavy industry facilities
- Governance structure with viable project milestones and performance criteria, resourcing and quality assurance including a project risk management plan and completed risk register template
- Path to achieving financial close and commencing project delivery upon execution of a funding agreement
- Secure regulatory approvals and or access permits to carry out the project
- Plans for insurance to cover potential liability that may result from conducting project activities



Components assessed for innovation and wider adoption (MT4)

- Innovation – projects beyond common practice facilitating new or more efficient ways to abate emissions with new approaches to existing methods that reduce costs while overcoming other barriers to wider adoption by industry
- Likelihood that similar projects could be easily replicated at other sites or across an industry type
- Horizon scan to other technologies with a view to project technology that can be widely adopted
- Potential for scalable adoption in respect of hard-to-abate emissions related to heavy industry processes as referenced in applicant guideline's glossary



Components assessed for project's public good (MT5)

- Knowledge-sharing plan demonstrating quality and extent of that plan to build industry capacity and confirm feasibility of new technologies and processes for industry-wide application
- Initiatives for industry type to decarbonise
- Economic development through job creation, including but not limited to Aboriginal employment and further business development introducing new industry or business practices
- Environmental co-benefits through reduced pollution, reduced use of raw materials, biodiversity and climate adaptation with related resilience
- Objectives of the WA climate policy – a resilient low-carbon future, supporting a net zero transition



How to apply for a Carbon Innovation Grant

- Applications to be made using the SmartyGrants portal
- Refer to the Applicant Guidelines when making your project proposal
- Download and complete the Financial Model template and Risk Register template
- Deadline for applications is 2pm, 16 December 2022
- Contact details: carbongrants@dwer.wa.gov.au or 08 6364 7666

Financial Model

- The purpose of the Financial Model is to:
 - capture key elements of the project including costs, sources of funding and expected emissions savings
 - enable evidence-based assessment against the merit criteria in a format that can be easily compared between projects
 - provide an overview of project timelines and deliverables
- Financial Model case studies are provided as a guide on the CIGP website



Financial Model

- There are five tabs within each Financial Model template
 - Instructions
 - Project summary
 - Financial Model
 - In-kind contributions
 - CIGP merit criteria

There are separate templates for feasibility studies and pilot projects and capital works

Green is for user input of values or labels like cost components and milestone descriptions

Light green is for values with a calculated default that you can type over

Yellow highlighting indicates a value has been typed over a formula



Financial Model tab

- Key elements of the Financial Model
 - Project costs and revenue sources
 - Carbon emissions and savings:
 - compares the current state and what is expected to be achieved after the project is implemented
 - classifies emissions into three categories, including raw materials, industrial processing and sequestration
 - Focus on Scope 1 and 2 emissions but includes provision for Scope 3
 - Long-term costs and benefits including return on investment (ROI) calculations
 - Pilot projects and capital works template:
 - includes an additional section to assess emissions from construction
 - includes a more detailed assessment of CIGP funding impact on ROI calculations



Feasibility case study

Project: Assess the feasibility of carbon capture and use from a cement kiln

Description: a feasibility study for carbon emissions capture from a cement and lime factory and conversion of the captured emissions into a solid material that can be incorporated into cement products (Carbon capture and use or CCUS).

NOTE!

All case study numbers are fictional and may not represent a real-world scenario in terms of potential emissions reduction and financial costs or savings. The case study is only designed as an example of how to use the Financial Model template should and should not be used as a basis for a grant application.