



Queensland Microgrid Pilot Fund

Application guidelines

December 2022



Queensland
Government

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1 About the program

Ensuring that regional and remote communities, including First Nations communities, can share the benefits of clean, reliable and affordable energy into the future is a critical part of the [Queensland Energy and Jobs Plan](#) and an inclusive SuperGrid.

In June 2022, the Queensland Government committed \$10 million over two years to deliver the Queensland Microgrid Pilot Fund (QMPF) to improve network resilience of these communities.

As part of the Queensland Energy and Jobs Plan, the QMPF will invest up to \$10 million over two years to boost the resilience of regional and remote communities to extreme weather events, through supporting the development and delivery of microgrids across Queensland.

What is a microgrid?

A microgrid is a stand-alone power system that generates and supplies electricity to multiple customers. Power may be supplied by a mix of the existing grid, local generation and storage, possibly combined with behind-the-meter generation and storage. It has clearly defined electrical boundaries and acts as a single controllable entity with respect to the grid. A grid-connected microgrid can connect and disconnect from the grid to enable it to operate in both grid-connected or island mode.

Microgrids offer local energy solutions with the potential to improve reliability and boost resilience of regional and remote communities, while enabling decarbonisation and energy independence.

For the purpose of the QMPF, the term microgrid is used to include the following technical configurations:

- **Embedded microgrid:** An electricity supply arrangement that coordinates and optimises the use of connected, locationally proximate distributed energy resources (DER) to provide secure and reliable electricity within the microgrid.
- **Islandable microgrid:** An electricity supply arrangement that generates and distributes electricity and can demonstrate temporary operation when disconnected or islanded from the distribution network.
- **Islanded microgrid:** An electricity supply arrangement that generates and distributes electricity and can demonstrate permanent operation enabling disconnection from the existing distribution grid.

The following technical configuration is not eligible for QMPF:

- **Stand-Alone Power Systems (SAPS):** An electricity supply arrangement that already operates as an isolated SAPS or is not currently connected to Ergon Energy's existing distribution network. These systems are often in very remote locations.

Only microgrid projects where the proposed site is located within communities currently connected to Ergon Energy's electricity network are eligible for the QMPF.

Purpose

The QMPF application guidelines provides potential applicants with an overview of the eligibility and selection criteria which all applicants will be assessed against.

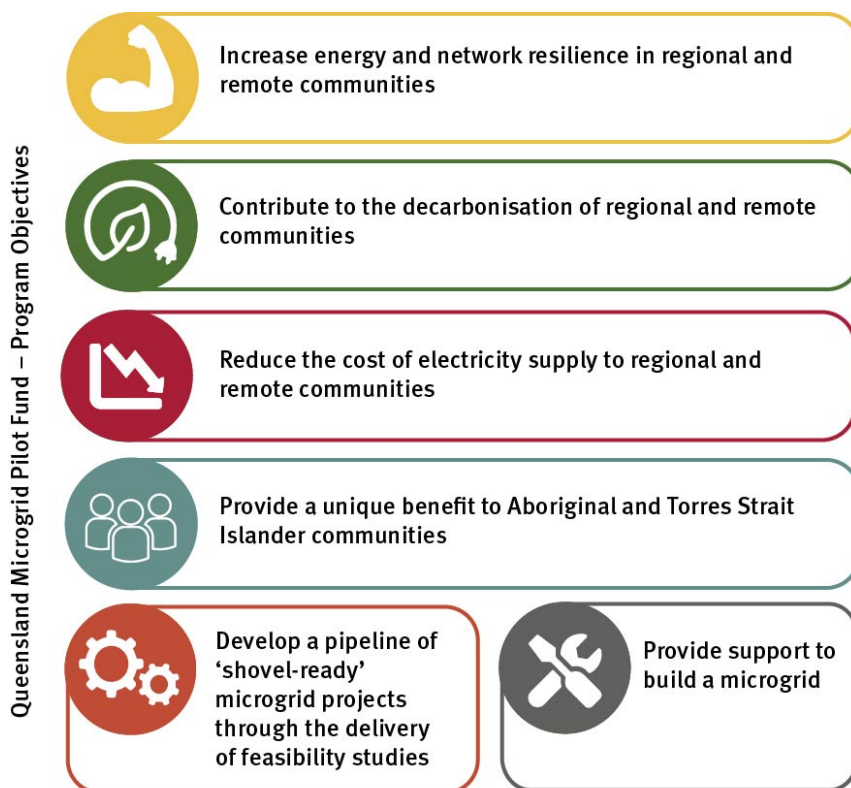
Section 2 outlines the mandatory eligibility criteria for QMPF applicants and projects. If applicants do not meet the eligibility criteria, they will not be able to be assessed as a potential participant for the program.

Section 3 outlines the selection criteria which all eligible applicants will be assessed against. The selection criteria are weighted to allow for each application to be scored.

Each applicant should read through this document carefully and prepare an application form to be considered for the QMPF.



1.1 Program objectives

The QMPF supports microgrid projects which can demonstrate progression or deliver a build of a microgrid within regional and remote Queensland communities, and which meet the program objectives:



Grant funding is available for microgrid projects that meet the QMPF program objectives. The total funding allocated for QMPF is up to \$10 million, which can at any point be reduced at the discretion of the Department of Energy and Public Works (DEPW).

The minimum grant amount which can be sought through QMPF is \$250,000. DEPW anticipates that the grant sought will be commensurate with the scope and complexity of the proposed project and the expected deliverables. A general funding guidance for the two different potential microgrid project proposals include:

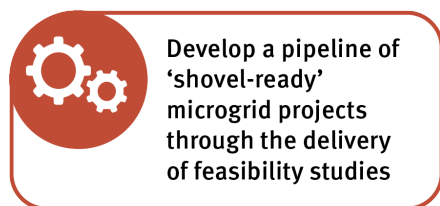
| | |
|--|---|
|  <p>Develop a pipeline of 'shovel-ready' microgrid projects through the delivery of feasibility studies</p> | <p>Between \$250,000 to \$750,000*</p> |
|  <p>Provide support to build a microgrid</p> | <p>Up to \$5 million*</p> |

* Applicants seeking funding greater than the funding guidance will need to demonstrate exemplary merit during the selection process AND clearly outline why the additional funding is required and how it contributes to achieving the QMPF objectives. Applicants may be required to respond to further questions from DEPW when considering their proposal.

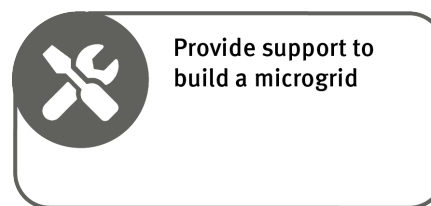
All applications will be assessed by a technical reference group (see section 3).

1.2 Eligible activities

Funding may be directed towards the following eligible activities:



- Professional services to complete a project feasibility study including:
 - investigating technical configuration options for a microgrid for the regional community
 - investigating potential ownership structures
 - investigating capital expenditure costs and project timelines for operation
 - scoping future resources and investments required to progress the microgrid through to development
- Engagement with Energy Queensland Limited's (EQL) Microgrid and Isolated Systems Test Facility to test effects the microgrid may have on the existing network.
- Prepare project ownership, governance and delivery model. Plans should cater for long-term (10+ years) ownership, ongoing operation, and management of the microgrid asset.
- Prepare detailed design including technical assessment and construction of the project.
- Cost benefit analysis and research into the commercial longevity and viability of the microgrid project.
- Regulatory review to investigate how the proposed microgrid works under existing regulations and/or address regulatory barriers by suggesting a proposed pathway.
- Cost benefit analysis and research into the commercial longevity and viability of the microgrid project.
- Other justified and reasonable activities as agreed with DEPW.



- Professional advice to support services to transition to pre implementation works (this can include progression of planning and environmental approvals etc.).
- Prepare project ownership, governance and delivery model. Plans should cater for long-term (10+ years) ownership, ongoing operation and management of the microgrid asset.
- Regulatory review to investigate how the proposed microgrid works under existing regulations and/or address regulatory barriers by suggesting a proposed pathway.
- Capital expenditure to complete the construction of a microgrid which could include delivery of a single stage(s) of a multi-staged microgrid project.
- Other justified and reasonable activities as agreed with DEPW.

2 Eligibility criteria

Applicant eligibility

1. At the time of applying for QMPF and throughout the duration of the project, hold an Australian Business Number (ABN) or Australian Company Number (ACN).
2. Commonwealth Government entities are not eligible for funding.
3. Queensland Government entities, including Government Owned Corporations (GOC), are not eligible for funding for microgrid feasibility studies. GOC also includes a GOC subsidiary or a joint venture to which a GOC or GOC subsidiary is a party. GOC entities are eligible to apply for funding to build a microgrid.

Project eligibility

1. The proposed microgrid site must be currently connected to the [Queensland Ergon Distribution Network Supply Area](#).
2. The proposed community that the microgrid will service must demonstrate the need for increased electricity network resilience with reference to three-year records of power outages and SAIDI/SAIFI figures and other factors the applicant considers relevant.
3. The proposed microgrid project must demonstrate how it contributes to the decarbonisation of the community's energy supply, relative to the community's business-as-usual usage.
4. The applicant must have undertaken analysis of the project which represents pre-feasibility work/assessment of the proposed microgrid. At minimum, this should include:
 - a) Proposed location for microgrid and clear project description.
 - b) Description of proposed microgrid technology including renewable energy generation pairing (e.g. solar, wind, hydro-power etc.) and battery storage solutions.
 - c) An outline of operational costs and estimates for capital build including associated timeline:
 - a. Provide a project financial model in a format readable with common spreadsheet software such as Microsoft Excel that enables the analysis of the capital cost, operational expenses, revenue, cash flow and returns of the project.
 - d) A completed PESTLE (Political, Economic, Social, Technology, Legal and Environmental) risk assessment.

Pre-feasibility can be provided in the form of an existing feasibility study/assessment and attached to the application. The applicant must highlight pages within the existing documents for assessors to find the information required.

In addition to the above criteria, applicants applying for funding to build a microgrid must provide:

1. A completed feasibility study that sets out the technical and commercial feasibility of the project including cost impacts on the community and/or Queensland Government (if any).
2. If appropriate, a network connection approval, agreement, or evidence to demonstrate the microgrid can be connected to Ergon's distribution network.
3. A detailed project, procurement and delivery plan including risk register.
4. Description of the roles and responsibilities including the owner, operator of the microgrid and the role of Ergon (if any).

3 Selection criteria

There are four selection criteria for this program that will be assessed by a Technical Reference Group (TRG), to determine who participates in the program. Assessments against the selection criteria must be deemed satisfactory to proceed in the program.

- **Selection criteria 1:** Aboriginal and Torres Strait Islander community benefits, reach and stakeholder collaboration
- **Selection criteria 2:** Financial viability and capacity to participate
- **Selection criteria 3:** Rigorous project design and methodology
- **Selection criteria 4:** Ability to address program objectives

The TRG, comprising of independent subject matter specialists, will assess, score and rank each eligible application. Each selection criteria will be scored out of five (total 20 for all four selection criteria) which will form the merit rank for each application.

Applicants who are shortlisted may be invited to an interview with the TRG. The interview will be an opportunity for the TRG to ask questions and obtain additional information relating to the selection criteria below.

3.1 Aboriginal and Torres Strait Islander community benefits, reach and stakeholder collaboration

3.1.1 Community benefits and reach

The proposed microgrid site will be evaluated by the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships (DSDSATSIP) and the Remote Indigenous Land and Infrastructure Program Office (RILIPO). RILIPO facilitates the coordination of major infrastructure investment across Queensland's remote, discrete Aboriginal and Torres Strait Islander communities as well as economic opportunities that meet the needs, aspirations and expectations of each community and its leadership.

RILIPO will review all project proposals based on the information provided within their application and will evaluate the unique benefits that the proposed microgrid project will have for Aboriginal and Torres Strait Islander people within the community in accordance with RILIPO's whole-of-government coordination and benefits approach.

RILIPO may consider the following factors when evaluating each project proposal:

- Proposed microgrid project community benefits and objectives
- Knowledge of the community
- Economic development and local employment
- Impact on community infrastructure
- Overall demonstration of QMPF selection criteria 2, 3 and 4

3.1.2 Demonstrated collaboration with key stakeholders

Collaboration and consultation with key stakeholders is considered critical to the project's viability and success within the community.

Key stakeholders can include, but are not limited to:

- Local Government
- Trustees/Registered Native Titles Bodies Corporate
- Local Aboriginal and Torres Strait Islander community organisations
- Traditional Owners and or their representative body
- Specialty interest groups (environmental, social, cultural and industry)
- Energy Queensland
- Relevant government organisations

Collaboration and consultation can be demonstrated through letters of support from stakeholders, which can be attached to the application. The letters should be dated within the last 6 months.

Collaboration and consultation can also be demonstrated through minutes of RILIPO's Technical Working Group Meetings.

Previous experience delivering projects within local and/or regional Queensland communities is highly desirable. Applicants should demonstrate where they have had experience in economic, social, cultural or similar activities within regional and remote Queensland communities.

3.2 Financial viability and capability and capacity to participate

To ensure the applicant can demonstrate financial viability, the applicant must provide to DEPW, upon request, all information as they reasonably require to satisfy itself that the supplier has the financial capability to meet its obligations under the contract.

The DEPW reserves the right to engage an independent financial assessor as a nominated agent to conduct financial viability assessments in relation to the applicant at reasonable times during the contract term. The applicant is required to co-operate with the independent financial assessor during the conduct of the financial assessment. What level of specific financial viability/due diligence is applied will depend based on the assessed risk.

Initially, DEPW requires a letter from a senior executive (Chief Executive Officer or Chief Financial Officer) confirming that their organisation is financially viable, will continue to be throughout the project period, and that they are willing to partake in a financial assessment if and/or when decided by DEPW. This letter is mandatory and can be attached to the application form.

As per section 4 of these guidelines, if a project application is successful, the applicant may be required to provide more information to be subject to an independent financial assessor as a nominated agent to conduct financial viability assessments.

3.2.1 Financial co-contributions

Whether the applicant can demonstrate in-kind and/or financial co-contributions towards their project is a relevant consideration. Co-contributions can be demonstrated within the application (e.g. through letters of support/commitment) outlining the funding contribution.

3.2.2 Capability and capacity to participate

To demonstrate the applicant's (and any partner organisation's) capability to deliver the project, the applicant should provide a statement demonstrating the management, technical, regulatory, commercial and professional expertise and experience of the key personnel who will be completing the project. This should include examples of other projects, in similar scale, value and nature which have been or are currently being undertaken by the applicant.

To demonstrate the applicant's (and any partner organisation's) capacity to deliver the project and participate in the QMPF, the applicant should provide a statement demonstrating the resources including personnel, physical resources, facilities and infrastructure to deliver the project. This includes the number of personnel located in Queensland.

3.3 Rigorous project design and methodology

Successful applicants will have a rigorous and well thought out project design and methodology. This will include consideration of the following:

- The technical design and delivery methodology of the project. The project design and methodology can be provided in the form of the project feasibility study or equivalent feasibility assessment as long as it clearly addresses all considerations outlined in section 3.3.
- A well-articulated plan for the project including project governance arrangements including:
 - project timeline
 - measurable milestones
 - project outcomes
 - related funding schedule tied to project milestones (requirement of section 4).
- A completed PESTLE risk assessment including how the applicant plans to approach and address identified risks.
- Identification of any relevant regulation considerations and the proposed pathway or mechanism to address them.
- Identified and clear plan for management safety issues (e.g. safety standard compliance).
- The appropriateness of the identified consultation activities within the community and expected stakeholder management.
- Outline of key personnel required for the completion of the project and outcomes for project delivery.

For projects that seek to build a microgrid the following additional information is required:

- A completed feasibility study that sets out the technical and commercial feasibility of the project including cost impacts on the community and/or Queensland Government (if any).
- If appropriate, a network connection approval, agreement, or evidence to demonstrate the microgrid can be connected to Ergon's distribution network.
- A detailed project, procurement and delivery plan including risk register.
- Roles and responsibilities including the owner, operator of the microgrid and the role of Ergon (if any).
- How the local community, including Aboriginal and Torres Strait Islander people, will be engaged in the project during construction and operations.

Funding schedules submitted by applicants will be subject to evaluation by the TRG which will consider the appropriateness of quantum of funding requested and may be negotiated by the Program Operations Steering Committee (POSC) if a proposed project is identified as preferred, prior to the signing of a Deed of Agreement.

3.4 Ability to address program objectives

Within their application, applicants will need to demonstrate, project methodology, technical design, and how the project directly addresses the overall QMPF program objectives outlined below.

| | Program objective | How to demonstrate merit |
|---|---|--|
|  | Increase energy and network resilience in regional and remote communities | <p>Demonstrate improvement in energy resilience for the community through an increase in energy reliability through the deployment of a microgrid. For example, this can be demonstrated through the community's ability to recover quickly/maintain energy supply during network outages caused by extreme weather events.</p> <p>Should include assessment/modelling of improved network resilience and reliability through the ability to support the existing electricity supply arrangements or through the ability to island the community during an extreme weather event. Requirement to provide comparison against current business-as-usual electricity reliability for the community.</p> |
|  | Contribute to the decarbonisation of regional and remote communities | Demonstrate how the project will support decarbonisation of the energy supply relative to the community's current business as usual energy supply. |
|  | Reduce the cost of electricity supply to regional and remote communities | Demonstrate how deployment of a microgrid represents a reduction in cost of supplying electricity to customers or to Queensland through reduction of the Customer Service Obligation (CSO). |
|  | Provide a unique benefit to Aboriginal and Torres Strait Islander communities | Demonstrate how the deployment of a microgrid will have unique benefits for Aboriginal and Torres Strait Islander people within the community. |
|  | Develop a pipeline of 'shovel-ready' microgrid projects through the delivery of feasibility studies | <p>Demonstrate the need for a feasibility study to investigate the benefits of implementing microgrid technologies to replace, upgrade or supplement existing electricity supply arrangements in a regional and remote Queensland community.</p> <p>Provide justification for the need for a feasibility study through providing pre-feasibility work/assessment of the proposed microgrid (mandatory eligibility requirement).</p> |
|  | Provides support to build a microgrid | Proposed microgrid project will deliver ¹ the construction and deployment of a microgrid within a regional and remote Queensland community. |
| | | ¹ Includes delivery of a single stage(s) of a multi-staged microgrid project. |

3.5 Additional considerations

3.5.1 Support for Queensland jobs and businesses when procuring

The Queensland Government supports expenditure of funds (including grant funding) that achieves value for money while also putting Queenslanders first, and contributing to the long-term wellbeing of our communities. Applicants of the QMPF will be highly regarded if, within their application, their procurement and purchasing approach demonstrates, wherever possible, support for local jobs and businesses, along with the advancement of broader economic, environmental and social outcomes.

3.5.2 Employees, key partners, and subcontractors

Consideration will be given to the applicant's total asset base and number of Queensland based employees. Applicants should also outline any key partners and/or subcontractors who will assist in delivering the project.

4 Awarding and payment of grants

The award of grant payment will be determined by the POSC approved funding schedule, which each participant will prepare for consideration as part of their QMPF application (see section 3.2). The POSC will consider each applicant's funding schedule and may negotiate the funding schedule prior to entering into a Deed of Agreement if required.

Once participants are selected, they will enter into a Deed of Agreement with DEPW outlining key milestones delivery dates and funding amounts for their project.

Successful applicants will be expected to hold appropriate levels of insurance (public liability, workers compensation, professional indemnity, contract works and general insurance for loss and damages) for the duration of the program and proportionate to the agreed program of work.

Before awarding a grant, DEPW may, as per section 3 of these guidelines, request that the applicant provides all information as they reasonably require to satisfy itself that the supplier has the financial capability to meet its obligations under the contract. DEPW may engage an independent financial assessor as a nominated agent to conduct financial viability assessments in relation to the applicant prior to awarding a grant. The applicant is required to co-operate with the independent financial assessor during the conduct of the financial assessment. What level of specific financial viability/due diligence is applied will depend based on the assessed risk.

All QMPF participants will be subject to full financial acquittal upon completion of their project and will be required to return any unspent funds to DEPW.

5 GST and taxation

Grant amounts referred to in these guidelines are subject to GST. Grant recipients will need to issue a GST-compliant tax invoice to DEPW for payment of the grant.

QMPF applicants should seek independent expert advice on the potential taxation implications of receiving the grant based on their obligations under the *A New Tax System (Goods and Services Tax) Act 1999* and the *Income Tax Assessment Act 1997*.

6 Reviewing decisions

Applicants that are not selected to be part of QMPF will be notified in writing and may seek feedback. There will be no review of decisions made to award/not award funds through the QMPF.

7 Reporting

Successful participants will be required to provide a final report on the project's milestones and outcomes within 90 days of the project term completing (as per the Deed of Agreement).

Participants will also be subject to a mid-way project report to monitor the progress of the entire project, as well as provide DEPW with evidence to confirm milestone delivery to receive grant payments. The format of this reporting will be subject to DEPW's discretion.

8 Information handling

The information that participants provide to DEPW as part of the application, ongoing reporting, and final project report, may be shared with Queensland Treasury, Department of Premier and Cabinet, the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships, the Department of Environment and Science, the Commonwealth and Energy Queensland Limited, subject to the consent clause in the application form. It will be protected accordingly as per each organisation's information management procedures, the *Right to Information Act 2009* (Qld) and the *Information Privacy Act 2009* (Qld).

Information from the QMPF projects may be used to develop case studies. Any case studies developed will be done so in consultation with QMPF participants. Case studies will not include commercial-in-confidence information or other sensitive material.

Information from QMPF, including any subsequent case studies developed, may be used to inform and report on the Queensland Energy and Jobs Plan and the Remote and First Nations Clean Energy Strategy.

9 How to apply

Eligible businesses can apply by completing the QMPF application form, providing details about their business and nominated project, and statements that address the selection criteria of the program.

Submit your application by using the online form on the [QMPF webpage](#).

For any questions about QMPF or require assistance completing the application form, email QMPFinfo@epw.qld.gov.au

The DEPW is responsible for the applicant selection process and will coordinate the development of grant funding agreements with each successful participant.

10 Acronyms

| | |
|------------------|--|
| CSO | Community Service Obligation |
| DEPW | Department of Energy and Public Works |
| DER | Distributed Energy Resources |
| DSDSATSIP | Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships |
| GOC | Government Owned Corporation - for the purposes of these guidelines means: <ul style="list-style-type: none">a) a company declared to be a Government Owned Corporation by regulation under the <i>Government Owned Corporations Act 1993</i>b) a subsidiary (as defined by the <i>Corporations Act 2001 (Cth)</i> of a Government Owned Corporation, as defined under paragraph a) above orc) a joint venture to which a GOC or GOC subsidiary (as defined in paragraphs a and b above) is a party. |
| PESTLE | Political, Economic, Social, Technology, Legal and Environmental |
| POSC | Program Operations Steering Committee |
| QMPF | Queensland Microgrid Pilot Fund |
| RILIPO | Remote Indigenous Land and Infrastructure Program Office |
| RRCRF | Regional and Remote Community Reliability Fund |
| TRG | Technical Reference Group |