



Clean Technology Program

About the Clean Technology Program

The AUD1.2 billion Clean Technology Program (CTP) is part of the Clean Energy Future program. Having been approved by the House of Representatives, the legislation establishing the CTP will easily pass the Senate and become law, coming into operation from 1st July 2012.

The CTP consists of three elements:

- Clean Technology Investment Program ~ AUD800 million
- Clean Technology Innovation Program ~ AUD200 million (over 5 years)
- Clean Technology – Food and Foundries Investment Program ~ AUD200 million

Background

The CTP is designed to provide support to manufacturers as part of the transition to lower energy use, increased energy efficiency and new technology uptake. Essentially, the CTP provides financial support for activities that will reduce the exposure of manufacturers to the impact of the carbon price, especially related to rising electricity prices.

By re-directing revenue from the carbon price to the CTP, the Government seeks to maintain manufacturing activity but at lower levels of energy use and emissions.

The Government is currently undertaking consultations on the exact design of the CTP and its components. The Discussion Paper can be viewed by [clicking here](#).¹

The final details of the CTP will be known by April 2012, with applications expected to be sought in June 2012.

Sector eligibility for the CTP

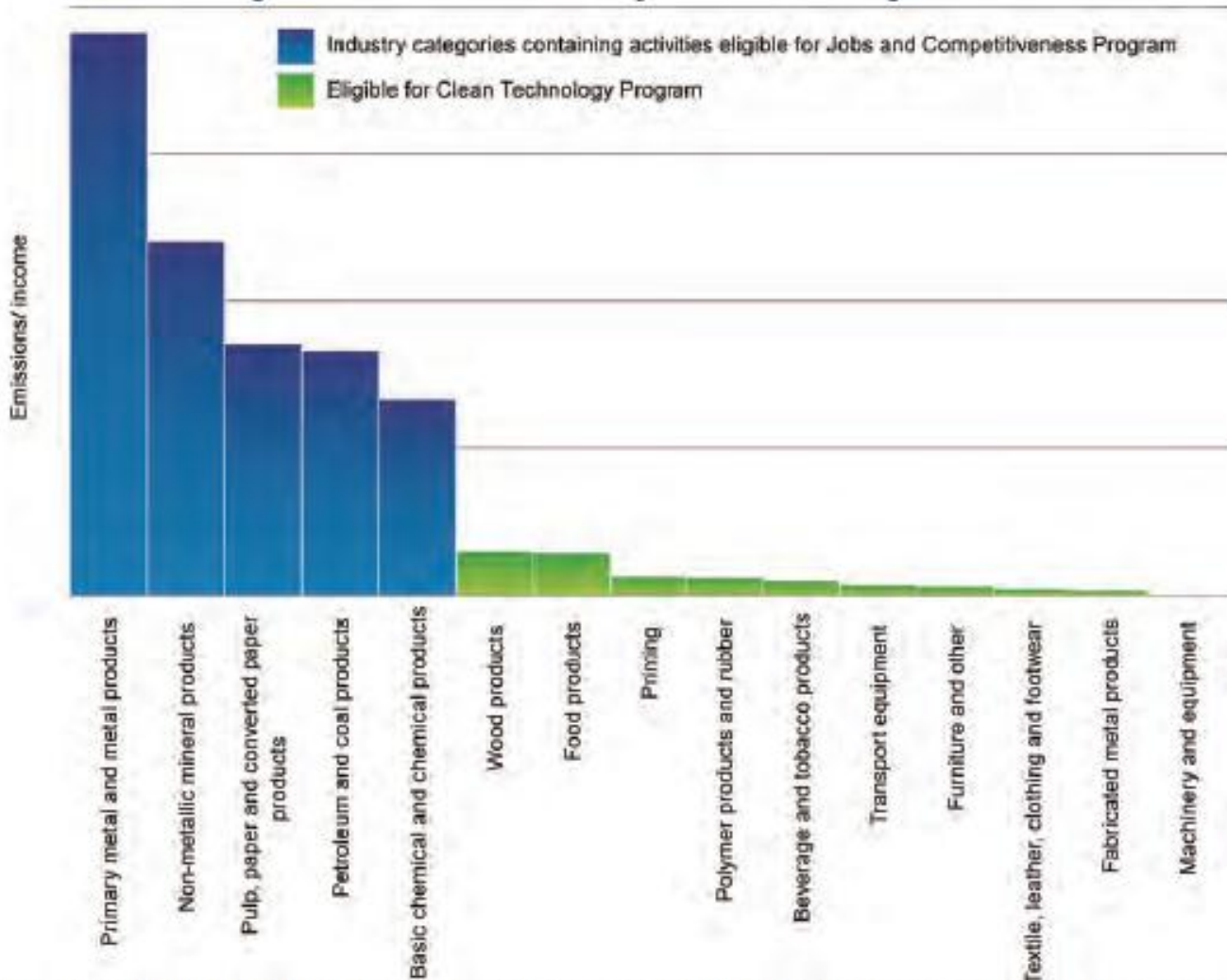
Eligible sectors have been broadly identified in the following chart sourced from the Government's Clean Energy Future package.

1

<http://www.innovation.gov.au/Industry/CleanEnergyFuture/Documents/CleanTechnologyProgramDiscussionPaper.pdf>



Figure 5.2: Emissions intensity of manufacturing sectors



Source: Australian Bureau of Statistics, 8155.0 - Australian Industry, 2009-10, 2011 and Department of Climate Change and Energy Efficiency, National Greenhouse and Energy Reporting System data, 2011.

Of interest to FWC clients is the inclusion of the **‘wood products’, ‘printing’** and **‘furniture and other’** sectors.

Details of the CTP

The majority of FWC clients will be interested in the Clean Technology Investment Program and the Clean Technology Innovation Program. A summary of each is provided below.

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Clean Technology Innovation Program

- AUD 200 million over 5 years
- Supports research, development and commercialisation of clean technology products, processes and services
- Low energy and energy efficiency innovations are eligible
- Eligibility is limited to Australian companies, including those collaborating with research institutions
- Competitive grant program
- Matching funding (1 for 1) required
- Grant sizes from AUD50,000 to AUD5 million

Clean Technology Investment Program

- AUD 800 million
- Assists manufacturers to make the transition to less emissions intensive and more energy efficient production processes
- Eligible businesses will either:
 - use at least 300 Megawatt hours or 5 Terrajoules of natural gas in the year prior to the application or
 - be liable under carbon pricing but not be able to access the Jobs and Competitiveness Program²
- Competitive grant program
- Co-investment of an average of \$3 for each \$1 of government funding required. That is, the Program will cover on average, 25% of cost
- Minimum grant size is AUD25,000

Unlocking the opportunities

There are significant opportunities in both of these aspects of the Clean Technology Program.

Clean Technology Innovation Program

While the proponents will need to be companies, there is an expectation that in many cases they will be working with research organisations.

² The Jobs and Competitiveness Program provides eligible emitters with significant proportions of their required emissions permits for free. For further details, contact Tim Woods at twoods@fitzpatrickwoods.com.au

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On that basis, it is likely that co-funding from the research institutions will be eligible for inclusion in the 50% of co-investment required by proponents.

Eligible activities are expected to include:

- Research, development and commercialisation of innovative clean technologies
- Product, process and service development for clean technologies and energy efficiency
- Related demonstration activities

Assessment criteria are focussed on the extent of carbon and energy intensity reductions, the calibre and capacity of the innovation, including its capacity to add value to existing processes and products and the potential for uptake.

It is likely that the grants will be provided for a maximum of two years, underscoring that the Program is not focussed on non-commercial research.

Clean Technology Investment Program

For the vast majority of manufacturing businesses with energy use at or above 300 Megawatt hours per year, the greatest interest will be in the Investment Program.

Projects eligible for grants will include:

- Product development and technologies that result in less energy use or lower emissions
- Projects to establish new facilities to replace old facilities
- Process re-engineering to reduce energy use or emissions
- Energy investments that reduce emissions
- Implementing energy efficiency measures

Importantly for some FWC clients, the Government is considering allowing State and Local Government co-investments to make up part of the 75% of funding that must come from a project proponent and is consulting on whether to allow specific building activities to be included. Local sourcing provisions are also being considered.

Competitiveness of proposals will be assessed on the general criteria of the amount of energy use or emissions reduction as measured respectively by an 'Energy Intensity Indicator' and a 'Carbon Intensity Indicator'.

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Additional criteria include the capacity of the proponent to undertake the project and for grants above AUD1.5 million (projects on average therefore above AUD6 million), the extent of demonstration activities the proponent will engage in.

Projects involving grants above AUD10 million will be determined by the Federal Cabinet of the Australian Government.

Recommended action

For FWC clients, we provide the following guidance as to relevant action:

Manufacturing businesses

In first instance should determine if they utilise more than 300 Megawatt hours of electricity per annum. Secondly, they might consider if they already have an investment of the type mentioned above that will or could reduce energy use or emissions.

Government authorities, forestry and plantation companies, local governments and industry associations

In many cases, these organisations will need to consider if their clients or constituents might be eligible for the Clean Technology Investment Program or the Clean Technology Innovation Program.

Research organisations and institutions

These organisations will need to consider the nature of their work, its proximity to commercialisation and the extent to which it is linked to one or more businesses. Without clear commercialisation opportunities, grants are unlikely to be available from the Clean Technology Innovation Program.

FWC is available to assist clients with internal business briefings, to undertake initial assessments of project eligibility and prepare material and briefings for broader groups such as those represented by industry associations, operating within a local government area or groups of research organisations. Where possible, briefings for larger groups will include Australian Government representatives.

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Comments on political framework affecting the CTP

Since the passing of the Clean Energy Future legislation through the House of Representatives in early October, there has been considerable commentary about the prospects of the legislation being repealed should a change of Government occur at the next election.

While currently a change of Government seems likely, much can occur before an election, but more importantly, the prospects of the Senate not being controlled by the Greens after the next election are low.

Even if the legislation is repealed, contracts and grants entered into will be honoured by any new Government to avoid the uncertainty and economic destabilisation created by that form of sovereign risk.

Under these scenarios, engaging with the Government and seeking funds through the CTP involves limited risks for potentially significant opportunities.

Further information

Contact Fitzpatrick Woods Consulting for further information, discussion or support on the Clean Technology Program, the National Carbon Offset Standard, the Carbon Farming Initiative, the Biodiversity Fund or aspects of the Clean Energy Future program.

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Further information on a wide range of carbon and climate related topics, including Australia's carbon price, is available from CarbonEdge at www.carbonedge.com.au.

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