



Frequently Asked Questions for the Safeguard Transformation Stream (STS) Round 1 – Updated 17 April 2024

Note: The [STS Program Guidelines](#) are the primary authority to understand eligibility, assessment criteria and grant process under the STS. The following FAQs summarises the requirements set out in the Guidelines in plain English while also addressing queries submitted by potential Respondents.

*In the event of any inconsistency between the FAQ document and the published Guidelines, **you should always follow the Guidelines.***

Are you having difficulties with applying in the portal?

If you are experiencing difficulties when trying to apply in the Portal, the best way to seek assistance is to call our Contact Centre Team on 13 28 46.

The [Contact / Need help](#) link on our website also provides other ways to receive support from our Contact Centre team. The Contact Centre will answer your question via phone, email, or webchat. If they can't help, they will put you in touch with someone who can.

1. Applicant eligibility

1.1 Who is eligible to apply under the STS?

The STS is open to owners and operators of trade-exposed facilities covered by the Safeguard Mechanism. The definition of a trade-exposed facility is set out in the [National Greenhouse and Energy Reporting \(Safeguard Mechanism\) Rule 2015](#) at Schedule 2.

You are **not** eligible if you are the owner or operator of a trade-exposed safeguard mechanism facility that is a new or expanded coal or gas production facility.

You are **not** eligible if you or your partner organisation(s) is included on the National Redress Scheme website or as an employer of 100 or more, you are not compliant with Workplace Gender Equality legislation.

[Section 4 of the Grant Opportunity Guidelines](#) (the guidelines) provides full details about who is and is not eligible to apply.

1.2 Are applications lodged by the entity or facility? Are joint or multiple applications allowed?

It is a matter for each eligible entity as to how you prepare your application. To be eligible under the STS you must be an eligible entity with an eligible facility.

Each application should relate to a single project. A single project may include:

- a single eligible facility owned or operated by an eligible entity.
- multiple eligible facilities owned or operated by an eligible entity. For example, shared infrastructure to supply clean energy to multiple eligible facilities.

- multiple eligible facilities owned or operated by multiple eligible entities. This is considered a joint (consortia) proposal and has additional requirements that are provided at Section 7.2 of the guidelines.

Eligible entities are welcome to submit multiple applications. Applicants should put forward their best possible proposals. The STS is a competitive grant program and higher scoring projects are more likely to be recommended for funding by the independent committee of experts (Committee) which will assess and score applications.

Each application is assessed as a stand-alone project and any reliance or reference to another application will not be taken into consideration during the assessment.

1.3 Can I partner with a non-eligible entity to deliver a project?

We recognise that some organisations may want to join as a group to deliver a project. In these circumstances, you must appoint a lead organisation to make an application and (if successful) enter into a grant agreement with the Commonwealth, on the group's behalf. The lead organisation must be an eligible entity; however, non-eligible entities may be project partners.

Project partners must comply with the National Redress Scheme.

Information about joint (consortia) applications are in [Section 7.2 of the guidelines](#).

1.4 Are all coal and gas facilities excluded? How is “new or expanded coal or gas facility” defined?

No, not all coal and gas facilities are excluded. However, [Section 4.3 of the guidelines](#) states that new or expanded coal or gas facilities are ineligible to apply for STS grant funding. This eligibility requirement is intended to ensure STS grant funding decisions are consistent with the policy objectives of the Safeguard Mechanism reforms.

The guidelines define a “new or expanded coal or gas facility” as:

A trade-exposed Safeguard Mechanism facility that produces coal or gas as a production variable and either commenced operation or expanded production after 30 June 2023.

This definition should be read with reference to the STS program objectives (set out in Section 2 of the guidelines) and considering the Safeguard Mechanism reforms.

Potential applicants are responsible for demonstrating eligibility. In the case of an existing coal or gas facility, for example, it will be necessary to demonstrate that the facility has not materially expanded, and does not plan to materially expand, its coal or gas production compared to production levels before 30 June 2023.

The evidence required to demonstrate eligibility will vary depending on site specific factors. In general, it would be appropriate for coal or gas producers to provide historical production data for at least the last four years, their forecast production figures, and a statement from senior representatives (e.g., CEO or CFO) that there are no plans to materially expand production at the relevant facility.

Noting that production may naturally vary year to year due to geological and operational issues, if the production forecast is an increase of five per cent or more in annual production compared to production before 30 June 2023, then the entity should provide a justification supporting any forecast or provide contextual information about the market to substantiate why the fluctuation should not be characterised as a material expansion.

2. Eligible expenditure and activities

2.1 Is there a list of eligible activities?

The STS is a technology neutral program. There is no prescribed list of eligible projects, activities, or technologies.

[Section 5 of the guidelines](#) sets out the requirements for projects to be eligible (including expenditure and location requirements). Some examples of the types of activities that could be eligible are described on page 8 of the guidelines.

2.2 Are research, or feasibility studies within the scope of the STS?

Research or feasibility analysis **is eligible only if** linked to capital works to be delivered as part of the project proposal.

Research or feasibility analysis that is not directly linked to capital works in the application are **ineligible** for funding.

Should you wish to include research or feasibility analysis in your application, you will need to satisfy the Commonwealth that that the research or feasibility analysis directly support the achievement of the planned outcomes for the project and the objectives of the program.

Further evidence is suggested to illustrate emissions abatement potential of trial projects.

[Section 5 of the guidelines](#) sets out requirements for your project to be eligible for funding, including eligible activities, locations, and expenditure. Further details on eligible and ineligible expenditures are in [Appendix A and B of the guidelines](#).

2.3 Can I acquire Australian Carbon Credits Units (ACCUs) with grant funding?

No, the purchase of ACCUs or any credits in any other carbon crediting scheme is an ineligible expenditure.

The STS aims to fund **new capital investments** at trade-exposed Safeguard Mechanism facilities that reduce scope 1 emissions. As a result, these types of projects are not eligible in line with [Appendix B of the guidelines](#).

2.4 How much funding is available? How much of my project will the grant cover?

Information about the grants available is in [Section 3 of the guidelines](#).

The Safeguard Transformation Stream is a \$600m grant program available from 2023- 2027. The first round of the STS has up to \$300 million available in grant funding, with a further round currently planned from 2025.

There is approximately \$150 million of funding available in Batch 1, and approximately \$75 million of funding available in Batch 2 and Batch 3. If funding is not fully allocated within the batch or Round, funding will be rolled into subsequent batches/rounds. The minimum grant amount is \$500,000 and the maximum grant amount is \$50,000,000.

The grant amount will be up to 50 per cent of eligible expenditure. This is the maximum contribution and if successful, you may be offered less than 50 per cent co-funding.

The applicant or lead applicant's contribution **must** be at least 10 per cent in cash.

You are also responsible for sourcing the remaining 40% of eligible and all ineligible project costs. Other funding can come from any source noting relevant conditions around other Commonwealth grant funding.

2.5 Can I be funded through multiple government grants or funding sources?

Information about additional funding sources is set out in [Section 3 of the guidelines](#).

You may apply for a grant for your project under more than one Commonwealth program, but if your application is successful, you must choose between the programs.

Projects awarded funding under another Commonwealth Government grant program are **not** eligible for the STS.

This restriction does not apply to projects receiving grants from State or Territory Government programs, or other (non-grant) sources of Commonwealth financing such as concessional loans through CEFC.

You may apply for funding under multiple streams of the Powering the Regions Fund Program; however, each application must be for a different project and activities.

Further information about eligible (and ineligible) expenditure is in [Section 5.3 of the guidelines and Appendix A and B](#).

3. Project locations

3.1 Where must my project occur? Are there specific funding allocations by region?
[Section 5.2 of the guidelines](#) details the locations where your project must be delivered.

Funding will be allocated on a competitive basis and not by specific regions, although the Committee will also take into consideration the spread of successful projects in its assessment in accordance with [Section 8.1 of the guidelines](#).

4. Project duration

4.1 What is the expected project duration?

Section 3.2 of the guidelines states the maximum project period is 48 months. The project must be completed by 31 March 2028.

5. Assessment criteria

5.1 What are you looking for in a project? Is there a set carbon price or emission target expected of projects?

STS is open to a range of projects in relation to trade-exposed facilities that reduce scope 1 emissions ([See Section 4 and 5 of the guidelines](#)).

Applications will be assessed on three weighted criteria:

1. Your project's contribution to Australia's emissions reductions targets to 2030 and 2050 (50 points)
2. Your capacity, capability, and resources to deliver the project (10 points)
3. The impact of grant funding (40 points)

While emissions abatement is a consideration, applications will be assessed as a whole proposal including consideration of value with relevant money. As such, applicants should submit the most

attractive proposal possible, ensuring all assessment criteria (including all indicators and dot points as outlined in [Section 6 of the guidelines](#)) are addressed, including evidence (See [Section 6 and 7 of the guidelines](#)).

5.2 How much information should I provide? Must I address all the Assessment Criteria?

We would encourage applicants to provide as much information as possible, supported by the relevant evidence, so the Committee can best understand how your project will help deliver on program objectives beyond decarbonisation.

The amount of detail and supporting evidence you provide in your application should be relative to the project size, complexity and grant amount requested.

We encourage you to address all indicators and subpoints in Assessment Criteria 1 and 2. For Assessment Criterion 3, these sub-criteria have been provided as guidance to assist in framing your response. Your response should demonstrate:

- a) broader regional, social, economic and environmental benefits of the project;
- b) how your project will support regional and sectoral transformation; and
- c) how your project represents value for money, including increased leverage of private and state investment.

5.3 How will emissions abatement be measured?

You must identify your project's emissions abatement potential (focusing on scope 1 emissions) and provide your corporate and/or facility emission reduction plan. [Section 6.1 \(Assessment Criterion 1 of the guidelines\)](#) provides further detail on what information is required under these two categories.

When calculating 'emissions abatement potential' please consider and factor in considerations like the risk of non-delivery, as some technologies and processes may be more reliable than others.

Figures should be clearly stated and easy to locate within your application. They should also be consistent across the application and project plan with calculations and justifications provided as appropriate.

You should demonstrate how your project and plans align with the Government's targets, and how that may impact your compliance with the Safeguard Mechanism. For example, do you expect to produce Safeguard Mechanism credit units (SMCs) as a result of the investment.

Assessments of other metrics for emissions abatement to support your case can be noted in your application as part of your overall or facility emission reduction plans. Your application will be assessed as a whole proposal against the three Assessment Criteria.

5.4 My project reduces indirect (scope 2 and 3) emissions. How will these be assessed?

The objective of STS is to help trade-exposed facilities covered by the Safeguard Mechanism reduce scope 1 emissions. Your response to Assessment Criterion 1 ([Section 6.1 of the guidelines](#)) should focus on this aspect.

Any expected scope 2 or 3 emission reductions can be noted in your application and detailed in your overall or facility emission reduction plans.

Information about Scope 2 and 3 emission reductions may be relevant to Assessment Criterion 3 ([Section 6.3 of the guidelines](#)). For example, where they will support decarbonisation by other businesses or consumers in your region.

5.5 Are new or demonstration projects eligible for STS? How will they be assessed?

New, innovative, or demonstration projects are eligible under the STS.

When detailing the emissions abatement potential as outlined in [Section 6.1.a of the guidelines](#), you should factor in considerations like the risk of non-delivery. In the event that your estimated emission reductions are not achieved, the lessons learnt and shared in your project completion report will be valuable to knowledge sharing.

6. Application Process

6.1 Key dates (may be subject to change)

Key Milestone	Date
Guidelines released	3 July 2023
Applications opened	9 August 2023
Batch cut-off dates	1 November 2023, 1 May 2024, 1 November 2024
Assessment of second batch	May- August 2024
Successful applicants announced (Batch 2)	September – October 2024
Grant agreements finalisation (Batch 2)	October – November 2024
Earliest start date for projects (Batch 2)	October 2024, subject to execution of grant agreement
Project completion deadline	March 2028 (applies to all batches)
Deadline for final reports	June 2028
End of Round 1 (Batch 3 cut-off)	1 November 2024
Mid Program Review	November 2024-February 2025
Round 2 Guidelines release and applications	Early 2025

6.2 When can I submit an application? And when will they be assessed?

Round 1 of the STS will open to applications on 9 August 2023 and remain open until 1 November 2024.

Eligible applications will be assessed in batches, with applications received by 1 November 2023 to be assessed in the first batch, with subsequent assessments being made to applications received by 1 May 2024, and 1 November 2024. We expect the assessment process and grant agreement negotiations will be finalised within 3 months of the relevant batch assessment cut-off date.

6.3 What happens if I miss the cut off for the first assessments on 1 November 2023? What if funding is fully allocated in the first batch?

Any applications received after 1 November 2023, will be considered in the next batch assessment scheduled for 1 May 2024.

There is approximately \$150 million of funding available in Batch 1, and approximately \$75 million of funding available in Batch 2 and Batch 3. If funding is not fully allocated within the batch or Round, funding will be made available in subsequent batches/rounds.

6.4 When can I start work on my project? Will my project costs be covered?

You must **not** start any activities related to the project until a grant agreement is executed. We are not responsible for any expenditure you incur and cannot make any payments until a grant agreement is executed.

Any preliminary or planning work undertaken to prepare your application or project before your grant agreement is executed is considered ineligible expenditure.

Should you wish to seek funding for a component of a longer-term project, this should be clearly articulated in your application. Only eligible costs associated with that component incurred after the grant execution will be considered eligible for funding.

6.5 Who is assessing my application and how will my application be assessed?

The Grant selection process is explained in [Section 8 of the guidelines](#).

Your application will be assessed against the eligibility criteria (as set out [in Section 4 and 5 of the guidelines](#)).

If eligible, an independent committee of experts (Committee) will assess and score your application against the assessment criteria (set out in [Section 6 of the guidelines](#)), supported by independent technical experts (to confirm the project is viable and the estimated emission reductions are reasonable).

In doing so the Committee will consider your application as a whole, on its merits, and compare it to other eligible applications in the funding round before making a recommendation to the Minister of Climate Change and Energy on which projects should be funded.

The Minister decides which grants to approve taking into account the recommendations of the Committee and the availability of funds.

6.6 What if I don't currently have a project?

Round 1 will remain open until 1 November 2024.

Round 2 of the STS is scheduled to open in early 2025 following a review of Round 1.

6.7 How do I provide additional information to support my application?

[Section 7.1 of the guidelines](#) sets out the documents you must provide with your application. You must provide supporting documentation to the application form in line with the instructions in the form and the Guidelines.

Project Partners are required to provide a Letter of Support and their details must be entered into the application to generate the upload button for each one. Additional Letters of Support provided by non-project partners are not mandatory attachments, they can however be included in the Project Plan should it be appropriate.

The total of all attachments cannot exceed **20MB** and the Committee will not consider information in attachments that we do not request. This limit is applied to every application.

7. Further questions about applications

7.1 Can I apply for funding under the STS and other Grants?

While you can apply for funding for the **same** project under more than one Commonwealth program, we cannot fund your project if it receives funding from another Commonwealth grant

program. Therefore, should your application be successful, you must choose either the Powering the Regions Fund – Safeguard Transformation Stream grant or the other Commonwealth grant.

7.2 I am eligible for multiple PRF streams. Should I apply for STS or wait for other streams?

The department is not able to advise individual entities about their grant applications. It is a matter for each organisation to determine whether they wish to apply for one or multiple grants, and whether they meet the eligibility criteria to do so.

[Section 3.1 of the guidelines](#) notes:

We cannot fund your project if it receives funding from another Commonwealth government grant program. You can apply for a grant for your project under more than one Commonwealth program, but if your application is successful, you must choose either the Powering the Regions Fund – Safeguard Transformation Stream grant or the other Commonwealth grant.

You can apply for funding under multiple streams of the Powering the Regions Fund Program; however, each application must be for a different project and activities.

7.3 Am I still eligible if my emissions fall below the Safeguard Mechanism threshold during a project?

Eligibility requirements are assessed at the time of application and when entering into the Grant Agreement. If your emissions fall below the Safeguard Mechanism threshold during delivery of your project this would not be grounds for termination of the grant.

7.4 How are grants treated for taxation purposes?

The Australian Taxation Office is best placed to give advice on the tax treatment of a grant.

8. Further help in preparing my application

8.1 Can I confirm my facility or project is eligible?

We are unable to provide advice on whether specific entities, facilities or projects are eligible under the STS. Please refer to [Section 4 and 5 of the guidelines](#).

8.2 What level of detail is required in the application?

This is a matter for applicants. Applicants should put forward their best possible proposals, and to do so, it is recommended that applications be as detailed as possible. This will assist the Committee understand and accurately assess proposals.

8.3 Can you suggest financial or technical support to help prepare my application? Can you help connect me with co-investors to apply for a project?

We are unable to recommend any professional services provider for the purpose of assisting in the preparation of grant applications.

9. After applying

9.1 When will I be notified of the outcome of my application?

The first batch assessment is currently scheduled to conclude early in 2024. If your application is successful, you will receive a letter of offer in the business.gov.au portal and we will advise you of any specific conditions attached to the grant.

If you are unsuccessful, you will be notified in writing.

9.2 What happens next if I am successful in applying for funding?

[Section 9 onwards in the guidelines](#) provides further information on the next steps once application outcomes have been announced.

[Section 10](#) outlines the legally binding grant agreement that must be entered into with the Commonwealth should your application be successful. A sample grant agreement is available on business.gov.au and GrantConnect.

The Grant Agreement will include details of your reporting requirements, including record keeping for mandatory evidence. There are also expectations to comply with relevant legislation, policies and industry standards, building and construction requirements, work health and safety, and Australian Industry Participation (if relevant).

[Section 11](#) outlines information that may be published in relation to successful grants and where this information will appear.

[Section 12 and 13](#) also outlines expectations for how we will monitor your grant activity, the various reports that you will be required to submit, and the Probity measures in place to help ensure a transparent and fair grant process.

9.3 Can I reapply if my application is unsuccessful?

Unsuccessful applicants are welcome to reapply ahead of the next batch assessment, or in a future round of STS grants. This is not an automatic process, and you will need to reapply.

This may be for a similar, revised or completely different project. Feedback will be provided to unsuccessful applicants. As such any future applications for the same projects should address that feedback.

Applicants are responsible for ensuring they put forward the best possible application and should refer to the Grant Opportunity Guidelines.