



# SV Business - Boosting Productivity Energy Assessment Grants

## GUIDELINES AND FREQUENTLY ASKED QUESTIONS (FAQs)

Grant funding is available to cover 50% of the cost of an energy assessment that will identify energy efficiency opportunities in your business, review pricing tariffs, and suitable renewable energy options.

Two levels are available:

- up to \$2,000 for a '**basic energy assessment**'
- up to \$6,000 for a '**detailed energy assessment**'.

All grant recipients are offered a further incentive, an '**implementation bonus**', of up to \$3,000 to put in place the energy efficiency improvements identified by the assessor.

As this is a non-competitive grants program, Sustainability Victoria's Business Productivity team is available to guide you through the application process. Applications close 28 September 2018<sup>1</sup>.

For further information

<http://www.sustainability.vic.gov.au/grants>

Call 1300 363 744 or email [grants.enquiries@sustainability.vic.gov.au](mailto:grants.enquiries@sustainability.vic.gov.au)

### How will an energy assessment help my business?

If your business spends more than \$20,000 on energy per year, an energy assessment will help:

- Assess your current energy use, in accordance with the Australian Standard for Energy Audits AS3598:2014
- Identify where you could use energy more efficiently to deliver your products or services
- Find out if your business is on the best energy tariff for your needs
- Provide advice on renewable energy options
- Get the facts before you invest in new equipment or upgrades
- Access an 'implementation bonus' of up to \$3,000 to put in place the energy efficiency improvements identified by the assessor
- Provide information to help you access other energy efficiency incentives and financing options available
- Reduce your energy bills
- Boost your business further with the co-benefits of energy efficiency, such as productivity improvements and reduced maintenance costs

<sup>1</sup> This grant program will be reviewed periodically and Sustainability Victoria reserves the right to modify or close applications without notice. We anticipate that at least 200 grants will be offered; the actual number will be dependent on a number of considerations, including the number and type of applications received.

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## **Step 1: Checking if your business is eligible**

Simply fill in the *Registration* form<sup>2</sup> and Sustainability Victoria (SV) will use the information you provide to check if your business is eligible.

### **Basic business details**

This program is open to small and medium sized enterprises (SMEs). These are businesses employing less than 200 full time equivalent (FTE) employees, under the ABN provided.

For businesses that are close to the upper limit of 199 employees, it is the number of full time equivalents (FTEs) that are considered.

Grants are available for all kinds of businesses.

Certain types of organisations are not eligible: Commonwealth, State or local government entities, industry professional associations, or educational institutions<sup>3</sup> (including independent, catholic, and Government Schools).

Grants are not available to assess energy use in private residential residences.

The business and project must be located in Victoria.

### **Energy use**

Grants are available for businesses spending more than \$20,000 on energy per year.

This is the total cost of all energy used, excluding transport fuel costs. It may include electricity, gas, LPG and diesel that is used in stationary equipment or certain equipment (e.g. forklifts) that are limited to the site boundary. For a business that operates across more than one site, it would include the energy spend across all Victorian sites.

The assessment of off-site transport fuel costs, such as the cost of petrol, natural gas, or diesel that is used in commercial or passenger vehicles is excluded.

SV may request evidence of annual energy spend in the form of gas, electricity and other energy bills.

### **Risk and disclosures**

Holding a minimum Public Liability insurance of \$10,000,000 is an eligibility requirement of the grant funding.

Businesses are not eligible for grant funding if they have had a serious Victorian WorkCover Authority (WorkSafe Victoria) or Environment Protection Authority (EPA) incident in the past five years. You must disclose if your business has had any WorkSafe Victoria or EPA violations in the past five years. A violation includes any previous penalty, notice, prosecution or regulatory intervention or enforcement action from Worksafe Victoria or EPA. In deciding whether a business is eligible, we will take into consideration the severity of the incident and whether the matter has been resolved.

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<sup>2</sup> Download the form from the SV website (Step 1): <http://www.sustainability.vic.gov.au/grants>

<sup>3</sup> SV delivers ResourceSmart Schools (RSS), a Victorian Government initiative that helps schools: <http://www.sustainability.vic.gov.au/services-and-advice/schools>

## Step 2: Selecting an energy assessor and scoping your assessment

After you have submitted the *Registration* form (see Step 1), a Business Productivity advisor will contact you to discuss your eligibility, selecting an assessor and scoping your assessment.

‘Scoping your assessment’ means deciding whether a ‘basic’ or ‘detailed’ assessment is most appropriate, and what aspects of energy use, including processes or equipment, the assessor will provide advice on. For manufacturing businesses choosing a detailed assessment, the scope will include exploring some opportunities for ‘materials efficiency’.

### How do I select an energy assessor?

A good assessor should be able to demonstrate experience relevant to your business/industry, be suitably qualified to conduct an energy audience in accordance with the standard (AS/NZS 3598.1,2:2014), and make themselves familiar with the particular requirements of this grant program.

You are welcome to select any assessor (consultant) to undertake the energy assessment for your business. The guide *Finding an Energy Assessor*<sup>4</sup> provides more information about how to select an energy assessor, including a list of assessors (consultants) who have delivered energy assessments for SMEs, under previous SV programs.

### I am a consultant, can I register to be part of your consultant/assessor list?

Sustainability Victoria does not currently have a panel of assessors and is unable to provide recommendations on individual assessors. However, we have developed the guide *Finding an Energy Assessor* to assist businesses to select an assessor. The guide includes a list of third party organisations that have panels or searchable databases of consultants who carry out energy and/or material assessments. You may find your company is on one of these lists. If you wish to be included on one of these lists, Sustainability Victoria suggests you contact the relevant organisation. We recommend that any consultant, who is new to this program, reads the document *Conducting an Energy Assessment* and call us to speak with a Business Productivity advisor.

### What can I expect from an assessment?

An assessment is the first step towards cutting your energy costs and unlocking other potential productivity improvements and co-benefits.

An energy assessment that will identify energy efficiency opportunities in your business, review pricing tariffs, and suitable renewable energy options.

Energy assessments will identify where and how energy is used. The scope should focus on key energy use areas and co-benefits, as identified by the business, in consultation with the assessor. The assessor will identify opportunities to improve energy efficiency, and provide guidance on any incentives available such as Victorian Energy Efficiency Target (VEET) scheme.

Assessments are conducted according to the energy audit standard AS/NZS 3598.1,2:2014, with some enhancements. To help understand the full case for investment, the assessment will also identify energy efficiency co-benefits. For manufacturing businesses, the assessor will develop a material flow map, to help identify energy related process efficiencies.

An energy assessor will visit your site and, using your energy data, will:

- Make a list of prioritised recommendations, complete with the estimated cost of implementation and savings for each recommendation.

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<sup>4</sup> Download the form from the SV website (Step 2): <http://www.sustainability.vic.gov.au/grants>

- Create an action plan for prioritised actions that will include the estimated cost of implementation, estimated savings and the payback.
- Identify recommended improvements that would be eligible for the \$3,000 implementation bonus.

After the energy assessment is completed, an SV Business Productivity advisor will continue to be in contact with you, to support you to implement the action plan.

### **What is the difference between a ‘basic’ and a ‘detailed’ assessment?**

You can choose between a ‘basic’ or ‘detailed’ assessment. According to energy audit standards, the ‘basic’ energy assessment is equivalent to a ‘Type 1’ and the ‘detailed’ energy assessment is a ‘Type 2’.

#### ***Basic Energy Assessment (Type 1)***

A ‘basic’ energy assessment is recommended for businesses spending between \$20K and \$50K on energy (i.e. electricity and gas) per annum.

A basic assessment will give you a summary of which parts of your operations are costing you the most and the opportunities to put in place improvements that will save your business money. If your business has a particular area of concern (such as specific equipment), you can ask the assessor to look a bit closer into your options.

The assessment recommendations will focus on actions with a payback of less than two years.

A grant of up to \$2,000 is available towards the cost of the basic energy assessment.

#### ***Detailed Energy Assessment (Type 2)***

A ‘detailed’ energy assessment is recommended for businesses spending more than \$50K on energy (i.e. electricity and gas) per annum.

A detailed assessment will provide a more precise analysis of energy improvement opportunities at your business site compared to a Type 1 assessment. Whilst a Type 1 assessment will focus primarily on activities with quick paybacks, a Type 2 assessment will provide a comprehensive analysis of energy efficiency improvements to help you prioritise improvements ranging from quick wins to those with longer paybacks. This will allow your business to schedule energy improvements in advance.

For manufacturing businesses, improvements in materials and water efficiency can often lead to energy savings. Type 2 assessments will also explore opportunities for materials efficiency to help cut your business’ energy bills. To identify the potential to improve energy efficiency by reducing waste, Material Flow Mapping is an additional requirement on top of a Type 2 Energy Assessment for manufacturing businesses only.

A grant of up to \$6,000 is available towards the cost of the detailed energy assessment.

### **Step 3: Finalise your application**

Finalise your application with help from a Business Productivity adviser. You will need to agree to the *Terms of Participation in a Grants Program*.

Obtain a ‘proposal and quote’ from your chosen assessor and submit this to SV, along with the *Application* form.

### **How will my application be assessed?**

This is a non-competitive grants program, meaning that your application is assessed on its own merits. In general, if your business is eligible to apply and submits an application that demonstrates sufficient merit, then you will be offered a grant. We are keen to support as many businesses as possible to access this grant funding. We will assess applications as they are received, up until the closing date.

After we have checked that your business is eligible to apply (based on the information you provided at Step 1, on the Registration form), we will further evaluate the eligibility and merit of your application based on the specifics of the project (i.e. the energy assessment) that you are proposing to do. For the application to demonstrate sufficient merit, we assess the information you submit in your application, to ensure that:

- The assessor you have chosen has the relevant skills and experience required to undertake the energy assessment. In assessing this, we also check whether the assessor has experience relevant to your business sector.
- The proposed scope and methodology conforms with AS 3598.1,2:2014 and the additional requirements outlined in the guide *Conducting an Energy Assessment*. In particular, assessments of manufacturing businesses must carry out a material flow map and it needs to be specified what raw material or process will be mapped.
- The proposal demonstrates ‘Value for Money’, as defined by this grants program. To support this, we may request evidence of annual energy spend.

### **What needs to be provided in the assessor’s proposal and quote?**

The assessor’s proposal and quote needs to include more information about the proposed project and the assessor:

- The scope of work, i.e. what is ‘in-scope’ for the assessor to provide advice on. Note that a ‘detailed energy assessment’ for a manufacturing business needs to identify the material(s) or process that will be ‘mapped’.
- The methodology/approach, including the number of hours that the assessor will spend at the business site.
- The fee that the assessor will charge for the work.
- A statement that explains how the work to be undertaken represents ‘Value for Money’.
- Information about the assessor and his/her company that demonstrates relevant skills and experience.

### **What is ‘Value for Money’?**

Value for money means that investing in the assessment is worthwhile, from a cost/benefit perspective. Some indicative estimates of the savings and benefits that the energy assessment is likely to identify need to be provided. In addition to cutting energy costs, the assessment can unlock other potential productivity improvements and co-benefits. To demonstrate ‘value for money’, for this grants programs, the financial savings and benefits need to exceed the total cost of doing the assessment, and a significant amount of these need to be environmental benefits, i.e. reduction in energy and material use.

Here is an example of the type of response we are looking for:

“We currently spend \$150,000 per year on electricity and the consultant anticipates that we could save at least 10% through various improvements, especially fixing leaks in our air compressor system and optimising controls on the chiller. By fixing the leaks we anticipate it would also improve the performance of the conveyance system by about 20%, allowing us to add a new packing line. It’s also likely to reduce the noise level on the factory floor.”

### **Who is responsible for contracting with and paying the assessor (consultant)?**

The SME business is responsible for contracting and paying the assessor (consultant) that the business selects to undertake the energy assessment.

The SME business enters into a grant funding agreement (contract) with SV. The grant funding that SV pays the business goes towards the business paying the consultant.

### **What is the requirement for ‘matched funding’?**

Grant funding for the energy assessment is on a matched funding basis, meaning that your business must match the grant value (\$1:\$1). In other words, the grant covers up to 50% of the cost of an energy assessment, capped at \$2,000 for a basic energy assessment and \$6,000 for a detailed energy assessment.

For example, if the assessor (consultant) fee for a basic energy assessment is \$3,600, the grant from SV would be 50% of this, i.e. \$1,800. The grant is capped at \$2,000, so if the fee were \$4,400, then the grant from SV would be less than 50%, i.e. \$2,000. Similarly for a detailed energy assessment, the grant from SV would be 50% of the fee, capped at \$6,000.

All grant recipients are offered a further incentive, an ‘implementation bonus’, of up to \$3,000 to put in place the energy efficiency improvements identified by the assessor. The implementation bonus does not have a matched funding requirement, although you must spend a minimum \$1,500 to claim this.

### **What is ‘eligible project expenditure’ for the assessment?**

The matched funding calculation is based on eligible project expenditure. The ‘eligible project expenditure’ is the cost of undertaking the assessment and can include assessor (consultant) expertise, contractor labour, and hiring of monitoring equipment. The cost of any unrelated activities, for example if you hired a contractor to do something additional to the assessment, are excluded. It also excludes any ‘in-kind’ expenses by the SME business, such as time taken by staff to meet with the consultant at their business.

### **I am having trouble emailing my application, what might be the issue?**

Email your application to [grants.applications@sustainability.vic.gov.au](mailto:grants.applications@sustainability.vic.gov.au), preferably with the email subject line “Energy Assessment Grant Application”. Emails must not be greater than 10 MB.

SV will return a formal email message confirming receipt of your application. Please note that the confirmation receipt is not an automated process, so may take up to 1 – 2 hours, and longer if you email outside of business hours.

## **Step 4: Outcome of your application and entering into a funding agreement (contract)**

Receive feedback from a Business Productivity adviser on the outcome of your application. If your application is approved for an Energy Assessment Grant, this will be formalised by entering into a funding agreement (contract) with SV.

### **How will SV make grant payments to my business?**

The funding agreement (contract) sets out the payment of funds according to milestones.

In accordance with this contract, the grant recipient would receive 40% on execution of contract with Sustainability Victoria, and the 60% balance on completion of the project. In addition, the implementation bonus will be included as part of the energy assessment's milestone payment schedule in the contract.

Provided that evidence of milestone achievements is received and the documents supplied to Sustainability Victoria are in appropriate order, payments of funds are generally made within two weeks of receipt.

Each grant recipient is assigned a Sustainability Victoria contact who will manage the contract and arrange for payments to be made.

### **Can I receive funding if my assessment has already commenced or completed?**

No. Funding will not be provided for assessments that have already commenced or are completed at the time of signing the funding agreement.

### **How do I claim the implementation bonus?**

There is no application form to claim the bonus. It is included as part of the milestone payments schedule in the funding agreement (contract) that your business enters into to receive the Energy Assessment Grant.

To claim the bonus you need to provide evidence that your business has carried out one or more 'energy efficiency' assessment recommendations, which will result in energy (GJ) reduction at the business site and a payback of between 2 and 5 years. Energy efficiency refers to the more efficient use of energy, or the delivery of a more finished product or service per unit of energy input.

You need to make the claim within four (4) months of receiving the assessment report and any work undertaken for the implementation bonus must be completed before the end date of the funding agreement. We may request a site visit or further information, to confirm that the work has been completed.

The cost of implementation must be \$1,500 or greater. The minimum claim that can be made is \$1,500 and maximum \$3,000.

As explained below, there are some exclusions. An SV Business Productivity advisor can help you to review all the recommendations made by your assessor and which of these would be eligible for the implementation bonus.

### ***What types of actions are eligible for the implementation bonus?***

Actions eligible for the implementation bonus can include:

- Purchasing and installing capital equipment (with some exclusions) recommended in the assessment report.

- Engaging a consultant to manage implementation or provide technical advice on implementing one or more of the recommendations from the report. This could include a feasibility study into installation of equipment or application of processes or systems.
- Engaging a consultant to prepare the business case for one or more of the recommendations from the report.

If the advisor makes a recommendation during the assessment, and you are keen to implement this without delay, you usually don't need to wait until the assessment is complete. Check with an SV Business Productivity advisor whether the proposed action would be eligible.

#### *What types of actions are not eligible for the implementation bonus?*

Equipment specifically excluded from the implementation bonus includes:

- *Upgrades to lighting.* This is because lighting upgrades and controls are already eligible for Victorian Government incentives via the Victorian Energy Efficiency Target (VEET) program. For more information on VEET program please contact the VEET information line – 03 9032 1310.
- *All kinds of renewable energy installations, e.g. solar photovoltaics.* This is because the implementation bonus is targeted at 'energy efficiency' actions. Also, renewable energy installations are eligible for incentives under the Small-scale Renewable Energy Scheme.
- *Power factor correction.* Actions that do not reduce energy consumed at the site, such as power factor correction upgrades, are not eligible for the implementation bonus.
- *Purchase of appliances* that are not core to the business, such as staff refrigerators, dishwashers and televisions.
- *Purchase of vehicles.*

Further specific exclusions are the cost of activities that primarily involve:

- *Staff training* or other educational activities
- *Temporary solutions* such as the hire or lease of equipment

The implementation bonus will not be given for recommendations that:

- Are not stated as a recommendation in the energy assessment report
- Cost less than \$1,500 to implement
- Have a payback of less than two years or greater than five years
- Do not demonstrate an energy reduction (i.e. are not 'energy efficiency')
- Are implemented or carried out after the end date of the funding agreement
- Were installed prior to the start of the contract
- Provide insufficient evidence of payment and implementation