



**Australian Government**

**Department of Resources,  
Energy and Tourism**



**Department of Primary Industries**

**Advanced Lignite Demonstration Program  
(ALDP)**

*Application and Guidelines  
Stage 1 - Expression of Interest*

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# PART A INTRODUCTION

## 1 Background

The development of Australia's resources is important to our nation's prosperity as well as energy security. The Latrobe Valley contains over 20 per cent of the world's low rank coal reserves which have been responsible for providing the vast majority of the Victoria's electricity generation since the 1920s. As a low-cost resource, lignite (brown coal) has underpinned Victoria's competitive advantage to become a leading manufacturing state.

Lignite continues to be critically important today providing more than 90 per cent of Victoria's electricity generation. Presently more than 99% of all lignite in Victoria is used for the production of electricity and power and this has resulted in the provision of low cost energy over a long period. The Latrobe Valley's four major power stations have a combined installed capacity of more than 6,500 MW – enough power for almost all Victoria's baseload requirements.

Currently, only a small amount of lignite is upgraded, via old technology that dries and compresses the coal into briquettes which are sold to industrial and domestic customers. Opportunities exist to investigate more advanced forms of technology to upgrade lignite more efficiently and improve its quality as a potential fuel source for power generation while lowering greenhouse gas emissions associated with its combustion and ultimately increasing its economic value.

As we move to a carbon constrained economy with the introduction of a price on carbon, it is important that we look for ways to improve the way in which we use lignite to ensure the continued utilisation of Victoria's largest natural energy resource. Existing lignite-fired power stations are very emissions intensive and there is potential to adopt technology that can reduce greenhouse gas emissions from these power stations. This will be an important first step in meeting Australia's climate change commitments while maintaining a reliable and affordable supply of electricity. Proving the upgrading technology is an essential requirement for the design of next generation power plants that will have more than 30% lower emissions.

In addition, the potential exists to develop new lignite based energy products for sale into the domestic market and for export markets, particularly in the Asia Pacific region.

In this regard the Australian and Victorian Governments will jointly fund and implement the **Advanced Lignite Demonstration Program (ALDP)** to develop and deploy emerging technology to reduce the greenhouse gas emissions intensity of lignite, improve the economically recoverable return from lignite and provide employment opportunities in the Latrobe Valley and broader region.

Essentially, the technology future for lignite can be neatly divided into three core areas:

1. coal upgrading (including direct conversion, drying or dewatering);
2. coal utilisation (densification, combustion or gasification); and
3. emissions control (Carbon Capture and Storage)

Lignite upgrading is the precursor technology for the majority of new, low emission technologies that will be essential to developing a significant and sustainable coal industry in Victoria.

## 2 Program Overview

The Australian and Victorian Governments are inviting proposals from parties interested in developing Pre-commercial Demonstration scale coal upgrading processes for raw lignite that link to fully integrated end-to-end projects that offer prospective end-use product and / or processes from a broad range of possible applications. This is a joint initiative between the Australian and Victorian Governments.

"Pre-commercial Demonstration" means a demonstration of a process or integration or adaptation of a process using Victorian lignite aimed at reducing technical risk and be of sufficient size to provide process and performance guarantees on successful completion of the Pre-commercial Demonstration plant for a commercial facility to be financed and constructed

Project proposals under this Program must be at “Pre-commercial Demonstration ready stage” to which following a successful demonstration under the Program, the Project would lead to process and performance guarantees.

The Program’s prime focus is on fit-for-purpose “coal upgrading” processes for raw lignite (including materials handling) with low emissions outcomes. Proposals must identify the product stream which is being targeted and present a plausible pathway to market and future applications to reduce emissions from coal use.

The Program’s intent is to maximise the economic, environmental, technological and social benefits from the economic utilisation of the Latrobe Valley’s extensive lignite reserves.

Technologies most relevant and applicable to Victoria’s Latrobe Valley and meeting the Program’s definition and objectives will be applicable to the Program regardless of whether they have been developed in Victoria, Australia or overseas.

### 3 Funding

The \$90 Million ALDP program is a joint initiative between the Australian and Victorian Governments where each party will contribute up to \$45 million. The Australian Government funding is a part of the \$370 million National Low Emissions Coal Initiative (NLECI).

This Australian and Victorian Governments investment in fully integrated end-to-end lignite pre-commercial demonstration scale Projects will be based on the submission of proposals via a two stage competitive tender process which includes:

- Stage one: Expression of Interest Stage (EOI)
- Stage two: Request for Proposal Stage (RFP)

Funds will typically be made available to Projects with duration over a four-year period and will be available for Projects to commence during the 2013-14 financial year. It is expected that a range of Projects with various coal upgrading technologies and end-use applications will be selected for funding.

All proposals will be competing on an equal basis with no preference given to any eligible technology or Project type, although proposals must be aligned with relevant Australian Government and Victorian Government policies and have practical application in Victoria’s Latrobe Valley.

In addition to any Government funding, the Project must receive funding from cash contributions. “In-kind” participant contributions may also be included. It is expected, assuming that the Respondent is ultimately successful, following the RFP stage, that the Respondent will have a period of 6 months from the date of the Minister’s Letter in which to finalise any cash contributions from Participants. There is no specific public-to-private funding ratio requirement. However, greater financial leverage of private funding to public funding will be looked upon favourably.

### 4 Indicative Program Timetable

3 <sup>rd</sup> August, 2012	Launch EOI
19 <sup>th</sup> November 2012	EOI Applications close
Mid December 2012	Decision on EOI Shortlist to proceed to the RFP stage. RFP sent to the Shortlisted Respondents inviting them to submit an RFP Application.
Mid March 2013	RFP Applications from EOI Shortlisted Respondents close
Mid June 2013	Ministers’ letter issued to preferred Respondents
Mid September 2013 (Maximum of 3 months after date of Minister’s Letter)	Execution of Funding Agreement and public announcement of successful grants
2016	Completion of Projects

*Note: This is an indicative timetable and may be subject to change.*

## 5 Program Governance

### 5.1 Ministers

The Federal Minister for Resources and Energy and the Minister for Energy and Resources Victoria are responsible for the ALDP Program and are the final decision makers in relation to the selection of successful projects.

### 5.2 Joint Program Delivery

The Australian Government as represented by the Department of Resources, Energy and Tourism (RET) and the Victorian Government as represented by the Department of Primary Industries (DPI) have entered into a Memorandum of Understanding (MOU) for the selection of successful projects for the ALDP Program. The DPI is appointed as the lead agency on behalf of RET and DPI (“the Parties”) to manage the project assessment process. The MOU between the Parties will include the following stages:

Expression of Interest (EOI) Stage	A publicly advertised EOI to obtain applications for eligible Projects and the evaluation and selection of a shortlist to progress to the next stage.
Request for Proposal Stage (RFP)	Short-listed respondents from Stage 1 will be invited to submit a more detailed proposal under a RFP process and detailed proposals will be evaluated under the RFP process and successful funding recipients chosen. This will be followed by contract negotiations between the DPI and the successful funding recipients.

An Independent Assessment Panel (IAP) and a Technical and Commercial Panel will be engaged to undertake the project selection phase.

Following the Project selection and contract negotiations, RET and DPI will enter into a funding agreement for the delivery and implementation of the ALDP Program. Subsequently, the DPI will act as the lead agency on behalf of the Parties and enter into Funding Agreements with successful project proponents.

### 5.3 Independent Assessment Panel and Technical and Commercial Panel

It is expected that a range of Projects with various coal upgrading technologies and end-use applications will be selected for funding. All proposals will be competing on an equal basis with no preference given to any eligible technology or Project type, although proposals must be aligned with relevant Commonwealth and Victorian Government policies and have practical application in Victoria’s Latrobe Valley.

Assessment of proposals under the EOI phase will be conducted by an Independent Assessment Panel (IAP) against the eligibility and merit criteria as outlined in section C.

The IAP will be made up of national and international experts with relevant technical, commercial and financial backgrounds who are independent of Government. The IAP will assist in the due diligence process of the assessment and its members will be required to complete a conflict of interest declaration and execute a confidentiality agreement to ensure impartiality of assessment and protect the confidentiality of information provided by Respondents. The members of the IAP will be appointed by agreement between the Victorian and Australian Governments.

Assessment and recommendation of proposals under the RFP phase will be conducted by the IAP with support from a Commercial and Technical Expert panel which will be procured from the market for the purpose of assisting the IAP’s deliberations.

## **PART B REFERENCE AND CONDITIONS OF THE EOI**

### **ENQUIRIES CONCERNING THIS EOI SHOULD BE MADE TO THE FOLLOWING CONTACT:**

Mr Brian Davey  
Manager Large Scale Demonstration Projects  
Energy Technology Innovation Division (ETID)  
Department of Primary Industries  
Ph +61 3 9658 4476  
Email: [brian.davey@dpi.vic.gov.au](mailto:brian.davey@dpi.vic.gov.au)

**ELECTRONIC LODGEMENT:** With reference to Part B clause 12 of the EOI, an EOI Response may be submitted electronically at the following email address – [dpi.etis@dpi.vic.gov.au](mailto:dpi.etis@dpi.vic.gov.au)

**CLOSING TIME AND DATE:** The closing time and date for submission of EOI Responses is **2.00pm Australian Eastern Daylight Time Monday 19<sup>th</sup> November 2012**

**ISSUE DATE:** **3<sup>rd</sup> August 2012**

**ADDITIONAL INFORMATION:** May be found on the ETIS website - [www.dpi.vic.gov.au/ALDP](http://www.dpi.vic.gov.au/ALDP)

### **BRIEFINGS & WORKSHOPS**

#### *Briefings*

The Department of Primary Industries will convene at least one briefing for all interested stakeholders after the release of this EOI. The aim of the briefing will be to clarify the objectives and desired outcomes of the Program and this EOI, as well take questions from attendees. The time and place of the briefing will be made available on the ETIS website, as well as via email marketing. Additional public briefings may be held if there is a demand from Respondents for another public forum.

#### *Workshops*

In addition, the Department invites Respondents to schedule individual workshops with the Department before the Closing Date to discuss issues arising in relation to preparing the EOI Response, the contents of the EOI Response, the EOI Process or the Program. Such workshops are intended to minimise the risk of any misunderstandings about the Program. International applicants may request a teleconference, or in some cases a video conference depending on availability of facilities.

The workshops are not compulsory. Respondents interested in participating in a workshop should notify the Program Contact of their interest.

Further details regarding the format, timing, probity procedures and protocols for the conduct of the workshops will be issued to interested Respondents prior to the commencement of the workshops.

The Department may provide to each other Respondent any information provided by the Department to a Respondent in response to any question of communication by the Respondent during a workshop.

Nothing discussed during a workshop between the Department and a Respondent may be relied on by the Respondent unless subsequently confirmed in writing.

# 1. ASSESSMENT PROCESS OVERVIEW

The approach to the selection of potential Projects comprises:

## STAGE 1

- this publicly advertised EOI to obtain applications for eligible Projects;
- the evaluation and selection of a shortlist to progress to Stage 2.

## STAGE 2

- Short-listed respondents from Stage 1 will be invited to submit a more detailed proposal under a Request for Proposals (RFP) process;
- Detailed proposals will be evaluated under the RFP process and successful funding recipients chosen.

Details relating to objectives, conditions, specifications, eligibility criteria and subsequent responses are described in the sections which follow. This includes the assessment criteria.

Respondents should be aware that this EOI is the first step in a two stage process and that a RFP will only be requested from a shortlist drawn from the Respondents to this EOI. Shortlisted Respondents will receive RFP documentation after they have been advised of their success.

# 2. INTERPRETATION

- a) "AEDT" means Australian Eastern Daylight Time;
- b) "Application Form" means the ALDP Application Form accompanying this EOI (Part D);
- c) "Business Day" means a day that is not a Saturday, Sunday or public holiday in Melbourne, Victoria;
- d) "Closing Date" means the closing date set out in page 4 of this document;
- e) "Closing Time" means the closing time set out in page 4 of this document;
- f) "Commonwealth" or "Commonwealth Government" means the Commonwealth of Australia as represented by the Federal Department of Resources, Energy and Tourism (RET).
- g) "Department", being the lead Department for this EOI and RFP Process, means the Victorian Government Department of Primary Industries and its successor Government departments, and all references to the Department shall be read and construed as references to the Crown in Right of the State of Victoria;
- h) "Eligibility Criteria" or "Program Eligibility Criteria" means the requirements set for a Project to be eligible to this Program as described in Part C Section 1.6 of this EOI
- i) "EOI" means this document which includes the Application Form in Part D (which invites Respondents to submit an EOI Response in accordance with and in the manner set out in this document) and any other additional information provided by the Department to the Respondents during the EOI Process, including any addenda to this document;
- j) "EOI Process" means the process for seeking and assessing EOI Responses as described in this EOI, and includes selecting a shortlist of Respondents to progress to the Stage 2 RFP process;
- k) "EOI Response" means the documents constituting an offer (in response to this EOI);
- l) "ETID" means the Energy Technology Innovation Division in the Department, of Primary Industries;
- m) "ETIS" means the Energy Technology Innovation Strategy established as a major plank in the Greenhouse Challenge for Energy, to coordinate the Victorian Government's investment in development of pre-commercial energy and energy related greenhouse gas reduction technologies;
- n) "Funding Agreement" means the funding agreement which will accompany the RFP documentation following the EOI shortlisting process;

- o) “Independent Assessment Panel” means the independent persons nominated by the Commonwealth and Victorian Governments to make up a panel to assess EOI Responses;
- p) “In-kind Contribution” means a non-monetary contribution in the form of Project resources to the Project including personnel, equipment or such other items agreed by the Department from time to time. The value of in-kind contributions must be expressed in terms of their reasonable cost or monetary value directly attributable to the Respondent and must be certified by the chief financial officer (or other senior authorised officer approved by the Department) of the Respondent. “In-kind Contribution” do NOT include sunk costs of background intellectual property or previous R&D / demonstration phases of the technology being bought to the Project.
- q) “Intellectual Property” or “IP” means all types of intellectual property rights whether registered or not and includes all copyright and neighbouring rights (including rights in relation to phonograms and broadcasts), all rights in relation to inventions (including patent rights), plant varieties, registered and unregistered trade marks (including service marks), registered and unregistered designs, and circuit layouts, and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields including as defined in Article 2 of the Convention Establishing the World Intellectual Property Organisations of July 1967;
- r) “Latrobe Valley” means the municipalities of Latrobe, Wellington and Baw Baw.
- s) “Participant Organisation” or “Participant(s)” means a corporation, company, partnership, joint venture, incorporated association, or agency who undertakes to participate in the submission of a EOI Response and to participate in the Project;
- t) “Pilot” means a small production facility producing a modest number of units, or a small process facility operating at a modest throughput, designed to prove or test methods that may be used in full scale plants. This allows for early go/no-go decisions. A pilot plant reduces the investment risk in unproven production methods or integrated processes. It is the development step before a large scale demonstration plant.
- u) “Pre-commercial Demonstration” means a demonstration of a process or integration or adaptation of a process using Victorian lignite aimed at reducing technical risk and be of sufficient size to provide process and performance guarantees on successful completion of the Pre-commercial Demonstration plant for a commercial facility to be financed and constructed.
- v) “Program” means the Advanced Lignite Demonstration Program(ALDP), which is a joint initiative between the Commonwealth and Victorian Governments and the subject of this EOI;
- w) “Program Contact” means the contact person for this Program advised by the Department from time to time;
- x) “Project” means the development by a Respondent of a Pre-commercial Demonstration scale fully integrated end-to-end lignite Project that contains coal upgrading as a core feature (drying, dewatering, liquefaction or separation including materials handling).
- y) “Resources, Energy and Tourism (RET)” means the Department of Resources, Energy and Tourism.
- z) “Respondent” means an organisation which submits (or organisations which together submit) or intend to submit a EOI Response;
- aa) “RFP” means Request for Proposal. An RFP will only be requested from a shortlist drawn from the Respondents to this EOI;
- bb) “RFP Process” means the process for requesting and assessing RFP Responses as described in the RFP documentation, and includes selection of the successful Respondent subject to finalising of subsequent Funding Agreements and any other conditions;
- cc) “State” or “Victorian Government” means the Crown in Right of the State of Victoria; and
- dd) “Shortlist” means a list of preferred candidate Projects that have been selected for final consideration;
- ee) “VIPP Plan” means the Victorian Industry Participation Policy Plan referred to in Part B, clause 22 of this EOI.



### **3. REPRESENTATIONS AND WARRANTIES**

The Department does not make any representations or provide any undertakings to Respondents other than to invite them to submit an EOI Response. In particular, the Department makes no representation in respect of future prices or timing for new commercial technology or as to whether or not the Respondent, if successful in this initiative, will be granted commercial opportunities in the future.

The Department does not warrant the accuracy of the content of this EOI and the Department shall not be liable for any error or omission or any inaccurate or misleading information provided by the Department during the EOI Process.

The information in this EOI has been compiled by the Department for the purpose of inviting EOI Responses and must not be relied on for any other purpose.

This EOI does not contain all the information that Respondents may require in reaching decisions in relation to submitting an EOI Response. Respondents should form their own views as to what information is relevant to such decisions, and make their own independent investigations in relation to any such information.

No representation made by or on behalf of the Department or the Commonwealth and Victorian Governments in relation to this EOI or the EOI subject matter, including in connection with any workshops conducted, shall be binding on the Department or the Commonwealth and Victorian Governments unless that representation is in writing and is incorporated into any contract entered into by the Commonwealth and Victorian Governments and the successful Respondent.

### **4. TERMINATIONS OR ALTERATION OF THE EOI PROCESS**

The Department may for its convenience at any time and in its absolute discretion terminate the EOI Process, alter the EOI Process or alter the scope of the Project or Program. The Department will endeavour to notify Respondents of material changes to the EOI Process or scope of the Program or the termination of the EOI Process, but is under no obligation to do so.

The Department does not bind itself, and the Respondent agrees that the Department is not bound, to accept any EOI Response.

The Department may accept or reject (in whole or in part) any EOI Response.

At any time during the EOI Process, the Department may approach Respondents and inform them about the Program and this EOI. The Department may also inform Respondents about possible collaborative opportunities with other Respondents of which the Department is aware. However, the Department will not inform Respondents of collaborative opportunities if the Respondent to which the opportunity relates specifically requests that such approach not be made.

### **5. NO LEGAL RELATIONSHIP**

No contract is formed between the Department or the Commonwealth and Victorian Governments and any person by reason of this EOI, an EOI Response, any part of the EOI Process or the lodgement of an EOI Response.

### **6. OWNERSHIP**

All documents submitted by Respondents in connection with the EOI Process become the property of the Department on submission.

This EOI and any supporting material provided by or on behalf of the Department is, and shall remain, the property of the Department.

## **7. CONFIDENTIALITY, INTELLECTUAL PROPERTY, PRIVACY AND PUBLICITY**

Respondents must keep confidential any confidential information concerning the Department or the State received as a result of, or in connection with, it submitting an EOI Response and any negotiations between itself and the Department during the EOI Process. Respondents must not disclose such information to a third party except as may be required by law.

Respondents agree that the Department may disclose their Responses, along with any other information disclosed by the Respondent to the Department during the EOI Process to the Commonwealth and Victorian Governments, its departments, its management, its consultants and its advisers or otherwise and if required by law to do so.

Respondents license the Department to reproduce, adapt or modify the whole or any portion of their EOI Responses for the purpose of the EOI Process and, if the Respondent is successful, for use in connection with the Project or the funding of the Project, notwithstanding any Intellectual Property rights that may subsist in their EOI Response.

Any personal information collected as part of the EOI Process will be handled in accordance with the *Information Privacy Act 2000 (Vic)*.

Respondents must not make any public statements or communications, or publish any media releases, in relation to this EOI Process, other than disclosures that the Respondent is required to make under the rules of any applicable stock exchange, without first providing a copy of the statement, communication or media release to the Department and obtaining the prior written approval of the Department.

Respondents must not, in connection with the EOI Process, do or omit to do anything which may:

- damage, bring into disrepute or ridicule the Department's or the Commonwealth and Victorian Governments name, messages or reputation; or
- attract public or media attention which may be prejudicial or otherwise detrimental to the Department's or the Commonwealth and Victorian Governments name, messages or reputation.

Failure to abide with the above requirements by Respondents may be considered grounds for the rejection of their EOI Response.

## **8. QUESTIONS**

Except to the extent that the Department otherwise agrees, if a Respondent has any clarification questions or otherwise wishes to communicate with the Department concerning the EOI Process or the Project, these clarification questions or communications must be made in writing to the Program Contact at the email address specified on the front of this EOI. Clarification questions will be considered if lodged up to 7 days prior to the Closing Date.

The Department's decision as to whether to respond to a clarification question or other communication and the contents of any response shall be determined in the absolute discretion of the Department.

Respondents acknowledge and agree that if the Department provides additional information to a Respondent, it may issue a copy of this additional information to each of the other Respondents and publish the information on the ETIS website.

Where a Respondent is of the view that a question is not of a general nature, but relates to proprietary aspects of an EOI Response, the Respondent may identify that question as such. If in the opinion of the Department, the question is not proprietary, the Department will advise the relevant Respondent, who then has the option to withdraw the question. If the Respondent continues to request a response to that question, then as with all questions of a general nature, the question and the response will be circulated to all Respondents. If the

Department agrees with the Respondent that a question relates to proprietary aspects of the Respondent's proposal, the response will not be circulated to other Respondents.

Where the Department provides additional information to each of the Respondents, such information will be taken to form part of this EOI.

Respondents must not discuss this EOI or the EOI Process with:

- any member of the Commonwealth and Victorian Government Departments and agencies;
- any of the Commonwealth or State's advisers to the Project including the Independent Assessment Panel; or
- Members of Federal and / or Victorian Parliaments or their staff.

The obligations on Respondents not to discuss this EOI or the EOI Process will not be taken to have been breached to the extent that the discussion occurs with:

- to, and in response to a request by, a House or a Committee of the Parliament of the Commonwealth of Australia, or a committee of the Parliament of Victoria; or
- the Commonwealth or Victorian Auditor General, Ombudsman or Privacy Commissioner.

Respondents may contact other agencies, such as the Environment Protection Authority and Industry Regulator, in order to complete the due diligence element of their EOI Response. The ETID will facilitate these contacts if required and on request.

Unauthorised communication by Respondents may be considered grounds for the rejection of their EOI Response.

## **9. CLARIFICATIONS**

The Department may at any time during the EOI Process, request additional information concerning any part of an EOI Response and request clarifications of an EOI Response.

The Department reserves the right, in its absolute discretion, to enter into any discussion or written communications with any Respondent to seek clarifications and obtain additional information to enable evaluation of an EOI Response without undertaking similar discussions or written communications with any other Respondent.

Respondents must provide any additional information within such reasonable time period as may be specified by the Department.

## **10. NEGOTIATIONS**

The Department may negotiate with an EOI Respondent on any matter in the Department's absolute discretion, at any time during the EOI Process.

The Department may, in its absolute discretion, require or allow a Respondent to amend, alter or otherwise change its EOI Response at any time during the EOI Process.

The Respondent acknowledges that it is a condition of this EOI that Shortlisted Respondents for the Stage 2 RFP process will have a period of 3 months from the date of the Minister's Letter in which to execute and finalise a Funding Agreement.

## **11. EOI RESPONSE DOCUMENTS**

By submitting an EOI Response, the Respondent:

- warrants the truth and accuracy of all information contained in their EOI Response; and
- acknowledges and agrees that it is bound by the terms and conditions in this EOI.

The Respondent must ensure its Application Form contains the documents, information and details required under this EOI and any documents necessary to make the Application Form complete and enable assessment by the Department.

If the EOI Response does not conform to the form required by the Application Form, does not respond to each component of the Application Form or is incomplete in any way, the Department may, in its absolute discretion, exclude the EOI Response from consideration. Unnecessarily elaborate EOI Responses or other presentations beyond that which is sufficient to present a complete and effective proposal are not desired or required. Elaborate artwork bindings, expensive visuals and other presentation aids are not necessary.

## **12. METHOD OF LODGEMENT**

Respondents may only submit their completed EOI Response in electronic format as follows:

- if the EOI Response does not exceed 10 Mb in total, by sending a copy of the EOI Response in PDF format to the Department's email address as specified on Page 4 of this document; or
- if the EOI Response exceeds 10 Mb in total, by sending a copy of the EOI Response in PDF format in suitable sections of less than 10 Mb each to the Department's email address as specified on Page 4 of this document. Respondents will need to appropriately mark each section of the response (e.g. part 1 of 2, part 2 of 2 etc) in the email heading.

The EOI Response must be received by the Department no later than the Closing Time on the Closing Date.

**Facsimile EOI Responses will not be accepted.**

## **13. LATE EOI RESPONSES**

The Department may accept or reject any EOI Response received after the Closing Time on the Closing Date in its absolute discretion.

## **14. VALIDITY OF EOI RESPONSES**

An EOI Response shall be valid for 180 days from the Closing Date of the EOI and may be extended, in writing, by mutual agreement between the Department and the Respondent.

## **15. COSTS**

The Department is not liable for any costs, expenses, losses, claims or damages that may be incurred by Respondents in connection with the EOI Process, including in preparing or submitting an EOI Response, providing further information to the Department, or participating in negotiations with the Department.

## **16. EVALUATION OF RESPONSES**

To be eligible for assessment, the EOI Responses will be checked for eligibility by the Department according to the Eligibility Criteria and process in Part C, Clause 1.6 of the EOI. Eligible EOI Responses will then be assessed by the Independent Assessment Panel in accordance with the assessment process set out in Part B, Clause 27 of this EOI.

## **17. CHANGE IN CIRCUMSTANCE**

The Respondent must inform the Department promptly in writing of any material change to any of the information contained in the Respondent's EOI Response, and any material change in circumstances that may affect the truth, completeness or accuracy of any of the information provided in, or in connection with, the EOI Response.

## **18. NO COLLUSION**

Other than as contemplated under Part B, clause 4, the Respondent warrants and agrees that it is in all respects independent and that no collusion has taken place or will take place between the Respondent and

any other Respondent or interested party in connection with the EOI Process, including the preparation of any part of the Respondent's EOI Response.

## **19. CONFLICT OF INTEREST**

Any party with a real or perceived conflict of interest must declare that interest to the Department as soon as the conflict is identified. Where a conflict of interest arises, it must be assessed and be resolved in favour of the public interest by the relevant parties. All parties are required to ensure that their performance in respect of identifying, declaring and resolving any conflict of interest is beyond reproach. A declaration is required to be made by the Respondent and submitted with its EOI Response (refer Part D, Schedule 1), as to any actual or potential conflict of interest in relation to its potential involvement in the Project identified at the date of submission of the EOI Response.

## **20. IMPARTIALITY OF SPECIFICATIONS**

Any EOI Respondent who believes the specification associated with this EOI to be discriminatory, restrictive or biased in favour of a specific product or service should inform the Program Contact in writing as early as possible but in any event BEFORE the Closing Time on the Closing Date.

## **21. PROBITY FOR EOI PROCEDURES**

The Respondent and any of its associates must not offer any incentive to, or otherwise attempt to influence any of the persons who are either directly or indirectly involved in the EOI Process, or in awarding any subsequent contract. If the Department determines that the Respondent or any of its associates have violated this condition, the Respondent may be disqualified from further consideration.

By submitting an EOI Response, the Respondent consents to the Department performing such probity and financial investigations and procedures as the Department may determine as necessary in relation to the Respondent or any of its associates. Such checks may include investigations into commercial structure, business and credit history, prior contract compliance and any criminal records or pending charges. The probity checks may also include interviews with any referees nominated and research into any relevant activities that are or might be expected to be the subject of criminal or other regulatory investigations.

The Respondent agrees, if requested by the Department, to seek such consents from individuals as are required by law to be obtained to such probity checks and criminal investigations.

Should any Respondent consider that the EOI process outlined herein has failed to accord it a fair right to be considered a successful bidder or that it has been prejudiced by any breach of the conditions contained in this Part B of the EOI or other relevant principle affecting the EOI Response or its evaluation, the Respondent should provide immediate notice prior to the Closing Date to the Probity Practitioner of the alleged failure or breach in order that the matter may be considered and remedied where possible.

Probity Practitioner  
Dr Richard Shrapnel  
Pitcher Partners  
Level 19 15 William Street  
Melbourne, Victoria Australia 3000

Notification under this clause must set out the issues in dispute, any relevant background information and the outcome desired by the notifying party.

In addition Respondents should note that the Victorian Ombudsman under the Ombudsman Act 1973, Section 1, is able to enquire into or investigate any administrative action taken in any government department where Respondents believe there may have been a failure of due process.

## **22. industry participation policy**

### **22.1 VICTORIAN GOVERNMENT INDUSTRY PARTICIPATION POLICY (VIPP) PLAN**

The **Victorian Industry Participation Policy (VIPP)** seeks to maximise opportunities for Australian, New Zealand and Victorian suppliers to compete for government business on the basis of best value for money over the life of the goods or services. The VIPP applies to Government procurement activities, construction activities, major Projects, major events, public private partnerships and investment support, business development and community infrastructure grants above the threshold values of \$3 million or more in metropolitan Melbourne and \$1 million or more in regional Victoria.

The Respondent acknowledges that it is a condition of this EOI that Shortlisted Respondents for the Stage 2 RFP process must provide a Victorian Industry Participation Policy (VIPP) Plan in compliance with the Victorian Government's VIPP if the Project value is above the VIPP threshold noted above. Guidelines and a copy of the VIPP plan can be found at [www.dbi.vic.gov.au/projects-and-initiatives/victorian-industry-participation-policy/](http://www.dbi.vic.gov.au/projects-and-initiatives/victorian-industry-participation-policy/)

## **22.2 COMMONWEALTH GOVERNMENT INDUSTRY PARTICIPATION PLAN (IPP)**

Where the applicant successfully applies for grant funding with a Commonwealth contribution of \$20 million or more, the applicant may be required to comply with the Commonwealth's policy in relation to Australian Industry Participation Plans (IPP) prior to entering into a funding agreement with the Commonwealth/Victorian Government. More information on Australian Industry Participation Plans is at [www.aip.gov.au](http://www.aip.gov.au).

## **23. GOVERNING LAW**

This document shall be governed by the laws of the State of Victoria. The Respondent irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of Victoria, Australia.

## **24. OTHER MATTERS**

Respondents should note that, since Government funds are being used, government purchasing principles need to be used by the project. Copies of these principles can be found at [www.vgpb.vic.gov.au](http://www.vgpb.vic.gov.au). Potentially the most significant element of this policy relates to the need to tender most purchases of third party services (including contractors, consultants and asset purchases).

Project timetables should ensure that they have appropriate time allowances to ensure these processes are conducted.

Project costs should be stated as exclusive of Goods and Services Tax (GST). Grants paid will be subject to GST. The amount payable by the Government will be increased by the amount of the GST liability, provided that the funded organisation has a registered Australian Business Number (ABN) and provides a valid tax invoice.

## **25. CONTRACT WITH THE STATE**

Shortlisted Respondents to the EOI that are subsequently successful following the Request for Proposals (RFP) stage assessment will be required to enter into a binding legal agreement with the State.

A Minister's Letter will be issued to those Respondents selected for funding under the Program and it will allow a period of 3 months from the date of the Minister's Letter for finalisation and execution of the Funding Agreement. The Minister's Letter may also list other conditions including the allowance of a 6 month period from the date of the Minister's letter for the Respondent to secure matching funding from other sources over the life of the Project.

The Funding Agreement will include clauses covering performance, measurement against milestones and objectives, payment arrangements, intellectual property ownership, confidentiality, audit processes, breach of contract, reporting and other relevant matters. The Funding Agreement template will be issued with the RFP to the shortlisted EOI Respondents.

Details on the successful grant recipients will be publically available on both government websites within seven (7) working days after the Funding Agreement takes effect.

## **26. DEVELOPMENT APPROVALS IN VICTORIA**

Industrial Projects typically require planning, building, environmental and occupational health and safety approvals. Any proposed building and construction activity may need to comply with the National Code of Practice for the Construction Industry and OHS Accreditation Scheme as well as the Work, Health and Safety Act.

The development of a Community Engagement Plan (CEP) will be required prior to commencement of the Project. It is advised that, as the Project will require a CEP, discussions should be initiated with possible stakeholders once the proposal has been submitted. This is to avoid any misinformation about the possible Project at an early stage, which could prejudice outcomes.

## **27. EOI RESPONSE ASSESSMENT OVERVIEW**

The assessment of EOI Responses will be undertaken as a matter of priority but no undertaking will be given as to the time by which any decision may be determined.

Assessment of proposals will be conducted by the Independent Assessment Panel (IAP) and will cover the technical, commercial, financial issues, the benefits to Victoria, the expertise and experience of the parties with the capacity and capability to deliver and the prospect of success. The IAP will evaluate the proposals according to the criteria as listed in clause 29, Part B of this EOI.

The IAP will decide which EOI Respondent(s) is (are) successful for shortlisting and the Department will notify all Respondents of the outcome of the EOI Process.

## **28. INDEPENDENT ASSESSMENT PANEL**

EOI Responses will be assessed by the IAP against the guidelines and criteria set out in Part B, clause 29 of this EOI document.

The IAP will be made up of national and international experts with relevant technical, commercial and financial backgrounds who are independent of Government.

The IAP and any expert consultants who assist in the due diligence process of the assessment will be required to complete a conflict of interest declaration and execute a confidentiality agreement to ensure impartiality of assessment and protect the confidentiality of information provided by Respondents.

## **29. EVALUATION OF MERIT CRITERIA**

<b>MERIT CRITERIA ASSESSMENT</b>
<b>1. THE PROJECT - (40% Weighting)</b>
<b>1.1 Merit of the clearly defined need, objectives and strategies for the Project</b>
<b>1.2 Merit and validity of the proposed technical basis of the Project</b>
<b>1.3 Appropriateness of the proposed budget, the amount of funding sought from the Program and its leverage versus other sources of Project funding.</b>
<b>1.4 Commercialisation plan is credible, (including the link to the off-takers and off-take technologies) including the adequacy of the competitor analysis and understanding of barriers to market entry with appropriate mitigation strategies.</b>

**1.5 Merit of a clear understanding of the risks for the Project (including possible issues of concern to the community) and strategies for mitigation**

**1.6 The credibility of the link that Respondents make from the output(s) of their upgrading process to the off-takers and off-take technologies for that (those) output(s) that reduce emissions from the use of lignite.**

**2. THE CAPABILITY AND CAPACITY OF THE RESPONDENT AND ITS PARTNERS TO DELIVER THE PROJECT. – (50% Weighting)**

**2.1 The Project delivery strategy and timeline is well articulated, sensible and realistic.**

**2.2 The financial, technical and project management strength and capacity of the Respondent and its partners (including a demonstrated track record) to ensure progression of the Project to the next stage towards commercialisation.**

**3. THE CONTRIBUTION OF THE PROJECT TO THE ALDP PROGRAM OBJECTIVES – (10% Weighting)**

**3.1 Contributes to the Program’s objective of the pre-commercial demonstration scale coal upgrading processes for raw lignite that link to suitable fully integrated end-to-end lignite Projects. These must offer prospective end-use product and / or processes from a broad range of possible applications that maximises low emissions outcomes as well as economic and technological and social benefits from the economic utilisation of the Latrobe Valley’s extensive lignite reserves.**

Each submitted EOI will be assessed according to the merit criteria assessment based on responses to the merit criteria questions set out in Part C Clause 2 of this EOI, and will be assigned a score reflecting how well it satisfies each criterion. The weighted scores for each criterion will be calculated and totalled. With reference to Part B, clause 30, there will be expectations, as a minimum, on project outcomes. The IAP will, in addition to the final weighting of each project against the merit criteria, make an overall assessment of how the project demonstrates value with public money.

### **30. EXPECTED PROJECT OUTCOMES**

At the close of the EOI call for proposals, the development of projects, as a minimum, are expected to have progressed as follows:

- Have a signed heads of agreement for any consortia members to the project
- Proponent funding negotiations are to be well advanced and have confidence that these will be finalised within six months from the date of a Minister’s Letter of Offer.
- Project objectives and delivery plan is well articulated and expected to meet the Program objectives.
- Demonstrated capability / capacity to deliver Program outcomes
- Commercialisation plans are credible & well advanced with a clear link from upgrading process outputs to the off-takers and off-take technologies for those outputs
- Project is at the pre-commercial stage.
- Project demonstrates strong benefits to Victoria / Latrobe Valley

The measure of expected project outcomes will be based on the IAP’s assessment of the Respondent’s submission according to Part B, clause 29.



# **PART C EOI ELIGIBILITY AND MERIT CRITERIA**

## **1. EOI Eligibility**

### **1.1. Eligible Expenditure**

#### **1.1.2 General Principles**

The following general principles apply in the consideration of eligible expenditure:

- generally accepted Australian accounting principles are to be followed, and it must be possible to track expenditure relating to the Project through the company accounting systems;
- eligible expenditure is expenditure directly related to the undertaking of eligible Project activities – eligible activities are those activities necessary to conduct the Project as set out in the project plan;
- opportunity costs, that is expenditure related to foregone production and downtime arising from the allocation of resources to the Project are not eligible;
- related party transactions must be treated on an at cost basis, without mark-up, unless it can be demonstrated that the transaction has been calculated on an arms-length basis;
- expenditure is not generally eligible if undertaken prior to the signing of the Funding Agreement, or after the specified completion date; and
- eligible expenditure is calculated net of GST and GST is then added to the grant payment due.

#### **1.1.2 Specific Eligibility Provisions**

Eligible expenditure includes:

- contract expenditure in relation to contracts entered into by the respondent with other parties for the purposes of undertaking the activities required for the conduct of the Project (subject to the ineligible expenditure constraints below);
- labour expenditure (salaries/wages) including reasonable on-costs for personnel directly employed on the Project, but excluding profit markups. Labour on-costs include worker's compensation insurance, employer contributions to superannuation, recreation and sick leave, long service leave accrual and payroll tax;
- administrative expenses including communications, accommodation, computing facilities, travel, recruitment, printing and stationery, where directly related to the Project;
- plant expenditure in respect of plant used for the construction activities of a Project facility on the basis of hire/lease costs, or depreciation charges if owned, and related running costs such as rent, light and power and repairs and maintenance;
- expenditure related to legal, audit and accounting costs related to the Project; and
- expenditure such as relevant license fees or intellectual property purchase costs, where the respondent needs to access specific technology in relation to the Project.

Expenditure related to the obtaining of approvals related to the Project may be allowable (subject to the provisions related to pre-Funding Agreement expenditure, (refer clause 1.3 Comments on Expenditure Items).

### **1.2. Ineligible Expenditure**

Ineligible expenditure includes, but is not limited to:

- expenditure related to the general operations and administration of the applicant company that the applicant could reasonably be expected to undertake in the normal course of business;
- expenditure related to the raising of funding for the Project, or the implementation of consortia, joint ventures or other partnership arrangements related to the Project;

- expenditure in relation to activities that are part of the Project but are funded by other Government funding, which would lead to the Governments funding the same activity more than once;
- expenditure on quality control activities and achieving quality control accreditation;
- interest expenditure on loans for new and pre-existing capital items used for the Project;
- making donations;
- undertaking commercialisation activities, such as sales promotion;
- Intellectual Property protection, maintenance, defence or enforcement and legal fees; and
- Expenditure that does not directly support the achievement of the planned outcomes of the Project, or is contrary to the spirit or intention of the Program.

### **1.3. Comments on Expenditure Items**

#### Labour

Eligible labour expenditure is the gross amount paid or payable to an employee of the respondent's company. An employee is a person who is paid a regular salary or wage, out of which regular tax instalment deductions are made. Eligible salary includes any components of the employee's total remuneration package which are itemised on their Pay As You Go (PAYG) Annual Payment Summaries submitted to the Australian Taxation Office (ATO).

It is expected that, in a reporting context, the respondent will be able to demonstrate, by reference to appropriate records such as timesheets, job cards or diaries, the amount of time spent on approved activities by each employee. Labour costs cannot be claimed based on an estimation of the employee's worth to the company, where no cash has changed hands.

#### Contract Expenditure

Eligible contract expenditure is the cost of any agreed Project activities performed for the Respondent by another organisation. All Project work to be performed must be the subject of a written contract (for example, a letter or purchase order) which specifies the nature of the work to be performed for the client and the applicable fees, charges and other costs payable. The written contract must be entered into prior to commencement of the work undertaken under the contract.

With respect to the Project budget submitted at time of submitting the proposal, it is not a requirement for contracts to be in place. However, for major items of contract expenditure (for example, purchases of major items of hardware to be incorporated in the Project), respondents will be expected to have some form of documentary evidence such as written quotes from suppliers, to substantiate the expenditure included in the Project budget.

Where the contractor and the respondent company are not at 'arm's length, the amount assessed for work performed will be an amount considered to be a reasonable charge for the work and contain no unacceptable overheads and no element of 'in-group profit'. Organisations considered not at 'arm's length' include related companies and companies with common directors and / or shareholders.

#### Plant and Capital Expenditure

Plant and equipment expenditure in some situations may be capped. This would occur where one element of the expenditure is considered to take up a significant amount of the grant.

#### Expenditure Prior to Funding Agreement

Expenditure is not eligible if undertaken prior to the signing of the Funding Agreement. However, a Respondent may be able to claim some expenditures incurred prior to execution of a Funding Agreement, such as those associated with Front End Engineering and Design (FEED). This expenditure and funding attached to it will be considered by the Department on a case by case basis. Respondents will be required to declare any Program Government funding that was used in the FEED process.

#### Overseas Expenditure

Items of overseas expenditure must be detailed when submitting the project budget in a proposal. Following execution of a Funding Agreement, overseas sourced expenditure may be subject to approval by the Department as set out in the Funding Agreement.

#### Accounting Systems

Respondents are required to have in place suitable accounting systems that comply with Australian standards to provide assurance that the system allows for the separate accurate identification of eligible and ineligible Project expenditure and that a clear audit trail is available.

### **1.4. Eligible Technologies**

Technologies that are eligible for funding under this Program and must encompass coal upgrading which will include, but is not limited to:

- Drying;
- Dewatering;
- Liquefaction;
- Char Production; and
- Separation

The Program may also include funding for pre-commercial coal conversion technologies including, but not limited to:

- Combustion, and
- Gasification,

where it is directly related to the pre-commercial coal upgrading technology.

All technologies must identify the product stream which is being targeted and present a plausible pathway to market.

Technologies, applicable to lignite that will be considered, must be of particular relevance to Victoria's Latrobe Valley.

### **1.5. Ineligible Technologies**

The technologies which are not eligible for this Program are those technologies not yet at pre-commercial demonstration ready stage such as those that have not completed Pilot or are at R&D stage; and those technologies which are already considered commercial having process and performance guarantees. Technologies not eligible are those which are not of direct relevance to Victorian lignite.

## **1.6. Program Eligibility Criteria and process**

### **1.6.1. Eligible Respondents**

To be eligible for consideration under the Program, Respondents proposing an ALDP Project must demonstrate that they **satisfy all three** of the Eligibility Criteria listed below. In addition to Respondents satisfying all three Eligibility Criteria, they must provide responses to all "Merit" criteria in their application including any applicable Schedules.

#### ***ALDP Project Eligibility Criterion 1 – Lead Organisation Requirements***

Applications are open to a broad range of organisations and can include a consortium of participating organisations; however the lead organisation must be incorporated under the Corporations Act 2001. Any other member of a consortium, that is not the lead organisation, do not need to be incorporated.

All applications must be endorsed by the lead organisation, on behalf of all participating partners. They must be able to verify any commitment of matching funds to the proposed Project and be authorised to enter into a formal agreement for the Project with the State. The application needs to be signed off by the head of the lead organisation. This may be the CEO of a company or a duly authorised representative.

### ***ALDP Project Eligibility Criterion 2 – An eligible ALDP Project***

A Respondent must be able to demonstrate to the satisfaction of the *Department* that the Project described in the proposal meets the definition of an *ALDP Project* as follows:

1. It meets the definition of what specific technologies, resources or fields of endeavour are eligible (refer part C, clause 1.4 above).
2. It delivers a clearly defined pathway to a potential reduction in carbon emissions and an overall increase in energy efficiency.
3. It delivers a clearly defined technical outcome in progressing coal upgrading processes to commercialisation. The Project must be at the pre-commercial demonstration phase on the RDD&D continuum to be eligible.
4. The Project must be of a scale/size that is appropriate for a Pre-commercial Demonstration plant. In addition, the Pre-commercial Demonstration scale will be such that a full commercial scale will be within normal accepted good engineering practice scale up. This is usually in the order of a 10 times scale up.
5. It has the potential to deliver economic benefits from lowering the cost of coal upgrading technologies and in the longer term contribute to energy generation and regional development.
6. No Program funding is to be applied to activities that are part of this Program's Project that are funded by other or previous funding schemes by the Commonwealth or Victorian Governments.

### ***ALDP Project Eligibility Criterion 3 – ALDP Project is in Victoria***

The Respondent will need to demonstrate to the satisfaction of the Department that the ALDP Project will take place in Victoria and in the Latrobe Valley.

Within this requirement, Respondents may be able to purchase services, supplies and technology from overseas, provided that the expenditure on overseas sourced purchases is agreed to by the Department.

#### **1.6.2 Eligibility Assessment Process**

Upon receiving the Respondent's proposal electronically, the Department will conduct an assessment of the proposal against the Eligibility Criteria set out and will check if responses have been made to all "Merit" criteria in their application including any applicable Schedules.

A Respondent must demonstrate that it meets the Eligibility Criteria and that the application is fully completed including any relevant schedules. Where a Respondent's proposal is deemed by the Department as meeting the Eligibility Criteria and is fully completed, the Respondent will be considered an "eligible Respondent" and its proposal an "eligible proposal". The Independent Assessment Panel (IAP) will then assess all eligible proposals against the Program's Merit Criteria.

If the Respondent's proposal is assessed by the Department as not meeting the Eligibility Criteria it will not be accepted for "Merit" assessment by the IAP. The Respondent will then be notified in writing of the Department's decision not to accept the proposal, along with the reasons why.

If the Respondent's proposal is assessed as meeting the Eligibility Criteria but the application is not fully completed then the Department, in its absolute discretion, will decide whether to:

- **Accept the submission** – the Respondent will then be considered an "eligible Respondent" and its proposal an "eligible proposal". The Independent Assessment Panel (IAP) will then assess all eligible proposals against the Program's Merit Criteria.

- **Request the missing information from the Respondent** - the Respondent will be given, in writing, 24 hours following the decision, to provide the missing information. If the information is not received or if only part of the information is received within the time stipulated, then the submission will not be accepted for “Merit” assessment by the IAP. The Respondent will then be notified in writing of the Department’s decision not to accept the proposal along with the reasons why. Upon receipt of all the missing information within the time stipulated, the Respondent will then be considered an "eligible Respondent" and its proposal an "eligible proposal". The Independent Assessment Panel (IAP) will then assess all eligible proposals against the Program’s Merit Criteria.
- **Not accept the submission** - the Department will deem the proposal as not meeting the Eligibility Criteria and it will not be accepted for “Merit” assessment by the IAP. The Respondent will then be notified in writing of the Department’s decision not to accept the proposal along with the reasons why.

## 2. EOI Merit Criteria

Respondents are to answer the following Merit Criteria questions in their EOI Response in Part D of this EOI.

### 2.1 The Project

#### *Criteria Assessment*

##### *2.1.1 Merit of the clearly defined need, objectives and strategies for the Project.*

#### **Merit Criteria to be covered under this assessment category:**

Respondents must clearly define the need, objectives and strategies for the Project and demonstrate why now is the right time for funding / progressing the Project.

- The objectives of the Project must be clearly defined to meet the need for the Project.
- For each objective, list in point form the strategies that have been devised to achieve it. The strategies describe how each objective is expected to be achieved and may include reference to organisational, personnel, technical and / or commercial strategies. They should also include an explanation of how collaboration with Project partners will help meet the objectives.

#### *Criteria Assessment*

##### *2.1.2 Merit and validity of the proposed technical basis of the Project.*

#### **Merit Criteria to be covered under this assessment category:**

What is the technical basis of the Project and how does it compare to current best practice in the field?

- Briefly describe the technology(ies) and / or techniques(s) that are the basis of the Project.
- What are the innovative or new features that make the technology or technique unique and valuable?
- What is the origin of the background technology or ideas being brought to the Project?
- Provide evidence that a Pilot plant has been built and successfully operated and that results are available for assessment.
- Describe how the technology base – and proposed innovation – compares to the current best practice in the field internationally, including who else is known to be working on similar technology(ies) or technique(s).
- If similar work is being done elsewhere, reasons must be given why funding by this Program in this Project is warranted, including why this technology should be advanced in Victoria.
- Provide a mass and energy balance for the proposed Project.

#### *Criteria Assessment*

##### *2.1.3 Appropriateness of the proposed budget, the amount of funding sought from the Program and its leverage versus other sources of Project funding.*

#### **Merit Criteria to be covered under this assessment category:**

- i. Provide an indicative budget for the total cost to undertake the Project. Include in-kind and cash expenditures and any funding applied for but not yet granted or approved. Use the following tables 1 and 2:

*Note 1: 'In-kind' contribution means a non-monetary contribution in the form of Project resources to the Project including personnel, equipment or such other items agreed by the Department from time to time. The value of in-kind contributions must be expressed in terms of their reasonable cost or monetary value directly attributable to the Respondent.*

*'In-kind' contributions do NOT include sunk costs of background intellectual property or previous R&D / demonstration phases of the technology being brought to the Project.*

*Note 2: Private sector investment in the Project is essential. Respondents must be able to provide private funding or private funding and other public co-contributions, over the life of the Project in addition to the amount of funding applied for under the Program.*

**Table 1: Summary of Total Budget**

Government			Non-Govt In-kind	Non-Govt Cash			PROJECT TOTAL
Requested from the Program	Other Public Co-Contribution	Total Govt	Total Non-Govt In-kind	Australia	International	Total Non-Govt Cash	Total Govt +Total Non-Govt In-kind +Total Non-Govt Cash
\$	\$	\$	\$	\$	\$	\$	\$

**Table 2: Summary of Total Budget by Year and Category**

Heads of Expenditure	Year ending 30 June 20__	Year ending 30 June 20__	Year ending 30 June 20__	Year ending 30 June 20__	TOTAL (\$)
Salaries					
Equipment		<i>SAMPLE</i>	<i>TABLE</i>	<i>ONLY</i>	
Materials					
Subcontract		<i>SAMPLE</i>	<i>TABLE</i>	<i>ONLY</i>	
Travel					
Other		<i>SAMPLE</i>	<i>TABLE</i>	<i>ONLY</i>	
<b>TOTAL</b>					

- ii. Please provide a list of the expected funding sources and amounts of debt and equity financial contributions, including any planned off-take agreements.
- iii. For each funding source, provide brief details of any financing agreements entered into.
- iv. Respondents will need to show that they have insufficient funds for the entire Project and to justify the funding amount requested from the Program. This will include briefly outlining any efforts to obtain funding from other sources, including funding from other levels of government and from commercial sources. The respondent will also need to justify why the Project is unlikely to proceed in the absence of funding from the Program.
- v. Please indicate the funding ratio of private and other public co-contributions to the requested funding from the Program. Note: A greater proportion of private and other public co-contributions to the Program funding request will be assessed more favourably.

### **Criteria Assessment**

***2.1.4 Commercialisation plan (including the link to the off-takers and off-take technologies) is credible, including the adequacy of the competitor analysis and understanding of barriers to market entry with appropriate mitigation strategies.***

#### **Merit Criteria to be covered under this assessment category:**

Respondents will need to provide a brief commercialisation strategy for the Project (which includes the link to the off-takers and off-take technologies) which includes but not limited to:

- i. Possible pathways by which the Project outcomes, if successful, would subsequently progress to commercialisation including the likely time frame for this to occur.
- ii. A brief description of the key structural or market challenges / barriers (including economic, logistic and technical) that would need to be resolved and the appropriate mitigation strategies of how to resolve them.
- iii. Evidence of the global cost competitiveness of the technology compared with other similar technologies and other energy sources by comparison of the final unit cost of the proposed technology against industry standard costs and / or a pathway to cost competitiveness through scale, progressive technical advances or other credible means, including, where relevant, electricity in terms of the levelised cost per MWh and the calculation as to how this was arrived at.

### **Criteria Assessment**

***2.1.5 Merit of a clear understanding of the risks for the Project (including possible issues of concern to the community) and strategies for mitigation.***

#### **Merit Criteria to be covered under this assessment category:**

All material provided by respondents will be used in the assessment of overall risk. The risk assessment may also take into account other risks identified during the assessment of the Project, including from sources other than the respondent.

Respondents are to provide a brief outline of the key risks (e.g. technical, commercial, financial, environmental, social etc) of the Project (including possible issues of concern to the community) and the appropriate mitigation measures for each risk.

### **Criteria Assessment**

***2.1.6 The credibility of the link that Respondents make from the output(s) of their upgrading process to the off-takers and off-take technologies for that (those) output(s) that reduce emissions from the use of lignite.***

#### **Merit Criteria to be covered under this assessment category:**

Respondents are to describe the link between the output(s) of the upgrading technology/process to the off-takers and off-take technologies for that (those) output(s) and establish credible linkages to demonstrate an overall reduction in carbon emissions and increase in energy efficiency.

## **2.2 The Capability and Capacity of the Respondent and its Partners to Deliver the Project**

### **Criteria Assessment**

***2.2.1 The Project Delivery strategy and timeline is well articulated, sensible and realistic***

#### **Merit Criteria to be covered under this assessment category:**

Respondents are to:

- i. Identify the commencement date for the Project and why it will be ready to commence on that date.
- ii. Provide a brief description of the Project delivery strategy and a list of the key milestones, deliverables and associated timelines for the Project. Note: Milestones are not the Project's objectives, strategies, or the delivery of progress reports.

- iii. Identify any issues that could delay the commencement and / or conduct of the Project (e.g. governance, government approvals, access to IP, personnel recruitment, equipment ordering and delivery).
- iv. Have an understanding and knowledge of government approval processes and a high degree of certainty that these will be satisfied; as well as identification of environmental and other approvals required for the Project, and the estimated time frame for obtaining them.

**Criteria Assessment**

***2.2.2 The financial, technical and project management strength and capacity of the Respondent and its partners (including a demonstrated track record) to ensure progression of the Project to the next stage towards commercialisation.***

**Merit Criteria to be covered under this assessment category:**

Respondents are to:

- i. Provide evidence of current and future business operations which are directly relevant to the Project.
- ii. Provide a list of any similar projects completed and how this experience will contribute to delivering in time and on budget.
- iii. Demonstrate the capability of the organisation(s) to support meeting the objectives and tasks of the Project
- iv. Demonstrate the capability of the organisation(s) to achieve commercialisation of the results of this Project.
- v. Where relevant, provide an outline of the roles of consortia members and the status of any relevant agreements.
- vi. Demonstrate the ability to secure funding from other sources over the life of a project. Include evidence from previous projects where private-sector financing or any other public co-contributions were able to be secured over the life of the Project.
- vii. Provide evidence of the financial status and viability of the Respondent and progress towards securing funding for the Project as follows:
  - a. current audited financial statements and prior financial statements (at least 1 year and preferably 3 years prior).
  - b. Operating capital expenditure and financing cashflow
  - c. Project Cashflow statement projecting over the term of the project

**2.3. The Contribution of the Project to the ALDP Objectives**

**Criteria Assessment**

***2.3.1 Contributes to the Program’s objective of the pre-commercial demonstration scale coal upgrading processes for raw lignite that link to suitable fully integrated end-to-end lignite Projects. These must offer prospective end-use product and / or processes from a broad range of possible applications that maximises low emissions outcomes as well as economic and technological and social benefits from the economic utilisation of the Latrobe Valley’s extensive lignite reserves.***

**Merit Criteria to be covered under this assessment category:**

Merit may be demonstrated by the respondent through:

- i. Explaining why this Project’s technology is relevant to Victoria and particularly to the Latrobe Valley.
- ii. Explaining how this Project’s technology contributes to the overall reduction in Greenhouse Gas emissions intensity and positions Victoria for a low emissions future.
- iii. Detailing how the Project will contribute to the Program’s strategic objective of pre commercial demonstration scale coal upgrading processes for raw lignite that link to suitable fully integrated end-to-end lignite Projects that offer prospective end-use product and / or processes from a broad range of possible applications that maximises the economic, environmental, technological and social benefits from the economic utilisation of the Latrobe Valley’s extensive lignite reserves.



## **PART D – EOI RESPONSE**

*(Maximum of twenty A4 pages for this application, plus any attachments as required).*

### **SECTION A – PROJECT PARTICULARS AND CONTACT DETAILS**

#### **1. TITLE OF PROJECT**

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#### **2. LEAD ORGANISATION AND PRINCIPAL CONTACT**

<b>Organisation</b>		
<b>ABN</b>		
<b>Contact Name</b>		
<b>Position</b>		
<b>Postal Address</b>		
<b>Email Address</b>		
<b>Phone Numbers</b>	<i>Business:</i>	<i>Mobile:</i>
<b>Facsimile Number</b>		
<b>Person authorised to sign the contract (if different from above)</b>	<i>Name: .....</i>	
	<i>Position: .....</i>	

#### **3. PARTICIPATING ORGANISATION(S)**

*List the names of participating and/or collaborating organisations and their ABNs.*

<b>Private Sector/Industry Participants</b> <i>Entities whose majority of revenue is not derived from government appropriations.</i>	
<b>Organisation</b>	<b>ABN</b>

<b>Public Sector Participants</b> <i>(Universities, Public Research Organisations, Government Agencies).</i>	
<b>Organisation</b>	<b>ABN</b>

**PROJECT LOCATION** *(The Project and accompanying expertise must be based in Victoria) Identify where the Project will be conducted including host organisation and physical address.*

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# SECTION B – MERIT CRITERIA RESPONSE

## 1. THE PROJECT

### 1.1 Merit of the clearly defined need, objectives and strategies for the Project.

Respondents must clearly define the need, objectives and strategies for the Project and demonstrate why now is the right time for funding / progressing the Project.

Refer Part C, Section 2.1.1 for more details (*maximum 1 page*).

### 1.2 Merit and validity of the proposed technical basis of the Project.

What is the technical basis of the Project and how does it compare to current best practice in the field?

Refer Part C, Section 2.1.2 for more details (*maximum 1 page*).

### 1.3 Appropriateness of the proposed budget, the amount of funding sought from the Program and its leverage versus other sources of Project funding

Refer Part C, Section 2.1.3 for more details

#### Response for 2.1.3 (i):

**Table 1: Summary of Total Budget**

Government			Non-Govt In-kind	Non-Govt Cash			PROJECT TOTAL
Requested from the Program	Other Public Co-Contribution	Total Govt	Total Non-Govt In-kind	Australia	International	Total Non-Govt Cash	Total Govt +Total Non-Govt In-kind +Total Non-Govt Cash
\$	\$	\$	\$	\$	\$	\$	\$

**Table 2: Summary of Total Budget by Year and Category**

Heads of Expenditure	Year ending 30 June 20__	Year ending 30 June 20__	Year ending 30 June 20__	Year ending 30 June 20__	TOTAL (\$)
Salaries					
Equipment					
Materials					
Subcontract					
Travel					
Other					
<b>TOTAL</b>					

**Response for 2.1.3 (ii) to (v):**  
*(maximum 1 page).*

***1.4 Commercialisation plan (including the link to the off-takers and off-take technologies) is credible, including the adequacy of the competitor analysis and understanding of barriers to market entry with appropriate mitigation strategies.***

*Respondents will need to provide a brief commercialisation strategy for the Project (which includes the link to the off-takers and off-take technologies). Refer Part C, Section 2.1.4 for more details. (maximum 2 pages).*

***1.5 Merit of a clear understanding of the risks for the Project (including possible issues of concern to the community) and strategies for mitigation.***

*Respondents are to provide a brief outline of the key risks (e.g. technical, commercial, financial, environmental, social etc) of the Project (including possible issues of concern to the community) and appropriate mitigation measures for each risk. Refer Part C, Section 2.1.5 for more details. (maximum 2 pages).*

***1.6 The credibility of the link that Respondents make from the output(s) of their upgrading process to the off-takers and off-take technologies for that (those) output(s) that reduce emissions from the use of lignite.***

*Respondents are to describe the link between the output(s) of the upgrading technology/process to the off-takers and off-take technologies for that (those) output(s) and establish credible linkages to demonstrate an overall reduction in carbon emissions and increase in energy efficiency. (maximum 2 pages).*

## **2. THE CAPABILITY AND CAPACITY OF THE RESPONDENT AND ITS PARTNERS TO DELIVER THE PROJECT**

*2.1 The Project Delivery strategy and timeline is well articulated, sensible and realistic.*

*Refer Part C, Section 2.2.1 for more details. (maximum 2 pages).*

*2.2 The financial, technical and project management strength and capacity of the Respondent and its partners (including a demonstrated track record) to ensure progression of the Project to the next stage towards commercialisation.*

*Refer Part C, Section 2.2.2 for more details. (maximum 2 pages).*

## **3. THE CONTRIBUTION OF THE PROJECT TO THE ALDP OBJECTIVES**

*3.1 Contributes to the Program's objective of the pre-commercial demonstration processes for raw lignite that link to suitable fully integrated end-to-end lignite Projects. These must offer prospective end-use product and / or processes from a broad range of possible applications that maximises low emissions outcomes as well as economic and technological and social benefits from the economic utilisation of the Latrobe Valley's extensive lignite reserves.*

*Refer Part C, Section 2.3.1 for more details. (maximum 2 pages).*

## **SECTION C – SCHEDULE REQUIREMENTS**

### **SCHEDULE 1 REQUIREMENTS**

#### **EOI REGISTRATION**

Respondents must sign the form on Schedule 1 which covers the EOI proposal warrants and conflict of interest requirements.

#### **EOI PROPOSAL WARRANTS**

By submitting an EOI Response, the Respondent:

- warrants the truth and accuracy of all information contained in their EOI Response; and
- acknowledges and agrees that it is bound by the terms and conditions in this EOI.

#### **CONFLICT OF INTEREST**

Any party with a real or perceived conflict of interest must declare that interest to the Department as soon as the conflict is identified. Where a conflict of interest arises, it must be assessed and be resolved in favour of the public interest by the relevant parties. All parties are required to ensure that their performance in respect of identifying, declaring and resolving any conflict of interest is beyond reproach. A declaration is required to be made by the Respondent and submitted with its EOI Response, as to any actual or potential conflict of interest in relation to its potential involvement in the Project identified at the date of submission of the EOI Response

### **SCHEDULE 2 REQUIREMENTS**

#### **COMMITMENT BY COMPANY DIRECTORS**

Please provide confirmation (on the form provided in Schedule 2) that your Company Directors and/or Board have considered the Project and have confirmed the following:

- The Project would not proceed without additional external funding.
- The organisation has the necessary resources to complete the Project – both technical and financial (subject to additional funding as described in the application being forthcoming).
- The organisation will ensure appropriate project management and governance is in place.
- The organisation has the critical staff available to undertake the Project (or will have by Project commencement).
- Progress reports will be considered by an appropriate Project oversight group – and copies of these reports will be furnished to the Commonwealth and State as part of its normal reporting requirements.

# SCHEDULE 1: EOI REGISTRATION

## 1. Proposal Form

By submitting this EOI Response on behalf of the Respondent organisation/consortium:

- I/we warrant that I/we are authorised by the Respondent to submit the EOI Response and that, by so submitting the EOI Response, the Respondent is bound by it; and

I/we warrant that to the best of my/our knowledge, all the information I/we have given is true and correct.

## 2. Conflict of Interest

The Respondent promises that it, its partners, staff and consultants, does not have and are not aware of any actual or potential conflict of interest which may arise between the Department and the Respondent, unless otherwise declared below.

Please advise of any actual or perceived conflicts of interest of which you are aware:

.....  
.....  
.....  
.....  
.....  
.....  
.....

If any actual or perceived conflict of interest exists please detail your strategy for managing this conflict:

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

I certify on behalf of the Responding organisation / consortium, that I/we have attached the required supporting documentation, and that all the information supplied is true and correct.

Name:

Position:

Lead Organisation:

Signature:.....

Date: .....

Witness:.....

Signature:.....

Date: .....

## **SCHEDULE 2: COMPANY DIRECTORS / BOARD CONSIDERATION**

The **(insert organisation name)** Directors / Board (cross out one) met on **(insert date)** and considered the **(insert Project name)**.

The **(insert organisation name)** Directors / Board (cross out one) confirms that:

- The Project would not proceed without additional external funding
- The organisation has the necessary resources to complete the Project – both technical and financial (subject to additional funding as described in the application being forthcoming)
- The organisation will ensure appropriate project management and governance is in place
- Progress reports will be considered by an appropriate Project oversight group – and copies of these reports will be furnished to the State

**Name:** .....  
Managing Director or Chairman of the Board (cross out one) for

.....  
Organisation

**Signature:** .....



## **Part E - RFP ASSESSMENT PROCESS OVERVIEW (STAGE 2)**

Short-listed respondents from Stage 1 will be invited to submit a more detailed proposal under a Request for Proposals (RFP) process. Shortlisted Respondents will receive RFP documentation after they have been advised of their success.

Detailed proposals will be evaluated under the RFP process through the engagement of an Independent Assessment Panel and a Technical and Commercial Panel.

The Minister for Resources and Energy and the Minister for Energy and Resources Victoria will determine the successful projects to receive joint funding from the ALDP Program.