

Renewable Energy



Business Energy Efficiency Scheme Guidelines

Contents

1.	The Business Energy Efficiency Scheme.....	1
2.	The Purpose of BEES.....	1
3.	What BEES will fund.....	2
4.	Eligibility for BEES	3
5.	Eligibility criteria	4
6.	Eligible entities.....	5
7.	Eligible finance.....	5
8.	Eligible investments	6
9.	Required information	7
10.	Assessment criteria	7
11.	Timeframes	7
12.	Application process.....	8
13.	Appealing a decision.....	9
14.	Grant payments	9
15.	Taxation and financial implications.....	9
16.	Acquittal	10
17.	Administration and contact details.....	10
18.	Contact: BEES@recfit.tas.gov.au.....	10
19.	Publicity of grant assistance	10
20.	Right to information.....	10
21.	Confidentiality	10
22.	Personal information protection.....	11
23.	Disclosure	11
24.	Disclaimer	11
25.	Audit Activities.....	12

1. The Business Energy Efficiency Scheme

The Tasmanian Government is committed to supporting Tasmanian households and businesses with the cost of electricity and cost-of-living pressures.

The Tasmanian Government has established two programs to assist Tasmanians and Tasmanian businesses invest in energy efficiency measures to help address pressures on household and business budgets from electricity costs, namely:

- the Energy Saver Loans Scheme (ESLS) – which supports electricity customers with annual consumption below 150MWh, and
- the Business Energy Efficiency Scheme (BEES) – which supports electricity customers with annual consumption of more than 150MWh (referred to as commercial and industrial (C&I) customers).

This document sets out the scheme guidelines for BEES.

Details about the ESLS can be found at recfit.tas.gov.au/household_energy/energy_saver_loan_scheme

2. The Purpose of BEES

The purpose of BEES is to provide C&I customers with assistance to implement energy efficient products and services to sustainably reduce electricity bills.

The Tasmanian Government recognises that upfront costs associated with implementing energy efficient measures can act as a barrier, and BEES supports C&I customers financing these costs.

Two forms of support are available under the scheme:

- an interest free loan of up to \$10,000 over three years, and
- a low interest loan of up to \$50,000 over three years.

These two forms of support can be combined, effectively subsidising a total loan value of up to \$60,000.

Applicants may only access the interest subsidy under BEES for a maximum cap of \$60,000 in borrowings. Once this cap is reached no further subsidy will be available to the applicant under the scheme.

The way the Scheme works is via an interest rate subsidy on commercial finance arranged between the applicant and a finance provider, rather than by directly providing loans.

The scheme provides the interest subsidies to eligible applicants by way of a once-off grant payment once the third-party finance has been drawn down and the energy efficient investment has been commenced.

Applicants need to arrange finance through an Australian Financial Services licensed (AFSL) financial institution (eg a bank) on arms-length commercial terms. While BEES provides interest support for a three-year period, the loan entered into between the applicant and its financial provider can reflect a loan period that meets the needs of the applicant (ie the loan term is not prescribed under the scheme, unlike the ESLS).

BEES will support a loan pool of up to \$50 million.

3. What BEES will fund

Through BEES, the Tasmanian Government will fund:

- the full interest costs under the loan on up to \$10,000 over the first three years; and
- a 5 percentage point interest subsidy for an additional \$50,000 (ie amounts over \$10,000 and less than \$60,000) over the first three years, and
- make a single payment to the applicant for both amounts in advance, once the loan has been drawn down.

While there is no hard cap on the maximum rate of interest that will be funded under the scheme, each application will be individually assessed and the Department of State Growth reserves the right to impose a reasonable limit on the rate of interest where the proposed interest rate is considered excessive when compared against market standards at the time of application.

The Scheme does not provide any funding for loan application or other fees – it provides a subsidy on interest costs only.

In many cases, applicants will have existing finance relationships in place, and will obtain loans through that means. In other cases, new relationships with AFSL-licensed entities will be required (or may be desired by applicants).

Where an applicant has entered into a financing arrangement that has a variable interest rate, the subsidy will be calculated on the interest rate that is prevailing at the time of the BEES application.

- Should the variable interest rate fall over the three-year support period, the applicant will not be required to remit any funds to the Tasmanian Government.
- Similarly, should the variable interest rate rise over the three-year support period, the applicant will not be able to access further support under the scheme.

Example of how the scheme operates:

- A commercial building owner wants to upgrade the HVAC system, at a cost of \$80,000, and wants to finance the investment over 8 years.
- The building owner has an existing relationship with Bank X, and has access to a facility that would make the funds available at 12% pa on a variable interest rate basis.
- The applicant elects to borrow from Bank X. Support under the subsidy scheme would be \$11,100, comprising:
 - \$10,000 for 3 years at 12% pa (\$3,600); and
 - \$50,000 for 3 years at an interest subsidy of 5% (\$7,500).
- Once the HVAC system works have been completed and the loan is drawn down to fund those works, the scheme pays \$11,100 to the applicant and the applicant is legally obliged to direct those funds to the loan.
 - As a result, the applicant has effectively borrowed \$68,900 for the \$80,000 investment at 12% over 8 years
- The applicant continues to repay the loan to Bank X over the 8-year term.
- After 6 months, the variable rate moves to 12.5% pa. No further funds are provided under the scheme.
- After 15 months, the variable rate moves to 11.5% pa. No recoveries are due to the scheme.

4. Eligibility for BEES

Applications for this grant will be assessed based on eligibility, and on the basis of the evidence provided in the application, particularly having regard to the proposed interest rate and how the proposed investment delivers an energy efficiency outcome for the applicant.

The application process and grant administration will be via the SmartyGrants platform, administered by the Department of State Growth.

Although the scheme is set to be available for three years upon implementation, once the funding limit has been reached, no further applications will be accepted and any applications in-process at that time will not be able to be supported. Any such applicants will be notified.

If an applicant does not take up the full entitlement under the program (\$10,000 in interest free loans and \$50,000 in low interest loans), the applicant will be able to access BEES for subsequent applications, up to those scheme limits and remaining capacity in the scheme.

Applications will be assessed against the eligibility criteria in order of receipt. Applicants should ensure that they receive and retain an email notification when they submit their application as confirmation that the application has been submitted and received. If no confirmation is received, please contact

BEES@recfit.tas.gov.au

The scheme is open to all C&I customers (business and not-for-profit) that meet the eligibility criteria (see below for details). If the applicant chooses to take out a loan for less than three years, then the loan subsidy will apply only for the duration of the loan.

For a loan to be eligible, it must be used to finance an energy efficiency investment – either equipment/goods or services (see below for details). There are limited specific exclusions under the scheme.

For an application to be successful, the applicant will need to be able to explain how the proposed investment delivers an energy efficient outcome and provide evidence as part of the application process.

Given the very differing energy efficiency opportunities facing the range of C&I customers that are eligible under the scheme, there are no special requirements applying to vendors supplying energy efficiency goods/equipment or services under BEES. Existing occupational licensing requirements will continue to be required (eg in relation to electrical safety). Applicants will be free to choose their vendor – there are no ‘authorised’ vendor requirements under the scheme.

5. Eligibility criteria

The scheme is administered by Renewables, Climate and Future Industries Tasmania (ReCFIT), within the Department of State Growth.

For any queries about the eligibility criteria, please email BEES@recfit.tas.gov.au

Applicants may be asked to supply documentation to support their eligibility claims, as part of the application process, or as part of an audit process. Information supplied by applicants may be subject to authenticity checks using third party software.

In circumstances where an applicant includes an interest rate(s) that is considered outside of acceptable limits at the time of application, the applicant will be advised of the details of the cap through the eligibility assessment process.

If the applicant is relying on the grant to complete the project, the applicant should not commit to the investment or the third-party finance until they have received written confirmation that their grant application has been successful. Accordingly, applicants will be able to make an informed decision about whether or not to proceed in light of any capped interest subsidy that forms part of an approval.

6. Eligible entities

To be eligible for the grant applicants must:

1. be registered for tax purposes in Australia with an active Australian Business Number (ABN)
2. use over 150MWh of electricity per annum
3. operate their business within Tasmania
4. not be a local, state or Australian Government entity
5. not be the University of Tasmania (or related entity), and
6. not be trading insolvent, under external administration or bankruptcy.

7. Eligible finance

Under this scheme:

- the finance must be from an AFSL entity and on arms-length commercial terms
- the applicant must certify in the application the intention to manage the finance on the terms agreed between it and the finance provider, including the term of the loan
- loans not from AFSL entities (such as director loans, inter-company loans, shareholder loans) are not eligible for support under the scheme
- internal company funds (cash, equity) used to fund energy efficient investments are not eligible for support under the scheme
- finance proceeds must be used to fund energy efficiency investments for the applicant (see below)
- where a loan has a variable interest rate, the interest rate prevailing at the time the loan is drawn down is the interest rate that is used to calculate the grant
- if the proposed interest rate is considered to be unreasonable, the Department of State Growth may impose a limit on the level of subsidy to be provided under the scheme
- if the interest rate on the 'low interest' portion of the loan is under 5 per cent per annum, the level of subsidy provided under the scheme is capped at the interest rate of the loan (at the time the loan is drawn down). In cases where this occurs, the up to \$50,000 loan effectively becomes an interest-free loan
- as a condition of participation in the scheme, applicants will be legally obliged to remit the grant payment into the loan account – the funding cannot be used as working capital, and
- the scheme does not provide any funding toward application, loan establishment or any other fees of the applicant.

8. Eligible investments

- The loan must be used to fund eligible energy efficiency investments.
- The scheme does not support investments on a retrospective basis – that is, if an investment has already been committed to or made, no application can be pursued. The scheme is only able to support investments on a prospective basis and for which finance will be entered into.
- Investments may be goods/equipment or services that reduce the energy used by the applicant in the operation of its business, or are used to electrify activities that were previously based on other energy sources (such as liquid fuels or gas).
- Investments must take place within Tasmania.
- It will be a requirement for the applicant to explain (in the application) how the proposed investment will deliver an energy efficiency outcome for the business as part of a successful application.
- Purchases must be at arm's length from a registered business (there is no requirement that the supplier is a Tasmanian business).
- The investment is not necessarily limited to plant and equipment or goods – it may be for energy efficiency advice, energy audits etc.
- The investment must be related to energy efficiency in the entity.
- Eligible investments include electrification of equipment or processes that currently rely on other energy sources.
- Some examples of eligible equipment or upgrades include, but are not limited to:
 - lighting upgrades
 - refrigeration upgrades
 - hot water system upgrades
 - solar PV systems
 - battery installations
 - energy efficient appliances (as provided for under the Energy Saver Loan Scheme)
 - heating and chilled water pipe insulation
 - application of lagging to refrigerant lines
 - combination of circuits for better efficiency
 - re-gas of chillers with natural refrigerant
 - variable speed drives on pumps
 - high speed doors on cool rooms
 - efficient space heating systems
 - HVAC upgrades
 - installation of electric vehicle (EV) charging stations

- glazing upgrades to double/triple glazing
- insulation upgrades, and
- extraction fan upgrades.

Purchase of vehicles and mobile plant are **not** eligible under the scheme.

If applicants wish to seek guidance about whether a potential investment meets the required purpose prior to submitting an application, inquiries can be made to BEES@recfit.tas.gov.au.

Purchases of goods and equipment will be subject to all ordinary regulatory requirements, including occupational licensing requirements. For example, installation of solar PV panels will require inspection and approval by the regulator, Consumer, Building and Occupational Services (CBOS), as is normally the case. There are no additional requirements under the scheme in relation to vendors or equipment.

9. Required information

For an application to be successful, the applicant will need to be able to describe:

1. the nature of the energy efficiency investment to be undertaken
2. how that investment will deliver an energy efficiency outcome for the applicant business, and
3. the details of the commercial finance that has been approved by an AFSL entity to fund the investment.

Applicants may also be required to provide further information about the nature of their finance arrangements as a part of the reasonableness assessment by the Department of State Growth.

NOTE: If the applicant is relying on the grant to complete the project, the applicant should not commit to the investment or the third-party finance until they have received written confirmation that their grant application has been successful.

10. Assessment criteria

Applications that meet the eligibility criteria will be funded.

If an application meets all relevant eligibility criteria and provide accurate information as requested through the application process, then the interest subsidy will be paid to the applicant providing that the scheme remains open and is not fully subscribed. BEES will support a loan pool of up to fifty million dollars.

Applications will be considered in the order in which they are received.

11. Timeframes

No applications will be accepted after the closing date. The Tasmanian Government reserves the right to close the scheme upon exhaustion of funding for the scheme.

Description	Date/time
<i>Program opens</i>	<i>17 April 2023 02:00 pm</i>
<i>Program closes</i>	<i>16 April 2026 02:00 pm</i>

During the assessment process further information to support or clarify an application may be required. This information must be provided within three working days, unless otherwise advised. Failure to provide further requested information within the timeframe may result in the application being unsuccessful.

All applicants will receive a notification on the progress of their application and, where possible, the outcome of the application with 10 working days of submission.

12. Application process

The Department of State Growth uses an online grants management system called SmartyGrants. This system is easy to use and accessible via mobile phones, tablets, laptops and personal computers.

Applicants without internet access should contact ReCFIT to discuss alternative methods for applying.

Applicants should read these scheme guidelines carefully before starting an application.

The application form is designed to help structure applicant's responses to the eligibility criteria.

The loan subsidy is an eligibility-based grant. Meeting the eligibility criteria and following the application process will mean that applicants will be paid the interest subsidy, providing that the scheme remains open and is not fully subscribed.

In terms of the applicant journey, the following steps outline how an applicant would learn about the scheme and apply:

The key steps for the scheme are as follows:

Step 1: *Prior to application – the applicant will:*

- Identify their energy efficiency project(s), and secure a vendor to supply the equipment/services.
- Arrange finance through an AFSL-licensed entity.

Step 2: *Application*

- Apply to the BEES online, providing loan details (value, repayment amount and cycle interest rates, term etc) and details of the proposed investment, including how it delivers an energy efficient outcome for the applicant.
- Application is approved/not approved.

Step 3: *After application is approved*

- Loan from the finance provider is drawn down by the applicant.
- Energy efficiency investment is delivered (eg new equipment installed).
- Applicant submits evidence of both the provision of the goods or services and the drawdown of the finance to enable payments of the loan subsidy (invoices and loan account details).
- BEES provides the once-off grant payment into the applicant's nominated account.
- Applicant certifies that they will manage the loan according to its terms.

13. Appealing a decision

The appeals process is designed to ensure that all applicants have been treated fairly and consistently in applying for Department of State Growth grants. The Department will consider appeals relating to administrative process issues in grants management.

All requests must be in writing and should be addressed to the CEO of ReCFIT (and may be sent via BEES@recfit.tas.gov.au).

Your request must be received within 28 days from the date of the Department of State Growth notifying you of the decision about your application. For further information about the process, contact BEES@recfit.tas.gov.au.

14. Grant payments

Successful applicants will be asked for their nominated bank account details to process grant payments. This account must be in the same name as the entity that applied for the grant.

The grant payment must be directly transferred by the recipient to the loan account established to finance the investment. It cannot be used for working capital.

Applicants may also be asked to provide a copy of their loan statement or a letter from their bank to confirm their loan account details, and to demonstrate that the grant funds were paid into the loan account.

Providing incorrect account details may result in funds being paid to an incorrect account. These funds will need to be returned to us before we attempt another grant payment. This process may result in significant delays in funding being received. Additionally, we cannot guarantee that funds paid to an incorrect loan account will be returned to us.

If a grant recipient:

- does not complete the activities or tasks required under the funding agreement,
- does not use any or all of the funding provided,

the recipient will be required to return some or all of the funds to the department.

Similarly, if:

- the information provided to us is found to be false or misleading, or
- the recipient's situation changes in a way that prevents completion of the agreed project,

the recipient will be required to return some or all of the funds to the department.

The only means of payment under the scheme is a direct deposit of the grant into the applicant's nominated bank account. There is no possibility of a payment being made to any other account, or by way of cash.

15. Taxation and financial implications

Grants distributed under the scheme attract GST. Grant payments to successful applicants, who are registered for GST, are increased to compensate for the amount of GST payable. Where GST applies to the grant funding, a valid tax invoice must be supplied by the successful applicant to the department.

The receipt of funding from this scheme may be treated as income by the Australian Taxation Office (ATO).

It is strongly recommended that, prior to submitting an application, potential applicants seek independent advice from a tax advisor, financial advisor and/or the ATO, about the possible tax implications for receiving the grant.

16. Acquittal

An acquittal is a statement made by a grant recipient, confirming that the grant funding is used as per the funding agreement that forms part of the application process. All applicants will be required to acquit this grant by providing evidence that:

- the loan has been drawn down
- the provision of goods or services for the approved activity has commenced through a paid invoice

The Department of State Growth reserves the right to undertake checks to confirm that the investment described by the applicant has been completed, that the grant payment was fully transferred into the loan account, and other compliance/audit requirements.

17. Administration and contact details

The scheme is administered by the Department of State Growth, through ReCFIT on behalf of the Crown in the Right of Tasmania.

18. Contact: BEES@recfit.tas.gov.au

Note:

All applicants must take care to provide true and accurate information. Any information that is found to be false or misleading may result in action being taken and grant funds, if already provided, will be required to be repaid to the department.

19. Publicity of grant assistance

The Department of State Growth disburses public funds and is therefore accountable for the distribution of those funds. As part of the accountability process, the department may publicise the level of financial assistance, the identity of the recipient, the purpose of the financial assistance, and any other details considered by the department to be appropriate.

20. Right to information

Information provided to the Department of State Growth may be subject to disclosure in accordance with the Right to Information Act 2009.

21. Confidentiality

The Tasmanian Government may use and disclose the information provided by applicants for the purposes of discharging its respective functions under the Scheme Guidelines and otherwise for the purposes of the program and related uses.

The department may also:

1. Use information received in applications for any other departmental business.
2. Use information received in applications and during the delivery of the project for reporting purposes.
3. Use third party software to review information received in applications to confirm its authenticity.

22. Personal information protection

Personal information will be managed in accordance with the Personal Information Protection Act 2004.

This information may be accessed by the individual to whom it related, on request to the Department of State Growth. A fee for this service may be charged.

23. Disclosure

Personal information will be managed in accordance with the Personal Information Protection Act 2004.

This information may be accessed by the individual to whom it related, on request to the Department of State Growth. A fee for this service may be charged.

24. Disclaimer

Although care has been taken in the preparation of this document, no warranty, express or implied, is given by the Crown in Right of Tasmania, as to the accuracy or completeness of the information it contains.

The Crown in Right of Tasmania accepts no responsibility for any loss or damage that may arise from anything contained in or omitted from or that may arise from the use of this document, and any person relying on this document and the information it contains does so at their own risk absolutely.

The Crown in Right of Tasmania does not accept liability or responsibility for any loss incurred by an applicant that are in any way related to the program.

ReCFIT

Renewables, Climate and
Future Industries Tasmania

Department of State Growth

GPO Box 536 Hobart
TAS 7001 Australia

Phone: 1800 030 688

Email: info@stategrowth.tas.gov.au

Web: recfit.tas.gov.au

© State of Tasmania March 2023