

# GIDI: Industrial



**Applicant Briefing for Applicant Guide released**  
Wednesday, 14 June 2023

Accepting Applications from 01 July 2023

# Presenting today



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*GIDI Industrial Overview,  
Applicant Guide*



**Vince Smart**

Lead Advisor – Evidence,  
Insights & Innovation  
*Financial Assessment  
Template and Technical  
Questions from the Floor*



# Housekeeping

- **Live Q&A** will be open **throughout** the session – we will keep an eye on what comes through and answer as many questions as possible at the end of the presentation.
- You have access to your camera, but **mics will be disabled** for duration of the webinar
- The webinar is **being recorded** and will be made available in the coming days
- We expect this webinar to run about **45mins**





## Key message for today

If you are a **private sector business** committed to moving away from fossil fuels and decarbonising your industrial heat processes but where Government co-funding will **accelerate** the change then we want to hear from you.



# GIDI: Industrial – always on

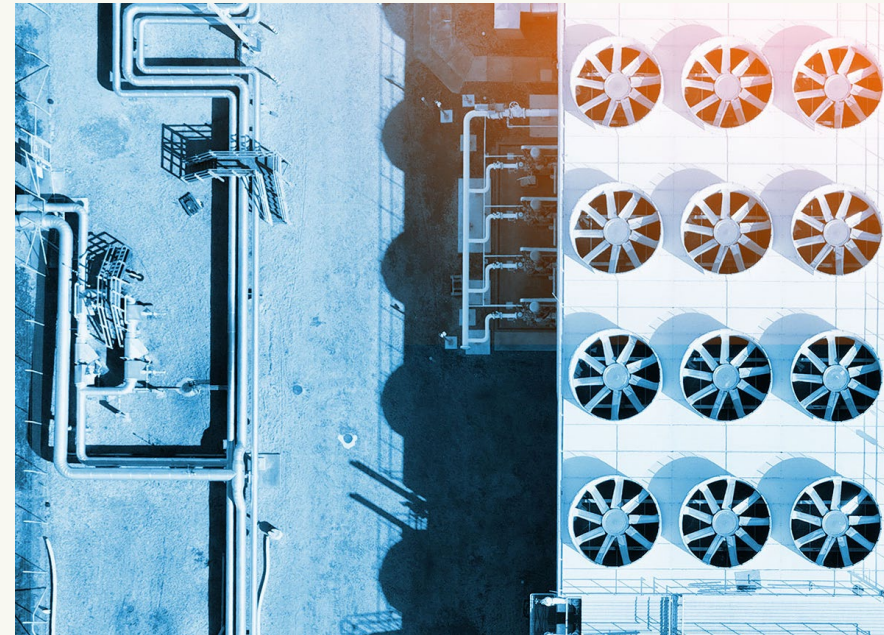
What's new: Replaces our constable GIDI funding rounds

Still with an industrial process heat focus

## Good news for Applicants:

- Can apply for GIDI funding at any time instead of waiting for funding rounds to be released (first in, first served).
- Focus on fully completing applications with no 'last minute rush'.
- Time to provide the best application you can - apply when you have fine-tuned project details
- Opportunity to work closer with EECA and strengthen relationships.

No big surprises for those familiar with past GIDI RFPs and process.



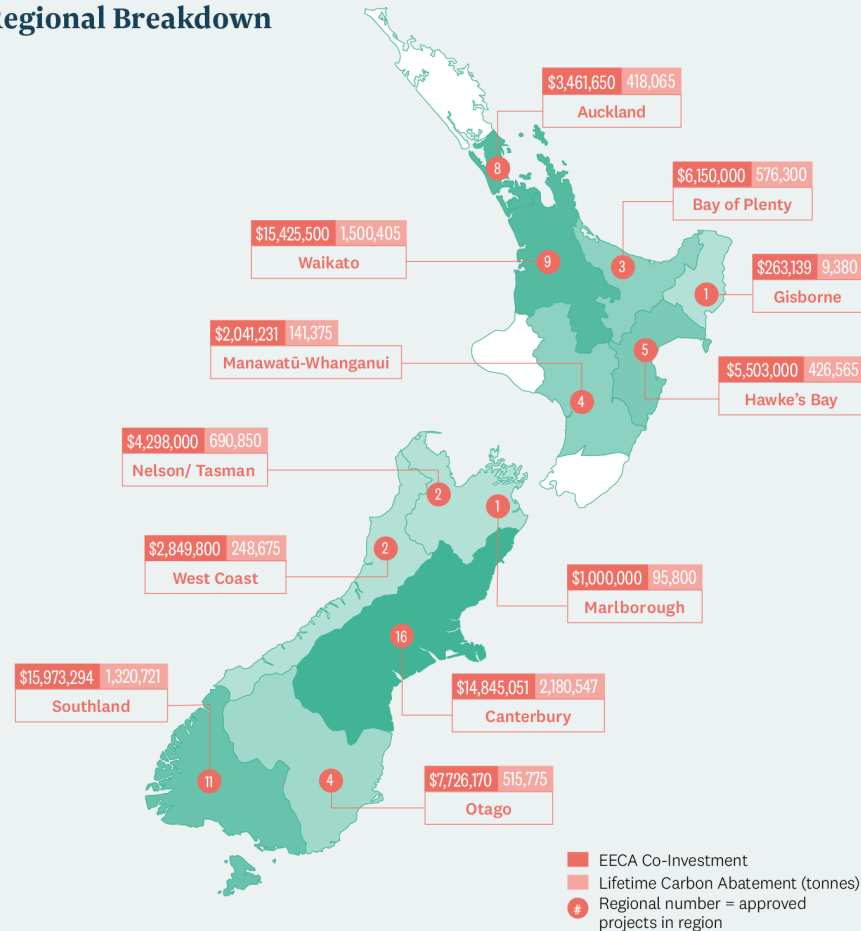
66  
projects approved

\$79.5m  
EECA investment

\$135.7m  
private funding

8.12m  
tonnes of CO2 lifetime abatements

### Regional Breakdown



Total figures correct as at March 2023, and factor in all withdrawn projects.

\*Emissions data based on applicants' submissions

### Project Breakdown

#### ROUND 1

16 PROJECTS  
\$27,792,958 EECA CO-INVESTMENT  
3,807,845 LIFETIME ABATEMENTS IN TONNES

#### ROUND 2

22 UPDATED PROJECTS  
\$27,989,769 EECA CO-INVESTMENT  
2,752,137 LIFETIME ABATEMENTS IN TONNES

#### ROUND 3

13 UPDATED PROJECTS  
\$7,520,782 EECA CO-INVESTMENT  
621,361 LIFETIME ABATEMENTS IN TONNES

#### ROUND 4

15 PROJECTS  
\$16,233,326 EECA CO-INVESTMENT  
943,115 LIFETIME ABATEMENTS IN TONNES

EECA

# Minimum Funding Conditions

1. Minimum project size \$300,000
2. Government co-funding up to 50% of eligible project cost
3. Funding incremental capitalised project costs, not operating costs
4. Projects must be fully commissioned and operational by **31 December 2027**
5. New Zealand-based and NZBN registered private sector business
6. Delivered in New Zealand
7. Full and complete application.



# What's not eligible?

- residential or commercial buildings and campuses (refer GIDI: Commercial Buildings)
- transport initiatives
- waste minimisation
- electricity generation
- reducing agricultural emissions or embodied carbon
- scope 3 emissions reductions
- displacing one fossil fuel for another (e.g., coal to natural gas)
- Greenfields developments\*
- R&D, and technologies not commercially available
- BAU operational costs



**Unsure if your proposal is out of scope?**

Contact us at [GIDIFund@eeca.govt.nz](mailto:GIDIFund@eeca.govt.nz) to discuss.

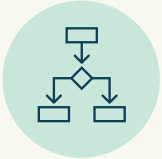




# Demonstrate you meet the Application Requirements



Eligible entity and the project



Decarbonisation outcomes



Financial parameters



Health, safety, reputation



Approvals and sources of co-funding



Ensuring long-term outcomes for the energy system



Additional conditions for projects where the total energy related carbon emissions by fuel type of the applicant entity, cumulated for all operating sites, is >1,000 tCO<sub>2</sub>e per year



Innovative solutions

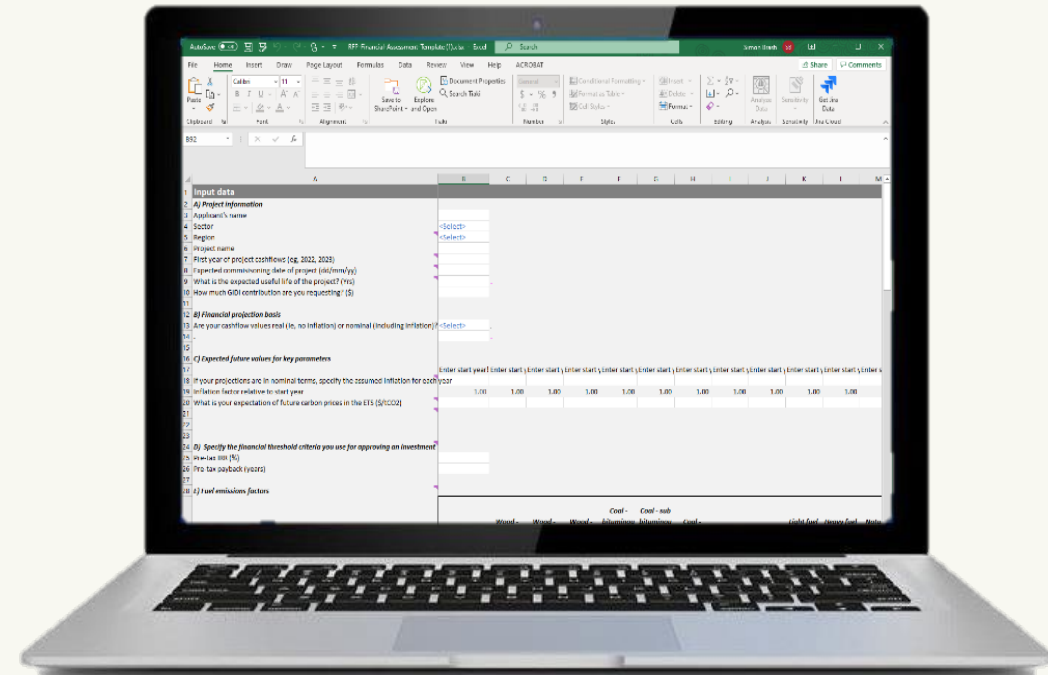


Large projects >\$10M co-funding



# The Financial Assessment Template (FAT)

- You'll want to check this out early in the process, as some data needed in the Application Form is calculated for you in the Financial Assessment Template
- Upload completed template to the Application Form
- The FAT enables EECA to evaluate all projects on a like-for-like basis
- **The evaluation:**
  - Estimates CO2 abatement costs for both applicants and EECA
  - Helps us understand project economics and the case for funding
  - Provides evidence for project additionality
  - Tests for 'unusual' cost assumptions



# FAT structure – a walkthrough

## In\_Out tab:

- Applicants enter basic information about the project, plus the future carbon prices you use to evaluate projects to reduce fossil use
- Also presents the results of financial performance and CO2 abatement cost calculations

**Cashflow tab:** Where projections of costs and fuel consumption are entered

- Information about two possible futures required:
  - If the project goes ahead – the ‘Preferred Project’
  - If the project doesn’t go ahead – the ‘Base Case’
- Cost projections can be entered with inflation (‘nominal’ i.e., what you would expect to actually pay) or without inflation (‘real’ i.e. what you expect to pay in future converted to today's dollars)
- Only ‘cash costs’ must be entered. e.g., depreciation should not be included in Opex, as it duplicates Capex.
- Fuel-related opex costs are split out from other opex to enable EECA comparison of applicants’ fuel price assumptions. Fuel costs should be entered without carbon costs.
  - EECA will seek clarification of ‘unusual’ fuel price projections

Our account managers are here to provide assistance, contact [GIDIFund@eeca.govt.nz](mailto:GIDIFund@eeca.govt.nz) with any questions.



# FAT examples

## Inputs in the In-Out tab

	A	B	C	D	E	F	G	H
1	<b>Input data</b>							
2	<b>A) Project information</b>							
3	Applicant's name	Vince's Chocolate factory						
4	Sector	Other Food Product Manufacturing						
5	Region	Otago						
6	Project name	Super mega dcarbonisation project						
7	First year of project cashflows (eg, 2022, 2023)	2023						
8	Expected commisioning date of project (dd/mm/yy)	1-Jul-23						
9	What is the expected useful life of the project? (Yrs)	20						
10	How much GIDI contribution are you requesting? (\$)	165,000						
11								
12	<b>B) Financial projection basis</b>							
13	Are your cashflow values real (ie, no inflation) or nominal (including inflation)?	Nominal						
14	.							
15								
16	<b>C) Expected future values for key parameters</b>							
17		2023	2024	2025	2026	2027	2028	2029
18	If your projections are in nominal terms, specify the assumed inflation for each year	6%	4%	3%	2%	2%	2%	2%
19	Inflation factor relative to start year	1.00	1.04	1.07	1.09	1.11	1.14	1.16
20	What is your expectation of future carbon prices in the ETS (\$/tCO <sub>2</sub> )	84.0	86.0	96.0	106.0	116.0	126.0	136.0
21	cf. ETS cap price (\$/tCO <sub>2</sub> )	78	88	98	110	123	138	155
22	ETS floor price (\$/tCO <sub>2</sub> )	32	34	37	39	42	45	48
23	TO IMPROVE: MAKE REFERENCE ETS PRICES ALIGNED WITH REAL / NOMINAL CHOSEN You have entered some expected ETS prices that are greater than the ETS price cap!							
24	<b>D) Specify the financial threshold criteria you use for approving an investment</b>							
25	Pre-tax IRR (%)	8.00%						
26	Pre-tax payback (years)	12.00						



# FAT examples

## Inputs in the cashflow tab

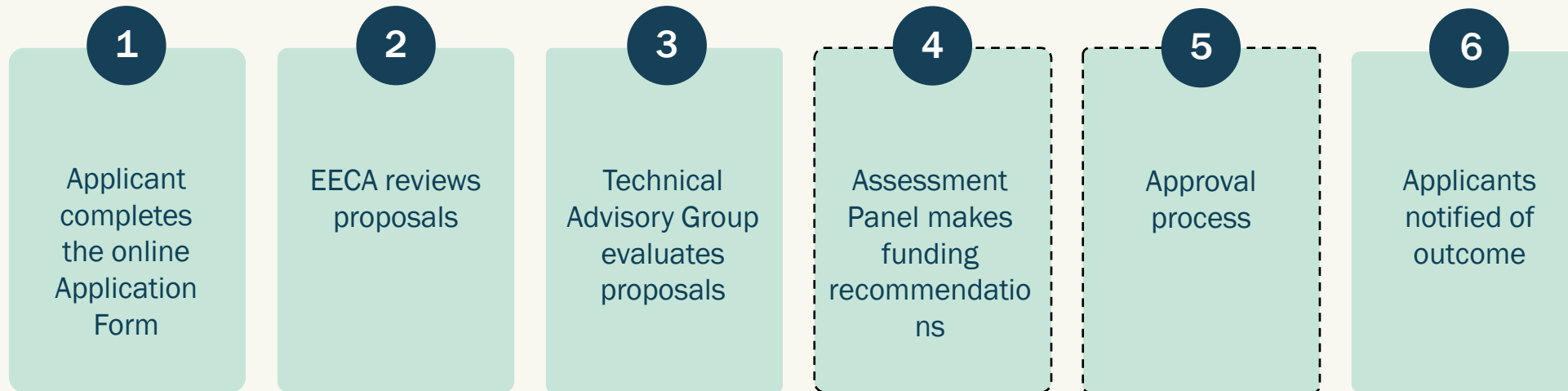
	Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Time period (t)	0	1	2	3	4	5	6	7	8	9	10	
Discount fac	1.00	0.94	0.89	0.84	0.79	0.75	0.70	0.67	0.63	0.59	0.56	
<b>1) Capital expenditure (CAPEX) (\$) - please enter all costs as positive numbers</b>												
<b>Preferred Project (PF)</b> Applicant comment												
Super low emission melter	465,000											
Replacement melter nozzles											45,000	
<b>Total Preferred Project capex</b>	<b>465,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45,000</b>	
<b>Base Case (BC)</b> Applicant comment												
Coal fired melter	0											
Replacement melter nozzles					30,000							
<b>Total Base Case capex</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Increase / (decrease) in capex (PP - BC)	465,000	0	0	0	-30,000	0	0	0	0	0	45,000	
<b>2) Operating &amp; Maintenance Expenditure (OPEX) (\$) - please enter all costs as positive numbers</b>												
<b>2a) Non-fuel opex</b>												
<b>Preferred Project (PF)</b> Applicant comment												
Maintenance	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Operation	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Routine Filter replacements	8,000		8,000		8,000		8,000		8,000		8,000	
<b>Total Preferred Project non-fuel opex</b>	<b>48,000</b>	<b>40,000</b>	<b>48,000</b>	<b>40,000</b>	<b>48,000</b>	<b>40,000</b>	<b>48,000</b>	<b>40,000</b>	<b>48,000</b>	<b>40,000</b>	<b>48,000</b>	
<b>Base Case (BC)</b> Applicant comment												
Maintenance	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Operation	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Routine filter replacements	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Ash disposal	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
<b>Total Base Case non-fuel opex</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>	<b>71,000</b>	
Increase / (decrease) in non-fuel opex	-23,000	-31,000	-23,000	-31,000	-23,000	-31,000	-23,000	-31,000	-23,000	-31,000	-23,000	
<b>2b) Fuel opex - EXCLUDING ETS costs</b>												
<b>Preferred Project (PF)</b> Applicant comment												
Electricity - Energy + Network	18,500	37,000	38,850	40,793	42,832	44,974	47,222	49,584	52,063	54,666	57,399	
Wood - pellet	2,400	4,800	5,040	5,292	5,557	5,834	6,126	6,432	6,754	7,092	7,446	
<Select>												
<b>Total Preferred Project fuel opex</b>	<b>20,900</b>	<b>41,800</b>	<b>43,890</b>	<b>46,085</b>	<b>48,389</b>	<b>50,808</b>	<b>53,349</b>	<b>56,016</b>	<b>58,817</b>	<b>61,758</b>	<b>64,846</b>	
<b>Base Case (BC)</b> Applicant comment												
Coal - lignite	24,000	24,720	25,462	26,225	27,012	27,823	28,657	29,517	30,402	31,315	32,254	
Heavy fuel oil	8,000	8,460	8,969	9,528	10,100	10,706	11,348	12,029	12,751	13,516	14,327	
<Select>												
<b>Total Base Case fuel opex</b>	<b>32,000</b>	<b>33,200</b>	<b>34,450</b>	<b>35,754</b>	<b>37,112</b>	<b>38,528</b>	<b>40,005</b>	<b>41,546</b>	<b>43,153</b>	<b>44,830</b>	<b>46,581</b>	
Increase / (decrease) in fuel opex (PP - BC)	-11,100	-8,600	-9,440	-10,331	-11,277	-12,280	-13,343	-14,470	-15,664	-16,927	-18,265	

# Assessment criteria



# Assessment and decision making

Process takes approx. 3 months from submit to notifying applicants requesting > \$2m, much less time for those requesting <\$2m



*Faster approvals process* ➡ *Get started on projects earlier* ➡ *Emissions abatement accelerated*



# Important dates if requesting >\$2m co-funding

Applications due at least 6 weeks prior to Panel	Panel meeting dates
Beginning of August 2023	Middle of September 2023
Beginning of December 2023	Middle of February 2024
Beginning of May 2023	Middle of June 2024
Beginning of September 2023	Middle of October 2024
GIDI: Industrial page of EECA's website will post exact dates, updated regularly.	





# Improving the quality of applications

## A number of applications that are submitted could be better

- incomplete information; numbers that don't add up; feasibility studies where too few options are considered; resource consenting not explored

## Poor advice can result in

- projects costed at more than should be (\$ and time)
- reluctance to take proposed project to application stage

## Improving quality

Always-on **takes the heat off** hitting submission deadlines so, when necessary, EECA will go back to applicants and suggest where applications could be improved.

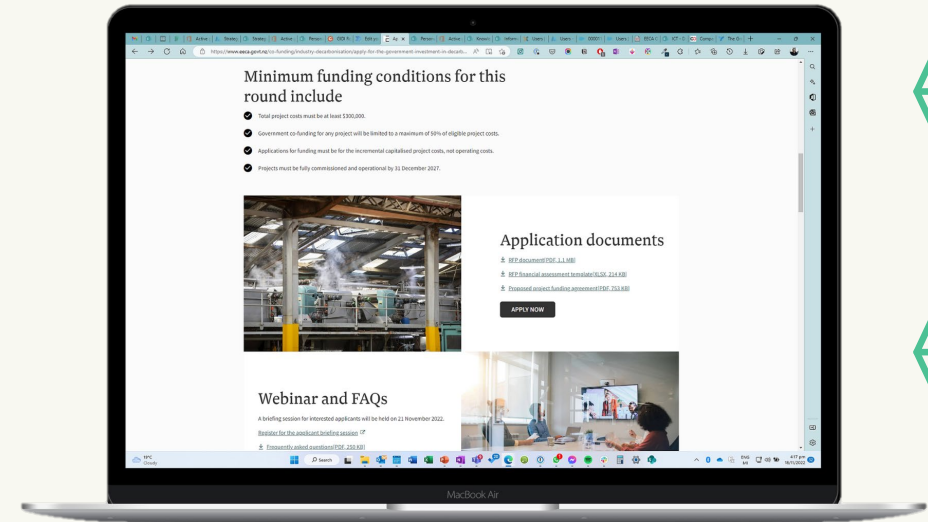
Before you submit, consider the following:

- Our user-friendly business case checklist [GIDI-Industrial-Business-Case-Checklist.pdf \(eeeca.govt.nz\)](#)
- Our feasibility templates (being developed) for consultants to use
- Collaborating with EECA account managers who can now provide feedback and guidance: email [GIDIFund@eeeca.govt.nz](mailto:GIDIFund@eeeca.govt.nz)



# Ready to apply?

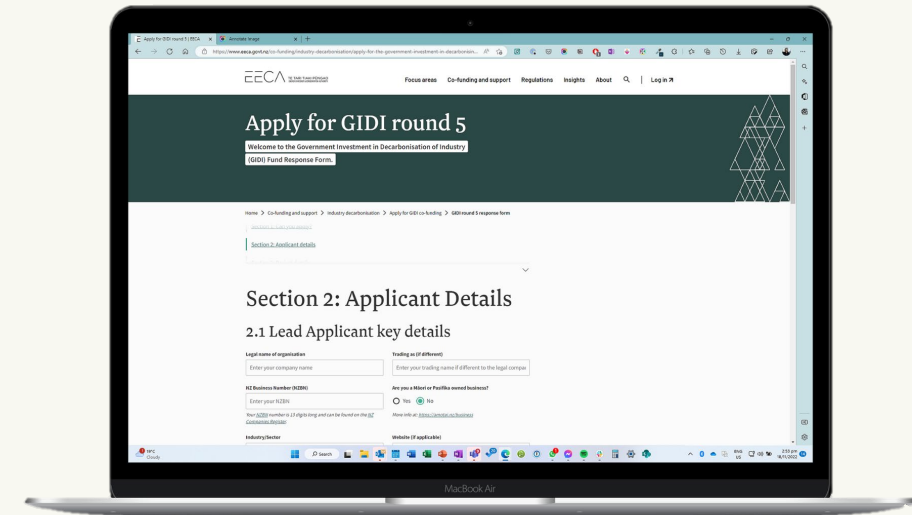
1. Go to [eeca.govt.nz/co-funding/industry-decarbonisation/gdi-industrial](https://eeca.govt.nz/co-funding/industry-decarbonisation/gdi-industrial)
2. Read the Applicant Guide in full, pay close attention to the Investment Principles & make sure your Proposal meets the Minimum Funding Conditions and that you can respond to the Application Requirements.
3. Click **APPLY NOW**
4. Fill in the online Application Form, remember to have your Financial Assessment Template, business case/feasibility study, and your project plan ready so these can be uploaded with the Application Form.
5. Submit your Application Form at any time, when your proposal is ready.



# Tips for using the online application form

## Pay close attention to the 'tips for using this online form' on the welcome page

- It's long – get in early and familiarise yourself with how it works.
- We have made a Word version of the Application Form available on the Welcome page for reference and drafting with your team.
- Choose an 'Application Form Owner' – someone to own the application process on your side.
- Save as you go – when you click 'save' you will receive a unique link. Use this link to access your form from then on. The form saves every time you navigate between pages.
- One at a time – if multiple people go in at the same time you risk overwriting each other's work.
- If you accidentally close the browser tab, pushing Ctrl-Shift-T will reopen it.



# Sample FAQs

## Are there any business size parameters?

No, there are no size restrictions for businesses seeking GIDI co-funding. However, to be eligible, the Total Project costs of an application must be at least \$300,000 as set out in the Minimum Funding Conditions of the Applicant Guide.

## Can applicants that were successful in previous GIDI rounds reapply?

Yes, provided they continue to meet the Minimum Funding Conditions, and address the Application Requirements set out in the Applicant Guide.

## My application was unsuccessful in a previous GIDI round – can I reapply?

Yes, but we recommend you work closely with EECA to ensure your project is updated to align with GIDI requirements, and that any concerns identified by EECA have been addressed.

We recommend you visit the [GIDI website](#) for an extensive list of FAQs





# Questions from the floor





Stay in the loop of latest developments ([@EECA\\_nz](#), [LinkedIn](#))

Contact us with any questions ([GIDIfund@eeca.govt.nz](mailto:GIDIfund@eeca.govt.nz))

Find everything on the GIDI fund here ([www.eeca.govt.nz/gidifund](http://www.eeca.govt.nz/gidifund))

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