

Government Investment in Decarbonising Industry (GIDI) Fund

Frequently Asked Questions

The GIDI Fund

GIDI means: Government Investment in Decarbonising Industry Fund (the GIDI Fund).

The GIDI Fund was launched in 2020 to accelerate the decarbonisation of industrial process heat and contribute to the COVID-19 recovery by stimulating the domestic economy and supporting employment. The GIDI Fund is a partnership between Government and businesses.

At end of October 2022, three rounds of the GIDI Fund have been completed supporting 53 projects across 12 regions. These projects include \$68.7 million of Government public good co-funding and an additional \$117 million of private funding for the abatement projects.

In the 2022 Budget, the GIDI Fund was significantly expanded with funding provided from the Climate Emergency Response Fund (CERF). The investment will be across a broader number and type of projects – solely for measures that reduce carbon emissions and enable the reduction of energy use in industry.

Round 4 of the GIDI Fund, launched in June 2022 is nearly finalised. **Round 5, released on Thursday 10 November, is now open for applications until Thursday 02 March 2023.** The focus, similar to previous GIDI Fund rounds, is assisting medium to large energy users to lower their energy-related emissions from industrial process heat, by supporting fuel switching and energy efficiency projects.

EECA (the Energy Efficiency and Conservation Authority) is administering the GIDI Fund on behalf of the Government. Information about what the GIDI Fund has achieved to date can be found on [EECA's website](#).

The 2022 Budget announcement included an expanded scope for GIDI - what does this mean?

As part of the 2022 announced Climate Emergency Response Fund (CERF), the Government significantly expanded the GIDI Fund to build on the success of the GIDI programme to date. The Government is investing around \$650 million over four years to accelerate the decarbonisation of industry and help meet New Zealand's first emissions budget (2022-2035) as set out in the Emissions Reduction Plan.

While there will be a continued focus on industrial process heat this will be alongside new initiatives such as assisting small to medium-sized businesses to buy and install low emission, high-efficiency electrical equipment; and assistance for commercial buildings to replace fossil fuel space and water heating with a lower-emissions alternative.

The RFP

Does this latest RFP for GIDI funding include these new initiatives?

New funding initiatives are undergoing programme design by EECA and will be available to the market in due course. The new initiatives will complement the existing funding streams at EECA. GIDI Round 5 is similar to previous GIDI rounds in that it is contestable with similar Minimum Funding Conditions.

What will the partnership programme with large emitters look like, including expected timing?

Partnerships with large emitters will be individualised negotiated agreements that take into account the objectives of both parties, applying the same GIDI Investment Principles. EECA expects to have the partnership programme progressed by the end of 2022.

Are there any plans for GIDI funding to increase on-site renewable energy generation capacity at a more localised level (i.e., smaller scale)?

There are currently no plans for GIDI funding to increase local or small-scale renewable electricity generation. Noting however, that GIDI will evolve in line with evidenced need and opportunity to decarbonise industry.

Can you share what future RFPs will focus on so we can identify opportunities for projects which are out of scope under the current RFP?

EECA may run further contestable RFP Funding Rounds as it commits the GIDI Fund to successful projects. However, there is no guarantee about the scope of future rounds and whether these will include the opportunity presented by this RFP. We highly recommend that you are unsure about whether your Proposal is in or out of scope with the latest RFP please contact the EECA team at GIDIfund@eeca.govt.nz to discuss. This is particularly the case for projects under the minimum project size. We are actively working on funding products for this part of the market. We recommend that if your Proposal is eligible that you apply now – don't wait to see if another similar funding round is in the pipeline.

Have the RFP and Response Form changed since previous GIDI rounds?

The RFP and Response Form for this round of GIDI funding have very similar Minimum Funding Conditions and Investment Principles as Round 4 released in June 2022. However, where we previously had 'Eligibility Conditions', we now refer to 'Proposal requirements'. Rounds 4 and 5 incorporate lessons learned during Rounds 1-3, and reflect the focus of the funding received through Budget 2022 as part of Government's CERF. It is CERF funding that will support co-investment in projects approved in this RFP.

The Response Form is very similar to Round 4 in that it is web-based. Your proposal must be submitted using the web-based Response Form in the 'How to Apply' section of the EECA website. For those that prefer it, a Word version of the Response Form is provided on the EECA website to allow you to draft your proposal before transferring the information to the web-based form.

It is important that you understand the information requirements EECA expects to see reflected in your proposal, so we recommend you take time to read and understand the RFP and the Response Form before applying.

Will the Applicant Briefing be recorded if I am unable to attend?

Yes. A link to the Applicant Briefing presentation will be available on the EECA website soon after Monday 21 November 2022.

Available funding

How much money can I apply for in this RFP?

You should only apply for the amount of Government public good co-funding necessary for your decarbonisation project to be approved for investment (i.e., this funding will assist you to overcome barriers preventing you from otherwise investing in decarbonisation at this time) and only up to a maximum of 50% of the eligible project costs. Also, keep in mind that the funding is contestable, and the amount of co-funding requested will affect how a proposal is assessed. The funding will only help meet the incremental cost of projects.

If you have a large project (greater than \$10m) you may be required to agree to special conditions as part of your Funding Agreement with EECA or be asked to enter into a non-standard funding agreement through the EECA partnership programme for large emitters.

How soon can I access the co-funding if I am successful?

Once a proposal has been approved for co-funding the successful applicant will enter into a Funding Agreement with EECA. The Funding Agreement will detail the obligations on EECA and the recipient for the duration of the project, which must be met in order to receive co-funding. The proposed Funding Agreement is published on the EECA website.

What can I use the co-funding for?

You can apply for co-funding if your proposal reduces or enables the reduction of energy use and/or carbon emissions of existing industrial processes, through energy efficiency, fuel switching (e.g., from coal to biomass or electricity) to a renewable energy supply or other decarbonisation approaches.

Application Process

How do I apply for co-funding?

You will need to submit a proposal for co-funding through the EECA website using the web-based RFP Response Form. We recommend you attend the Applicant Briefing Session to help you understand the RFP at 11am, Monday 21 November 2022. There will be the opportunity to ask questions. Details of this are on the EECA website. You can watch the recording of the Applicant Briefing Session after this date.

When is the Applicant Deadline to Submit Proposals and other key dates?

The Applicant Deadline to Submit Proposals is 5pm, Thursday 02 March 2023. Applicants will be notified of the decisions from May 2023 onwards. The Applicant Briefing Session to help you understand the RFP is at 11am, Monday 21 November 2022. Other key dates in the RFP process are included in Section 2 of the RFP.

I have saved my Response Form as a draft and received an e-mail with a link to my application. Can I share the link with others in my organisation so that we can complete the Response Form jointly?

A Word version of the Response Form is available with the web-based form on the EECA website. You may prefer to share this around your organisation to fill out before transferring the information into the web-based version of the form. You can also share the web-based form, however, be aware of the following constraints:

When editing the Response Form please ensure that only one user is editing and saving the Application at any time. The Response Form has a helpful 'Tips for using this form' section which we recommend you read.

Your Response Form may contain confidential or sensitive information. So please carefully check the e-mail addresses before forwarding the link.

Is there any point submitting my application early?

EECA will start to process Response Forms for Round 5 once they are received but does not anticipate making any early decisions. We acknowledge the demands on businesses and consultants at this time of year and the RFP period enables you to choose to submit before or after the holiday season.

Are GIDI co-funding applications kept confidential?

EECA has security processes in place and takes necessary steps to protect the Privacy, Confidentiality, Integrity and Availability of your data. If you voluntarily provide personal information (e.g., through online forms, email requests or newsletters), we will only use that information for the purpose for which it was intended and to communicate with you.

Eligibility

Who is eligible to apply for this round of RFP funding?

The GIDI Fund is open to all New Zealand-based and NZBN registered private sector businesses. Excluded are: State sector agencies eligible for State sector decarbonisation funding (you can find out more here) and local government organisations - Local and Regional Authorities; and Council Controlled Organisations (CCO's).

To be eligible for GIDI Funding 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 a proposal must be at least \$300,000 as set out in the Minimum Funding Conditions of the RFP.

Is the commissioning deadline of 31 December 2027 a hard eligibility constraint for this round of funding?

Yes, to be eligible for this round of GIDI co-funding projects must be commissioned and operational by 31 Dec 2027.

When must projects be implemented by?

Projects for Round 5 must be implemented (that is, fully commissioned and operational) by 31 December 2027.

Can applicants that were successful in previous GIDI rounds reapply?

Yes, provided they continue to meet the Minimum Funding Conditions, and address the Proposal requirements set out in the RFP.

My proposal is for an innovative solution – can I apply for funding?

Funding is available to support early adopters of technologies that demonstrate enhanced emissions abatement and that have wide potential for replication. You will need to help us understand what you propose, the level of technology innovation utilised, and the potential for further uptake of these technologies to decarbonise industry. Details specific to innovative solutions proposals are in the RFP.

Can a consulting firm apply for GIDI Funding on behalf of clients?

Yes, a consulting company can assist a client with completing the Response Form and its associated documents (e.g., feasibility study, project plan, and financial assessment template). However, please remember that the Response Form requires two key signatures from within the lead organisation: one from the person with legal and financial authority to commit the organisation to delivery of the Project; and a second signature from the Chief Financial Officer, Chief Executive Officer or Managing Director to confirm the information provided in the financial assessment template is correct.

Can a business apply for GIDI co-funding more than once in this GIDI funding round?

Yes, an applicant may submit more than one proposal into this round of GIDI co-funding. However, please note that each proposal must be specific to one site and one counterparty. It becomes too difficult to fully assess if multiple sites/applicants are grouped, as some projects may be eligible for co-funding and others might not, depending on individual project parameters.

Multiple projects combined at one site and with only one applicant will be acceptable provided the projects are combined with one total capital cost and one \$/tonne abatement cost figure – hence they are all able to be approved or none.

Combining projects at one site is encouraged. Please contact EECA if you have a specific reason (e.g., size or complexity) not to combine projects at one site before submitting your application.

Can applicants seek funding from multiple branches of Government for the same project?

No, the proposed Funding Agreement (4.10) precludes applicants from applying for other Government funding for the part of the GIDI project for which EECA funding is sought. “The Recipient agrees that it has not received and will not receive any other New Zealand Government funding (including from any Crown entity) in connection with this Project.” There may be exceptional circumstances where it may be appropriate to have funding from more than one Government source. This would need to be fully transparent to all parties concerned, and all parties would all need to agree that this was appropriate. Parties may obtain government funding for any part of their wider project for which they are not seeking GIDI funding.

Does applying in this funding round exclude applications for the same projects in future rounds, including the partnership programme round?

No, applying in this round of GIDI co-funding does not exclude the same projects from being considered in the future.

Where can I find out what projects have already been funded through the GIDI Fund?

Details of successful projects from previous GIDI funding are available on the [EECA website](#).

What type of projects are ineligible or out of scope in this funding round?

Projects that are ineligible for GIDI co-funding include residential and commercial buildings and campuses; transport initiatives including off-road vehicles and marine vessels; waste minimisation; electricity generation; reducing agricultural emissions or embodied carbon (other than through the energy used to make a product); displacing one fossil fuel for another (e.g., coal to natural gas); Greenfields developments (other than where an existing operation using non-renewable fuel types is relocated to a greenfield site which will then use renewable fuels – thus reducing existing emissions); and Research and Development (technologies must be commercially proven and available). For a full and complete list, refer to the RFP document.

We welcome enquiries so if you require feedback on whether your project proposal would potentially fit with the Fund’s scope, please email EECA at GIDIFund@eeca.govt.nz.

Are conversions to geothermal energy eligible for co-funding?

New Zealand regards geothermal energy as renewable, therefore projects planning to directly use geothermal energy can apply provided this meets other criteria, such as reducing existing emissions. As geothermal energy still has some CO₂-e emissions associated with it these must be accounted for when calculating the emissions reduction and consequently the \$/tonne cost of carbon savings.

Would a space heating, and domestic and commercial water heating project be in the scope of the GIDI Fund?

No - this RFP is to support industrial process heat decarbonisation. Consequently, domestic hot water and space heating of commercial building projects are out of scope. The only space heating that is within scope for this round is for hot houses used for horticulture.

Is the production of biofuel marine fuel (bio bunkers) eligible for GIDI co-funding in the storage/supply chain required to roll out bio bunkers in New Zealand?

No, GIDI projects need to directly reduce carbon emissions from processed heat. Storage for supply chain rollout without any direct change in decarbonising process heat would not be eligible in this round of funding. It is unlikely we would fund a biomass bunker for a biomass provider if there was no switch from coal/gas to biomass for process heat within the project capex.

Is a new biomass boiler vs a new diesel-fueled boiler for a capacity extension project eligible for GIDI co-funding?

Yes, biomass boilers replacing diesel-fueled boilers are in scope for this round of GIDI co-funding. Note Proposal requirement 18 in the RFP that requires woody biomass use to be predominately limited to medium and high temperature end use (i.e., 100C).

I want to replace my gas boiler with an electric boiler and install solar PV to supply my own electricity directly, which will decarbonise my site from gas. Am I eligible for GIDI funding?

The part of the project that involves replacing the gas boiler with an electric boiler would be eligible to apply for funding. Projects that focus on electricity generation are ineligible and the solar PV component would not currently be eligible for funding. We will review this position in future and recommend you stay up to date with opportunities relating to future funding by registering for our EECA newsletter [here](#).

Is the capture and re-use of boiler (natural gas) flue gas CO2 (to prevent it from being released to atmosphere, and treated for use in beverages) eligible for GIDI co-funding?

A project may be eligible if the current supplier of the CO2 is burning additional fossil fuel to create CO2 to sell to the applicant resulting in the applicant no longer purchasing this CO2 (i.e., fewer fossil fuels being burned). A project must reduce or enable the reduction of the energy used and/or carbon emitted during an industrial process; and generate carbon emissions savings by reducing or avoiding fossil fuel use (the applicant would need to identify and quantify the specific fossil fuel the project would directly reduce).

However, if the applicant is buying CO2 that is a by-product of a fossil fueled process, or perhaps a natural gas upgrading process, then the total amount of fossil fuel used (and CO2 generated) is unchanged by the applicant's project and would not be eligible.

Are Scope 3 emissions eligible for co-funding (i.e., indirect emissions, both upstream and downstream, occurring the value chain - find out more [here](#); refer section 1.5.1).

No, Scope 3 indirect carbon emissions will not be considered for GIDI co-funding.

Does the GIDI Fund also support soft tools such as energy management systems, carbon monitoring tools etc. post-implementation of the project?

Energy efficiency improvements that directly (and persistently) cause a reduction in the amount of fossil fuel used to provide process heat would be eligible to apply for funding.

Are development contributions eligible? e.g., Transpower grid upgrade costs to get sufficient power to a site for an electric boiler.

Eligible project costs include items such as any required network upgrade costs i.e., if an increase in capacity is needed to be able to supply electricity to the project.

If a project reduces emissions but is not an industrial process heat project, could it still be eligible for funding?

To be eligible the project must generate carbon savings by reducing or avoiding fossil fuel use associated with an industrial process.

Can you give an example of a hydrogen project that reduces process heat? (Given 'electricity generation' is out).

Projects that reduce process heat emissions from using fossil fuels are eligible to apply. EECA is technology agnostic and projects that reduce the use of fossil fuels to supply process heat that involve the use of hydrogen are not excluded.

Would developing Hydrogen Stations for Fuel Cell Electrical Vehicles (FCEVs) be eligible for GIDI funding?

No, however a project like this may be eligible for EECA's Low Emissions Transport Fund which supports the demonstration and adoption of low emission transport technology. Find out more at [Low Emission Transport Fund](#).

Can a supporting amount of onsite generation be part of a project?

Generally, costs associated with onsite generation would be excluded. There may be specific circumstances where it may be appropriate to include these costs. For example, an application to convert an existing fossil fueled process that utilises co-generation to using a renewable fuel. If not retaining the cogeneration system would make it infeasible to convert to a low emission fuel, then the costs to associated with retaining the cogeneration system may be taken into consideration.

Information requirements – financial and technical

What project financial information is needed to support an application?

A financial assessment template (attached to the Response Form for the RFP) requires that all applicants provide detailed financial data on the project implementation and lifetime operational metrics (breakdown of all costs associated with the full delivery of the project, over the term of that project). You will need to fully complete the Financial Assessment Template to a high standard, have your Chief Financial Officer, Chief Executive Officer or Managing Director sign it off and submit it with your Response Form.

When putting together the financial assessment information do you want details across the entire operation, for example, the full financial details of income/expenses of the business, or can we just provide a breakdown of the specific project that funding is being sought for and that aspect of the business?

The financial assessment template will require a breakdown of all costs associated with the full delivery of the proposed project over the term of that project (implementation and its lifetime operational metrics). e.g., fuel cost, staffing costs, and operating and maintenance costs related to the project. Please note that non-cash costs (such as depreciation) should not be included.

What do you mean by incremental cost?

Incremental cost is the cost difference between the default option (the alternative to the lower-emissions option represented in the application) and the preferred project you are applying for co-funding for. Refer to the RFP which discusses incremental costs in detail.

If our default option is no investment and continuation of fossil fuel use, what information is required so that the incremental cost can be calculated?

If your default option is to continue the current operational case, then this will include the running costs of the current asset. You must also consider the remaining life of the current asset and disclose when a replacement is required and when it would be implemented, what the default asset replacement would be, and the costs associated with that.

Is there any guidance on the productive life of assets being implemented by the Project?

Yes, the Financial Assessment Template (to be completed and attached to the web-based Response Form) has guidelines on the productive life of assets. EECA assumptions are as follows:

- New boilers – 25 years
- Boiler conversions – remaining useful life (max 25 yrs.)
- High temperature heat pumps – 20 years
- Other technologies – case by case basis (max 25 yrs.)
- Energy efficiency – case by case basis

What level of technical information do you require in the proposal?

The RFP (section 4) sets out the type of technical information that should be included in a proposal to enable it to be thoroughly assessed. The more complete a proposal is, the easier it is for EECA to assess its merits. EECA may need to contact applicants for further information if proposals do not provide what is required. It is preferable that all relevant information is provided either in the response form, or its associated documents (e.g., a feasibility study).

Emissions abatement

If a project has a total abatement cost greater than the threshold shadow carbon price, would it be eligible for GIDI co-funding?

A project with a total abatement cost greater than the average Shadow Emissions Value does not rule a project out of consideration if the applicant can demonstrate innovation, or demonstration benefits likely to accrue from the project.

How does the abatement cost to EECA (Assessment Criteria 4) influence the evaluation of the project?

The abatement cost for EECA of a project relates to emissions abatement over the next two emission budgets (EB1 and EB2). The lower the cost to EECA (\$/tCO₂e) the higher the project will score.

Can I include in my proposal emissions savings resulting from a reduction in waste to landfill?

Emission savings from reduction in waste to landfill is not allowed in the carbon abatement cost calculations. However, waste reduction can be claimed as a co-benefit if you are submitting an innovative solutions proposal. Details specific to innovative solutions are in the RFP.

Are the estimated carbon abatement values for previously successful applicants available?

Information about approved projects from the first three rounds of GIDI funding can be found on the EECA website [here](#).

Why does the Response Form require reporting of emissions from all of an applicants' sites, even those that are not related to a proposal for GIDI co-funding?

Emissions from all sites belonging to an applicant with process heat emissions should be reported to allow EECA to gain a full picture of the applicant's business.

Why are applicants expected to predict the future cost of carbon and the future inflation rates in the financial assessment template? Why has EECA not readily specified these values, so the playing field is, in effect, pre-levelled?

Once EECA has received all proposals it will undertake a levelising exercise by applying an internal notional value for predicted rates. But this is for internal purposes only – to help EECA achieve a consistent view across proposals. Separately, EECA is keen to see how applicants inform their investment decisions through the RFP. We use such insights to inform our ongoing strategic, data and research functions. Pre-determining these values would not give us the benefit of these insights.

Given these are energy projects, EECA would expect that businesses would consider a range of future energy price scenarios. We can suggest the following sources to assist you with calculating costs over the life of proposed projects:

- **Energy** – the Ministry of Business, Innovation and Employment (MBIE) is doing work in this space, but we are not expecting figures to be available until later this year so we recommend watching that space.
- **Carbon** – the Treasury shadow carbon price can be used to predict future carbon prices: <https://www.treasury.govt.nz/publications/guide/cbax-tool-user-guidance>
- **Inflation** – the Reserve Bank inflation calculator here: Inflation calculator - [Reserve Bank of New Zealand - Te Pūtea Matua](https://www.reservebankofnewzealand.govt.nz/te-putea-matua) (rbnz.govt.nz) and also look at: <https://www.rbnz.govt.nz/-/media/e6de373a8ec14af8bbb5ae512c7bbd5b.ashx> -- obtained from Monetary Policy Statement May 2022 - Reserve Bank of New Zealand - Te Pūtea Matua (rbnz.govt.nz).

How does the Total Project Abatement Cost influence the evaluation of the project?

Stating the total abatement cost of a project is a Proposal requirement in the RFP, it is not an evaluation criterion. The applicant should consider whether the proposed project meets this requirement before applying for co-funding.

Assessment

To what extent will this particular GIDI application process take into account other public benefits, for example the Government's aims for forest industry transformation, the growth of the bioeconomy, development of hydrogen or other biofuels?

Proposals must reduce or enable the reduction of energy use and/or carbon emission of industrial process. Achieving the best carbon abatement results possible from this GIDI funding is EECA's "north star". However, the Assessment Panel may also take into account other matters that are relevant when applying the GIDI Fund Investment Principles to a proposal (refer 3.1 of the RFP).

What level of commitment is required (if any) that the project will be implemented when (a) a proposal is submitted; and (b) co-funding is granted?

Applicants should only apply for projects that they intend to implement. However, we understand that proceeding with a submitted application may depend on internal aspects such as final approval from a Board. Once GIDI co-funding is approved, we recognise that some cases may still have uncertainty around implementation, and it may be possible to address this uncertainty through the imposition of specific conditions in the Funding Agreement e.g., setting of specific milestones and reporting.

Will applicants be assessed on their ability to fund the project themselves? e.g., based on their profitability, etc.?

The primary aim of the GIDI Fund is accelerating decarbonisation. A project's profitability is a key consideration (as opposed to an organisation's financial profitability). We will consider an organisation's ability to fund their proportion of the project cost (i.e., ability to deliver).

The RFP says successful applicants have 30 business days to achieve internal approval. Does this mean we need to confirm and give evidence of our ability to fund our portion of the total project costs within that time?

Yes, that is correct. There may be some reasonable details that can be included as preconditions to the Funding Agreement.

Is there an expectation that if funding is awarded, that the project needs to be tendered with multiple vendors?

Tendering practices by private businesses do not directly form part of the assessment process when considering a Proposal. However, in the interests of scoring higher on technical due diligence we would recommend that Applicants seek the best products possible, and equally the best price as this could affect the amount of co-funding requested from the Applicant which could also affect how the Proposal scores. Going out for tender and considering a broad range of suppliers could help you achieve the best outcomes.

Decision Making

Who decides what proposals will be funded?

A Technical Advisory Group (TAG) will evaluate proposals and provide an evaluation report of its findings to an Assessment Panel.

The Assessment Panel will take into account and consider the TAG's evaluation report; the quantitative assessment criteria results; additional information or clarification sought and received from Applicants; and any other matters that the Panel considers relevant when applying the Investment Principles to the Proposal.

The Assessment Panel will make funding recommendations to inform decision making by the EECA Chief Executive, EECA Board and the Minister Energy and Resources in accordance with EECA's delegated authority framework

For more information on GIDI, please visit:

[EECA.govt.nz](https://www.eeca.govt.nz)