ADVANCED MANUFACTURING GROWTH CENTRE

SME INDUSTRIAL DECARBONISATION FUND

FREQUENTLY ASKED QUESTIONS

AMGC
ADVANCED MANUFACTURING
GROWTH CENTRE LTD

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FREQUENTLY ASKED QUESTIONS

This document contains Frequently Asked Questions (FAQs) regarding AMGC's *SME Industrial Decarbonisation Fund*.

AMGC may update this FAQ as needed. Please refer to the Fund's Guidance for further details located at **amgc.org.au/projects**.

THE PROGRAM

What is the SME Industrial Decarbonisation Fund?

AMGC has launched a $10 million Fund to support the decarbonisation of Australian small- to medium-sized (SME) manufacturers with a focus on lowering Scope 1 emissions. It is called the *SME Industrial Decarbonisation Fund* (the 'Fund').

The Fund will provide matched funding, dollar-for-dollar, for manufacturers investing in Projects that reduce their reliance on fossil fuels in the areas of surface treatment, process steam, metals processing. The Fund is open, continuous, and competitive until funds are exhausted.

What are Scope 1 Emissions?

According to the Australian Government Department of Climate Change, Energy, the Environment and Water:[1]

Direct (or Scope 1) emissions are produced from sources within the boundary of an organisation and as a result of that organisation's activities. They are calculated at the point of emission release.

These emissions include those from the following activities:

- generation of energy, heat, steam and electricity, such as fuel combustion in generators;
- manufacturing processes which cause emissions such as in the production of cement, aluminium and ammonia;
- transportation of materials, products, waste and people such as the use of vehicles owned and operated by the reporting organisation;
- intentional or unintentional GHG releases (fugitive emissions) such as methane emissions from coal mines, natural gas leaks from joints and seals; and
- solid waste disposal and wastewater treatment including on-site waste management.

In other words, Scope 1 greenhouse gas emissions are the emissions released to the atmosphere as a direct result of an activity or series of activities at a facility level. Scope 1 emissions are sometimes referred to as direct emissions. Emissions produced from the burning of fossil fuels on site are Scope 1 emissions, the reduction of which in Australian manufacturing, will be the focus of this Fund.

1. Department of Climate Change, Energy, the Environment and Water: **Resources sector emissions: an overview | Resources Sector Plan | Department of Industry Science and Resources**

What are fossil fuels?

The main types of fossil fuels are coal, oil (petroleum/LPG/diesel), and natural gas. Burning fossil fuels releases carbon dioxide (CO_2) and other greenhouse gases, such as methane, into the atmosphere.

What are renewable energy technologies?

Renewable Energy Technology includes technologies that enable the use of or are powered by renewable energy sources such as solar, wind, hydro, wave, or geothermal and includes hybrid and enabling technologies such as energy storage, demand response and smart grids.

How long is the fund open?

The Fund launched 1 July 2026 and concludes 31 March 2028. All Projects submitted under the Fund must start and finish within this time period. However, Project applications must be received no later than 31 December 2027.

How does the fund work?

Australian manufacturers are encouraged to visit **amgc.org.au/decarbonisation-fund** to read the Fund's Guidance to learn more about the Fund.

AMGC welcomes enquiries regarding the Fund by reaching out to the Director Renewable Energy, contact details are available at **amgc.org.au/contact**.

Only eligible Projects will be considered. Each Project must outline the manufacturer's plan to lower fossil fuel generated Scope 1 emissions. Funding support will be contingent on the Project aligning with the Fund's objectives and the manufacturer's capacity to co-invest 50 per cent, or more, of the total funding amount.

What is the objective of the fund?

The overall objective of the Fund is to accelerate industrial decarbonisation through co-investment for small- to medium-sized (SME) manufacturing facilities, aiming to reduce scope 1 emissions.

The Fund focuses on SME manufacturers currently reliant on fossil fuels in the priority areas of surface treatment, process steam, and/or metals processing. AMGC will identify and support eligible manufacturers by co-investing in their transition to electric-based, or novel non-fossil fuel-based technologies to lower Scope 1 emissions.

To maximise impact, AMGC will share successful solutions with other SME manufacturers operating similar processes to encourage replicability and with ARENA through knowledge sharing to improve future programs.

What areas in manufacturing will be eligible for funding?

Only the following three areas transitioning to renewable energy technologies:

- Focus on three specific areas:
    1. **Surface treatment:** used in areas such as, but not limited to, powder coating, galvanising and metallic finishes. This may include, for example, transitioning from gas-fired curing ovens to electric infrared or induction curing systems for paints or hardened coating or replacing solvent-based surface finishing with low-emissions powder coating technologies.
        - **Practical example:** A steel products' manufacturer replaces a gas-fired powder-coating oven with an electric infrared curing system.
        - **Outcome:** Reduces gas consumption and Scope 1 emissions while improving energy efficiency and production consistency.
    2. **Process steam:** used in areas such as, but not limited to, sterilisation, drying and cooking. This may include, for example, replacing gas boilers with electric boilers or heat pumps for food processing and industrial cleaning applications, such as sterilisation of bottles and packaging.
        - **Practical example:** A food manufacturer replaces a natural gas boiler used for cooking and sterilisation with an electric boiler and heat pump system.
        - **Outcome:** Significantly reduces direct emissions while maintaining the steam required for production processes.
    3. **Metals processing:** used in areas such as, but not limited to fabrication, refinement, transformation or extraction. This may include, for example, electrification of furnaces and kilns, adoption of electric arc or induction melting systems, or replacement of fossil-fuelled heat treatment and forging processes with low-emissions alternatives.
        - **Practical example:** An aluminium foundry replaces a gas-fired melting furnace with an electric induction furnace.
        - **Outcome:** Reduces fossil fuel use, improves energy efficiency, and lowers emissions associated with metal melting and casting.

Who is the Director Renewable Energy and what is their role?

AMGC's Director Renewable Energy serves as an industry resource employed by AMGC to support manufacturers in their ambition to lower Scope 1 emissions. The Director will engage with manufacturers, and meet where possible, to address questions on eligibility, assist in the Project Application process, and to manage the delivery of the Fund.

Once a manufacturer is successful in the application process, the Director will continue to work closely with the manufacturer managing the milestone acquittal process and ensuring delivery of the entire Project.

ELIGIBILITY PROCESS

Should I speak with AMGC before submitting an application?

Yes. AMGC welcomes enquiries regarding the Fund. Manufacturers can speak with AMGC by contacting the Director Renewable Energy with contact details available at **amgc.org.au/contact**.

How do I apply?

To commence your application, please read all relevant documentation, access the funding portal, register, and commence your application. Please visit **amgc.org.au/decarbonisation-fund**.

Is there an example of an application?

An example of the Project Application is available at **amgc.org.au/decarbonisation-fund**. When completing the Project Application, please answer in full detail. Simplistic answers will not be looked upon favourably.

Is there a limit to the number of co-investment projects I can apply for?

There is no limit to the number of applications. However, AMGC will not approve a second Project until the first Project is completed.

What are the key aspects of eligibility?

Before checking an Applicant's overall Fund eligibility, AMGC will determine eligibility based on an Applicant's business legal entity status as follows:

To be eligible Applicants must:

- Be an SME (with up to 200 employees), with an Australian Company Number (ACN) and an Australian Business Number (ABN)?
- Be non-tax-exempt and registered for GST?
- Be an entity incorporated in Australia, including start-ups and a trading corporation, where trading activities form a sufficiently significant proportion of the corporation's overall activities, and has merit to it being described as a trading corporation or is a substantial and not merely peripheral activity of the corporation?

For full eligibility information, please see Fund's Guidance available at **amgc.org.au/decarbonisation-fund**.

What are the differences between eligibility criteria and merit criteria?

Eligibility Criteria are an initial assessment to determine whether the manufacturer meets the requirements of the Fund. The full Eligibility Criteria are available in the Fund's Guidance available at **amgc.org.au/projects**.

Eligibility is assessed through an online check list consisting of yes or no questions aligned to the Fund's objectives. To be eligible, manufacturers must answer 'yes' to every question.

To access the Eligibility Criteria, applicants must first create an online profile on AMGC's Good Grants portal available at **amgc.org.au/decarbonisation-fund**.

Once the Eligibility checklist is successfully completed within the Good Grants portal, the remainder of the application form will be unlocked for completion.

The Merit Criteria consists of a series of weighted questions totalling 100 points. A table of the Merit Criteria is available in the Fund's Guidance at **amgc.org.au/decarbonisation-fund**.

The Merit Criteria forms the foundation of the application. AMGC's Review Committee will assess each response and assign a score based on the quality and relevance in proportion to the question's weighting. A total score of over 50 per cent is required for an application to be considered for funding.

What type of projects would be considered?

Projects that would be considered include, but are not limited to:

- Transition to electrification technologies that remove the need for fossil fuel as an energy source and must adhere to the Fund's three focus areas for heat sources.
- Must clearly demonstrate a pathway to achieving commercial viability and the ability to deliver measurable outcomes.

What type of projects would not be considered?

Projects that would not be considered include, but are not limited to:

The Fund will not consider support for projects that:

- Focus on ineligible technologies, that is, not incorporating renewable energy technologies;
- Focus on carbon capture, storage and utilisation solutions or involve the incineration of non-putrescible waste;
- Predominately scale up or deploy commercially established technologies or business models already proven in Australia such as grid connected or behind-the-meter development of commercially proven renewable energy supply or the procurement of power purchase agreements (including deployment of solar PV, wind turbines, rooftop solar or battery energy storage systems).

For full merit criteria information, please see Fund's Guidelines available at **amgc.org.au/decarbonisation-fund**.

FINANCES

What is meant by co-investment?

Co-investment, or matched funding, is where industry must match, at minimum, the funding provided by AMGC on a dollar-for-dollar basis with AMGC funding to make up no more than 50 per cent of total Project cash value. The manufacturer's contribution must be cash. You cannot use funding from other Commonwealth, State, Territory, or local government grants to fund the balance of your Project expenditure not covered by funding from this Fund.

While applicants cannot use external grants to fund their required balance of Project expenditure, they are encouraged to seek funds and in-kind support in addition to those provided by themselves or AMGC.

How much funding is available?

The total funding available for the Fund is $10 million ex GST. AMGC encourages Project Applications for funding between $200,000 and $500,000 to produce a total matched funding amount of between $400,000 and $1 million. Manufacturers are invited to provide additional in-kind contributions, although it is not obligatory. For example:

Industry cash funding	Industry in-kind	Total industry contribution	AMGC cash funding	Total Project Amount
$200,000	$10,000	$210,000	$200,000	$410,000

Projects with a co-investment amount less than $200,000 will be considered on a case-by-case basis.

NOTE: Successful applicants will contribute a 3 per cent commencement fee and a 3 per cent management fee.

What is the commencement fee and management fee?

A commencement fee of three per cent will be applied at the start of each Project for AMGC governance. It is calculated on the industry's contribution amount. For example, the total Project amount is $400,000, with industry's contribution being no less than 50 per cent at $200,000. The commencement fee would be three per cent of $200,000 at $6,000 to be paid at the commencement of each Project.

A management fee of three per cent will be applied proportionally across the Project's milestone payments from industry over the duration of its Project for AMGC program oversight and acquittals. From the example amount above, a three per cent fee will be distributed across all milestones totalling $6,000 at the end of the Project.

How much can be spent on capital equipment?

Due to the specific nature of this Fund, up to 75 per cent of the total cash funding may be allocated toward capital equipment. For example, if the total Project size is $400,000 in cash funding, shared equally between AMGC and the manufacturer contributing $200,000 each, then a total maximum amount of 75 per cent or $300,000 can be spent on capital equipment.

How are funds deployed?

During the application process, the Director Renewable Energy will work with the Applicant to establish the Project's co-investment amount and define milestone breakdowns and associated reimbursements. Milestones are determined by various factors, such as capital equipment procurement, supply chain considerations, staff training, and facility modifications. The Milestone Template is provided in the Project Agreement under the Payment Contribution Schedule, Attachment A.

AMGC will reimburse the manufacturer for approved expenses upon completion and acquittal of each milestone. **Payments are made in arrears and require submission of valid receipts and supporting documentation.** The Director Renewable Energy will review progress against each project milestone to confirm that objectives have been satisfactorily achieved.

What expenses are eligible for funding?

Certain business expenses are eligible to be included in your funding application. A list of all eligible expenses is listed in the Fund's Guidance available at amgc.org.au/decarbonisation-fund.

What if I cannot complete the project in the necessary time period?

AMGC understands the dynamic nature of manufacturing and the unforeseen challenges that can arise.

Project funding and timelines are governed within an agreed framework. Funding cannot exceed the amount specified in the Project Agreement and payments are made in arrears. Any overspend will not be reimbursed. While timelines may be adjusted under certain circumstances, **all work must be completed and project expenses paid by 31 March 2028**.

ASSESSMENT PROCESS

How will the fund be measured?

Each Project will be monitored over its contract term against agreed milestones linked to payment schedules. When a milestone is achieved, the Director Renewable Energy will verify compliance and report on the Project's overall progress. Milestone reports will be required to acquit funding and support reimbursement of eligible expenditure.

In addition, the Project lead will be required to complete a Project Finalisation Report that captures the manufacturer's experience, business performance, emissions reduction, and outcomes of the Project.

The Finalisation Report outlines key recommendations, insights from the Project process, and anticipated improvements in business performance and emissions reduction.

How will you measure the reduction in Scope 1 emissions?

Applicants must demonstrate a net reduction in Scope 1 emissions, addressed in two distinct phases:

1. **Application Stage (Estimation):** Projected savings must be estimated using the past 12 months of energy/fuel bills as a baseline compared to anticipated savings from the efficiency or offset gains specified in the replacement technology.
2. **Post-Implementation (Measurement):** Actual savings will be verified by comparing the pre-installation baseline against actual post-installation energy data to eliminate seasonal variance, six months may be appropriate.

Note: For SMEs with highly fluctuating production volumes, a normalised emissions intensity metric (e.g., emissions per unit produced) may be substituted for absolute volume comparisons.

Who is the review committee and how does the project assessment work?

AMGC will form a Review Committee consisting of three personnel, the Director Renewable Energy, the Chief Operating Officer, and an independent expert with experience in project management. The Review Committee will meet frequently to assess Project Applications.

For a detailed overview of the review and assessment process, please refer to the Fund's Guidance available at **amgc.org.au/decarbonisation-fund**.

What is the role of the technical advisors?

AMGC will engage an independent Technical Advisor to assess each Project Application evaluating the relevance and feasibility of the proposed transition technology.

The assessment from the Technical Advisor will form part of the overall review process and will be considered by the Review Committee and subsequent decision makers. To ensure impartiality and confidentiality, Technical Advisors operate under a strict non-disclosure agreement (NDA).

How will AMGC handle conflicts of interest?

Applicants will be contacted by AMGC's Director Renewable Energy to assist with the process, and applications are processed in the order in which they are received.

AMGC will treat all applications in a fair and consistent manner. Members of the Review Committee, the Technical Advisor or members of AMGC's Board will declare if there is a personal conflict of interest and recuse themself from the Project review process. In such instances, a suitably qualified alternative will be appointed to ensure the integrity and continuity of the review process.

The Conflict of Interest will be documented in AMGC's Conflict of Interest Register that is monitored quarterly by AMGC's Board.

If you have any questions regarding confidentiality and probity, then please visit **amgc.org.au/decarbonisation-fund** to review the Fund's Guidance for further details.

KNOWLEDGE SHARING

What information will be gathered?

A key objective of the Fund is to share helpful insights into successful approaches for lowering Scope 1 emissions. By highlighting effective technology transitions, it creates opportunities for other manufacturers using similar processes and production techniques to replicate and deploy the lessons learnt to achieve their own emissions reduction.

AMGC will capture details such as, but not limited to:

- Current and future state of energy sources, volumes, and emissions, and for which processes (e.g., surface treatment, process steam, metals processing).
- The types of renewable energy technologies developed and/or deployed.
- The measurements used to determine energy efficiencies.
- Any upskilling, certification and/or re-certification occurring and in which areas.
- Any regulatory changes required.
- Best practice scenarios of what worked well or did not go to plan and how to manage energy transitions.
- Ways in which the successful transition could benefit other manufacturers using similar processes.

How will this information be shared?

AMGC will share knowledge generated in two ways.

AMGC will aggregate projects insights and share learnings with ARENA as the Fund progresses.

AMGC will actively share non-confidential lessons learned with the broader manufacturing ecosystem. This will be done through a variety of communication channels, including AMGC's LinkedIn page, monthly newsletter, events and roadshows, website, and YouTube channel.

How is my information treated?

Applicants must provide data in accordance with its Project Application, for example, total reduction CO_2 equivalent reductions and any related cost savings). A summary project recommendation may be provided to ARENA for endorsement and will be protected under ARENA's confidentiality clause as outlined in the Advancing Renewables Guidelines.

Any knowledge sharing shared publicly will not contain any confidential information. For AMGC's confidentiality and probity policies, please visit **amgc.org.au/decarbonisation-fund** and refer to the Fund's Guidance.

All manufacturers participating in the Fund must agree to a case study for public dissemination at the Project's completion or during the Project's duration.

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