

NSW Department of Climate Change, Energy,
the Environment and Water

Addendum to the High emitting industries funding guidelines 2022–2024

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November 2025



Acknowledgment of Country



Department of Climate Change, Energy, the Environment and Water acknowledges the traditional custodians of the land and pays respect to Elders past, present and future.

We recognise Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to place and their rich contribution to society.

Artist and designer Nikita Ridgeway from Aboriginal design agency – Boss Lady Creative Designs, created the People and Community symbol.



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Introduction

This addendum to the [High Emitting Industries funding guidelines 2022–2024](#) (**the Guidelines**) provides updated information and clarification for applicants of the High Emitting Industries grant program. It is administered by the NSW Department of Climate Change, Energy, the Environment and Water (**the Department**).

The Department may publish updated versions of this addendum on its [website](#). You must consider the latest version of the addendum as well as the Guidelines when you apply for funding. The 2022-2024 Guidelines continue to be valid into 2025 and will remain so until new Guidelines are published.

All information contained in the Guidelines also applies to this Addendum. Terms that are not defined in this addendum are defined in the Guidelines.

Versions

Version	Publication date	Description
1	November 2025	Publication of addendum to clarify: • treatment of the Safeguard Mechanism • pre-deployment application requirements • guidance for milestone payment schedule.

Clarifications on the Safeguard Mechanism

The federal Safeguard Mechanism (the Safeguard) requires high emitting facilities to reduce their emissions in line with Australia’s emission reduction targets. This may affect your project if your facility emits more than the Safeguard Mechanism threshold (100,000t CO₂-e per year). The Guidelines do not mention the Safeguard Mechanism because they were published before the 2023 Safeguard Mechanism reforms.

This addendum clarifies that you must also include information in your funding application on how the Safeguard Mechanism impacts your facility and proposed project. The Department will use this information to assess whether the project requires NSW Government funding to proceed and if it delivers value for money to NSW taxpayers.

Required information

To meet merit criterion 3 in the Guidelines you must outline the financial case of the project. In addition to the requirements outlined on page 20 of the guidelines, applications (stage 1 and 2) must also include:

- the facility's (expected) Safeguard Mechanism baseline and baseline decline rate, for the lifetime of the project;
- an estimate of the Safeguard Mechanism compliance costs that will be avoided through the project; and
- strategies for the use and/or sales of Safeguard Mechanism credits.

Exemptions

You do not need to provide information on your Safeguard Mechanism baseline or Credits:

- if the facility is not expected to emit more than the Safeguard Mechanism threshold (100,000 tonnes of CO₂-e per year) during the project's lifetime
- for pre-deployment projects.

Demonstrating the need for funding

To meet Eligibility criteria 2 and merit criterion 3 in the Guidelines, you must demonstrate that your project needs NSW Government funding to proceed. The Safeguard Mechanism must be considered in the project's financial model to show this.

Clarifications for pre-deployment projects

Pre-deployment project applicants must consider the following clarifications.

Merit criteria template

You must provide a completed merit criteria template to support the assessment of merit criteria 1 and 3.

For pre-deployment project applications, you must include:

- base emissions reduction information on the estimated reduction achieved if the project is deployed at full commercial scale; and

- the cost of the pre-deployment project and the estimated cost if the technology is deployed at full commercial scale.

Merit criterion 3

Merit criterion 3 assesses financial feasibility of the project and value for money. The requirements of this criterion are outlined on page 20 of the Guidelines.

Pre-deployment applicants should:

- Outline why funding is required for the pre-deployment project to proceed. You do not need to outline if funding is required for the full-scale deployment project that may follow.
- Calculate the internal rate of return of the pre-deployment project. You do not need to consider the full-scale deployment project when calculating the internal rate of return of a pre-deployment project.

Guidance on milestone payment schedule

Alongside the Guidelines, the guidance on milestone payment schedules below will help you prepare your project. It is guidance only and may be updated, amended, not used or otherwise modified across the program for specific projects and will be agreed on a case by case basis as part of the funding deed.

- As outlined in the Guidelines, the proportion of eligible expenditure to be paid at each project milestone will be determined on a case-by-case basis.
- The Department may choose to pay all or part of the funds for certain milestones upfront instead of after completion of the milestone if the Department considers there is appropriate justification to do so. Additional terms and/or amendments to milestone structuring may apply if the Department pays part or all of a milestone payment before the milestone is complete.
- We recommend you include a proposed milestone payment schedule in your project plan. We will use this information if you are awarded a grant. If you do not provide a schedule when you apply, this will not affect how we assess your application. We will ask you for this information at a later stage.
- The schedule should detail the amount, percentage, date and deliverables for each milestone. You should also explain why a specific proportion of funding is requested at each milestone.
- A milestone payment schedule template is detailed below. You may propose a different schedule format.

Milestone	Deliverables	Date	Amount	Percentage
1.	Signed procurement contracts			
2. [add milestones below as needed]	Material progress			
Second to last milestone	Project fully commissioned			
Final milestone	12-months of demonstrated abatement			

Further information

Limitations

No representation, warranty or guarantee

The NSW Government, its Ministers, the Department and each of their officers, employees and agents (**the Department Parties**) do not give any representation, warranty or guarantee, whether express or implied, in relation to the information contained in any funding materials (including the Guidelines and this addendum). This includes for completeness, accuracy, currency, reliability and with respect to the process by which they were prepared.

Nothing in the funding materials is advice. The Department Parties do not, and will not, give opinions or advice regarding legal, accounting, regulatory, taxation or any other matters. The applicant must satisfy itself, at its own cost, by undertaking its own investigations or seeking advice.

No obligation to update

The funding materials and the matters to which they relate may be amended, updated or withdrawn at any time, at the Department's discretion. The Department Parties do not accept any responsibility to update, supplement or correct the funding materials, or inform applicants about any matter that may affect the funding materials.

No liability

The Department Parties disclaim all liability for any loss or damage incurred by any person arising from, or because of, any person's use of or reliance on funding materials or any other matter expressly or by implication derived from the funding materials, except for any liability which cannot be excluded as a matter of law.

Other limitations

The funding materials are not an offer, recommendation or invitation by the Department Parties in respect of any contract or commitment

No contract or liability

Despite any part of these funding materials, or any other documentation that forms part of this application process (in part or together), by applying each applicant acknowledges the following:

- neither the applicant nor the Department intend to create any contract or other legal relationship until execution of a funding deed;
- neither this document, nor any submission will create any legal or other obligation on the Department to conduct the process in any manner or at all; and
- it releases the Department from any claim it may otherwise have been able to make or bring against the Department, arising out of or in connection with the Department's conduct relating to the application process or these funding materials.

Potential applicants and interested parties should refer to the Department's [website](#) for up-to-date information.

Any questions or clarifications can be emailed to emissionsreduction@environment.nsw.gov.au



For more information

For more information about the High Emitting Industries grant program please visit our website or contact us via email

www.energy.nsw.gov.au | emissionsreduction@environment.nsw.gov.au