Department of Climate Change,
Energy, the Environment and Water

Low Carbon Product Manufacturing Grant

Funding guidelines

June 2026

NSW GOVERNMENT

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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1 Introduction

1.1 About this grant opportunity

Under the Low Carbon Product Manufacturing grant, up to $100 million in grant funding is available to help projects deliver new or expanded industrial facilities and advanced manufacturing capabilities to help decarbonise the NSW economy.

We will invest between $5 million to $30 million per project, for up to 50% of the eligible project costs. Funding may only be used towards eligible costs as outlined in Section 4.5 of these guidelines.

Funding is targeted at projects which will manufacture eligible low carbon products at a commercial scale. These eligible products include:

- building materials
- 'green' chemicals
- biofuels derived from biomass
- power fuels produced with renewable energy
- inputs needed for agricultural production.

This opportunity is a competitive grant with a single-stage application and assessment process. Projects must be completed within 4 years after the execution of a funding deed, and no later than 2032.

The objectives of this grant opportunity are to:

- drive economic growth across NSW
- increase investment and employment in new low carbon industries
- support a diverse, self-sufficient, resilient and competitive low carbon manufacturing sector
- establish new industrial facilities and advanced manufacturing capabilities to help decarbonise NSW's economy.

Applicants with projects based in the Hunter and Illawarra regions are encouraged to apply as these are areas of strategic interest for the NSW Government.

1.2 Purpose of these guidelines

These guidelines provide important information for applicants, including:

- key dates and timeframes
- how to apply

- critical information required to support your application
- eligibility and merit criteria
- the types of projects and costs that we will fund.

These guidelines must be read in conjunction with the Low Carbon Product Manufacturing grant supplementary guidance published on our website and frequently asked questions.

We also recommend you use the eligibility checker tool on our website to help determine which grant stream is right for you.

This grant opportunity is part of the Net Zero Manufacturing Initiative (the initiative) and is administered by the Department of Climate Change, Energy, the Environment and Water (the department). If you have any questions about these guidelines or this grant opportunity, visit our website or email us at netzeromanufacturing@environment.nsw.gov.au.

1.3 Delivering net zero manufacturing

The NSW Government is committed to achieving net zero emissions by 2050 and supporting industry to decarbonise. The Net Zero Manufacturing Initiative aims to build local manufacturing capacity and capability to deliver critical components for NSW's emerging renewable energy sector and new low carbon products.

This supports the Net Zero Plan to fast-track emissions reductions over the next decade, combat climate change, grow the economy, create jobs and attract investment.

We have allocated up to $225 million in funding in this round for 3 grant streams:

- Low Carbon Product Manufacturing
- Renewable Manufacturing
- Clean Technology Innovation.

2 Key stages and timeframes

This grant follows a single-stage application and assessment process.

Table 1 shows the indicative timeframes for the Low Carbon Product Manufacturing grant. These are subject to change at the discretion of the department.

Table 1: Key stages and timeframes

Stage	Timeframe
Applications open	2 June 2026
Applications close	25 August 2026 at 12:00 pm (AEST)
Notification of outcomes	After February 2027, or as soon as the department has finalised decisions. Successful applicants will need to sign a confidentiality and conflict of interest document and funding deed.
Agreement and project commencement	Agreement formation can commence once an applicant has signed and returned their confidentiality and conflict of interest document. The project will begin once both parties have signed a funding deed.
Project announcement	As led by the department. A public announcement may occur any time after the signing of a funding deed.
Project monitoring	Throughout the life of the grant. This includes monitoring data on key project activities, achievements, expenditure and progress. The frequency of reporting and requirements will be outlined in the funding deed.
Project completion	Fully delivered and operational within 4 years of executing a funding deed and no later than 30 June 2032.
Project evaluation	Successful applicants will be required to participate in a fund evaluation after project completion. This may occur within 2 years after your project's completion and requires you to provide evidence of how your project has delivered measurable benefits consistent with the objectives of the Low Carbon Product Manufacturing grant.

3 Application and assessment process

This grant involves a single-stage application and assessment process. You must submit a detailed application that explains your project and addresses the eligibility and merit criteria outlined in these guidelines.

All applications are assessed for eligibility and endorsed by the Program Director. Only eligible projects will proceed to be merit assessed by an Independent Assessment Team. A Review Panel will then convene to finalise the results of the assessment and make recommendations on suitable projects for funding. The Program Sponsor will make the final decision on the projects to be funded.

The department will then notify applicants of the outcome of their application. Successful applicants will be sent a written offer and must sign a confidentiality and conflict of interest document. Successful applicants will also be subject to a media embargo unless notified by the department.

Table 2 identifies the key roles and responsibilities for key steps in the assessment process.

Table 2: Assessment roles and responsibilities

Role	Responsibility
Department Program Team	• Conducts eligibility assessment • Review Panel secretariat • Notifies applicants of the outcome of assessment.
Program Director	• Endorses eligible applications • Chairs Review Panel meeting(s).
Independent Assessment Team	• Conducts merit assessment and due diligence.
Review Panel	• Recommends projects for funding.
Program Sponsor — Deputy Secretary, Energy Climate Change and Sustainability	• Final approver of projects for funding.

The following is an overview of what to expect as part of the application process.

Step 1: Identify which grant is right for you

Before applying:

- visit our website to read up to date information about this grant opportunity
- use the eligibility checker tool on our website to help identify which Net Zero Manufacturing Initiative grant your project may be best suited for
- read the Low Carbon Product Manufacturing grant supplementary guidance on our website
- register for our Information and Q&A session on our website.

If you have any questions about your project's eligibility, read our frequently asked questions or email us at netzeromanufacturing@environment.nsw.gov.au.

Step 2: Complete and submit your application

All NSW Government grant opportunities can be found on the NSW Grants and Funding website. You must submit your application using the NSW Government's Grant Management System (GMS) before the application closing date and time.

The following outlines the list of activities all applicants must complete to submit a completed application.

Create your application

Once you create your application via the GMS, you can edit it at any stage before you submit it by the application closing date.

Prepare the required information

As part of the application process, we require information about you and your project. The information you provide will be assessed, and includes:

- details about you (and any partner organisations[1] if relevant)
- details about your project, including:
  - where in NSW your project is based
  - the total project cost and amount of funding being requested

[1] Partner Organisations are groups that support the project but are not formally responsible for the application. They may provide services, resources, or help with implementation. They are not accountable for the overall delivery or reporting of the project.

  - the proposed timeframes for your project
  - any background and proposed outcomes
  - details of the facility's operational control post commissioning.
- a completed **Merit Criteria Response** which provides evidence to support any claims or aspects of your application. This proposal should clearly address each item within the Merit Criteria outlined in Section 5 of these guidelines.
- a completed workbook identifying:
  - the key project milestones
  - the project budget
  - any key contractors
  - a list of project assets
  - a risk management plan.

Review the funding deed template

If your application is successful, you will be required to sign a funding deed before your project can commence. The funding deed will capture key information about your project and the terms associated with the funding (see Section 6.1 in these guidelines for more information).

A copy of the funding deed will be available to review as part of the application process.

If you have any requests for departures from the funding deed, you must submit them with your application. The department is the final authority on whether your request will be considered.

Declare and submit your application

You must review your application carefully to make sure you have provided all the required information and must also complete a declaration and authorisation.

All applications must be submitted before the application close date. If you do not receive an email confirming receipt of your application, please email us at netzeromanufacturing@environment.nsw.gov.au.

Step 3: Application assessment

The department will oversee the assessment process which will involve the following components.

- Eligibility assessment: your application will be reviewed against the eligibility criteria identified in Section 4 of these guidelines. Applications deemed as ineligible will not be considered for further assessment.

- Merit assessment: an independent assessment team will assess eligible applications against the merit criteria identified in Section 5 of these guidelines. A ranking report will be generated through the comparative assessment of applications against the merit criteria.
- Review and recommendation: an independent review panel will recommend projects for funding by reviewing the results of the assessment and ensure they align with the portfolio and policy objectives of the NSW Government.
- Due diligence: we will undertake a comprehensive check on your (and any partner) organisation, such as background and legal checks, financial capacity, and corporate structures.
- Approval of projects for funding: the Program Sponsor will make the final decision on the projects approved for funding.

An independent probity advisor will also oversee the entire process to ensure assessments are undertaken in a fair, honest and transparent manner.

During the assessment process, we may request clarifications from you via email or through the GMS. This is not an opportunity to add to or improve your application and any new information will not be considered. Confidentiality will be maintained throughout this assessment process.

Step 4: Notification of assessment

Following a final decision, we will notify all applicants of the outcome of assessment. If your application is successful, we will send you a written offer and a funding deed.

If your application is unsuccessful, we will notify you of the outcome via email and give you an opportunity to request feedback.

Step 5: Project commencement

Your project can commence once you and the department have signed and executed a funding deed.

Variations to your project

If there are any changes to your project after the execution of a funding deed, you must notify us as soon as possible.

In some cases, a formal variation may be required. A variation is a formal change made to the funding deed (e.g. scope, timeframe, budget) and must be agreed to in writing by all parties.

If required, you must submit a variation for the department's consideration. We will determine whether to reject or accept the proposed change as a variation. Your project's eligibility must remain unaffected otherwise it may no longer be eligible to receive grant funding.

4 Eligibility criteria

To be eligible for funding, you must satisfy all the eligibility criteria outlined below. Eligibility applies throughout assessment and the life of the grant, including after a funding deed has been signed.

If there is a change to your project, you must notify us as soon as possible as your project's eligibility may be impacted. If we find you have provided misleading or inaccurate information, your project may be deemed ineligible. If you or your project is deemed ineligible your application may not progress any further or have its funding withdrawn.

We will only enter into a funding deed with the applicant that was assessed during the application process. Any changes to the applicant must be approved by the department in writing. The department reserves the right to determine eligibility based on the newly proposed applicant's ability to satisfy the eligibility criteria.

Further information on the requirements for each eligibility criterion is provided in the Low Carbon Product Manufacturing grant supplementary guidance on our website.

4.1 Eligible applicants

Applicants can be based internationally, interstate or in NSW. To be eligible for funding, you as the applicant must:

- hold or be willing to obtain an Australian Business Number (ABN) prior to executing a funding deed
- be or will become an entity type listed below prior to executing a funding deed:
  - a company incorporated in Australia
  - a company limited by guarantee
  - an incorporated trustee on behalf of a trust
  - an incorporated association or a co-operative
  - an Aboriginal and/or Torres Strait Islander Corporation registered under the Corporations (Aboriginal and /or Torres Strait Islander) Act 2006.
- be or will become registered for goods and services tax (GST) prior to signing a funding deed
- hold or obtain all insurances required by law, including $20 million public liability insurance and current worker's compensation policy, prior to entering a funding deed

- be solvent, of going concern, able to pay its debts when they fall due and not be subject to any insolvency event including the subject of an order or resolution for winding up or dissolution (other than for the purposes of reconstruction or amalgamation) or the appointment of a receiver, liquidator, administrator or similar
- not be listed on the Australian Department of Foreign Affairs and Trade sanctions list
- disclose any legal proceedings or investigations including litigation, arbitration, mediation or conciliation that are taking place, pending or (to the best of the applicant's knowledge, after having made proper enquiry) threatened against the applicant or a related body corporate (as defined in the *Corporations Act*) that may adversely impact your ability to fulfil your obligations under the funding deed
- disclose all Australian Government and/or Australian state or territory grants applied for in relation to your proposed project including a history of any grant funding over the last 5 years (including both successful and unsuccessful applications)
- declare you materially comply with all:
  - obligations under employment contracts, industrial agreements and awards
  - codes of conduct and practice relevant to conditions of service and to the relations between the applicants and the employees employed by the applicant
  - applicable Workplace Health and Safety legislation.
- achieve Foreign Investment Review Board (FIRB) approval before the commencement of your project, should it be required.

4.2 Ineligible applicants

You are an ineligible applicant if you are:

- an Australian or NSW Government agency, state owned corporation or statutory authority
- a local government authority or their Section 355 committees
- an organisation that does not have an ABN and are unable to obtain an ABN prior to executing a funding deed
- an unincorporated association
- any other unincorporated organisation
- an individual (including sole traders)
- a business which is insolvent.

4.3 Eligible projects

To be eligible for funding, you must confirm that your proposed project:

- will deliver new or expanded industrial facilities located in NSW
- will manufacture eligible low carbon products or materials at commercial scale[2]. This includes:
  - building materials
    - cement
    - steel
    - aluminium
    - cross laminated timber
  - 'green' chemicals
    - ammonia
    - methanol
  - biofuels derived from biomass (plant or algae material, or animal waste)
  - power fuels produced with renewable energy
  - inputs needed for agricultural production (such as fertilisers and animal feeds).
- will manufacture an eligible low carbon product with lower lifetime carbon dioxide equivalent (CO_2e) emissions compared to equivalent conventional incumbent products. You will need to provide evidence demonstrating the emissions reduction potential consistent with established emissions assessment methodologies
- is expected to be fully delivered within 4 years of execution of the funding deed and no later than 30 June 2032
- is sustainable without continued government investment
- would not occur in NSW at all, or in the same timeframe, without government support
- has a funding need from this grant opportunity in the range of $5 million to $30 million, representing no more than 50% of the eligible project costs.
- has a viable commercial strategy
- has a minimum cash contribution of at least 50% of the eligible project costs from non-NSW Government sources (for example, applicant, collaborators, private or other public

[2] The technologies and processes used to manufacture the low carbon products and materials must be within the commercial readiness index (CRI) 3-6. Refer to the LCPM supplementary guidance for CRI descriptions.

organisations). In-kind (non-financial) contributions are not counted towards the 50% contribution for the eligible project costs.

Table 3 provides examples of projects that are eligible for funding under this grant. This list is non-exhaustive and is intended to give applicants an idea of the type of projects that are eligible and their key benefits.

Table 3: Examples of eligible projects

Example of eligible project
Manufacturing Cross-Laminated Timber (CLT) as a low-carbon construction material made from sustainably sourced. CLT replaces carbon-intensive materials like concrete and steel in building structures due to its carbon sequestration properties, efficient manufacturing process and reduction of transport emissions by similar products imported from international sources.
Manufacturing cements based on carbonation of calcium silicate binders that sequester CO_2e by reabsorbing CO_2e emissions during the curing process. These binders have a different chemical composition to ordinary portland cement.
Anaerobic digestion of organic biomass (organic waste fractions, waste from industrial grain distillers, agricultural residues,) to produce biomethane for injection into gas pipelines.

4.4 Ineligible projects

The following projects are ineligible for funding:

- projects requiring ongoing funding from the NSW Government beyond the end date of the grant
- projects that would proceed and be delivered within the same timeframe without government investment support
- projects that have already commenced or started work on activities for which funding is being requested, prior to a signed funding deed
- projects, or parts of projects, that have already received NSW Government funding for the same scope of activities as outlined in your application.

4.5 Eligible costs

Funding may be used for capital expenses (CAPEX) and other costs directly related to the delivery of your project. Costs will be reviewed closely, and eligible costs may only be incurred once both parties have signed a funding deed.

Eligible costs include those for:

- purchasing land (if necessary for your project and suitable alternatives to rent do not exist)
- purchasing, constructing, installing and/or commissioning new plant, equipment and/or machinery
- purchasing, constructing, establishing and/or fitting out new facilities, buildings or hubs
- purchasing technology and/or intellectual property (IP) required for your project
- upgrading existing facilities, buildings, plant, equipment, machinery and/or technology where necessary to deliver your project and achieve its outcomes
- labour costs up to 10% of total grant funding, for new roles including:
  - external project management
  - specialists such as technicians and subject matter experts
  - machine operators
  - consultants
  - tradespeople
  - apprentices.

4.6 Ineligible costs

The following costs are ineligible for funding:

- labour costs for existing roles
- day-to-day operations costs of your business
- marketing and promotional costs
- front-end engineering design (FEED) costs
- costs incurred before both parties have signed a funding deed, including:
  - existing assets owned by you the applicant or affiliated entities, including newly established or proposed entities
  - assets already procured under a loan facility

  - obligations or commitments, but not limited to, paying for goods, services, or works through a binding agreement, purchase order, contract or equivalent commitment
- cost already funded by other sources of local, state or commonwealth government funding.

4.7 Eligible grant amounts

The funding range that can be awarded is between $5 million to $30 million per successful application.

All grant amounts are GST exclusive. If your application is successful, you will be paid the approved grant amount plus 10% by the department if GST is applicable.

5 Merit criteria

This section outlines the merit criteria that your application will be assessed against. Each merit criterion is weighted equally and must be addressed in your application.

For further information on the evidence requirements for each merit criterion, please read the Low Carbon Product Manufacturing grant supplementary guidance on our website.

Table 4 lists the merit assessment criteria.

Table 4: Low Carbon Product Manufacturing merit criteria

Criterion	Description
1. Deliverability and technical feasibility	A detailed assessment of: • the technical capability, capacity and resources to deliver and operate your manufacturing facility • your readiness to deliver an operational commercial-scale manufacturing facility within 4 years of executing a funding deed and no later than 30 June 2032 • the proposed technology to manufacture the low carbon product or material is proven through successful operations.
2. Financial and commercial feasibility	A detailed assessment of: • market viability for the low carbon product or material • financial viability and profitability of the proposed manufacturing of the product/material.
3. Strategic significance	The potential of your low carbon product to reduce emissions compared to a reference product/material of similar function. The contribution to the objectives of the commercial manufacturing stream by providing flow-on economic benefits for other NSW businesses, industries or regions. The extent to which your proposed project will: • contribute to employment opportunities • incorporate circular economy principles and maximise process efficiency.

Criterion	Description
4. Value for money and affordability to government	• The value of the contribution of your proposed project to the NSW economy as determined by a cost- benefit analysis (CBA) undertaken by the department. Projects will generally be required to produce a benefit-cost ratio (BCR) above one and a positive net benefit (Net Present Value) per dollar of government grant. • The value of the funding contribution in the form of committed finance from you, your partners and other non-NSW Government sources as a percentage of the eligible project costs. Contributions from non-NSW Government sources must be at least 50% of the eligible project cost. In-kind (non-financial) contributions are not eligible.

6 Awarding funding

If your application is successful, you will receive an offer for funding from the department and will be required to sign and return a confidentiality and conflict of interest document. You must not publicly communicate or announce any information about the awarding of grant funding for your project until an announcement has been made by the department or as advised by the department.

If you do not comply with these requirements, we may withdraw the offer for funding.

6.1 Funding deed

A template funding deed will be available to review as part of your application. The deed will outline the terms of the funding relationship between you and the department and any obligations relating to the project for all relevant parties. The funding deed will also capture details about you and your project such as:

- key project milestones
- the project budget
- a list of key contractors and project assets
- any relevant plans, such as a risk management plan.

We do not encourage departures (changes) from the funding deed template. If you require adjustments to the terms outlined in the funding deed, you can submit a departure request using the departures table provided in the template.

Requests must be submitted with your application and should clearly identify the change and reasons for the departure. The department will consider any departure requests as exhaustive and may accept any requests at its discretion.

If you do not submit a departure request, we will consider you as accepting the terms of the funding deed template.

A funding deed co-signed by you and the department is required before your project can commence. Any payment of funds is also subject to the execution of a funding deed.

We expect the terms of an executed funding deed to reflect your careful and diligent expectations for the project's development. You should ensure there is a rigorous and realistic basis for your proposed milestone timings, associated payments and outcomes for your project.

6.2 Ongoing project monitoring

The department will monitor the progress of your project by conducting site visits or periodically requesting updates and reports on the status of your activities and milestones. This reporting is a requirement as part of an executed funding deed and may include the following.

Time based reports, such as:

- annual operating parameters report
- annual project report
- annual emissions abatement report.

Project based reports, such as:

- risk management plan
- licensing and approvals plan
- milestone report
- financial reports
- final report
- emissions monitoring plan
- knowledge sharing plan
- other reports and plans.

Occasionally the department may re-examine claims, seek further information or request an independent audit of claims and payments.

6.3 Publishing and sharing project information

The department may publicly announce and will publish the following information associated with successful projects:

- name of the recipient
- title of the project
- description of the project and its aims
- amount of grant funding awarded.

The department will also share or publish information about any project when required by law.

7 Contact details

7.1 Contact information

This grant is administered by the Department of Climate Change, Energy, the Environment and Water (the department). If you have any questions about these guidelines or grant opportunity, email us at netzeromanufacturing@environment.nsw.gov.au. You can also read our frequently asked questions and access helpful information and resources on our website to assist you with your application.

Our staff are available to assist with any questions during the application process. Please note we are not able to assist you with the preparation of your application.

The department will endeavour to respond to all enquiries within 3 business days. Responses to enquires may be provided to all applicants unless you request the information be kept confidential. Confidentiality may be granted as determined by the department.

7.2 Complaints

Complaints concerning the initiative and the Low Carbon Product Manufacturing grant should be emailed to netzeromanufacturing@environment.nsw.gov.au. Complaints will be reviewed by the Department program team in the first instance. If the program team cannot resolve the complaint, they will provide details of a nominated complaints and review officer from the NSW Government, who will advise the next steps. If the complaint is still not resolved satisfactorily, the NSW Ombudsman can be engaged for external review of the administrative actions of the NSW Government.

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For more information

For more information about the net zero manufacturing initiative grants please visit our website or contact us via the email below.

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