



Boosting Australia's Diesel Storage (BADSP) Program Industry webinar

Question and answer session

Date: Wednesday 10 February 2021

Time: 11:00am – 12:30pm

Venue: Virtual Meeting Only

Chair: Mr. Shane Gaddes, Head of Division, Liquid Fuel Taskforce

Question	Reply
Any further details on the proposed legislation to increase minimum diesel levels by 40% and how the market will deliver the additional diesel into tankage?	<ul style="list-style-type: none">• Detailed design and consultation processes are underway for the Minimum Stockholding Obligation• Participation or otherwise in the storage grants program will not impact whether an entity is captured by future minimum stockholding requirements.• Open access arrangements for storage proposals are preferred, to maintain flexibility for regulated entities to potentially access new storage
Are projects in metropolitan areas eligible to apply?	<ul style="list-style-type: none">• Yes. The location of a project is not an eligibility condition for the program, rather location and proximity to existing fuel infrastructure and demand centres is part of the first assessment criteria. Storage proposals are not limited to regional areas, we expect the program to involve a portfolio of projects that best meets our fuel security needs.• If your application is strong in every other aspect but does not service strategic regional areas, there is nothing stopping it from still being considered highly.
Can we get access to your slides?	Slides will be provided to attendees following this meeting.

Clarification/timeframe when the legislation relating to the minimum stock holding; specific reference to how industry will fund the cost of holding inventory.	<ul style="list-style-type: none"> • Once completed, the applicant will have ownership of the storage and have responsibility for ongoing costs of operation and the filling of storage • Funding is exclusively for the construction of new diesel storage. Filling of the storage with diesel is not an eligible expense and will not be considered. • Detailed design and consultation processes are still underway for the Minimum Stockholding Obligation
Does the refurbishment of an idle crude tank or out of service products tank into additional diesel storage qualify for the grants program?	<ul style="list-style-type: none"> • Applicants need to show, in their proposal, how the project represents new construction and results in additional storage. • The list of ineligible expenditure at Appendix B of the guidelines indicates that renovations are not able to be funded by the grant. You will need to show how your project expenses are not for renovation.
If submitting multiple projects - are these separate submissions or a single submission under the single ABN / entity?	<ul style="list-style-type: none"> • Applicants must be an entity incorporated in Australia and a trading corporation with an Australian Business Number (ABN). • Applicant may submit an application with multiple projects or they may submit multiple applications. • Applicants must demonstrate how your project will contribute to increasing fuel security (including taking account of any adverse effects that the proposal may have such as decreasing competition or supply chain diversity).
If you have a site on a highway and you want access from both directions of travel , will the bridge costs be included as eligible costs	<ul style="list-style-type: none"> • As per section five of the guidelines, Funding is only available for infrastructure directly relevant to the new storage project. • Infrastructure development costs, including development of road, rail, port or fuel delivery networks beyond the storage site are not eligible and will not be considered.
Is grant eligibility strictly limited to diesel or can the storage be for reduced crude?	<ul style="list-style-type: none"> • Only storage for fuel reported as diesel under the <i>Petroleum and Other Fuels Reporting Act 2017</i> will be considered for this program.
Is the maximum grant amount of \$33M per ABN / entity or per project - ie. can a single entity	<ul style="list-style-type: none"> • Applicants must be an entity incorporated in Australia and a trading corporation with an Australian Business Number (ABN).

<p>submitting say 5 projects receive up to A\$33M per project?</p>	<ul style="list-style-type: none"> • Applicants may submit an application with multiple projects or they may submit multiple applications. • The minimum and maximum grant value is determined for each successful application. • Applicants must demonstrate how your project will contribute to increasing fuel security (including taking account of any adverse effects that the proposal may have such as decreasing competition or supply chain diversity).
<p>Offtake agreements are usually only done after full engineering design & costing work is complete. Will Letter of Intent or MOU from an offtaker be acceptable?</p>	<p>Yes, these are acceptable forms of evidence. You should provide as much detail and evidence as possible to back up your claims.</p>
<p>The consultant fees I am referring to are to obtain a Construction Certificate for the works.</p>	<p>Costs you incur in order to obtain planning, environmental or other regulatory approvals during the project period are eligible expenses. However, associated fees paid to the Commonwealth, state, territory and local governments are not eligible.</p>
<p>What happens if a project faces planning delays which are outside of the control of the entity?</p>	<ul style="list-style-type: none"> • We recognise that unexpected events may affect project progress. In these circumstances, you can request a variation to your grant agreement, including: <ul style="list-style-type: none"> o changing project milestones o extending the timeframe for completing the project but within the maximum period o changing project activities within the scope of the project • All projects still must be complete by 30 June 2024 due to our funding profile.
<p>What will happen if a customer (revenue) is not secured before the Grant process is completed? We need to secure a customer to get project approval.</p>	<p>Applicants must state how they meet the Assessment criteria including whether there is existing demand for fuel storage now and in the future including:</p>

	<ul style="list-style-type: none"> evidence of your expected offtake customer(s) for the additional diesel stored by the proposed project, along with the end use(s) and/or nearby demand centres if the diesel storage will be for exclusive usage by one entity or under other arrangements, such as open access (preferred).
Will civil works in terms of roads, parking, etc. for transporting fuel to and from the site be eligible?	<ul style="list-style-type: none"> As per section five of the guidelines, funding is only available for infrastructure directly relevant to the new storage project. Infrastructure development costs, including development of road, rail, port or fuel delivery networks beyond the storage site are not eligible and will not be considered. Eligible funding will still be capped at \$33.3 million.
Will land acquisition be considered as an eligible expense? Land is not yet settled.	<ul style="list-style-type: none"> As per ineligible expenses in the guidelines, costs of purchasing, leasing, depreciation of, or development of land will not be considered.
Will lower spend limits be considered as 12M would need a lot of tanks if we consider volumes of 120,000 litres per tank	The minimum grant amount is \$6 million for a minimum project size of \$12 million. The minimum project size is 20ML.
Would Government consider application to build open access storage (ie without an offtake MOU & thus arguably unable to prove how diesel storage will be increased)?	<p>Applicants must state how they meet the assessment criteria including d. whether there is existing demand for fuel storage now and in the future including:</p> <ul style="list-style-type: none"> evidence of your expected offtake customer(s) for the additional diesel stored by the proposed project, along with the end use(s) and/or nearby demand centres if the diesel storage will be for exclusive usage by one entity or under other arrangements, such as open access (preferred).
For the accountant declaration, can this be our own internal accountants or does it need to be external?	<p>An Accountant Declaration must be on the prescribed form (www.business.gov.au/badsp).</p> <p>The declaration can be completed by an internal or external accountant.</p>

	The accountant will have to provide accounting details e.g. Certified Practicing Accountant and membership number.
Can a company use 2 ABNs (under a group) to apply for multiple grants? Are these considered as separate entities?	Applications with complex company structures should address specific application details with AusIndustry by calling 13 28 46.
Are consultant design fees, council fees etc to get the project ready for construction be eligible costs.	Eligible expenditures for the project may include: <ul style="list-style-type: none"> • Costs you incur in order to obtain planning, environmental or other regulatory approvals during the project period. However, associated fees paid to the Commonwealth, state, territory and local governments are not eligible.
The proposed contract suggests ownership will transfer back to the government on termination of the agreement. Is this correct?	This clause can be removed from the grant agreement if requested.
What is differentiator for a Feasibility Study and a FEL undertaking for Project Development	Feasibility studies are not eligible expenditure under the program. Design and engineering activities directly related to the project are eligible. Applicants will need to demonstrate the activities being claimed are eligible under the program and are not considered feasibility activities.
Why is there a limit on the spend and size of each project, if it is more cost efficient to refurb tanks rather than build- does this not meet the objectives?	The Government has introduced a suite of reforms aimed at increasing stockholdings in Australia such as a proposed Minimum Stockholding Obligation. The BADSP is focussed on particular outcomes in terms of increasing Australia's diesel storage and is seeking to achieve a range of objectives as set out in the program guidelines. The limit on the size spend of each project is to ensure that there are a range of projects across Australia to meet the goals of the program. It is important that individual

	projects should address the guidelines. The program guidelines are an expression of what the Government has decided in terms of the overall priorities of the program.
What is the difference between the definition of "refurb" or "renovation"	Refer dictionary.
Is the Department contemplating further grant processes for other types of fuel (e.g. jet, crude)?	Future grant programs are a decision for the Government, not the Department.
Will there be support to accelerate council approvals which regularly breach timeliness obligations.	We are unable to assist with obtaining approvals from other levels of Government.
If a dependent project fails or does not materialise, will successful grantees be obliged to deliver on successful grant application, or can they break contract	Contract management of successful projects will be considered on a case by case basis.
So, are the costs associated with provision of infrastructure "including roads and services" within the project treated as eligible expenses? Yes or no, please.	<ul style="list-style-type: none"> • As per section five of the guidelines, funding is only available for infrastructure directly relevant to the new storage project. • Infrastructure development costs, including development of road, rail, port or fuel delivery networks beyond the storage site are not eligible and will not be considered.