Low Emissions Investment Partnerships

Program guidelines

QUEENSLAND TREASURY

Queensland Government

Translating and interpreting assistance

Introduction

The $520 million Low Emissions Investment Partnerships (LEIP) program is an initiative to bring forward private sector investment to fast-track emissions reduction in Queensland's highest emitting facilities.

The initial focus of the program will be on partnering with industry to reduce emissions from the hard-to-abate metallurgical coal sector, which has a critical role in producing the steel needed to decarbonise the global economy.

Queensland's metallurgical coal mines are concentrated in the Bowen Basin and produce approximately 90 per cent of Australia's metallurgical coal exports. In 2022–23, metallurgical coal accounted for $54.2 billion, or more than half of the value of total Queensland resources exports. Due to the geology and depth of the coal formations, mining operations in the Bowen Basin are a major source of fugitive emissions from coal mine methane.

With global momentum towards net zero emissions by 2050, there are growing customer and investor expectations regarding the sector's environmental, social and governance (ESG) performance.

Queensland's coal mining sector has numerous competitive advantages, including a high-quality product, proximity to fast-growing markets, good infrastructure, and a skilled workforce.

Demonstrable decarbonisation and corporate social responsibility actions are key ESG factors that can help Queensland maintain its competitive edge. This means a sustainable future for the industry, regional jobs and the communities it supports.

Objectives of LEIP program

The LEIP program aims to support industry to attract private sector investment and Australian Government funding into low emissions projects, delivering a step-change in emissions reduction and supporting strong regions.

Targeted investment will focus on the following objectives:

1. Fast-track emissions reductions, with a preference for abatement that goes beyond Safeguard Mechanism[*] requirements and is delivered before 2030.
2. Increase resource optimisation and maximise the beneficial use of gas resources.
3. Maximise economic opportunities and workforce development in regional Queensland.
4. Develop low emissions knowledge within the sector and diffuse low emissions technology in Queensland.

[*] As per the definition in the Glossary of these guidelines

Scope

The program focuses on high-emitting metallurgical coal mines to which the Safeguard Mechanism applies – that is, facilities that emit more than 100,000 tonnes of CO_2-e* of scope 1 emissions in a financial year.

The LEIP program is not a competitive grants program. Partnerships will be formed through bilateral negotiations and using a co-investment model. This approach will enable targeted emission reduction strategies that reflect the technological, geological, infrastructure and mine lifecycle considerations that are unique to each safeguard facility*.

Eligibility

Proponent eligibility

To be eligible for the program, a proponent must:

- either
  - own or operate a Queensland coal mining facility
    - to which the Safeguard Mechanism applies and
    - for which most of the net coal output is metallurgical coal
  - have an arrangement* with a Queensland coal mining facility as described above
- be a legal entity
- have or be eligible to register for GST and an Australian Business Number (ABN).

Project eligibility

For a project to be eligible for funding it must:

- deliver, or have potential to deliver, scope 1 emissions* reduction for the relevant coal mining facility
- be investment ready*
- demonstrate technical feasibility
- align with the objectives of LEIP.

Examples of project eligibility

To deliver emissions reduction outcomes faster, the LEIP program will focus on partnerships that involve established emissions reduction strategies and demonstrate sufficient project readiness.

If the eligibility and assessment criteria can be met, consideration will be given to other strategies that reduce non-technical barriers to adopting underutilised low emissions technologies or would demonstrably bring forward investment.

* As per the definition in the Glossary of these guidelines

Figure 1: Examples of project eligibility

Eligible projects	Ineligible projects
• Deployment of established emissions reduction technologies • Pilots, trials or demonstration projects to accelerate commercialisation and scaling up of low emissions technology • Front-End Engineering Design studies • Infrastructure, including common user infrastructure, that supports emissions reduction activities	• Research and development • Pre-feasibility and feasibility studies • Business case development • Decarbonisation plan development

Program funding

The program will continue as long as funding remains available. The value of individual investments will be informed by the assessment of the benefits to the State from the proposed project.

It is anticipated the majority of program funding will be allocated towards capital expenditure, but other funding agreements or arrangements will be considered. Program funding can only be spent on project costs determined to be eligible by the State as defined in the partnership agreement.

Forming partnerships

Step 1 – Submit an expression of interest

Expressions of interest (EOI) for the LEIP program may be made at any time.

Proponents can complete the EOI form located on the Queensland Treasury website. All questions must be answered.

Expressions of interest will be reviewed to determine whether the proponent and project meet, or have potential to meet, the eligibility and assessment criteria for the LEIP program. Proponents may be contacted by Queensland Treasury to clarify any information provided or to request further information.

Following the initial review, selected proponents will be invited to submit a detailed project proposal.

Step 2 – Submit a detailed project proposal

Queensland Treasury will work with invited proponents to make a detailed project proposal to establish the roles and responsibilities of the respective parties, the expected timeframes for delivery and confidentiality of information.

Proponents will be required to supply the following information about the proponent's business, the project and alignment to the objectives of LEIP:

- details of proponent's business operations, including organisational management and ownership structures
- business entity identifiers and relevant documents

- financial statements for the previous three financial years and management accounts for the current financial year
- plans for project delivery (e.g. key activities, milestones, timelines), risk management and workforce development
- project budget including funding pathways
- evidence of organisational commitment to deliver the project, e.g. board minute
- copies of studies, reports or other materials (technical and commercial) relied upon to secure the commitment to deliver the project
- emissions profile for the facility including:
    - forecast annual emissions for the relevant period*
    - current Safeguard Mechanism requirements, e.g. baseline determination
    - existing decarbonisation plans or plans to comply with the Safeguard Mechanism
- projected annual and cumulative emissions reduction from the project for the relevant period.

Project proposals must identify the emission type and state the methodology and assumptions used to measure, verify and report emissions and emissions reduction – for example, the National Greenhouse and Energy Reporting (Measurement Determination) 2008 or another recognised framework.

Queensland Treasury may, at its discretion, request further information to support the assessment of project proposals†.

Assessment criteria

Projects will be assessed against each assessment criterion, which directly align with the eligibility criteria.

Figure 2: Assessment criteria

Assessment criteria

Emissions reduction outcomes
• The extent to which the project:
    ○ reduces the facility's scope 1 emissions
    ○ delivers other measurable and quantifiable emissions reduction outcomes, e.g. reduced reliance on offsets.
• Cost of abatement.

Ability to deliver the project • Proponents need to demonstrate project feasibility and the financial, technical and operational capacity to deliver the project successfully.
Project impact • The quantifiable benefits for regional and Queensland economies, such as expenditure with Queensland businesses. • The extent to which the project will enhance regional infrastructure, services or facilities and provide opportunities for existing regional workforce.

* As per the definition in the Glossary of these guidelines

† See page 7 for Queensland Treasury's privacy collection notice

Assessment criteria
• How the project will contribute to the sustainability of the resources industry. • Impact of investment partnership on the proponent.
Value for money • The extent to which the project leverages the State's LEIP budget with private sector investment and Australian Government funding.

Queensland Treasury may engage other Queensland Government agencies, consultants or specialist advisors to assist with the assessment of proposals against the eligibility and assessment criteria including probity checks and technical assessments.

Where appropriate, further searches of and research such as court records, business searches or market studies may be used to supplement information provided by proponents.

To maintain flexibility, a project proposal may be considered if it is outside the scope of these guidelines, if the State determines the project to be consistent with the intent and objectives of the LEIP program as described in these guidelines.

The decision to form a partnership remains at the discretion of the State and will be considered in the context of the overall LEIP program budget, other projects seeking funding and the Queensland Government's priorities and objectives.

Partnership agreements

All successful proponents will be required to enter into an agreement with the State, which may be in the form of a funding agreement or another instrument depending on the nature of the partnership. The agreement will set out the terms upon which investment will be provided, including:

- a schedule of agreed performance criteria
- reporting requirements
- the rights and interest of the State with respect to Safeguard Mechanism credits* generated as a result of the partnership.

The State is not obligated to provide any assistance, unless and until an agreement is signed by all parties.

Monitoring, evaluation and reporting

Proponents must submit reports in line with the requirements of the partnership agreement, which may include progress against agreed project milestones, project expenditure and contributions of project partners related to the project.

Proponents may be required to contribute information on project outcomes, including longer-term impacts beyond project completion, for use in program evaluation reviews and marketing or media materials.

* As per the definition in the Glossary of these guidelines

Review of guidelines

The LEIP program will be subject to periodic reviews to ensure its objectives are being met. As a result, these guidelines may be amended from time to time – for example, to clarify the operation of the LEIP program or to address any new opportunities or risks that are identified.

Reservation of rights

Despite any other terms of these guidelines to the contrary, the State reserves the right to administer the LEIP program and conduct the process for the assessment and approval of each project proposal to the LEIP program in such manner as it thinks fit in its absolute discretion.

Communications and confidentiality

All information provided as part of an EOI or detailed project proposal and related communication is treated as commercial-in-confidence by the administrators of the LEIP program.

The State will maintain controls in relation to the management of confidential information provided by proponents and all internal documentation produced in relation to the administration of the LEIP program.

A proponent must keep confidential any dealings with the State about its project proposal (including any EOI or detailed project proposal), including any investment offered, but may make disclosures to advisors who are under an obligation of confidentiality or if required by law.

The State reserves the right to publicly disclose the names of proponents, general information about projects and details on the anticipated economic outcomes and benefits to the State. The State may also disclose confidential information of, or provided by, the proponent:

- if required to be disclosed by law
- to its advisors, consultants and contractors
- to any government agency.

The State reserves the right to be the first to announce successful outcomes. Media enquiries or public announcements will be managed by Queensland Treasury's media team in consultation with successful proponents.

Proponents must not make any announcement in relation to the LEIP program without the State's prior written consent.

Privacy

Through the submission process, Queensland Treasury collects personal information for the purposes of assessing the eligibility of project proposals for financial assistance under the LEIP program, and for administering the program. This information may be given to the State's associates (including other government agencies), advisors, consultants, and contractors for the purposes of assessing the project proposal. A proponent's personal information will not otherwise be disclosed to any other third party without consent unless authorised or required by law.

If the personal information is not collected, Queensland Treasury will be unable to further consider the project proposal. Queensland Treasury's privacy policy has further details about how a proponent can access or amend the personal information held about them, and how to make a privacy complaint if the proponent believes their personal information has not been handled in accordance with the *Information Privacy Act 2009.* A proponent can also contact Queensland Treasury's Privacy Team with any questions.

Relationship

The State's obligations regarding the assessment process are limited to those expressly stated in these guidelines. A proponent or its representatives:

- has no authority or power and must not purport to have the authority or power, to bind the State or make representations on behalf of the State.
- must not hold itself out or engage in any conduct or make any representation which may suggest to any person that the proponent is for any purpose an employee, agent or partner with the State.
- must not represent to any person that the State is a party to the proposed project (other than as a potential funder subject to the assessment process and confidentiality obligations detailed in these guidelines).

Participation at proponent's cost

Each proponent submits a project proposal under the LEIP program at its own cost and risk.

To the extent permitted by law, no proponent will have any claim of any kind whatsoever against the State whether in contract, tort (including negligence), equity, under statute or otherwise arising from or in connection with:

- any costs, expenses, losses, or liabilities suffered or incurred by the proponent in preparing and submitting its project proposal (including any amendments, requests for further information by the State, attendance at meetings or involvement in discussions) or otherwise in connection with the operation of the LEIP program.
- the State at any time exercising or failing to exercise, in its absolute discretion, any rights it has under or in connection with LEIP.
- any of the matters or things relevant to its project proposal or the operation of the LEIP program in respect of which the proponent must satisfy itself, including under these guidelines.

Without limiting the foregoing, if the State cancels or varies the operation of the LEIP program at any time or does not proceed with a partnership with any proponent following its assessment of the project proposal, or does (or fails to do) any other thing referred to under these guidelines, no proponent will have any claim against the State arising from or in connection with any costs, expenses, losses or liabilities incurred by the proponent in preparing and submitting its project proposal.

Proponent to make own enquiries

These guidelines have been prepared to give proponents background information in relation to partnerships under the LEIP program.

These guidelines do not, and do not purport to, contain all of the information that proponents may require in reaching decisions in relation to whether or not to submit a project proposal. Proponents must form their own views as to what information is relevant to such decisions and obtain their own independent legal, financial, tax and other advice in relation to information in these guidelines or otherwise made available to them during the process.

The State accepts no responsibility whether arising from negligence or otherwise (except a liability that cannot lawfully be excluded) for any reliance placed upon the information supplied by it in connection with partnerships under the LEIP program or interpretations placed on the information by proponents.

Glossary

Term	Meaning
arrangement	A contract, agreement or similar for the carrying out of activities or the supply of goods or services that directly relate to, or enable, an eligible project.
CO_2-e	Carbon dioxide equivalent, standard measurement of the amount of greenhouse gases emitted expressed in terms of the equivalent measure of carbon dioxide which has a global warming potential of one.
Investment ready	Projects have evidence of an achievable pathway to: • finance the delivery of the project • obtain all required approvals and permits required to deliver the project • reach a Financial Investment Decision within two years.
LEIP	Low Emissions Investment Partnerships
NGER Act	*National Greenhouse and Energy Reporting Act 2007*
Relevant period	The period: • until 2030 or covering the lifetime of the project, whichever is the later • otherwise specified by Queensland Treasury
Safeguard facility	Facilities under the Safeguard Mechanism that emit more than 100,000 tonnes of CO2-e of scope 1 emissions in a financial year.
Safeguard Mechanism	Mechanism established under the NGER Act to ensure that net emissions of greenhouse gases from the operation of a designated large facility do not exceed the baseline applicable to the facility.
Safeguard Mechanism credits	Tradeable credit units, established under the NGER Act, that are issued to a safeguard facility if, in a particular financial year, its emissions are below its baseline.

Term	Meaning
Scope 1 emissions	The emissions released to the atmosphere as a direct result of an activity, or series of activities, at a facility level and include: • emissions produced from manufacturing processes • emissions from the burning of diesel fuel in trucks • fugitive emissions, such as methane emissions from coal mines • production of electricity by burning coal. See the *National Greenhouse and Energy Reporting Regulations 2008*

Contact us

For enquiries about the LEIP program, contact Queensland Treasury at leip@treasury.qld.gov.au.