

ARENA boosts funding support for industrial decarbonisation

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Funding program archive

This page preserves a dated funding-program record and links it to current project-planning guidance.

Publication date: 15 July 2025.

Status note: This archive does not confirm that applications are open, funds remain available or the earlier eligibility and co-funding settings still apply. Verify the current administrator page and guidelines.

What this article reported

The Australian Renewable Energy Agency (ARENA) has opened a second round of its Powering the Regions Fund: Industrial Transformation Stream (ITS) program, with \$70 million in funding available to support industry to decarbonise.

Following the well subscribed \$150 million first round, the second round is open until 15 July 2025 and is expanding its focus to support innovation and advancement in commercial deployment.

The expanded focus areas are:

Focus Area 1 - Supporting highly innovative, first of a kind technologies and solutions that have the potential to significantly reduce emissions. Funding will help in derisking early-stage investments in solution development, encourage operational trials in new or unproven use cases, unlock funding and deployment opportunities by evidencing technical viability and accelerate timelines to scale demonstration and deployment, advancing technical readiness.

Focus Area 2 - Accelerating the commercial deployment of technologies and solutions that may be technically demonstrated but are not yet commercially viable or where widespread adoption remains limited.

ARENA CEO Darren Miller said the second funding round is a natural progression for ARENA's Industrial Transformation Stream and aims to accelerate progress.

"Heavy industry accounts for approximately 44% of Australia's total emissions and 45% of our energy use. Decarbonising industry is critical in meeting Australia's short and long-term emissions reduction targets and reducing industrial environmental impact", said Mr Miller.

"The widened scope of round two highlights the need for innovation, impact and momentum in the industrial transformation space and seeks projects that will drive real, tangible and scalable benefits for industry."

Industrial decarbonisation at ARENA

ARENA was allocated the \$400 million Industrial Transformation Stream as a 2023 budget measure under the \$1.9 billion Powering the Regions Fund (PRF). The PRF forms part of Powering Australia,

supporting Australia's ambition to become a renewable energy superpower and meet emission reduction targets of 43 per cent below 2005 levels by 2030, and net zero emissions by 2050.

ARENA is also administering the \$40 million National Industrial Transformation (NIT) program that will support the reduction of scope 1 and scope 2 emissions at existing or planned industrial facilities across Australia. With the NIT program funds nearly exhausted, the program is expected to close in April 2025.

More information on the programs can be found on the ITS and NIT funding web pages.

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How to use this information now

Before relying on a grant, confirm the current round, applicant and project eligibility, eligible expenditure, co-contribution, assessment process, closing date and evidence obligations. Build the technical case so the project remains understandable with grant support shown separately.

Separate source-reported facts from forecasts, targets and commentary. For a current project, retain the official source, version, effective date, assumptions and decision record in the evidence file.

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What is the Powering the Regions Fund: Industrial Transformation Stream (ITS) and why does it matter for industrial decarbonisation?

The Industrial Transformation Stream is a \$400 million funding program allocated by ARENA under the \$1.9 billion Powering the Regions Fund to support industry decarbonisation across Australia. Heavy industry accounts for approximately 44% of Australia's total emissions and 45% of energy use, making its decarbonisation critical to meeting Australia's 2030 target of 43% emissions reduction below 2005 levels and achieving net zero by 2050. The second funding round offers \$70 million and closes 15 July 2025, supporting both highly innovative first-of-a-kind technologies and commercially viable deployment solutions.

What are the two focus areas in the ITS second funding round, and which projects might qualify?

Focus Area 1 supports highly innovative, first-of-a-kind technologies and solutions with significant emissions-reduction potential, helping derisk early-stage investments and accelerate timelines to deployment. Focus Area 2 accelerates commercial deployment of technically demonstrated technologies that lack commercial viability or widespread adoption. Projects might include renewable heat systems, electrification alternatives, carbon capture, energy efficiency retrofits, or process transformations. Our feasibility assessment and business-case services help identify which pathway suits a proposed industrial project and establish the evidence required for funding applications.

How should an industrial business assess whether an ITS funding application is viable for their decarbonisation project?

Start by defining the business problem, current emissions source, proposed intervention and expected emissions reduction. Gather energy data, production volumes, operating schedules and existing studies. Establish whether your project targets scope 1 (direct) or scope 2 (electricity) emissions, as both are eligible. Assess the innovation level and commercial readiness against the two focus areas.

We conduct energy audits, opportunity assessments, and transition planning to quantify emissions reduction potential and prepare investment cases with verified baselines and realistic assumptions—evidence ARENA applications require to demonstrate feasibility and impact.

What is the National Industrial Transformation (NIT) program, and why is its closure timeline important?

The \$40 million National Industrial Transformation program supports scope 1 and scope 2 emissions reduction at existing or planned industrial facilities across Australia. Administered by ARENA, the program funds are nearly exhausted and expected to close in April 2025. This timeline is material: any business considering NIT funding should move applications forward immediately. The ITS program with its July 2025 deadline offers an alternative pathway for industrial projects. We can advise on which program aligns with your project stage, funding timeline and emissions-reduction objectives, ensuring applications are submitted before closure dates pass.

How does an industrial business distinguish between funding eligibility and project technical merit when preparing a funding application?

Funding eligibility requires meeting program criteria: facility location, emissions profile, project innovation level and evidence standards. Project merit requires establishing the operational business case: whether the investment solves a real problem, delivers reliable performance and generates acceptable returns independent of funding. Prepare the investment case with and without conditional funding support so decision-makers understand the standalone economics. We separate these in our delivery approach: energy assessment and feasibility work establish technical and financial merit, while funding-pathway assessment identifies which programs apply and what evidence each requires. This prevents pursuing an ineligible pathway for an otherwise sound project.

What measurement and evidence requirements should an industrial business prepare before submitting an ITS funding application?

ARENA applications require baseline emissions data (scope 1 and 2), evidence of current energy consumption and operating conditions, and a clearly documented projected emissions reduction with supporting assumptions. Energy audits, facility metering, production records and technical studies establish this evidence. Our measurement and verification services specify project boundaries, baseline conditions and calculation methodologies aligned with scheme requirements. The NSW Government's M&V guidance provides a practical framework separating data collection from reporting. Early planning is critical: leaving measurement until immediately before installation can compromise evidence quality and delay funding approval. Engage measurement specialists before procurement to preserve options and prevent lost evidence.

How should an industrial business coordinate energy efficiency improvements with ITS funding timelines and funding from other schemes?

Funding programs have different rounds, deadlines and eligibility criteria. Document your project stage precisely: investigation, feasibility approval, investment decision, purchase commitment, installation or commissioning. For ITS, the second round closes 15 July 2025; the NIT program closes April 2025. Before combining funding sources, check compatibility: each program defines eligible costs, outcome ownership and environmental-attribute rights. Prepare a funding register distinguishing discovered, assessed, applied and approved programs separately. Our funding-pathway assessment evaluates scheme eligibility and conditions, helping sequence investments and identify potential conflicts between programs. This prevents applying for multiple sources that restrict the same project benefits or create conflicting reporting obligations.

What role does transition planning play in preparing a competitive ITS funding application for industrial decarbonisation?

Transition planning develops staged pathways showing how an organisation moves toward reduced emissions across multiple sites or technologies. It defines options, assumptions, dependencies and financial implications—exactly what ITS applications require to demonstrate impact and scalability. A transition plan addresses which sites offer immediate opportunity, which require feasibility work, and how decisions cascade across the portfolio. It identifies implementation sequencing, capital requirements and emissions outcomes by period. Our carbon advisory services provide diagnostic workshops, emissions inventories, opportunity assessment and transition-pathway development. This structured approach strengthens funding applications by demonstrating clear strategy, realistic timelines and measurable progress toward long-term decarbonisation objectives, differentiating strong applications from those lacking coherent roadmaps.

How does ARENA's focus on commercial deployment (Focus Area 2) differ from technical innovation, and which pathway suits established industrial operations?

Focus Area 1 supports first-of-a-kind, highly innovative solutions with uncertain commercial outcomes—appropriate for technologies in demonstration phases. Focus Area 2 addresses technologies that are technically proven but lack commercial viability or widespread adoption—typical of established operations deploying new but demonstrated solutions. An industrial business with proven energy-efficiency opportunities, renewable-heat options or electrification candidates likely aligns with Focus Area 2. This pathway requires demonstrating that the technology works elsewhere but faces barriers to your industry adoption: cost, supply chains, operational risk or incomplete case studies. Our feasibility and business-case services establish these barriers, quantify adoption benefits and address risks that funding should overcome—making a competitive Focus Area 2 application that shows how ARENA funding unlocks wider industry deployment.

What specific support can Northmore Gordon provide to strengthen an ITS or NIT funding application?

We deliver services across the funding-application pipeline. Assessment work includes energy audits, emissions inventories and opportunity identification. Build-the-case work quantifies energy and emissions savings, establishes feasibility and prepares investment cases with realistic assumptions and verified baselines. Capture-value work identifies which schemes apply and what evidence each requires. For industrial projects, our experience spans manufacturing, food and beverage, animal processing, water utilities and data centres—sectors active in ARENA funding rounds. Its carbon advisory capabilities address transition planning, scope 1 and 2 emissions reporting and reduction-pathway development. The measurement and verification services ensure project evidence meets scheme standards. Engaging early—during investigation or feasibility—allows alignment of project design, evidence collection and funding strategy before applications are submitted.