

RENEWABLE RESOURCE PROJECT BUSINESS PLAN

All successful enterprises, businesses or major projects start with an effective business plan. The following information provides guidance to renewable resource project developers in creating a business plan. This document will help the State of Oregon review project proposals for incentives, financing, site logistics or other services. The list covers the major items for most large projects but is certainly not exhaustive. The depth of information should match the size and risks of the project. Please contact us if you have any questions.

Elements of a successful project business plan:

Nature of Business

- Business purpose and primary products
- date started and history
- Ownership structure
- Strategic advantages and nature of competition

Management Team Experience

- Management
- Technical
- Operations
- Finance

Site Issues and Infrastructure (needs and impacts)

- Water and energy
- Transportation
- Waste
- Fit for community and zoning
- Labor availability
- Environmental site issues
- Permits and planning required
- Advantages and disadvantages of site

Technology and Design

- Proposed technology (history and past performance)
- Energy or conversion efficiency
- Performance guarantees and warranties
- Reputation and financial strength of technology provider

Feedstock or Resource Analysis

- Analysis of feedstock or resource availability, substitutes and cost
- Delivery, storage, and seasonality
- Contracts for supply
- Transportation to site (rail, barge, truck)

Product and Commodity Sales

- Market analysis (buyers, competition, history, price, volatility, volume)
- Off-take agreements and terms
- Transmission or interconnection agreements
- Transportation logistics (transportation, schedules, infrastructure impacts/needs)
- Marketing issues (sales, outreach, commodity cache)

Construction and Project Management

- Contractor experience, reputation and financial strength
- Type of contract (EPC, maximum price, etc.)
- Schedule and critical path elements
- Materials availability and lead times
- Biofuels or biomass facilities see:
<http://www.oregon.gov/ENERGY/RENEW/Biomass/Producing.shtml>

Project Finance

- Budget (construction costs, soft costs, start up and working capital, contingency funds)
- Construction and draw schedule
- Financial statement and tax returns of company
- Project proforma (assumptions used, balance sheet, detail of income & expenses, and cash flow)
- Source of equity
- Incentives, renewable energy credits (REC's), tradable certificates
- Reserves for repair, major maintenance and debt service
- Schedule of proposed collateral and its value

Production and Operations

- Plant capacity and production ranges
- Environmental impacts, waste management strategies, emissions inventory and management (includes greenhouse gas impact)
- Energy requirements by type and net energy value
- Product quality control

Community Presence

- Employment characteristics
- Environmental characteristics
- Economic characteristics
- Educational characteristics (needs, impacts...)
- Social influence
- Other externalities (benefits, deficits)