



FEASIBILITY STUDY COMPONENTS

Committed to the Future of Rural Communities

Executive Summary

Introduction/project overview

In the overview, describe the nature and scope of the proposed project, including purpose, project location, design features, capacity, and estimated total capital cost.

Include a summary of each of the elements of the feasibility study, including:

- Economic feasibility determinations
- Technical feasibility determinations
- Market feasibility determinations
- Financial feasibility determinations
- Management feasibility determinations

In addition, include a section on recommendations for implementation of the proposed project.

Economic Feasibility

Provide information regarding project site; the availability of trained or trainable labor; and the availability of infrastructure, including utilities, and rail, air and road service to the site.

Feedstock:

- Discuss feedstock source management, including feedstock collection, pretreatment, transportation, and storage, and
- provide estimates of feedstock volumes and costs.

Discuss the proposed project's potential impacts on existing manufacturing plants or other facilities that use similar feedstock if the proposed biofuel production technology is adopted.

Provide projected impacts of the proposed project on resource conservation, public health, and the environment.

Provide an overall economic impact of the project including any additional markets created for agricultural and forestry products and agricultural waste material and potential for rural economic development.

Provide feasibility/plans of project to work with producer associations or cooperatives including estimated amount of annual feedstock and biofuel and byproduct dollars from producer associations and cooperatives.

Market Feasibility

Provide information on the sales organization and management.

Discuss the nature and extent of market and market area

Provide marketing plans for sale of projected output, including both the principle products and the by-products.

Discuss the extent of competition including other similar facilities in the market area.

Identify commitments from customers or brokers for both the principle products and the by-products.

Discuss all risks related to the advanced biofuel industry, including industry status.

Technical Feasibility

The technical feasibility report shall be based upon verifiable data and contain sufficient information and analysis so that a determination may be made on the technical feasibility of achieving the levels of income or production that are projected in the financial statements.

The Project engineer or architect is considered an independent party provided neither the principals of the firm nor any individual of the firm who participates in the technical feasibility report has a financial interest in the project if no other individual or firm with the expertise necessary to make such a determination is reasonably available to perform the function, an individual or firm that is not independent may be used.



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Describe the scale of development for which the process technology has been proven, i.e. lab (or bench), pilot, or demonstration scale; and the specific volume of the process (expressed either as volume of feedstock processed – tons per unit of time, or as product – gallons per unit of time).

Discuss the suitability of the selected site for the intended use, including the information documents Form RD 1940-20 and required narrative in the 1940-G Exhibit H format.

Identify any constraints or limitations in the financial projections and any other facility or design related factors that might affect the success of the enterprise.

Identify and estimate project operation and development costs and specify the level of accuracy of these estimates and the assumptions on which these estimates have been based.

Discuss the ability of the proposed system to be Commercially Replicated.

Provide documentation that supports the Renewable Fuel Standard established in the Energy Independence and Security Act of 2007.

Discuss all risks related to construction of the advanced biofuel plant; advanced biofuel production; and regulation and governmental action as they affect the technical feasibility of the project.

Financial Feasibility

Discuss the reliability of the financial projections and assumptions on which the financial statements are based including all sources of project capital both private or public, such as Federal funds.

Provide three years (minimum) projected Balance Sheets and Income Statements and cash flow projections for the life of the project.

Discuss the ability of the business to achieve the projected income and cash flow.

Provide an assessment of the cost accounting system.

Discuss the availability of short-term credit or other means to meet seasonable business costs and the adequacy of raw materials and supplies.

Provide a Sensitivity Analysis, including feedstock and energy costs, product/co-product prices.

Discuss all risks related to the project, Borrower financing plan, the operational units, and tax issues.

Management Feasibility

Discuss the continuity and adequacy of management.

Provide projected total supply from members and non-members;
projected competitive demand for raw materials;
procurement plan and projected procurement costs;
the form of commitment of raw materials (marketing agreements, etc.).

Identify Borrower and/or management's previous experience concerning the receipt of federal financial assistance, including amount of funding, date received, purpose, and outcome.

Discuss all risks related to the Borrower as a Company (i.e. Development-Stage) and conflicts of interest, including appearances of conflicts of interest.

Qualifications

Provide a resume or statement of qualifications of the author of the feasibility study, including prior experience.