

April 2025

Service provider list

Feasibility study and business case

Guidelines



Objectives

The objective of the feasibility study and business case is to provide businesses with assistance to:

1. Determine the technical and commercial feasibility of a project where the technology on which the project is based is proven, but its viability within the context of a specific business has yet to be established.
2. Develop a detailed step-by-step process to implementation, including technical and financial specifications.
3. Enable the customer to have a sound basis on which to decide as to whether to proceed or not proceed with a project.
4. Provide management of the participating business with a business case for investment with sufficient accuracy to inform an investment decision.

1. Feasibility Study	2. Business Case
<ul style="list-style-type: none"> • Is it viable to undertake this project? 	<ul style="list-style-type: none"> • Why is the project worth the investment?
<ul style="list-style-type: none"> • Analyses whether a project is executable or not. 	<ul style="list-style-type: none"> • Describes costs and benefits.
<ul style="list-style-type: none"> • Prevents undertaking projects that are unfeasible or extremely risky. 	<ul style="list-style-type: none"> • Identifies the current situation (justification) • Defines the desired future state (solution)

Role of registered service providers

3. Ensuring that a detailed Scope of Work is agreed with the customer and includes the following provisions:

- 1.1. The Service Provider acknowledges that the customer and third parties may rely on the Feasibility Study Report produced, to make investment decisions.
- 1.2. In performing the Feasibility Study and preparing the Feasibility Study Report the Service Provider must:
 - 1.2.1. Act honestly, fairly, independently, and objectively.
 - 1.2.2. Exercise a standard of skill, care, and diligence that would be reasonably expected of a person who is skilled and has substantial experience in the provision of the services concerned
 - 1.2.3. Ensure the risks of doing business are adequately covered by insurance.
 - 1.2.4. Must always, when performing its obligations, comply with all applicable legislation and regulations in force.

4. Agreeing and warranting that suitably qualified and experienced personnel will conduct all components of the work.

- 2.1. If the Service Provider engages any other persons to assist in performing the Feasibility Study and preparing the Feasibility Study Report, overall responsibility for the quality of the work remains with the Service Provider.
- 2.2. Its personnel or combination of personnel within a project team (including subcontractors):
 - 2.2.1. Are suitably qualified and experienced in the necessary engineering disciplines required to complete the assessment.
 - 2.2.2. Have the technical skills and experience specific to the technology being determined for the feasibility study and subsequent report.

5. Presenting an investment analysis to the customer for approval and sign off that includes:

- 1.3. A cash flow analysis, showing the timing of costs and benefits.
- 1.4. Return on investment for the total package of measures (including NPV and ROI)
- 1.5. Evidence that the recommended actions meet the customer's investment criteria.

Services undertaken by registered service providers

1. Sign an agreement with the customer to conduct a Feasibility Study and deliver a Feasibility Report. The agreement should include:
 - 1.1. A description of the business process(es) that provides the business context, purpose and objectives of the Project.
 - 1.2. A description of the proposed project.
 - 1.3. A reporting plan, detailing when the outcomes of the Business Case will be reported back, the regularity of reporting and the information that will be contained in the reports.
 - 1.4. An agreed budget and timeline.

Report structure

A completed feasibility study should have these elements in the report:

6. Executive summary

- 6.1. The executive summary should set out the business case for the proposed project, written with site management as the intended audience.
- 6.2. Summarise key findings, preferred solution, and recommendations in terms of next steps.

7. Description of proposed project

- 7.1. Current operating situation, key technologies and equipment
- 7.2. Proposed project / technology
- 7.3. A description and quantification of the baseline against which the Project will be assessed through the Feasibility Study.
- 7.4. An outline of the methodology and evaluation criteria used to determine the feasibility or otherwise of the project.
- 7.5. Preliminary layout drawings
- 7.6. Identify any key current operating constraints the proposed project will partially or fully affect.
- 7.7. A summary of all solutions considered and the assessment for each including positive, negative and any 'to be confirmed' factors. All quantitative results should be supported by appropriate calculations.
- 7.8. Details of equipment and or/ technology proposed and attach vendor (minimum of 2) specifications, installation drawings, cost quotations and proposed installation timelines.

8. Benefits analysis, risks and mitigation strategy

Details of the data, assumptions and calculations used in the Feasibility Study to draw the conclusions on the project. This will include details of:

- 8.1. The benefits to the business from all sources including reductions to energy and other operational costs.
- 8.2. Potential incentives for implementing energy-efficient solutions.
- 8.3. The risks associated with the project, including any market barriers that might prevent the project proceeding, and how the risks may be mitigated or avoided.

9. Cost analysis:

- 9.1. Project costs including supply and installation costs for equipment, project management and ongoing operations of the process after project completion.

9.2. Commercial analysis including, but not limited to project NPV, IRR and undiscounted simple payback period.

9.3. All pricing and costs to be reported exclusive of GST.

10. Recommendations

10.1. A firm conclusion and recommendation on whether the project is feasible for the customer's business and should proceed. If the conclusion is that the project is feasible, the Feasibility Study report will also include a recommended plan to undertake the project.

10.2. Any other information required by the customer to obtain approval and sign-off.

Contact us

www.eeca.govt.nz

serviceproviderlist@eeca.govt.nz