July 2023

GIDI: Commercial Buildings

Business case checklist

EECA
TE TARI TIAKI PŪNGAO
ENERGY EFFICIENCY & CONSERVATION AUTHORITY

Introduction

The GIDI: Commercial Buildings Applicant Guide requires applicants to provide supporting information such as a business case and/or feasibility study demonstrating that the project(s) is sufficiently advanced for assessment, that all relevant options have been assessed, and setting out the reasons why the solution proposed is the best approach.

The purpose of this document is to provide guidance to applicants on information EECA would like to see in the business case and/or feasibility study submitted as part of GIDI applications.

The table below provides the business case checklist for GIDI funding rounds to assist applicants in developing their business case.

If anything is unclear, or you have a question regarding the checklist please contact EECA at GIDIFund@eeca.govt.nz

Proposed sections	Business case checklist item	
Overview	Overview of the company and site.	☐
	Explain the current situation.	☐
	Organisation goals and objectives around decarbonisation.	☐
	Overview of the problem/opportunity: what are the drivers of the project(s)? Why does it need public funding?	☐
Technical analysis	Describe default case(s) and the preferred project(s), including the heat requirements for both *For example, explain what the heat is used for and why it needs to be temperature X or flow rate Y; show that you (the Applicant) have explored options to reduce demand/ increase efficiency.*	☐
	Provide the sizing basis of the primary components (e.g. heat pump, storage/buffer tanks etc)	☐
	Describe or explain the decision-making process for this project: why this technology solution(s) was chosen for the project? What other technology options have been considered?	☐
	Provide details around the age and condition of the current fossil fuel asset(s) and any relevant asset management plan(s) for the asset(s).	☐
	Provide an estimate of the expected lifetime of the proposed project(s).	☐
	For electricity projects, provide details on the supply capacity at the site.	☐
	For biomass projects, provide details around the long-term supply of renewable fuel, based on the evidence provided and any other insights. Clearly explain your specific requirements e.g. biomass storage etc.	☐
	Include a diagram/schematic of the default case and proposed project(s) showing key pieces of equipment, temperature and flow rates, and project scope boundary.	☐
	Provide scope of work for the default case and the proposed project(s) (ideally enough detail to produce at least a +/-30% cost estimate).	☐
	Ideally costing of main equipment is based on suppliers' quote/ estimate, including indicative lead time, or indicate dependencies and range if this information not yet available.	☐
	Include a site layout drawing of where proposed project will be installed (if available).	☐

Proposed sections	Business case checklist item	
Financial analysis with and without GIDI funding if non-default values are used in the FAT. (If applicant uses default values in the FAT, then no further documentation of the financial analysis is required in the business case.)	Carbon and energy savings for proposed project. Explain how you have calculated these figures and provide evidence to justify your answer.	☐
	Financial information (without GIDI funding) for the default case and preferred project(s): - High-level breakdown of estimated capital cost associated with the delivery of the project(s) (including an indication of the accuracy). The breakdown needs to be detailed enough to allow EECA to check if the scope is appropriate - High-level breakdown of operating cost associated with the full delivery of the project(s) over its relevant operational life (e.g. fuel costs/savings, maintenance costs) - Net Present Value (NPV) - Marginal Abatement Cost (MAC) - Payback period - Internal rate of return (IRR).	☐
	Assumptions made for financial analysis (fuel price, carbon (ETS) price, discount rate, project life, maintenance cost, inflation rate (if working with nominal values, or correcting nominal values to real), production output profiles). Values from the "Rapid Review" spreadsheet may be used for fuel price, carbon price, discount rate and inflation rate without further justification.	☐
	Sensitivity analysis with different ETS price assumptions and fuel price assumptions, if applicant uses non-default values.	☐
Project co-benefits	Include project co-benefits including operational, financial, reputational, environmental, health and safety etc. Socio-economic, regional, innovation, or other New Zealand Inc co-benefits if known.	☐
	How this project aligns with your site and business wide plans to decarbonise.	☐
Project risks and barriers (technical, commercial, project delivery etc)	Include all project risks associated with the technology, delivery (including procurement and shipping), project team (including labour) and financing of the project. Describe how these will be addressed.	☐
	Include any technical barriers and how these will be addressed.	☐
	Outline if there are any key health, safety and environmental risks associated with delivering the project, and if so, how these will be overcome.	☐
	Please include details of any consenting that will be required for this project (e.g. resource, building, water consents).	☐

Proposed sections	Business case checklist item	
Project timeline	Describe the project delivery plan using a detailed timeline with milestones (including equipment fabrication, shipping, installation and commissioning milestones), realistic start and completion dates (i.e., the project is fully commissioned and operational - indicative for projects where detailed design is intended to occur in stage one of the project).	☐
Additionality	Explain what would have happened to the project without government's GIDI funding, outlining the extent to which any of the project would still have occurred, when, and why government (as opposed to private) funding is needed to proceed now.	☐
Appendix (optional to include in Business Case)	Available quotes from primary equipment suppliers for components of the proposed project and of the default option (if applicable). For biomass projects, letters of intent from renewable energy suppliers detailing the level of confidence in the long-term supply of the required renewable energy.	☐ ☐