

# The 4 Pillars for Successful Biofuels Project Investment

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Increased investment interest is on the horizon for companies working in the renewable energy sector. One of these long-term investment opportunities that's timely and tangible is in renewable biomass to fuel initiatives.

One very visible growth aspect of this enormous opportunity lies within international airline flights, where regulatory moves are forcing airlines to comply with newly enacted renewable jet fuel quality standards that are intended to lower carbon footprints by 2026.

The global advanced biofuels market is expected to grow by double-digit CAGR over the next decade. Today, there are a limited number of advanced biofuel manufacturers. Those already in the development phase, like [Northwest Advanced Bio-fuels](#) along with its Engineering Partners, are using second-generation technologies to convert [woody biomass](#) into advanced renewable biofuels.

Smart investors are already looking ahead to distinguish low-risk, high yield investment opportunities from high-risk, low yield opportunities. Likewise, developers of these successfully structured, low-risk projects in the advanced biofuel industry are seeking "the right investors" for their long-term support and investment.

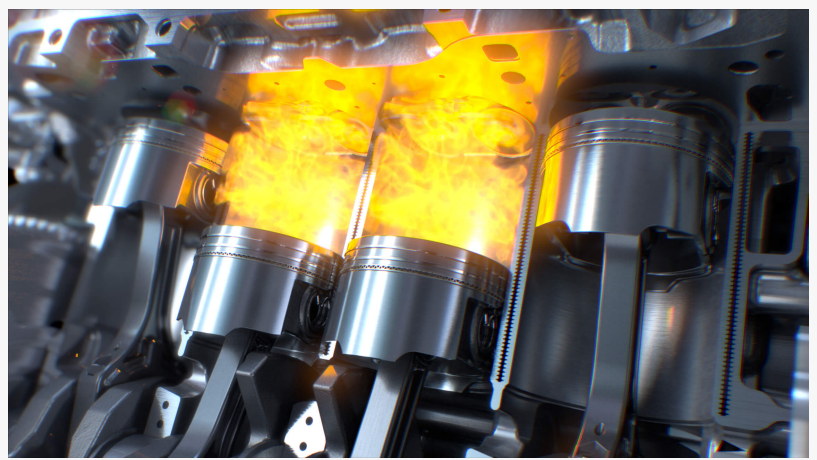


There are 4 key pillars on which to build the foundation of a great biofuels project



A supply of feedstock close to the biofuels site is crucial to a project's success.

Below are four key guiding “pillars” that investors recognize when qualifying an investment opportunity and subsequently making a great investment in renewable energy initiatives. To add focus, I am using the acronym LOFT to highlight the key aspects of the four key pillars - Land, Offtake Agreement, Feedstock and Technology.



Technology is another pillar to a successful advanced biofuels project.

## LOFT – The 4 Key Pillars of a Great Biofuels Project

What makes a great energy project investment? What should investors look for in a ‘great’ project around renewable energy? Whether it is renewable fuels or renewable electricity, there are four key pillars on which to build the foundation for any great biofuels project. Let’s look at each area more closely.

### LAND

The first of these is the acquisition of industrially zoned land with proper classification for “permitting”. Without the land and possibility for permitting approval, there can be no project.

### OFFTAKE

Long-term Fuel/Energy Offtake agreements with bankable customers are a requirement for successful project funding. As we are in the early stages of a very large and emerging advanced biofuels market, it is critical the offtake agreement’s Terms and Conditions show potential investors the facts that support the project’s financial models and projections. Offtake agreements can be designed to provide financial assurances to investors for cash flow forecasts further minimizing risk. Thus, the [Offtake Agreement is the backbone](#) to making a project bankable.

### FEEDSTOCK

A redundant supply of feedstock in close proximity to the project site is crucial to a biofuel project’s success. Without a continuous supply of feedstock (in NWABF’s case woody biomass), you cannot produce enough biofuel to meet the needs of the Off-taker. To mitigate risk, a project should have at least two to four times the amount of feedstock from multiple financially stable suppliers. If one supplier has problems delivering, there is redundancy with multiple back-up suppliers.

Feedstock sourcing and transportation costs can be one of the largest on-going operating costs of production that impact the project profitability. Sourcing feedstock in close proximity to the project site allows a project to better manage recurring costs. Understanding available transportation options whether through truck, rail, or marine and their related costs, should also

weigh heavily in a project's supply chain considerations.

## TECHNOLOGY

Technology is the fourth pillar to a successful advanced biofuels project. Small-scale facilities built by early developers deployed new versions of proven refinery technologies with varying results. Investors need to know that the project is using second-generation, proven technology with advanced software analysis to manage its production and output.

Successful projects, even in the refinery business use technologies from multiple vendors. Advanced biofuels projects are built to last more than 20-years. To optimize performance and produce consistent biofuel output (and revenues) over time, the integration of the technologies to maximize yields at each phase, is another key element to successful projects.

While no one can tell you exactly what the next best investment might be, market growth in the advanced biofuels industry is expected to be one of the more attractive options seen over the next several years.

For more information on the NWABF project, please contact us at [info@nwabf.com](mailto:info@nwabf.com).

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