Investment Project and Justification

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**Investment Project**

The term green energy emanates from natural sources such as the wind, rain, tides, the geothermal heat as well as sunlight. All the above energy sources are renewable thus meaning they are naturally replenished. The use of green energy is favorable in that the use of other energy sources such as fossil fuels is not reliable since they are finite resources and may diminish with time. Fossil fuels will also take longer to develop to be put into use. The energy produced by the renewable sources often provides energy in four vital areas. This is the electricity generation water as well as electric heating and cooling. As a company, we intend to specialize in this particular field and invest in it fully since the project is environmentally friendly and involves fewer risks as compared to other fields. The energy consumptions levels in the county have also gone up in that various industries have been set up producing various goods and services to the public. According to the recent data collected on the renewable energy, it is evident that it contributes to over 19.3% of the total global energy consumption. The energy consumption is divided into traditional biomass and heat energy which is 8.9% and 4.2% respectively (Zhang, et.al 2014). The company intends to also incorporate the production of hydroelectric power, solar, geothermal and electricity from wind.

The draft budget to start the business is estimated as being US$28 billion. The whole amount is to be used to construct the necessary structures needed in the production of renewable energy. The investment targets to create an estimated 700000 jobs to the persons surrounding the location. The company also intends to see to it that half of all the new electricity capacity installed will be renewable and hence environmental friendly. The resources to start up the company are readily available in most of the geographical locations around the globe which is not the case in other energy sources. This kind of production is bound to bring about energy security, economic benefits as well as climate change mitigation in the areas it is encouraged. The current renewable energy technologies will play a major role in making sure that the companies’ activities run smoothly and effectively thus increased profits (Trichas, et.al 2017). The investment will bring about high liability mitigation thus providing powerful incentives. Additionally, the governments of the day will play a major role in encouraging venturing into this business as they are willing to support and encourage the adoption of renewable sources of energy. The solar power together with the wind power is the most commonly used renewable sources of energy and are likely to attract a large number of consumers when initiated since they are cheap.

The investment can grow in the foreseeable future in that the energy markets are projected with the potential of growing stronger and stronger. Instituting renewable energy will also be in line with most nations aim of being 100% renewable energy states. It is the intention of the company to utilize the high lands in the rural areas as its production site. This way the fact that energy is crucial in human development is reaffirmed as well as renewable technologies promoted adequately. The investment is also likely to bring about further electrification which will accrue the public a variety of benefits (Hosseini, & Wahid, 2016). Higher temperatures than those of fossil fuels may be generated by the conversion of electricity to heat. The converted heat is then used as mechanical energy and is often highly efficient and clean at the point it is consumed. The proposed investment since it’s much more efficient; the primary energy requirements are significantly reduced. Such a reduction is evident in that a majority of most renewables doesn’t have a steam cycle that brings about high losses as is the case in the fossil power plants. Investing in this particular field will be a step in the right direction since the many will be willing to purchase the products available. This is attributed to the systems becoming rapidly more efficient and cheap as compared to non-renewable energy (Trichas, et.al 2017). The share of the total energy consumed is also expected to increase and hence to contribute to the end of increased uptake of oil and coal. The success of the project will be measured regarding the many institutions and individuals who adopt the use of energy that is renewable in the country and even overseas.

**Resources**

With the idea of the production of green energy being supported by the government, the state has proven its commitment to ensuring the success of the project. The state has also put in place certain policies that have enabled and facilitated the energy projects to be easy to register and implement. The government by extension has also provided income-generating security to all that are interested in investing in this particular line. Through this, the developers can obtain project finances to initiate the projects. A sustainable market is in turn created since the barriers to renewable energy production will have been eliminated (Telaga, & Hartanto, 2017). This will be made possible by the emphasizing of conventional electricity generation as opposed to renewable energy intervention. Also, the government has in the recent past announced the establishment of a Green energy Fund that is aimed at boosting the activities of all companies that are interested in renewable energy generation. A trust fund is also available to train and instill skills in the company personnel to be incorporated in the project. The government through the central bank is set to disburse concessional loans to boost this investment.

The company is also banking on the support from international organizations that are committed to supporting the development of renewable energy. The World Bank is the major partner in the implementation of the proposed project since it’s expected to pump over US4$500000 into the investment. The energy strategy will be further subjected to partnership principles with other interested parties such as the United States Agency for International Development (USAID) and the German Development Bank (GDB) (Hosseini, & Wahid, 2016). The climate finance corporation has also identified our project for funding. The entity aims to expand renewable energy markets in the world. The funds brought in will also be used to develop geothermal energy production as well as mini-grid capabilities. This way, all barriers inhibiting development will be removed, and national policies put n place to speed up the investment process. The commercial finance and banking systems in the country are also part of entities that are interested in funding the project on renewable energy production.

**Timeframe**

The project is designed to be instituted to kick off after one year. This is to pave the way for the construction of the necessary structures needed in the production of energy. The project is set to begin in September 2018 and is proposed to be in existence for a lifetime. Its economic life is undisputed in that a renewable source of energy is environmentally friendly and cannot be harmful to humankind (Huang, et.al 2015). Exiting the production of renewable energy will be based on the number of sales made in the first two years. The expectations are high that a considerable number of people will develop a culture of using only renewable energy since it is cheap and effective as well as reliable. The financial metrics to be used in the determination of the project’s success will include pre-tax net profit margin that is to be essential in the determination of how much profit one makes from every dollar in sales. Secondly, the current ratio and quick ratio are fundamental in giving the owners of the green energy production an idea of how the company’s obligations may be met. If it is realized the business does not have any liquidity, then there is the possibility of an unexpected expense coming into play, therefore, hurting the project.

Additionally, the project will also run on accounts payable days and accounts receivable days as a financial metric. The metric involves the management being able to discover any payment that may be made to the various service providers too quickly with no quality service delivered. However, the company will also benefit from applying the metric in that customers who take too long to make payment on already dispersed renewable energy are identified and reached (Cieslik, 2016). The higher the numbers recorded in this category, the more the company is likely to succeed hence ensuring continuity.

**Justification**

**Impact of Investment Proposal**

In the present day, the world highly depends on the nonrenewable sources of energy such as coal and oil as well as natural gas to satisfy its energy needs. However, the overutilization of this nonrenewable sources of energy come with harmful effects to humankind and especially the environment. Typically, going green and helping save the environment will be the bottom line of the company to try and attract more customers and clients to themselves. Some benefits are also accrued to the business by the act of shifting to renewable energy sources. The energy bills will be subsequently reduced as compared to the use of natural gas or oil (Ozawa, 2017). The company will be in a perfect position to compete favorably with its competitors that are still using nonrenewable sources of energy. The competition will be manifested when resources become scarce and harder to get thus the price of the oil, coal and natural gas shoots up, and the consumers will be forced to turn to the use of renewable sources of energy.

The public relation with the company will also boost in that the company will be at the forefront of ensuring that the well being of the community in the surrounding is looked into. The management of the firm will be bound to make smart business decisions to prove that all they undertake is in the best interest of the community at large. The choices made should, therefore, be strategic. The offering of renewable energy choices will be the baseline by which most consumers will choose a firm over its competitors. Additionally, there will be stimulation of the economy in that numerous jobs will be created to the community. This is made possible since solar energy and geothermal energy need more manpower in their production as opposed to traditional fossil fuels (Ozawa, 2017). The renewable energy forms will encourage the construction of other industries in the country since the cost of production will have been cut.

Renewable sources of energy also bring about less service disruption in that they are not affected by adverse weather conditions. The events of businesses having to shut down are reduced thus encouraging a twenty-four hour economy. Global warming emissions which cause very serious consequences to the planet are also in a great way avoided. The continuous use of coal and natural gas are some of the biggest contributors to global warming. However, some maintenance measures taken on renewable energy may still contribute to global warming.

The company is expected to experience a wide range of trade regulations from the concerned authorities. This is attributed to the fact that setting up the company will be a huge investment that will affect very many persons directly or indirectly. Various work permits will, therefore, have to be issued for the company to kick off its activities (Hosseini, & Wahid, 2016). Foreign currencies are also expected to be used in the supply of the renewable energy in that the service may be sold overseas after the opening of other branches and stations. This particular aspect is likely to affect the manner in which the company makes its investment decisions in the future since it will have to consider the international standards set by governments.

**Strategic Fit**

By looking at the financial reports of similar companies started around the globe, the investors are beyond convinced that the investment to be made on renewable sources of energy will not disappoint. This is because a lot of people are deserting the use of coal and natural gas in their favor. This shows the amount of potential that lies in this particular company if funded. The financiers may also count on the untapped demand present in the country since there exist few companies associated with the supply of renewable energy (Cieslik, 2016). Its products and services are in a great position to fill the niche present in the community. There also exists a strategic advantage to the company by the adoption of the project. This includes ownership of intellectual property, regional expertise as well as suppliers that supply construction material to the organization to begin. The organizational structure of the company is also well laid out in a way that promotes better service delivery to its customers. The ranks in the company are in such a way that decision making is fast and effective. With all the above particulars of the project, the lender is convinced of lending finances to the right company that is assured of success after its establishment.

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