



Energy Management and Audit

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Important concepts in an economic analysis

- Capital cost
- Depreciation
- Life Expectancy
- Salvage Value
- Annual Cost

Economic models

- Break-even analysis
- Marginal cost analysis
- Life cycle costing

Life cycle costing

a) Design cost

g) Energy costs

b) Initial investment

h) Salvage values

c) Overheads

i) Economic life

d) Annual maintenance costs

j) Tax credits

e) Annual operating costs

k) Inflation

f) Recurring costs

l) Cost of money

Calculating the time value of money

- Annuity
- capital investment
- compound interest
- constant dollars
- current dollars
- depreciation
- discount rate
- future worth
- initial cost
- present worth

Utility Rate Structures

- Declining block rate
- Demand Energy rate
- Seasonal rates
- Time-of-day rates
- Interruptible rates
- Curtailable rates

Proposed electric rate structures

- Flat rates
- Inverted rates
- Marginal rates
- Lifeline rates