

Cost Avoidance, Normalization, M&V and the IPMVP

Description

Cost Avoidance and normalization are related concepts but there are important differences.

This topic will...

- explain the related concepts of normalization and Cost Avoidance.
- discuss measurement and verification of energy savings, and the importance of the International Performance Measurement and Verification Protocol.
- clarify important differences between Cost Avoidance and normalization in EnergyCAP.

Information

M&V is the industry standard term for the Measurement and Verification of energy savings due to energy management projects. In EnergyCAP, M&V is referred to as Cost Avoidance because the underlying purpose of M&V is to calculate the avoided cost attributable to energy management initiatives.

IPMVP, the International Performance Measurement and Verification Protocol, is a document published and maintained by an international non-profit organization (www.EVO-World.org), a recognized authoritative guidance on M&V calculations. EnergyCAP uses the whole building protocol model from the IPMVP for Cost Avoidance calculations.

Although EnergyCAP's normalized charts and reports enable comparisons of meter and building usage on more of an "apples-to-apples" basis due to calendarization and weather adjustments, normalization falls far short of IPMVP-compliant M&V. Here are some important M&V features that are available only in EnergyCAP's Cost Avoidance module:

- Special adjustments to baseline -- independent variables other than degree days requiring adjustment to today's conditions (floor area, new equipment, occupancy, etc).
- "No loss/no gain" treatment of missing bills, new accounts, inactive accounts.
- Fuel switch and dual fuel scenarios.
- Calculation of Cost Avoidance -- valuation of avoided usage using today's pricing.
- "Tuning" of weather regression results (selection of the best balance point temperature for each meter, removal of statistical outlier months).
- Manual calculation of savings when needed due to unique circumstances.
- Meter-by-meter configuration of baseline period and savings start date.