

Baseline 1 Annual Savings 100  
 Baseline 2 Annual Savings 50  
 Average Annual Savings over EUL 79.17  
 EUL (Years) 12  
 Baseline 1 (Years) 4  
 Baseline 2 (Years) 11  
 Discount Rate 8%  
 Assume Constant Avoided Cost / Energy Unit Saved \$5

Year	1. Dual Baseline	2. Baseline 1 Only / Full EUL	3. Average Annual Savings / Full EUL	4. Baseline 1 only / RUL
1	500	500	396	500
2	463	463	367	463
3	429	429	339	429
4	397	397	314	397
5	184	368	291	
6	170	340	269	
7	158	315	249	
8	146	292	231	
9	135	270	214	
10	125	250	198	
11	116	232	183	
12	107	214	170	
13	99	199	157	
14	92	184	146	
15	85	170	135	
NPV Lifetime Benefits	3,205	4,622	3,659	1,789

Different Methods of Handling Dual Baselines in Calculating Net Present Value of Lifetime Benefits

1. Using a dual baseline approach; 4 years at full savings, 11 years with reduced savings.
2. Inappropriately using the first year savings for each year of the EUL.
3. For each year of the EUL, using the average savings over the course of the EUL.
4. Use the first year savings for the remaining useful life (4 years), 11 years with zero savings.

Analytically, method 1 is definitely most appropriate, and method 2 is not appropriate. Method 3 would possibly serve as a shortcut to approximate the result that would have been generated by method 1. Method 3 results in