


Draft version



Intelligent Energy  Europe

Annex 6.1

SAMPLE MATRIX FOR THE EVALUATION OF PROJECTS TO BE INCLUDED IN THE MUNICIPAL ENERGY PROGRAMME

Instruction for use of the sample matrix for project evaluation

One of the most important tasks in the municipal energy programme development is projects evaluation and selection of those that will be included in the programme for the corresponding period.

The evaluation and selection can be done with the help of separate, preliminary calculated financial parameters like investments cost, NPV, NPVQ, IRR. This is an easy and quick approach but rather unilateral. From all enumerated parameters the NPVQ is the most appropriate method for such evaluations.

Another possibility is the definition of targets and criteria with fixed values, based on preliminary set priorities, which will result in rates for each project.

In sample Table 1 three targets are defined where the value of each target varies from 1 to 5 (depending on the conditions a wider range or narrower range can be selected).

Each target is accompanied with several criteria whose values vary from 1 to 5, but another range can be defined also. The sum of the products of the values of each criterion and the values of each target gives a rate

that is presented in the red rectangle under the table after "TOTAL".

The titles of all projects that are under discussion for inclusion in the municipal energy programme with data for their rate, investment cost, NPVQ or any additional indicators can be inserted in Table 2. The projects can be sorted in ascending or descending order for each separate column, for several columns, or for all columns automatically with the means of Excel. Sorting in several columns is especially useful when the values are one and the same in separate columns. In the example given in Table 2 the projects with numbers 9, 16 and 18 have the same rate, while 16 and 18 – the same investments. Sorting in the NPVQ column defines project 18 as a better one compared to project 16.

In general municipalities are not able to finance all projects offered due to insufficiency of financial means. The last column of Table 2 gives intermediate sums that allow deciding after which project the intermediate sum is bigger than the money allocated by the municipality. Then the selection of projects for inclusion in the programme can stop there.