- For policy makers, they care: sustainability, and the effect of policies on: economy, environment and equity.
- **Discount Rate** Generally, you can work with constant $ if you deal with project costs. Implies minimum acceptable profitability.
- **Raising Capital** Debt (borrowing) Equity (selling parts of the company)
- **WACC** Can be used as a metric, a reasonable approximation of DR; But it does neither account for project risk nor opportunity cost.
- **Internal Rate of Return** Discount rate for which NPV is 0. In the context of savings and loans the IRR is also called the effective interest rate. Because the internal rate of return is a rate quantity, it is an indicator of the efficiency, quality, or yield of an investment. This is in contrast with the net present value, which is an indicator of the value or magnitude of an investment.
- **LCOE** Levelized Energy Cost is the price at which electricity must be generated from a specific source to **break even** over the lifetime of the project. It is an economic assessment of the cost of the energy-generating system including all the costs over its lifetime: initial investment, operations and maintenance, cost of fuel, cost of capital, and is very useful in calculating the costs of generation from different sources.
- Issues with LCOE: However, care should be taken in comparing different LCOE studies and the sources of the information as the LCOE for a given energy source is **highly dependent** on the assumptions, financing terms and technological deployment analyzed.
- **Break Even** is the point at which total cost and total revenue are equal.
- **Net Present Value** In finance, the net present value (NPV) of a time series of cash flows, both incoming and outgoing, is defined as the sum of the present values (PVs) of the individual cash flows of the same entity. NPV can be described as the difference amount between the sums of discounted: cash inflows and cash outflows. It compares the present value of money today to the present value of money in the future, taking inflation and returns into account.
- Yet some more notes on NPV.
  - The investment horizon of all possible investment projects considered are equally acceptable to the investor.
  - The 10% discount rate is the appropriate (and stable) rate to discount the expected cash flows from each project being considered. Each project is assumed equally speculative.
  - the shareholders can't get above a 10% return on their money if they were to directly assume an equivalent level of risk.