These are for total cashflows – applies similarly to Replacement Cashflows and New Cashflows.

IRR\_Rental\_Contract\_Annual (VB Code)= Return\_Rental\_Contract

**Return Calculation**

* Goal - NPV\_Total\_Return\_Calculation\_Rental\_Total=0
* By changing - Return\_Rental\_Contract
* How it works? – Table of all ACTUAL cashflows. PV factors on row below month are a function of Return\_Rental\_Contract 🡺 there exists a value for Return\_Rental\_Contract such that PV income – PV Outgo = 0.

**Target Return Calculation**

* Goal - Return\_Rental\_Contract= Target\_Return\_Percentage (See Return Calculation above)
* By changing - Maintenance\_Percentage\_Price
* How it works? – Table of ACTUAL cashflows. All cashflows are independent of Maintenance\_Percentage\_Price except one - Maintenance\_Rental\_Amount which depends on Maintenance\_Percentage\_Price. Therefore, there exists a value for Maintenance\_Percentage\_Price such that PV Income – PV Outgo = 0 at the set return and therefore the return has been attained.

**Optimal Procedure**

* Define: MonthlyRental As Variant
* Define: PercentageHolder As Variant
* Set Maintenance\_Percentage\_Price = 0
* Set Rental\_Term=12
* If Total\_Saved\_KWh\_All <= 0 Then
  + Target Return Calculation
  + PercentageHolder= Maintenance\_Percentage\_Price
  + If Maintenance\_Percentage\_Price <0 Then
    - Maintenance\_Percentage\_Price = 0
  + Else
    - Maintenance\_Percentage\_Price = PercentageHolder
  + End If
  + Calculate Rental Amounts, Returns
* Else
* Calculate Rental Amounts, Returns
* If Return\_Rental\_Contract>= Target\_Return\_Percentage Then
  + If Rental\_Amount\_Replacement/( Total\_Saved\_KWh\_All\* KWh\_Price)<= Smaller\_Than\_Factor Then
    - MonthlyRental= Rental\_Amount
    - Exit Procedure
  + Else
    - Set Maintenance\_Percentage\_Price = 0
    - Set Rental\_Term =24
  + End If
* Else
  + Target Return Calculation
  + PercentageHolder = Maintenance\_Percentage\_Price
  + If Maintenance\_Percentage\_Price <0 Then
    - Maintenance\_Percentage\_Price = 0
  + Else
    - Maintenance\_Percentage\_Price = PercentageHolder
  + End If
  + Calculate Rental Amounts, Returns
  + If Rental\_Amount\_Replacement/( Total\_Saved\_KWh\_All\* KWh\_Price)<= Smaller\_Than\_Factor Then
    - MonthlyRental= Rental\_Amount
    - Exit Procedure
  + Else
    - Set Maintenance\_Percentage\_Price = 0
    - Set Rental\_Term =24
  + End If
* End If
* Calculate Rental Amounts, Returns
* If Return\_Rental\_Contract>= Target\_Return\_Percentage Then
  + If Rental\_Amount\_Replacement/( Total\_Saved\_KWh\_All\* KWh\_Price)<= Smaller\_Than\_Factor Then
    - MonthlyRental= Rental\_Amount
    - Exit Procedure
  + Else
    - Set Maintenance\_Percentage\_Price = 0
    - Set Rental\_Term =36
* Else
  + Target Return Calculation
  + PercentageHolder = Maintenance\_Percentage\_Price
  + If Maintenance\_Percentage\_Price <0 Then
    - Maintenance\_Percentage\_Price = 0
  + Else
    - Maintenance\_Percentage\_Price = PercentageHolder
  + End If
  + Calculate Rental Amounts, Returns
  + If Rental\_Amount\_Replacement/( Total\_Saved\_KWh\_All\* KWh\_Price)<= Smaller\_Than\_Factor Then
    - MonthlyRental= Rental\_Amount
    - Exit Procedure
  + Else
    - Set Maintenance\_Percentage\_Price = 0
    - Set Rental\_Term =36
  + End If
* End If
* Calculate Rental Amounts, Returns
* If Return\_Rental\_Contract>= Target\_Return\_Percentage Then
  + MonthlyRental= Rental\_Amount
  + Exit Procedure
* Else
  + Target Return Calculation
  + PercentageHolder = Maintenance\_Percentage\_Price
  + If Maintenance\_Percentage\_Price <0 Then
    - Maintenance\_Percentage\_Price = 0
  + Else
    - Maintenance\_Percentage\_Price = PercentageHolder
  + End If
  + Calculate Rental Amounts, Returns
  + MonthlyRental= Rental\_Amount
  + Exit Procedure
* End If
* End If