

RANKING EXAMPLE



How to compare decarbonization projects with different properties

Parameter	Project A	Project B	Project C	Ranking	Notes
1 Decarbonization – the energy hierarchy	Tier 1	Tier 3	Tier 2	A > C > B	The level of potential decarbonization increases as you move up the energy hierarchy. This is only used for general assessment, especially in the absence annual emission avoided calculations.
2 Decarbonization – annual amount of emission reduced	10 tCO ₂ e	8 tCO ₂ e	15 tCO ₂ e	C > A > B	The project with the most greenhouse gas emission reduction potential has the priority.
3 Additional benefits	Operational savings (s)	New revenue generation (r)	New revenue generation + operational savings	C > A > B, if s > r C > B ≥ A, if s ≤ r	The difference between the operational savings and new revenue generation is important for ranking. A project that offer both is better than the ones that offer only one of them.
4 Financing available	Full grant	Green loan + tax reduction and incentives	Standard loan + tax reduction and incentives	A > B > C	The green loans tend to have more favorable repayment conditions than the standard loans.
5 Investment payback period	n /a	2 years	3 years	A > B > C	Shorter payback time is preferred. Grants are typically not paid back, thus projects funded by grants have the priority.

Your overall ranking of your projects would include all the parameters. How you weigh each parameter will depend on the strategy of your business, the details of the project and the kind of business you run. Is yours a mature business or a new one? Is it revenue generating? How large is the business? All these factors, and more, will influence how you would weigh the individual parameters with respect to one other.