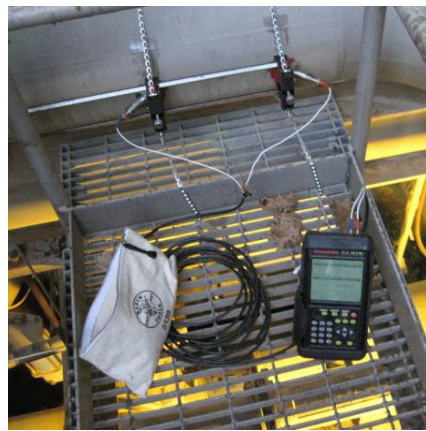




# Glossary for M&V: Reference Guide

May 2024



# **Glossary for M&V: Reference Guide**

**Version 3.0**

**May 2024**

**Prepared for**

**Bonneville Power Administration**

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# 1. Introduction

## 1.1. Purpose

*Glossary for M&V: Reference Guide* is a complement to the Measurement & Verification (M&V) protocols used by the Bonneville Power Administration (BPA).

Originally developed in 2012, this *Glossary* is one of the documents produced by BPA to direct M&V activities; an overview of the ten documents is given in the *Measurement and Verification (M&V) Protocol Selection Guide and Example M&V Plan (M&V Selection Guide)*.

Chapter 3 of this reference guide provides full citations (and web locations, where applicable) of documents referenced.

## 1.2. Protocols Version 3.0

BPA revised the M&V protocols described in this guide in 2024. BPA published the original documents in 2012 as Version 1.0, which were updated to Version 2.0 in 2018. The current guides are Version 3.0.

## 1.3. How is M&V Defined?

BPA's *Implementation Manual* (the IM) defines measurement and verification as “the process for quantifying savings delivered by an energy conservation measure (ECM) to demonstrate how much energy use was avoided. It enables the savings to be isolated and fairly evaluated.”<sup>1</sup> The IM describes how M&V fits into the various activities it undertakes to “ensure the reliability of its energy savings achievements.” The IM also states:

*The Power Act specifically calls on BPA to pursue cost-effective energy efficiency that is “reliable and available at the time it is needed.”<sup>2</sup> “[...] Reliability varies by savings type: UES measures, energy savings calculators and custom projects.<sup>3,4</sup> For UES measures and calculators, measure specification and savings estimates must be RTF approved or meet the requirements to be BPA-Qualified[...] Custom projects require site-specific Measurement and Verification (M&V) to support reliable estimates of savings.*

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<sup>1</sup> 2024-2025 Implementation Manual, BPA, April 1, 2024 at <https://www.bpa.gov/-/media/Aep/energy-efficiency/document-library/24-25-im-april24-update.pdf>

<sup>2</sup> Power Act language summarized by BPA.

<sup>3</sup> UES stands for Unit Energy Savings and is discussed subsequently. In brief, it is a stipulated savings value that region's program administrators have agreed to use for measures whose savings do not vary by site (for sites within a defined population). More specifically UES are specified by either the Regional Technical Forum – RTF (referred to as “RTF approved”) or unilaterally by BPA (referred to as BPA-Qualified). Similarly, Savings Calculators are RTF approved or BPA-Qualified.

<sup>4</sup> Calculators estimate savings that are a simple function of a single parameter, such as operating hours or run time.

*BPA M&V Protocols<sup>5</sup> direct M&V activities and are the reference documents for reliable M&V.”<sup>6</sup>*

The *M&V Selection Guide* includes a flow chart providing a decision tree for selecting the M&V protocol appropriate to a given custom project and addressing prescriptive projects using UES estimates and Savings Calculators.

M&V is site-specific and required for stand-alone custom projects. BPA’s customers submit bundled custom projects (projects of similar measures conducted at multiple facilities) as either an M&V Custom Program or as an Evaluation Custom Program; the latter requires evaluation rather than the site-specific M&V that these protocols address.

## 1.4. Background

BPA contracted with a team led by Facility Energy Solutions to assist the organization in revising the M&V protocols used to assure reliable energy savings for the custom projects it accepts from its utility customers. The team conducted a detailed review of the 2018 M&V Protocols and developed the revised version 3.0 under Contract Number BPA-2-C-92283.

The Facility Energy Solutions team is comprised of:

- Facility Energy Solutions, led by Lia Webster, PE, CCP, CMVP
- Stillwater Energy, led by Anne Joiner, CMVP
- SBW Consulting, led by Santiago Rodríguez-Anderson, PE

BPA’s Todd Amundson, PE, PMVE was project manager for the M&V protocol update work. The work included gathering feedback from BPA and regional stakeholders, and the team’s own review to revise and update this 2024 *Glossary for M&V*.<sup>7</sup>

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<sup>5</sup> Protocols include: M&V Protocol Selection Guide; reference guides for sampling, regression, and glossary; protocols on metering, engineering calculations with verification, energy modeling, existing building commissioning, and strategic energy management.

<sup>6</sup> <https://www.bpa.gov/-/media/Aep/energy-efficiency/document-library/24-25-im-april24-update.pdf>, page 1.

## 2. Glossary of Terms

**Accuracy:** An indication of how close the measured value is to the true value of the quantity in question. Accuracy is not the same as precision.

**Adjusted R-Squared ( $\bar{R}^2$ ):** A modification of  $R^2$  that adjusts for the number of independent variables (explanatory terms) in a model. The adjusted  $R^2$  only increases if the additional independent variables improve the model more than by random chance. It is calculated by taking  $R^2$  and dividing it by the associated degrees of freedom. Or as described below:

$$\bar{R}^2 = 1 - \frac{MSE}{MST}$$

**Adjusted-Baseline Energy:** The energy use of the baseline period, adjusted to a different set of operating conditions.

**Algorithm for Savings Determination:** The procedures to be followed for converting all relevant measured data and facts from the post-retrofit period to energy or demand savings using the baseline model.

**Autocollinearity:** The serial correlation over time of predictor values in a time series model. To calculate autocollinearity, R-squared is first calculated for the correlation between the residuals and the residuals for the prior time period. The autocorrelation coefficient  $\rho$  is then the square root of this value.<sup>8</sup> Autocollinearity is calculated as:

$$\rho = \frac{\sum_i (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_i (x_i - \bar{x})^2 \sum_i (y_i - \bar{y})^2}}$$

**Autocorrelation Coefficient:** See Autocollinearity

**Avoided Energy Use:** Also called Reporting Period Basis Savings. The reduction in energy use that occurred in the reporting period, relative to what would have occurred if the facility had been equipped and operated as it was in the baseline period, but under reporting period operating conditions. *Cost avoidance* is the monetary equivalent of *avoided energy use*. Both are commonly called *savings*. *Normalized savings* is another type of savings.

**Baseline Adjustments:** The adjustments due to routine (expected) or non-routine (unexpected) changes during the reporting period in any energy-governing parameter or static factor within the measurement boundary.

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<sup>8</sup> Note, the English spelling of the Greek letter  $\rho$  is *rho*, not to be confused with “p.”

**Baseline Data:** The measurements and facts describing facility operations and design during the baseline period. This will include energy use or demand and parameters of facility operation that govern energy use or demand.

**Baseline Energy:** The energy use occurring during the baseline period without adjustments.

**Baseline Model:** The set of arithmetic factors, equations, or data used to describe the relationship between energy use or demand and other baseline data. A model may also be a simulation process involving a specified simulation engine and set of input data.

**Baseline Period:** The period of time chosen to represent operation of the facility or system before implementation of an ECM. This period may be as short as the time required for an instantaneous measurement of a constant quantity, or long enough to reflect one full operating cycle of a system or facility with variable operations.

**Baseline:** Pertaining to the baseline period.

**Billing Data:** Metered data obtained from the electric or gas meter used to bill the customer for energy used in a particular billing period.

**Binomial Distributions:** A population consisting of items that can only occupy one of two states (i.e., present/absent, on/off, or pass/fail).

**Building Commissioning:** Building commissioning provides documented confirmation that the building systems as constructed function in accordance with the intent of the building designers and satisfy the owner's operational needs.

**Building Envelope:** The assembly of exterior partitions of a building that enclose conditioned spaces through which thermal energy may be transferred to or from the exterior, unconditioned spaces, or the ground.

**Calculator:** Calculators estimate savings that are a simple function of a single parameter, such as operating hours or run time.

**Calibration:** 1) The process of comparing the output or results of a measurement or model with that of some standard, determining the deviation and relevant uncertainty, and adjusting the model accordingly. 2) An adjustment of a measurement instrument to ensure the information it provides is accurate.

**Categorical Variable:** Variable(s) that have discrete values and are not continuous. Categorical variables include things like daytype (weekday or weekend, or day of week), occupancy (occupied or unoccupied), and equipment status (on or off). For example, occupancy (occupied or unoccupied) is a categorical variable, while number of occupants is a continuous variable.

**Change -Point Model:** A model in which the relationship of a dependent variable is discontinuous with respect to an independent variable. The change-point is the value of the independent variable at which this discontinuity occurs. A common scenario arises when the energy intensity of a building or system changes at a specific ambient temperature, at which the HVAC system switches from heating mode to cooling mode.

**Climate Thermal Zone (CTZ):** A geographical area in the state that has particular weather patterns. These zones are used to determine the type of building standards that are required by law.

**Coefficient of Determination:** See  $R^2$

**Coefficient of Performance (COP):** A parameter that represents the efficacy of a cooling or heat pump system. It is the dimensionless ratio of energy transferred to the input energy into the system in common units.

$$COP = \text{Energy Transferred} / \text{Energy Input}$$

**Coefficient of Variation (CV):** An indication of how much variability or randomness there is with any given data set. It quantifies variation within the population relative to the average and is dimensionless. The larger it is, the more variation there is in the population relative to the average. It is calculated as the ratio of the standard deviation to the average:

$$CV = \frac{\sigma}{x}$$

**Coefficient of Variation of the Root-Mean Squared Error [CV(RMSE)]:** A measure that describes how much variation or randomness there is between the data and the model, calculated by dividing the root-mean squared error (RMSE) by the average y-value. It is calculated as:

$$CV(RMSE) = \frac{1}{y} \left[ \frac{\sum (y_i - \hat{y})^2}{(n-p)} \right]^{1/2}$$

**Commissioning:** A process for achieving, verifying, and documenting the performance of equipment to meet the operational needs of the facility within the capabilities of the design, and to meet the design documentation and the owner's functional criteria, including preparation of operating personnel.

**Confidence Interval:** A range of uncertainty expected to contain the true value within a specified probability. The probability is referred to as the *confidence level*.

**Confidence Level:** A population parameter used to indicate the reliability of a statistical estimate. The confidence interval expresses the assurance (probability) that given correct model selection, the true value of interest resides within the proportion expressed by the confidence interval.



**Constant:** A term used to describe a physical parameter which does not change during a period of interest. Minor variations may be observed in the parameter while still describing it as constant. The magnitude of variations that are deemed to be “minor” must be reported in the M&V Plan.

**Continuous Variables:** Variables that are numeric and can have any value within the range of encountered data (i.e., measurable things such as energy usage or ambient temperature).

**Cooling Degree Days (CDD):** See Degree Days

**Cumulative Sum of Differences (CUSUM):** An effective means of quantifying the total energy savings over time. The sum of the differences of each actual energy consumption value from the predicted value (savings) is often charted over time to track total savings achieved.

**Degree Day:** A degree-day is a measure of the heating or cooling load on a facility created by outdoor temperature. When the mean daily outdoor temperature is one degree below a stated reference temperature such as 18°C, for one day, it is defined that there is one heating degree-day. If this temperature difference prevailed for ten days, there would be ten heating degree-days (HDD) counted for the total period. If the temperature difference were to be 12 degrees for ten days, 120 heating degree-days would be counted. When the ambient temperature is below the reference temperature, it is defined that heating degree-days are counted. When ambient temperatures are above the reference, cooling degree-days (CDDs) are counted. Any reference temperature may be used for recording degree-days, though it is usually chosen to reflect the temperature at which a particular building no longer needs heating or cooling.

**Demand Savings:** The reduction in the demand from the pre-retrofit baseline to the post-retrofit demand, once independent variables (such as weather or occupancy) have been adjusted for.

**Demand Side Management (DSM):** The methods used to manage energy demand, including energy efficiency, load management, fuel substitution, and load building.

**Demand:** The rate of energy use. Many utilities base a portion of their bills on the highest (or peak) demand they measure during each billing period. Peak demand values are sometimes referred to as simply *demand*. Electrical demand is normally expressed in kilowatts (kW). The sum of monthly billed kW quantities can be expressed in units of *kW-months*. See also *Demand Ratchet*.

**Dependent Variable:** The variable that changes in relationship to alterations of the independent variable. In energy efficiency, energy usage is typically treated as the dependent variable, responsive to the manipulation of conditions (independent variables).

**Effective Useful Life (EUL):** An estimate of the median number of years that the measures installed under a program are still in place and operable.

**Efficiency:** The ratio of the useful energy delivered by a dynamic system (such as a machine, engine, or motor) to the energy supplied to it over the same period or cycle of operation. The ratio is usually determined under specific test conditions.

**Energy Conservation Measure (ECM):** An activity or set of activities designed to increase the energy efficiency of a facility, system, or piece of equipment. ECMs may also conserve energy without changing efficiency. Several ECMs may be carried out in a facility at one time, each with a different thrust. An ECM may involve one or more of: physical changes to facility equipment, revisions to operating and maintenance procedures, software changes, or new means of training or managing users of the space, or operations and maintenance staff. An ECM may be applied as a retrofit to an existing system or facility, or as a modification to a design before construction of a new system or facility.

**Energy Consumption:** The amount of energy consumed in the form in which it is acquired by the user. The term excludes electrical generation and distribution losses.

**Energy Cost:** The total cost for energy, including such charges as base charges, demand charges, customer charges, power factor charges, and miscellaneous charges.

**Energy Efficiency Improvement:** Reduced energy use for a comparable level of service resulting from the installation of an energy efficiency measure or the adoption of an energy efficiency practice.

**Energy Efficiency Measure (EEM):** Installation of equipment, subsystems or systems, or modification of equipment, subsystems, systems, or operations on the customer side of the meter for the purpose of reducing energy and/or demand (and, hence, energy and/or demand costs) at a comparable level of service.

**Energy Management System:** A control system (often computerized) designed to regulate the energy consumption of a building by controlling the operation of energy-consuming systems, such as the heating, ventilation, and air conditioning (HVAC), lighting and water heating systems.

**Energy Performance Contract:** A contract between two or more parties where payment is based on achieving specified results, such as reductions in energy costs or payback of investment within a stated period.

**Energy Services Company (ESCO):** A firm that provides services of design and construction of ECMs under an energy performance contract.

**Error:** The deviation of a measurement from the true value.

**Estimate:** A process of determining a parameter used in a savings calculation through methods other than measuring it in the baseline and reporting periods. These methods may range from arbitrary assumptions to engineering estimates derived from the manufacturer’s rating of equipment performance. Equipment performance tests that are not made in the place where they are used during the reporting period are estimates, for purposes of adherence with IPMVP.

**Ex-Ante Savings Estimate:** Estimate of savings prior to implementation of energy efficiency measures. Administrator-forecasted savings used for program and portfolio planning purposes. Derivation is from the Latin for *beforehand*.

**Facility:** A building or industrial site containing several energy-using systems. A wing or section of a larger facility can be treated as a facility of its own if it has meters that separately measure all of its energy.

**Finite Population Correction Equation:** When calculating sample size, the finite population correction equation reduces the number of samples required ( $n$ ) when the population size is small ( $N$ ) relative to the number of samples ( $n$ ) assuming a very large population. It is calculated as:

$$n^* = \frac{Nn}{N + n}$$

**Fixed Conditions Basis:** Conditions other than those of the reporting period that may be used as the basis for adjustment. The conditions may be those of the baseline period, some other arbitrary period, or a typical, average or “normal” set of conditions. Adjustment to a fixed set of conditions reports a style of savings which could be called *normalized savings* of the reporting period. In this method, energy data of the reporting period and possibly of the baseline period are adjusted from their actual conditions to the common fixed (or *normal*) set of conditions selected.

**Fractional Savings Uncertainty (FSU):** The uncertainty divided by the savings, where uncertainty is measured as the quantity of savings from the upper confidence limit to the lower confidence limit surrounding a savings estimate.

**Heating Degree Days (HDD):** See Degree Days

**Heterogeneous Population:** A population in which members’ characteristics vary and thus there are subpopulations of distinct types.

**Heteroscedasticity:** Within linear regression, this describes a variance of the dependent variable values around the regression line that varies across the values of the independent variable.

**Homogeneous Population:** A population in which all members have similar characteristics and can be considered of the same type.

**Homoscedasticity:** (Also known as *Homogeneity of Variance*). Within linear regression, this means that the variance of the dependent values around the regression line is constant for all values of the independent variable.

**Incentives:** Financial support (e.g., rebates, low-interest loans) to install energy efficiency measures. The incentives are solicited by the customer and based on the customer's billing history and/or customer-specific information.

**Independent Variable:** Also termed an *explanatory* or *exogenous variable*; a factor that is expected to have a measurable impact on the dependent, or outcome variable (e.g., energy use of a system or facility).

**Interactive Effects:** Energy effects created by an ECM, but not measured within the measurement boundary.

**International Performance Measurement and Verification Protocol (IPMVP):** The IPMVP provides an overview of current best practice techniques available for verifying results of energy efficiency, water efficiency, and renewable energy projects in commercial and industrial facilities. It may also be used by facility operators to assess and improve facility performance. The IPMVP is the leading international standard in Measurement and Verification protocols. It has been translated into ten languages and is used in more than 40 countries.

**IPMVP Option A, Retrofit Isolation – Key Parameter(s) Measurement:** Key parameters for measurement are identified and the other parameters to the savings calculation may be estimated based on reliable sources. The key parameters to be measured are normally the most uncertain or unknown parameters. Reliable sources include past measurements, manufacturer specifications and performance curves, lighting wattage tables, and so on. When applying this protocol to new construction ECMs where there is no baseline equipment for measurement, the relevant building code or standard may be used to define estimated parameters.

**IPMVP Option B, Retrofit Isolation – All Parameter Measurement:** Savings are determined by field measurement of the energy use of the ECM-affected system. Measurement frequency ranges from short-term to continuous, depending on the expected variations in the savings and the length of the reporting period.

**IPMVP Option C, Whole Facility:** (Also known as the *Whole Building Metered Approach*.) Savings are determined by measuring energy use at the whole facility or sub-facility level. Continuous measurements of the entire facility's energy use are taken throughout the reporting period.

**IPMVP Option D, Calibrated Simulation:** (Also known as the *Whole Building Calibrated Simulation Approach*.) Savings are determined through the use of computer simulation software to predict facility or sub-facility energy use. A simulation model must be *calibrated* so that it predicts an energy pattern that approximately matches actual metered data. Option D is the primary *M&V* approach for assessing *energy* efficiency inclusions in new *facility* designs.

**IPMVP Options:** IPMVP provides four Options for determining savings associated with Energy Conservation Measures (Options A, B, C, and D). The choice among the Options involves many considerations, including the location of the measurement boundary. Options C and D are appropriate for determining savings at the facility level. If only the performance of the measure itself is of concern, a *Retrofit Isolation* technique may be more suitable (Options A or B).

**M&V Plan:** A well-defined and implemented M&V Plan encourages comprehensive project design by including all M&V costs in the project's economics. It increases the transparency and credibility of reports on the outcome of efficiency investments and can be the basis for documenting performance in a transparent manner and subjected to independent verification.

**Mean:** The most widely used measure of the central tendency of a series of observations. The Mean ( $\bar{Y}$ ) is determined by summing the individual observations ( $Y_i$ ) and dividing by the total number of observations ( $n$ ), as follows:

$$\bar{Y} = \frac{1}{n} \sum Y_i$$

**Mean Bias Error (MBE):** The Mean Bias Error is an indication of overall bias in a regression model. Positive MBE indicates that regression estimates tend to overstate the actual values. It is calculated as:

$$MBE = \frac{\sum(y_i - \hat{y}_i)}{n}$$

**Mean Model:** (Also known as a *Single Parameter Model*.) A model that estimates the mean of the dependent variable.

**Measure:** 1) ( $n$ ) an action or system modification intended to reduce energy use. 2) ( $v$ ) the process of quantifying a physical parameter using instruments.

**Measurement and Verification (M&V):** The process of using measurements to reliably determine actual savings created within an individual facility by an energy management program. Savings cannot be directly measured, since they represent the absence of energy use. Instead, savings are determined by comparing measured use before and after implementation of a project, making appropriate adjustments for changes in conditions.

**Measurement Boundary:** A notional boundary drawn around equipment and/or systems to segregate those which are relevant to savings determination from those which are not. All energy uses of equipment or systems within the measurement boundary must be measured or estimated, whether the energy uses are within the boundary or not.

**Measurement System Verification:** The full range of checks and tests carried out to determine if all installed measurement system components, subsystems, systems, and interfaces between systems function in accordance with the measurement plan. Also used to ascertain the as-installed uncertainty of the measurement system.

**Metering:** Collection of energy data over time at a facility through the use of measurement devices.

**Model:** A mathematical representation or calculation procedure that is used to predict the energy use and demand in a building or facility. Models may be based on equations that specifically represent the physical processes (see *simulation model*) or may be the result of statistical analysis of energy-use data (see *regression model*).

**Monitoring (Equipment or System):** Gathering of relevant measurement data over time to evaluate equipment or system performance. For example, one might measure chiller electric demand, inlet evaporator temperature and flow, outlet evaporator temperature, condenser inlet temperature, and ambient dry-bulb temperature and relative humidity or wet-bulb temperature for use in developing a chiller performance map – such as kW/ton vs. cooling load and kW/ton vs. condenser inlet temperature.

**Multicollinearity:** A statistical occurrence where two or more predictor variables in a multiple regression model are highly correlated (there are exact linear relationships between two or more explanatory variables). Allowing multicollinearity in a model can lead to incorrect inferences from the model.

**Net Bias:** Where there exists net bias, modeled or predicted energy usage will differ from actual energy usage for the period examined.

**Net Determination Bias Error (NDBE):** The percentage error in the energy use predicted by the model compared to the actual energy use. See *Normalized Mean Bias Error*.

$$NDBE = 100 * \frac{\sum_i (E_i - \hat{E}_i)}{\sum_i E_i}$$

**Non-routing Adjustment (NRA):** Adjustments made to energy data to compensate for the impact of non-routine events so savings are accurately calculated.

**Non-routine event (NRE):** A change in static factors that affects energy use. Non-routine events include significant, non-project related changes to the building or its operations during baseline, implementation, or performance periods.

**Normal Distribution:** A continuous and symmetric population distribution in which the frequency of occurrence decreases exponentially as values deviate from the mean (or central) value. In a regression equation, the distribution of errors (residuals) at a given value of  $x$  is a normal distribution and the mean of residuals is zero. It is also referred to as a *Gaussian* or *bell curve*.

**Normalized Mean Bias Error (NMBE):** Similar to *Net Determination Bias* but adjusted for the number of parameters in the model. The Normalized Mean Bias Error is an indication of overall bias in a regression model. Positive MBE indicates that regression estimates tend to overstate the actual values. It is calculated as:

$$NMBE = 100 * \frac{\sum (E_i - \hat{E}_i)}{(n - p) * \bar{E}}$$

**Normalized Savings:** Also called Fixed Conditions Basis Savings. The reduction in energy use that occurred because of the project, relative to what would have occurred if the facility had been equipped and operated as it was in the baseline period, but under a normal set of conditions. These normal conditions may be a long-term average or the conditions of any chosen period other than the reporting period, including the baseline period. Normal conditions are often selected to avoid estimating savings under more extreme conditions, which may produce higher or lower savings estimates. Normal conditions are often used to determine the typical savings from an efficiency project for regulatory forecasting purposes or cost effectiveness estimations.

**Ordinary Least Squares:** A mathematical procedure to solve for the set of coefficients that minimize the sum of the squared differences between the raw data and the fitted linear trend. OLS is the most common form of regression modeling and the default approach in most software packages.

**Outliers:** Data points that do not conform to the typical distribution. Graphically, an outlier appears to deviate markedly from other members of the same sample.

**Over-specified Model:** A model with added independent variables that are not statistically significant or are possibly correlated with other independent variables.

**p-value:** The probability that a coefficient or dependent variable is not related to the independent variable. Small *p*-values, then, indicate that the independent variable or coefficient is a significant (important) predictor of the dependent variable in a regression model. The *p*-value is an alternate way of evaluating the *t*-statistic for the significance of a regression coefficient and is expressed as a probability.

**Peak Demand:** The maximum level of metered demand during a specified time period, such as a billing month, or during a specified peak demand period, such as weekdays from 8 AM to 8 PM.

**Performance Contracts:** A binding agreement between two parties prescribing the range and magnitude of achievement required of equipment, a subsystem, or a system, which is provided by one party for the benefit and use of the other.

**Post-Retrofit Period:** The time following a retrofit during which savings are to be determined.

**Precision:** The indication of the closeness of agreement among repeated measurements; a measure of the repeatability of a process. Any precision statement about a measured value must include a confidence level. A precision of 10% at 90% confidence means that we are 90% certain the measured values are drawn from samples that represent the population and that the “true” value is within  $\pm 10\%$  of the measured value. Because precision does not account for bias or instrumentation error, it is an indicator of predicted accuracy only given the proper design of a study or experiment.

**Projected Baseline:** The baseline energy use or demand applied to the post-retrofit period and conditions.

**Proxy:** A measured parameter substituted in place of direct measurement of an energy parameter, where a relationship between the two has been proven on site. For example, if a relationship has been proven between the output signal from a variable speed drive controller and the power requirements of the controlled fan, this output signal is a proxy for fan power.

**Quasi-Random Sampling:** A sampling technique in which each  $k^{\text{th}}$  element is selected from the population until the desired number is achieved.

**R-Squared ( $R^2$ ):** (Also known as the *Coefficient of Determination*.)  $R^2$  is the measure of how well future outcomes are likely to be predicted by the model. It illustrates how well the independent variables explain variation in the dependent variable.  $R^2$  values range from 0 (indicating none of the variation in the dependent variable is associated with variation in any of the independent variables) to 1 (indicating all of the variation in the dependent variable is associated with variation in the independent variables, a “perfect fit” of the regression line to the data). It is calculated as:

$$R^2 = 1 - \frac{SS_{error}}{SS_{total}}$$

**Random Number Generator:** A computer algorithm that generates quasi-random numbers that can be used for sample selection or for other purposes. Note that computers cannot generate truly random numbers and that algorithms may generate results with either uniform or quasi-normal population distributions.

**Range of Interest:** The range of the independent variable(s) affected by the measure.

**Regression Analysis:** A mathematical technique that extracts parameters from a set of data to describe the correlation of measured independent variables and dependent variables.

**Regression Model:** A mathematical model based on statistical analysis where the dependent variable is regressed on the independent variables which are said to determine its value. In so doing, the relationship between the variables is estimated from the data used. A simple linear regression is calculated as:

$$y_i = \beta_0 + \beta_1 x_i + \varepsilon_i \text{ where } i = 1, \dots, n$$



**Reliability:** When used in energy evaluation, refers to the likelihood that the observations can be replicated.

**Reporting Period:** The period of time following implementation of an ECM when savings reports adhere to IPMVP. This period may be as short as the time for an instantaneous measurement of a constant quantity; long enough to reflect all normal operating modes of a system or facility with variable operations; the length of the financial payback period for an investment; the duration of a performance measurement period under an energy performance contract; or indefinite.

**Residual:** The difference between the predicted and actual value of the dependent variable. In other words, whether a point is above or below the regression line is a matter of chance and is not influenced by whether another point is above or below the line. Estimated by subtracting the data from the sample mean:

$$\hat{\varepsilon} = X_i - \hat{X}_i$$

**Retrofit:** Energy conservation measure or measures installed and/or implemented as a single project at a specific time.

**Retrofit Isolation:** The savings measurement approach defined in IPMVP Options A and B, and ASHRAE Guideline 14 that determines energy or demand savings through the use of meters to isolate the energy flows for the system(s) under consideration.

**Rigor:** The level of expected reliability. The higher the level of rigor, the more confident we are that the results of the evaluation are both accurate and precise (i.e., reliable). That is, *reliability* and *rigor* are treated as synonymous.

**Root Mean Squared Error (RMSE):** An indicator of the scatter, or random variability, in the data, and hence is an average of how much an actual  $y$ -value differs from the predicted  $y$ -value. It is the standard deviation of errors of prediction about the regression line. The RMSE is calculated as:

$$RMSE(\hat{\theta}) = \sqrt{MSE(\hat{\theta})} = \sqrt{E((\hat{\theta} - \theta)^2)}$$

**Sampling:** The process of identifying which and how many items to measure and evaluating the results to assess reliability.

**Short time interval:** Describes data recorded at periods less than an hour, typically 5 minutes for building automation system (BAS) data or 15 minutes for utility time of use meters.

**Simple Random Sampling:** A sampling technique that draws representative samples from a single population where any sample is expected to be representative of the whole population.

**Simulation Model:** An assembly of algorithms that calculates energy use for a facility based on engineering equations and user-defined parameters.

**Simple Random Sampling:** Draws representative samples from a single population where any sample is expected to be representative of the whole population.

**Standard Deviation (s):** The square root of the variance, which brings the variability measure back to the units of the data. (With variance units in kWh<sup>2</sup>, the standard deviation units are kWh.) The sample standard deviation (*s*) is defined as:

$$s = \sqrt{\frac{\sum(x_i - \bar{x})^2}{(n-1)}}$$

**Standard Error (SE):** An estimate of the standard deviation of the coefficient. For simple linear regression, it is calculated separately for the slope and intercept: there is a *standard error of the intercept* and *standard error of the slope*. SE is defined as:

$$SE_{\bar{x}} = \frac{s}{\sqrt{n}}$$

**Standard Error of the Coefficient:** Similar to the *RMSE* but calculated for a single coefficient rather than the complete model. This measures the degree to which the coefficient estimate may change if the full process was to be repeated.

**Standard Error of the Estimate:** (Also known as the *Root Mean Squared Error*.) When a model is used to predict a value for given independent variable(s), the reliability of the prediction is measured by the standard error of the estimate. The *Root Mean Squared Error* (RMSE) is calculated as:

$$RMSE(\hat{\theta}) = \sqrt{MSE(\hat{\theta})} = \sqrt{E((\hat{\theta} - \theta)^2)}$$

**Static Factors:** Those characteristics of a facility which affect energy use within the chosen measurement boundary, but which are not used as the basis for any routine adjustments. These characteristics include fixed, environmental, operational, and maintenance characteristics. They may be constant or varying.

**Stratified Sampling:** A sampling technique used when the population is not homogeneous and needs to be segregated by some defining characteristic. Sample size for each stratum is determined by the contribution of that stratum to the overall variance such that the total sample size is minimized.

**Strategic Energy Management (SEM):** The application of the business principles of continuous improvement to drive systematic, long-term reductions in the energy intensity of a system, facility, or organization.

**Sufficiency:** A judgment as to whether the model is sufficiently accurate to verify the expected energy savings. The quality of a baseline model is not, by itself, adequate to determine its appropriateness. One makes the judgment by assessing the *fractional savings uncertainty*, which compares the uncertainty in the model with the magnitude of expected savings. Acceptable levels of FSU are established by program administrators based on risk tolerance. These protocols suggest a guideline of FSU < 50% - meaning the savings are greater than twice the uncertainty.

**System:** A combination of equipment and/or controls, accessories, interconnecting means, and terminal elements working together to perform a specific function, such as HVAC, service water heating or illumination.

**t-statistic:** A measure of the probability that the value (or difference between two values) is statistically valid. The calculated *t*-statistic can be compared to critical *t*-values from a *t*-table. The *t*-statistic is inversely related to the *p*-value; a high *t*-statistic ( $t > 2$ ) indicates a low probability that random chance has introduced an erroneous result. Within regression, the *t*-statistic is a measure of the significance for each coefficient (and, therefore, of each independent variable) in the model. The larger the *t*-statistic, the more significant the coefficient is to estimating the dependent variable. The *t*-statistic is calculated as:

$$t_{\hat{\beta}} = \frac{\hat{\beta} - \beta_0}{s.e.(\hat{\beta})}$$

**Tons:** A unit of cooling energy equal to 12,000 BTU/hr. The term derives from the amount of cooling that 1 ton of ice can provide in a 24-hour period.

**Uncertainty:** The range or interval of doubt surrounding a measured or calculated value within which the true value is expected to fall within some stated degree of confidence. Uncertainty in regression analysis can come from multiple sources, including *measurement uncertainty*, *coverage error*, and *regression uncertainty*.

**Uncertainty Analysis:** 1) A procedure or method by which the uncertainty of a measured or calculated value is determined. 2) The process of determining the degree of confidence in the true value when using a measurement procedure(s) and/or calculation(s).

**Variance (S<sup>2</sup>):** A measure of the average distance between each of a set of data points and their mean value, and it is equal to the sum of the squares of the deviation from the mean value, or the square of the standard deviation. Variance is computed as follows:

$$S^2 = \frac{\sum(Y_i - \bar{Y})^2}{n - 1}$$

**Verification:** Providing evidence collected after implementation that the efficiency measure has been properly installed, is operating correctly, and has the potential to generate savings. Most references in the BPA protocols refer to the latter definition. Verification can be *Operational Verification*, which is preferred, or just *Installation Verification*, which is a subset of Operational Verification. Implementation Verification methods in the BPA protocols include surveys, inspections, photographs, spot measurements, short-term metering, and functional testing. For large and complicated measures, commissioning reports may be reviewed and used as part of the evidence that the measure has the potential to generate savings.

**Weighted Regression:** A form of regression used when individual data points are weighted so as to represent more data than other points. An example is billing-period analysis, where billing periods may have different numbers of days and billing periods with more days are adjusted upward in weight relative to periods with fewer days. (Also, a form of regression used when data do not have equal weight in a model because error is not expected to be constant across all observations.)

**Whole Building Calibrated Simulation Approach:** The savings measurement approach defined in IPMVP Option D and ASHRAE Guideline 14, which involves the use of an approved computer simulation program to develop a physical model of the building in order to determine energy and demand savings. The simulation program is used to model the energy used by the facility before and after the retrofit. The pre-or post-retrofit models are developed by calibration with measured energy use, and demand data and weather data.

**Whole Building Metered Approach:** The savings measurement approach defined in IPMVP Option C and ASHRAE Guideline 14 that determines energy and demand savings through the use of whole facility energy (end-use) data, which may be measured by utility meters or data loggers.

**z-statistic:** (Also known as the *Standard Score*.) The z-statistic indicates how many standard deviations an observation or datum is above or below the population mean. It is a dimensionless quantity derived by subtracting the population mean from an individual raw score and then dividing the difference by the population standard deviation.

$$z = \frac{x - \mu}{\sigma}$$

### 3. References and Resources

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