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# Implied discount rate and payback threshold of energy efficiency investment in the industrial sector

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## Abstract

The industrial sector is responsible for about a third of the energy usage in the United States, and there is significant energy saving potential from the industrial sector.

However, the phenomenon of “energy efficiency gap” – the scenario in which cost-effective energy efficient technologies enjoy only limited market success – appears

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## Notes

<sup>1</sup> The IAC's website is

[http://www1.eere.energy.gov/manufacturing/tech\\_deployment/iacs.html](http://www1.eere.energy.gov/manufacturing/tech_deployment/iacs.html).

<sup>2</sup> The IAC database's website is <http://iac.rutgers.edu/database>.

<sup>3</sup> Based on the formula for geometric progression, we have

$$\sum_{t=1}^T 1(1+r)^{t-1} = \frac{1-r^T}{1-r}$$

## Additional information

### Funding

This work

[grant n



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