



**Self-Direction Credit
Program Administrator**

1338 South Foothill Drive, #269
Salt Lake City, Utah 84108

1-888-682-1234
fax (801) 485-4754

February 10, 2012

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attn: Julie P. Orchard
Commission Secretary

RE: Self-Direction Administrator Report on Rocky Mountain Power's Self-Direction Credit Program (Schedule 192) for 2011

Provision of Service no. 6 in Schedule 192 (Self-Direction Credit program) of Rocky Mountain Power (Company) requires the Self-Direction Credit program Administrator to file annual reports with the Commission and Company regarding the performance of the Self-Direction Credit program. Nexant, Inc., an energy industry services firm, administers the Self-Direction Credit program for Rocky Mountain Power. The report provided herein constitutes the annual report for program year 2011 summarizing the progress of the Self-Direction Credit program in acquiring cost-effective electric demand-side management (DSM) savings. Included is a description of the savings realized and costs incurred through Rocky Mountain Power's Self-Direction Credit program during 2011.

Background

On September 23, 2003, the Public Service Commission of Utah (Commission) approved the Self-Direction Credit program. The Self-Direction Credit program provides large business customers whose electrical needs exceed 5,000,000 kWh or 1,000 kW in the prior twelve months the opportunity to receive credits to offset the DSM Surcharge, administered through Schedule 193, for qualified energy efficiency projects. Eligible customers must self-fund the energy engineering and implementation of conservation projects at their facilities. Total credits disbursed through the Self-Direction Credit program in any given year may not exceed the annual program cap of \$5,000,000 (See Docket No. 10-035-T03).

Two project types may be submitted to the Self-Direction Credit program. A description of each project type is as follows:

- Standard Projects. Standard projects are cost-effective electric conservation projects completed by the customer on or after the date of Commission approval of Schedule 192. Approved projects receive a Self-Direction credit in the amount of eighty percent (80%) of eligible expenses. Standard projects are also referred to as "80% credit" projects.

- **Opt-out Projects.** Opt-out projects pertain to customers who demonstrate that there are no remaining cost effective electric DSM projects with a payback period of eight (8) years or less available at any of the eligible customer’s facilities used to meet the minimum usage requirements. To qualify for the opt-out credit, customers must hire an auditor retained by the Self-Direction Administrator to study the eligible facilities to ensure no remaining projects exist. Approved projects receive a Self-Direction credit in the amount of fifty percent (50%) of the DSM Surcharge for a period of two years.

Standard Projects

For the period January 1, 2011 through December 31, 2011 a total of fifty-two (52) projects were approved by the Self-Direction Administrator. Although Schedule No. 192 does not require pre-qualification, nineteen (19) standard projects applied for pre-qualification prior to commencing construction activities. Thirty-three (33) projects were qualified as completed projects. Of the 33 projects that received approval, 17 received pre-approval in 2011 or in previous program years. Key conservation measures are comparable to prior years and include lighting and mechanical retrofits.

Table 1 – Self Direction Projects, Self Direction Credits Approved and Annual Savings for 2011

Year	Number of Projects		Self-direction Credits Approved	Savings	
	Pre-Qualified	Completed		Annual Energy (MWh)	Ave. Monthly Peak (MW)
2011	19	33	\$ 3,995,707	16,448	1.7

Tables 7 through 17 below provide a summary of the credits paid to date and the projected credit disbursement through December 2014.

“Opt Out” 50% Self-Direction Credit

No opt-out projects were submitted to the program during 2011. This is the same as in prior years.

Credits Utilized and Credit Caps

As part of Docket No. 10-035-T03, individual credit caps associated with the separate project types (Transition, Standard, and Opt-Out) were eliminated and replaced with a \$5.0 million annual aggregate cap. As participation and completed project count increases, annual credit disbursement also increases. Information on credits utilized by type during calendar year 2011 is provided in Table 2 below.

Table 2- Credits Utilized by Type 2011

Year	Standard Project Credits	Transition Credits	Opt-Out Credits
2011	\$2,473,904	\$0	\$0

Program Summary

Program to date¹, the Self-Direction Administrator has approved five (5) transition projects² and one-hundred fifty-six (156) standard projects, for a total of 161. The total amount of Self-Direction credits authorized by this writing from 2004 through 2011 was \$16,929,976 to achieve 90,969 MWh of annual energy savings and an average monthly peak demand savings of 9.04 MW.

The following tables summarize the results for the 2011 calendar year and program-to-date:

- Table 3 summarizes the project savings, credits, and costs for all projects approved from 2004 through 2011.
- Table 4 summarizes the project savings, credits, and costs for the 2011 calendar year.
- Tables 5 & 6 provide cost effectiveness results (and inputs) for the 2011 program year using the IRP decrement price curves.
- Tables 7 - 17 provides information on credits utilized per month since program inception and a forecast of credits for 2012 through 2014 based on projects pre-approved and approved December 2011.

Please be in touch with any questions.

Regards,



Lauren Pendleton
Self-Direction Credit Program Administrator
Nexant, Inc.
888.682.1234

¹ Through December 2011

² Transition projects were cost-effective electric conservation projects that were completed by the customer between August 1, 2001 and the date of Commission approval of Schedule 192 on September 23, 2003.

**Table 3. Program-to-date Self-Direction Program Savings and Credits³.
(inclusive of projects approved for Self Direction Credits only)**

Project Type	Measure Type	# of Projects	Average Demand Savings (kW/mo)	Energy Savings (kWh/yr)	Eligible Expenses	Total Credit Amount
Transition ⁴	All	5	-	-	\$ 914,087	\$ 511,889
Standard	Commercial Lighting	47	2,369	12,575,752	\$3,429,762	\$2,743,810
Standard	Commercial Mechanical	6	391	3,608,173	\$933,739	\$746,992
Standard	Industrial Lighting	52	2,700	19,970,535	\$4,317,295	\$3,453,836
Standard	Industrial Mechanical	51	3,580	54,814,808	\$ 11,841,811	\$ 9,473,449
	Total	161	9,039	90,969,268	\$ 21,436,694	\$ 16,929,976

³ Through December 31, 2011

⁴ Transition projects were cost-effective electric conservation projects that were completed by the customer between August 1, 2001 and the date of Commission approval of Schedule 192 on September 23, 2003.

Table 4 - CY 2011 Self-Direction Program Savings, Credits, and Costs

Measure Type	# of Projects	Average Demand Savings (kW/mo)	Energy Savings (kWh/yr)	Eligible Expenses	Total Credit Amount	Administrative Costs ⁵	Measure Life Estimate ⁶
Commercial Lighting	10	614	2,222,114	\$899,900	\$719,920	\$365,362	15
Commercial Mechanical	2	46	737,229	\$150,138	\$120,110		15
Industrial Lighting	9	389	4,060,073	\$1,327,254	\$1,061,803		15
Industrial Mechanical	12	652	9,428,365	\$2,617,343	\$2,093,874		15
Total	33	1,701	16,447,781	\$4,994,635	\$3,995,707	\$365,362	

⁵ Costs include the 2011 Self Direction program year review done by Brian Hedman.

⁶ Measure life adjusted to provide consistency with Energy FinAnswer program, which is a commonly evaluated alternative for projects. These assumptions represent a change from 2008 analysis.

Table 5 - CY2011 Self-Direction Program Cost-Effectiveness Results - IRP Decrement

All Measures				AC: 2011 IRP 69% LF Decrement	
	Levelized \$/kWh	Costs	Benefits	Difference	Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0391	\$4,710,694	\$12,958,836	\$8,248,141	2.751
Total Resource Cost Test (TRC) No Adder	0.0391	\$4,710,694	\$11,780,760	\$7,070,065	2.501
Utility Cost Test (UCT)	0.0362	\$4,361,069	\$11,780,760	\$7,419,691	2.701
Utah Rate Impact Test (URIM)		\$12,034,052	\$11,780,760	(\$253,292)	0.979
Participant Cost Test (PCT)		\$349,625	\$7,964,751	\$7,615,126	22.781
Lifecycle Revenue Impacts (\$/kWh)				\$0.0000006189	
Discounted Payback (Years)				0.49	

Table 6 – CY 2011 Cost Effectiveness Inputs

Parameter	Value
Discount Rate for TRC test	7.17%
Discount Rate for UTC, RIM, PART tests	7.17%
Line Loss - Commercial	9.38%
Line Loss - Industrial	5.73%
Energy Rate (\$/kWh) – Commercial (2010)	\$.0726
Energy Rate (\$/kWh) - Industrial (2010)	\$.0491
Net-to-gross ratio	87%

Tables 7 through 14. Self-Direction Program Credits Dispersed and Projections

**Table 7 Program Year 2004,
Year End Summary**

Month	56% Self Direction Credits*	80% Self Direction Credits*
April-04	\$ -	\$ -
May-04	\$ 5,351	\$ -
June-04	\$ 41,991	\$ -
July-04	\$ 15,446	\$ -
August-04	\$ 29,740	\$ -
September-04	\$ 25,237	\$ 11,282
October-04	\$ 23,201	\$ 10,282
November-04	\$ 19,952	\$ 14,905
December-04	\$ 20,358	\$ 16,613
January-05	\$ 19,024	\$ 14,986
February-05	\$ 21,940	\$ 17,892
March-05	\$ 17,382	\$ 12,884
FY 2005 Total	\$ 239,623	\$ 98,843

**Table 8 Program Year 2005,
Year End Summary**

Month	56% Self Direction Credits*	80% Self Direction Credits*
April-05	\$ 18,464	\$ 21,952
May-05	\$ 24,605	\$ 33,964
June-05	\$ 33,708	\$ 20,094
July-05	\$ (8,312)	\$ 66,572
August-05	\$ 19,198	\$ 51,957
September-05	\$ 21,886	\$ 52,096
October-05	\$ 7,174	\$ 49,880
November-05	\$ 15,384	\$ 45,745
December-05	\$ 1,016	\$ 51,411
January-06**	\$ 5,937	\$ 60,588
February-06**	\$ 4,105	\$ 65,140
March-06**	\$ 4,567	\$ 46,823
FY2006 Total	\$ 147,731	\$ 566,222

**Table 9 Program Year 2006,
Year End Summary**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-06	\$ 5,937	\$ 60,588
February-06	\$ 4,105	\$ 65,140
March-06	\$ 4,567	\$ 46,823
April-06	\$ 4,601	\$ 88,941
May-06	\$ 4,604	\$ 83,725
June-06	\$ 5,165	\$ 105,286
July-06	\$ 5,216	\$ 108,617
August-06	\$ 4,640	\$ 97,999
September-06	\$ 3,749	\$ 58,757
October-06	\$ 3,355	\$ 69,776
November-06	\$ 2,978	\$ 62,398
December-06	\$ 8,281	\$ 72,631
CY2006 Total	\$ 57,198	\$ 920,681

**Table 10 Program Year 2007,
Year End Summary**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-07	\$ (2,091)	\$ 70,629
February-07	\$ 3,155	\$ 87,387
March-07	\$ 3,276	\$ 80,363
April-07	\$ 3,191	\$ 74,099
May-07	\$ 3,248	\$ 76,683
June-07	\$ 3,675	\$ 107,624
July-07	\$ 3,137	\$ 121,658
August-07	\$ 4,064	\$ 122,189
September-07	\$ 3,868	\$ 138,622
October-07	\$ 4,094	\$ 116,608
November-07	\$ 10,516	\$ 108,338
December-07	\$ 9,930	\$ 120,156
CY2007 Total	\$ 50,061	\$ 1,224,356

**Table 11 Program Year 2008,
Year End Summary**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-08	\$ (9,931)	\$ 133,325
February-08	\$ 3,496	\$ 124,792
March-08	\$ 4,885	\$ 126,207
April-08	\$ -	\$ 140,256
May-08	\$ -	\$ 138,372
June-08	\$ -	\$ 159,009
July-08	\$ -	\$ 158,315
August-08	\$ -	\$ 163,744
September-08	\$ 17,630	\$ 178,534
October-08	\$ (17,630)	\$ 175,267
November-08	\$ (1,315)	\$ 130,448
December-08	\$ -	\$ 129,676
CY2008Total	\$ (2,866)	\$ 1,757,945

**Table 12 Program Year 2009,
Year End Summary**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-09	\$ -	\$ 126,127
February-09	\$ -	\$ 141,703
March-09	\$ -	\$ 110,502
April-09	\$ -	\$ 131,669
May-09	\$ -	\$ 145,628
June-09	\$ -	\$ 177,750
July-09	\$ -	\$ 181,368
August-09	\$ -	\$ 185,473
September-09	\$ -	\$ 223,484
October-09	\$ -	\$ 354,483
November-09	\$ -	\$ 280,926
December-09	\$ -	\$ 212,829
CY2009 Total	\$ -	\$ 2,271,941

**Table 13 Program Year 2010,
Year End Summary**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-10	\$ -	\$ 136,916
February-10	\$ -	\$ 142,348
March-10	\$ -	\$ 185,191
April-10	\$ -	\$ 187,450
May-10	\$ -	\$ 201,550
June-10	\$ -	\$ 285,340
July-10	\$ -	\$ 308,743
August-10	\$ -	\$ 311,719
September-10	\$ -	\$ 271,197
October-10	\$ -	\$ 179,169
November-10	\$ -	\$ 149,845
December-10	\$ -	\$ 167,370
CY2010 Total	\$ -	\$ 2,526,837

**Table 14 Program Year 2011,
Year End Summary**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-11	\$ -	\$ 204,153
February-11	\$ -	\$ 148,315
March-11	\$ -	\$ 139,492
April-11	\$ -	\$ 175,698
May-11	\$ -	\$ 174,109
June-11	\$ -	\$ 230,428
July-11	\$ -	\$ 242,906
August-11	\$ -	\$ 235,091
September-11	\$ -	\$ 237,714
October-11	\$ -	\$ 227,285
November-11	\$ -	\$ 230,379
December-11	\$ -	\$ 228,333
CY2011 Total	\$ -	\$ 2,473,904

**Table 15 Program Year 2012,
Forecast**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-12	\$ -	\$ 228,262
February-12	\$ -	\$ 224,695
March-12	\$ -	\$ 187,002
April-12	\$ -	\$ 176,514
May-12	\$ -	\$ 176,514
June-12	\$ -	\$ 176,514
July-12	\$ -	\$ 175,946
August-12	\$ -	\$ 166,971
September-12	\$ -	\$ 166,971
October-12	\$ -	\$ 162,509
November-12	\$ -	\$ 153,409
December-12	\$ -	\$ 153,409
CY2012 Total	\$ -	\$ 2,148,715

**Table 16 Program Year 2013,
Forecast**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-13	\$ -	\$ 131,950
February-13	\$ -	\$ 129,230
March-13	\$ -	\$ 129,230
April-13	\$ -	\$ 125,420
May-13	\$ -	\$ 121,124
June-13	\$ -	\$ 88,619
July-13	\$ -	\$ 88,619
August-13	\$ -	\$ 88,619
September-13	\$ -	\$ 46,079
October-13	\$ -	\$ 46,079
November-13	\$ -	\$ 46,079
December-13	\$ -	\$ 46,079
CY2013 Total	\$ -	\$ 1,087,130

**Table 17 Program Year 2014,
Forecast**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-14	\$ -	\$ 46,079
February-14	\$ -	\$ 46,079
March-14	\$ -	\$ 46,079
April-14***	\$ -	\$ 46,079
May-14***	\$ -	\$ 46,079
June-14***	\$ -	\$ 46,079
July-14***	\$ -	\$ 46,079
August-14***	\$ -	\$ 46,079
September-14***	\$ -	\$ 46,079
October-14***	\$ -	\$ 46,079
November-14***	\$ -	\$ 46,079
December-14***	\$ -	\$ 46,079
CY2014 Total	\$ -	\$ 552,953

Tables 7-17 Notes:

Credits exclude administrative fees.

Credits based upon projects submitted through December 31, 2011

*Credits up through December 31, 2011 are actual amounts disbursed by the Company. Credits starting in January 2012 are projections based on projects approved as of December 31, 2011. Projections exclude potential participants or projects not yet enrolled in the program and assume the current collection rate of 3.70%.

**Credits are repeated due to change in fiscal to calendar year accounting

***Ten (10) completed and approved projects are anticipated to have credits remaining as of March 31, 2014, when Schedule 193 is currently scheduled to expire.