



**Self-Direction Credit
Program Administrator**

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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 2010

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 reports for program year 2010 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 2010.

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, 2010 through December 31, 2010 a total of thirty-four (34) projects were approved by the Self-Direction Administrator. Although Schedule No. 192 does not require pre-qualification, eighteen (18) standard projects applied for pre-qualification prior to commencing construction activities. Twenty-three (23) projects were qualified as completed projects. Of the 23 projects that received approval 14 received pre-approval in 2010 or program years previous. 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 2010

Year	Number of Projects		Self-direction Credits Approved	Savings	
	Pre-Qualified	Completed		Annual Energy (MWh)	Ave. Monthly Peak (MW)
2010	18	23	\$2,831,684	17,100	0.68

Tables 7-17 below provides 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 2010. 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 2010 are provided in Table 2 below.

Table 2- Credits Utilized by Type 2010

Year	Standard Project Credits	Transition Credits	Opt-Out Credits
2010	\$2,526,837	\$0	\$0

Program Summary

Program to date¹, the Self-Direction Administrator has approved five (5) transition projects² and one-hundred twenty three (123) standard projects. The total amount of Self-Direction credits authorized by this writing from 2004 through 2010 was \$16,442,060 to achieve 74,521 MWh of annual energy savings and an average monthly peak demand savings of 7.34 MW.

The following tables summarize the results for the 2010 calendar year and program-to-date:

- Table 3 summarizes the project savings, credits, and costs for all projects approved from 2004 through 2010.
- Table 4 summarizes the project savings, credits, and costs for the 2010 calendar year.
- Tables 5 & 6 provide cost effectiveness results (and inputs) for the 2010 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 2011 through 2014 based on projects pre-approved and approved December 2010.

I encourage you to contact me with any questions at 888.682.1234.

Regards,

Paul D. Greenwood
Self-Direction Credit Program Administrator
Nexant, Inc.

¹ Through December 2010

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	36	1,773	10,325,218	\$ 2,434,610	\$ 1,947,688
Standard	Commercial Mechanical	4	345	2,870,944	\$ 783,601	\$ 626,881
Standard	Industrial Lighting	46	2,326	16,915,187	\$ 3,267,691	\$ 2,614,154
Standard	Industrial Mechanical	37	2,897	44,410,138	\$ 9,042,071	\$ 7,233,657
	Total	128	7,339	74,521,487	\$ 16,442,060	\$ 12,934,267

Table 4 - CY 2010 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	5	190	1,397,322	\$280,066	\$224,053	\$516,907	15
Commercial Mechanical	0	0	0	\$0	\$0		15
Industrial Lighting	10	280	2,641,235	\$621,214	\$496,971		15
Industrial Mechanical	8	210	13,061,364	\$2,638,326	\$2,110,661		15
Total	23	680	17,099,921	\$3,539,606	\$2,831,685	\$516,907	

³ Through December 31, 2010

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.

⁵ Costs include the 2007 & 2008 Self Direction program years review done by Cadmus Group.

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 - CY2010 Self-Direction Program Cost-Effectiveness - IRP Decrement

All Measures				AC: 2010 IRP 65% LF Decrement	
	Levelized \$/kWh	Costs	Benefits	Difference	Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0222	\$3,596,364	\$12,988,549	\$9,392,185	3.612
Total Resource Cost Test (TRC) No Adder	0.0222	\$3,596,364	\$11,807,772	\$8,211,408	3.283
Utility Cost Test (UCT)	0.0207	\$3,348,592	\$11,807,772	\$8,459,180	3.526
Utah Rate Impact Test (URIM)		\$10,598,002	\$11,807,772	\$1,209,770	1.114
Participant Cost Test (PCT)		\$247,772	\$8,597,853	\$8,350,081	34.701
Lifecycle Revenue Impacts (\$/kWh)				(\$0.0000031272)	
Discounted Payback (Years)				0.32	

Table 6 – CY 2010 Cost Effectiveness Inputs

Parameter	Value
Discount Rate for TRC test	7.4%
Discount Rate for UTC, RIM, PART tests	7.4%
Line Loss - Commercial	9.38%
Line Loss - Industrial	5.73%
Energy Rate (\$/kWh) - Commercial	\$0.0709
Energy Rate (\$/kWh) - Industrial	\$0.0475
Net-to-gross ratio	87%

Tables 7 - 14. Self-Direction Program Credits 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,
Forecast**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-11	\$ -	\$ 152,344
February-11	\$ -	\$ 131,919
March-11	\$ -	\$ 124,438
April-11	\$ -	\$ 121,376
May-11	\$ -	\$ 110,001
June-11	\$ -	\$ 76,817
July-11	\$ -	\$ 122,363
August-11	\$ -	\$ 107,499
September-11	\$ -	\$ 92,806
October-11	\$ -	\$ 72,324
November-11	\$ -	\$ 65,564
December-11	\$ -	\$ 54,891
CY2011 Total	\$ -	\$ 1,232,342

**Table 15 Program Year 2012,
Forecast**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-12	\$ -	\$ 48,896
February-12	\$ -	\$ 37,281
March-12	\$ -	\$ 30,198
April-12	\$ -	\$ 27,297
May-12	\$ -	\$ 27,297
June-12	\$ -	\$ 27,297
July-12	\$ -	\$ 24,607
August-12	\$ -	\$ 24,607
September-12	\$ -	\$ 22,971
October-12	\$ -	\$ 18,675
November-12	\$ -	\$ 18,675
December-12	\$ -	\$ 18,675
CY2012 Total	\$ -	\$ 326,476

**Table 16 Program Year 2013,
Forecast**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-13	\$ -	\$ 18,675
February-13	\$ -	\$ 18,675
March-13	\$ -	\$ 18,675
April-13	\$ -	\$ 18,675
May-13	\$ -	\$ 18,675
June-13	\$ -	\$ 18,675
July-13	\$ -	\$ 18,675
August-13	\$ -	\$ 14,747
September-13	\$ -	\$ 14,747
October-13	\$ -	\$ 14,747
November-13	\$ -	\$ 14,747
December-13	\$ -	\$ 14,747
CY2013 Total	\$ -	\$ 204,456

**Table 17 Program Year 2014,
Forecast**

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-14	\$ -	\$ 14,747
February-14	\$ -	\$ 14,747
March-14	\$ -	\$ 14,747
April-14***	\$ -	\$ 12,386
May-14***	\$ -	\$ 12,386
June-14***	\$ -	\$ 12,386
July-14***	\$ -	\$ 12,386
August-14***	\$ -	\$ 12,386
September-14***	\$ -	\$ 12,386
October-14***	\$ -	\$ 12,386
November-14***	\$ -	\$ 12,386
December-14***	\$ -	\$ 12,386
CY2014 Total	\$ -	\$ 155,713

Table s 7-17 Notes:

Credits exclude administrative fees.

Credits based upon projects submitted through December 31, 2010

*Credits up through December 31, 2010 are actual amounts disbursed by the Company. Credits starting in January 2011 are projections based on projects approved or pre-qualified as of December 31, 2010. 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

***Four (4) projects are anticipated to have credits remaining as of March 31, 2014, when the program is scheduled to expire.