



**Self-Direction Credit  
Program Administrator**

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Public Service Commission of Utah  
Heber M. Wells Building, 4<sup>th</sup> 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 2007 - 2009

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 years 2007, 2008 and 2009, 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 2007, 2008 and 2009.

**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.

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

- Transition Projects. 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 and did not receive incentives from any other Rocky Mountain Power DSM program. Approved Transition projects were eligible to receive Self-Direction credits for up to four (4) years following the September 23, 2003 effective date of Schedule 192 in the amount of fifty-six percent (56%) of eligible expenses. Transition projects are also referred to as "56%

credit” projects. To the extent that Rocky Mountain Power provided engineering services for a Transition project after August 1, 2001, the Customer had the option to repay Rocky Mountain Power reasonable costs associated with the energy engineering services. The amount of Self-Direction Credits for Transition projects was capped at \$400,000 in any given year. No additional transition projects are eligible for submission to the program.

- **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. The amount of Self-Direction Credits for standard projects is capped at \$1,500,000 in any given year.
- **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. The amount of Self-Direction Credits for opt-out projects is capped at \$100,000 in any given year.<sup>1</sup>

### **Transition Projects**

Five transition projects were approved by the Self-Direction Administrator in 2004 for a total Self-Direction Credit amount of \$511,889. As of the writing of this report, all five projects have received all of their eligible credits. No additional transition projects are eligible for participation through the program and as a result future reports will not address transition credits.

### **Standard Projects**

For the period January 1, 2007 through December 31, 2009 a total of sixty-two (62) projects were approved by the Self-Direction Administrator. Although Schedule No. 192 does not require pre-qualification, 44 standard projects applied for pre-qualification prior to commencing construction activities. Eighteen (18) projects were qualified as completed projects. 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 by Year**

Year	Number of Projects		Self-direction Credits Approved <sup>2</sup>	Savings	
	Pre-Qualified	Completed		Annual Energy (MWh)	Ave. Monthly Peak (MW)
2007	26	31	\$2,923,974	15,924	1.97
2008	8	18	\$1,350,739	6,647 <sup>3</sup>	0.90

<sup>1</sup> In Docket No. 10-035-T03, annual caps for transition, standard and opt-out projects were eliminated and one annual cap for all projects types was implemented. The new annual cap is set at \$5.0 million.

<sup>2</sup> Approved credits represent total credits granted to approved projects during the calendar year, not those utilized as an offset to customer DSM surcharge billing during the calendar year.

<sup>3</sup> Savings reported by the Company for this year are 23,480 kWh larger, which is the result of a reporting discrepancy for project No. 70099. This discrepancy was corrected in 2009.

2009	10	13	\$1,664,498	8,862 <sup>4</sup>	1.03
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Table 14 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 have been submitted to the program during 2007 – 2009. This is the same as in prior years.

### **Credits Utilized and Credit Caps**

When the Self Direction Credit program was first implemented, initial customer participation figures were estimated and annual caps on the credits were set in order to address potential DSM funding impacts caused by the disbursement of self direction credits. The annual credit caps were established to ensure that larger than anticipated program participation would not create large DSM Surcharge revenue shortfalls, which would have limited the funding available for the other DSM programs. As participation and completed project count has increased, annual credit disbursement has also increased. In response, the individual credit caps were eliminated and replaced with a \$5.0 million annual aggregate cap in Docket No. 10-035-T03. Information on credits utilized by type during calendar years 2007, 2008 and 2009 are provided in Table 2 below.

**Table 2- Credits Utilized by Type by Year**

Year	Standard Project Credits Utilized <sup>5</sup>	Transition Credits Utilized
2007	\$1,224,356	\$50,061
2008	\$1,757,945	\$(2,866) <sup>6</sup>
2009	\$2,271,941	0

### **Program Summary**

Program to date<sup>7</sup>, the Self-Direction Administrator has approved five (5) transition projects and one-hundred one (101) standard projects. The total amount of Self-Direction credits authorized as of the

<sup>4</sup> Savings reported by the Company for this year are 23,480 kWh less which is the result of a reporting discrepancy for project No. 70099 in 2008 which was corrected in 2009 in project no. 70116.

<sup>5</sup> As addressed in Docket No. 10-035-T03, credits utilized in 2008 and 2009 for standard projects exceeded the \$1.5 million annual cap.

<sup>6</sup> Transition Credits utilized for 2008 came to a negative \$2,866 resulting from true-ups to correctly allocate credits to standard projects that were originally applied as transition credits and from transition project true-ups based on customer bills and available credits.

writing of this report was \$10,140,872 to achieve 57,590 MWh of annual energy savings and an average monthly peak demand savings of 6.68 MW.

The following tables summarize the results for the 2007, 2008 and 2009 calendar years and the program-to -date:

- Table 3 summarizes the project savings, credits, and costs for all projects approved to-date.
- Tables 4 - 6 summarize the project savings, credits, and costs for the 2007, 2008 and 2009 calendar years.
- Tables 7 - 13 provide cost effectiveness results (and inputs) for the 2007, 2008 and 2009 program years using the IRP decrement price curves.
- Table 14 provides information on credits utilized per month since program inception and a forecast of credits for 2010 through 2014 based upon projects approved or submitted to date.

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

Regards,

Bryan J. Haney  
Self-Direction Credit Program Administrator  
Nexant, Inc.

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<sup>7</sup> Through April 2010

**Table 3. Program-to-date Self-Direction Program Savings and Credits<sup>8</sup>.  
(inclusive of projects approved for Self Direction Credits only)**

<b>Project Type</b>	<b>Measure Type</b>	<b># of Projects</b>	<b>Average Demand Savings (kW/mo)</b>	<b>Energy Savings (kWh/yr)</b>	<b>Eligible Expenses</b>	<b>Total Credit Amount</b>
Transition	All	5	-	-	\$914,087	\$511,889
Standard	Commercial Lighting	31	1,583	8,927,896	\$2,154,544	\$1,723,635
Standard	Commercial Mechanical	4	345	2,870,944	\$783,601	\$626,881
Standard	Industrial Lighting	37	2,060	14,441,893	\$2,694,339	\$2,155,471
Standard	Industrial Mechanical	29	2,687	31,348,774	\$6,403,775	\$5,122,996
	<b>Total</b>	<b>106</b>	<b>6,675</b>	<b>57,589,507</b>	<b>\$12,950,346</b>	<b>\$10,140,872</b>

**Table 4 - CY 2007 Self-Direction Program Savings, Credits, and Costs**

<b>Measure Type</b>	<b># of Projects</b>	<b>Average Demand Savings (kW/mo)</b>	<b>Energy Savings (kWh/yr)</b>	<b>Eligible Expenses</b>	<b>Total Credit Amount</b>	<b>Administrative Costs</b>	<b>Measure Life Estimate</b>
Commercial Lighting	12	718	4,007,696	\$928,263	\$742,610	\$168,824	11
Commercial Mechanical	1	177	900,977	\$289,479	\$231,583		10
Industrial Lighting	10	428	3,309,168	\$626,830	\$501,464		16
Industrial Mechanical	8	645	7,706,102	\$1,810,397	\$1,448,317		10
<b>Total</b>	<b>31</b>	<b>1,968</b>	<b>15,923,943</b>	<b>\$3,654,969</b>	<b>\$2,923,974</b>		

<sup>8</sup> Through April 2010

**Table 5. CY2008 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	Measure Life Estimate
Commercial Lighting	10	559	3,680,554	\$857,215	\$685,772	\$209,124	11
Commercial Mechanical	0	0	0	0	0		10
Industrial Lighting	4	151	834,942	\$329,334	\$263,467		16
Industrial Mechanical	4	186	2,131,851	\$501,874	\$401,500		10
<b>Total</b>	<b>18</b>	<b>896</b>	<b>6,647,347</b>	<b>\$1,688,423</b>	<b>\$1,350,739</b>		

**Table 6. CY2009 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	Measure Life Estimate <sup>9</sup>
Commercial Lighting	5	128	653,893	\$235,701	\$188,561	\$124,531	15
Commercial Mechanical	0	0	0	\$0	\$0		
Industrial Lighting	4	223	1,665,860	\$398,116	\$318,493		
Industrial Mechanical	4	676	6,541,794	\$1,446,805	\$1,157,444		
<b>Total<sup>10</sup></b>	<b>13</b>	<b>1027</b>	<b>8,861,547</b>	<b>\$2,080,622</b>	<b>\$1,664,498</b>		

**Table 7 - CY2007 Self-Direction Program Cost-Effectiveness - IRP Decrement**

All Measures	AC: 2007 IRP 65% LF Decrement				
	Levelized \$/kWh	Costs	Benefits	Difference	Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0351	\$2,727,303	\$6,570,328	\$3,843,025	2.409
Total Resource Cost Test (TRC) No Adder	0.0351	\$2,727,303	\$5,973,025	\$3,245,723	2.190
Utility Cost Test (UCT)	0.0398	\$3,092,798	\$5,973,025	\$2,880,227	1.931
Utah Rate Impact Test (URIM)		\$3,647,351	\$5,973,025	\$2,325,674	1.638
Participant Cost Test (PCT)		(\$365,496)	\$5,090,245	\$5,455,741	na
Lifecycle Revenue Impacts (\$/kWh)				(\$0.0000060117)	

<sup>9</sup> Measure Life adjusted to provide consistency with Energy FinAnswer, which is a commonly evaluated alternative for projects. This assumption represents a change from the 2008 analysis.

<sup>10</sup> Savings and eligible expenses vary from those listed in the Utah Annual DSM Report for 2009 (Appendix – Page 50) due to an adjustment reported in 2009 for a project completed in a prior year. Savings and eligible expenses reported in Table 6 include information only for projects completed in CY2009.

**Table 8 – CY 2007 Cost Effectiveness Inputs**

<b>Parameter</b>	<b>Value</b>
Discount Rate for TRC test	7.1%
Discount Rate for UTC, RIM, PART tests	7.1%
Line Loss - Commercial	8.859%
Line Loss - Industrial	6.330%
Energy Rate (\$/kWh) - Commercial	\$0.0640
Energy Rate (\$/kWh) - Industrial	\$0.0434
Net-to-gross ratio	70% <sup>11</sup>

**Table 9. CY2008 Self-Direction Program Cost Effectiveness – IRP Decrement**

<b>All Measures</b>				<b>AC: IRP 65% LF Decrement</b>	
	<b>Levelized \$/kWh</b>	<b>Costs</b>	<b>Benefits</b>	<b>Difference</b>	<b>Ratio</b>
Total Resource Cost Test (PTRC) + Conservation Adder	0.0437	\$1,391,020	\$2,833,845	\$1,442,825	2.037
Total Resource Cost Test (TRC) No Adder	0.0437	\$1,391,020	\$2,576,223	\$1,185,203	1.852
Utility Cost Test (UCT)	0.0490	\$1,559,863	\$2,576,223	\$1,016,360	1.652
Utah Rate Impact Test (URIM)		\$1,819,944	\$2,576,223	\$756,279	1.416
Participant Cost Test (PCT)		(\$168,843)	\$3,134,326	\$3,303,169	na
Lifecycle Revenue Impacts (\$/kWh)				(\$0.0000019549)	

**Table10. CY 2008 Cost Effectiveness Inputs**

<b>Parameter</b>	<b>Value</b>
Discount Rate for TRC test	7.10%
Line Loss - Commercial	9.353%
Line Loss - Industrial	6.330%
2008 Energy Rate (\$/kWh) - Commercial	\$0.0654
2008 Energy Rate (\$/kWh) - Industrial	\$0.0441
Net-to-gross ratio	70% <sup>12</sup>

<sup>11</sup> Net to gross ratio is based upon California’s Database for Energy Efficient Resources for Large Standard Performance Contract programs.

<sup>12</sup> Net to gross ratio is based upon California’s Database for Energy Efficient Resources for Large Standard Performance Contract programs.

**Table 12. CY2009 Self-Direction Program Cost Effectiveness – IRP Decrement**

All Measures				AC: 2008 IRP	
	Levelized \$/kWh	Costs	Benefits	Difference	Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0230	\$1,789,028	\$5,722,488	\$3,933,460	3.199
Total Resource Cost Test (TRC) No Adder	0.0230	\$1,789,028	\$5,202,262	\$3,413,234	2.908
Utility Cost Test (UCT)	0.0230	\$1,789,029	\$5,202,262	\$3,413,233	2.908
Utah Rate Impact Test (URIM)		\$5,154,238	\$5,202,262	\$48,024	1.009
Participant Cost Test (PCT)		(\$0)	\$4,360,595	\$4,360,595	NA
Lifecycle Revenue Impacts (\$/kWh)				(\$0.0000001241)	

**Table 13. CY 2009 Cost Effectiveness Inputs**

Parameter	Value
Discount Rate for TRC test	7.4%
Line Loss - Commercial	9.353%
Line Loss - Industrial	6.330%
2009 Energy Rate (\$/kWh) - Commercial	\$0.0689
2009 Energy Rate (\$/kWh) - Industrial	\$0.0462
Net-to-gross ratio	80% <sup>13</sup>

<sup>13</sup> Net to gross ratio and measure life adjusted to provide consistency with Energy FinAnswer, which is a commonly evaluated alternative for projects. These assumptions represent a change from the 2008 analysis.



**Table 14. Self-Direction Program Credits and Projections**

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
<b>FY 2005 Total</b>	<b>\$239,623</b>	<b>\$98,843</b>

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
<b>FY2006 Total</b>	<b>\$147,731</b>	<b>\$566,222</b>

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

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

Month	56% Self Direction Credits*	80% Self Direction Credits*
October-06	\$3,355	\$69,776
November-06	\$2,978	\$62,398
December-06	\$8,281	\$72,631
<b>CY2006 Total</b>	<b>\$57,198</b>	<b>\$920,681</b>

Month	56% Self Direction Credits*	80% Self Direction Credits*
October-07	\$4,094	\$116,608
November-07	\$10,516	\$108,338
December-07	\$9,930	\$120,156
<b>CY2007 Total</b>	<b>\$50,061</b>	<b>\$1,224,356</b>

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
<b>CY2008 Total</b>	<b>\$(2,866)</b>	<b>\$1,757,945</b>

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
<b>CY2009 Total</b>	<b>\$-</b>	<b>\$2,271,941</b>

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

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-11	\$-	\$92,742
February-11	\$-	\$92,742
March-11	\$-	\$51,087
April-11	\$-	\$51,087

Month	56% Self Direction Credits*	80% Self Direction Credits*
May-10	\$-	\$219,743
June-10	\$-	\$227,529
July-10	\$-	\$255,804
August-10	\$-	\$210,347
September-10	\$-	\$203,861
October-10	\$-	\$198,806
November-10	\$-	\$117,177
December-10	\$-	\$114,140
<b>CY2010 Total</b>	<b>\$-</b>	<b>\$2,199,312</b>

Month	56% Self Direction Credits*	80% Self Direction Credits*
May-11	\$-	\$47,724
June-11	\$-	\$45,011
July-11	\$-	\$30,474
August-11	\$-	\$30,474
September-11	\$-	\$30,474
October-11	\$-	\$30,474
November-11	\$-	\$28,846
December-11	\$-	\$27,146
<b>CY2011 Total</b>	<b>\$-</b>	<b>\$558,280</b>

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-12	\$-	\$23,024
February-12	\$-	\$23,024
March-12	\$-	\$23,024
April-12	\$-	\$23,024
May-12	\$-	\$23,024
June-12	\$-	\$23,024
July-12	\$-	\$23,024
August-12	\$-	\$23,024
September-12	\$-	\$16,733
October-12	\$-	\$16,733
November-12	\$-	\$16,733
December-12	\$-	\$16,733
<b>CY2012 Total</b>	<b>\$-</b>	<b>\$251,121</b>

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-13	\$-	\$16,733
February-13	\$-	\$11,959
March-13	\$-	\$8,259
April-13	\$-	\$8,259
May-13	\$-	\$8,259
June-13	\$-	\$8,259
July-13	\$-	\$4,462
August-13	\$-	\$4,462
September-13	\$-	\$4,462
October-13	\$-	\$4,462
November-13	\$-	\$4,462
December-13	\$-	\$4,462
<b>CY2013 Total</b>	<b>\$-</b>	<b>\$88,504</b>

Month	56% Self Direction Credits*	80% Self Direction Credits*
January-14	\$-	\$4,462
February-14	\$-	\$4,462
March-14	\$-	\$4,462
April-14***	\$-	\$4,462
May-14***	\$-	\$4,462
June-14***	\$-	\$4,462
July-14***	\$-	\$4,462
August-14***	\$-	\$4,462
September-14***	\$-	\$1,750
October-14***	\$-	\$1,750
November-14***	\$-	\$1,750
December-14***	\$-	\$1,750
<b>CY2014 Total</b>	<b>\$-</b>	<b>\$42,698</b>

**Table 14 Notes:**

Credits exclude administrative fees.

Credits based upon projects submitted to date.

\*Credits up through April 2010 are actual amounts disbursed by the Company. Credits starting in May 2010 are projections based on projects approved or pre-qualified as of April 2010. Projections exclude potential participants or projects not yet enrolled in the program and assume the current collection rate of 4.60%.

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

\*\*\*Two (2) projects are anticipated to have credits remaining as of March 31, 2014, when the program is scheduled to expire.