**Summary of**

**Combined Heat & Power (CHP) Program**

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| --- | --- | --- |
| **Assumptions** | | |
| Description | Value | Source |
| Inflation Rate | 3.0% | Staff Analysis[[1]](#footnote-1) |
| Cost of Capital/ Discount Rate | 9.0% | Staff Analysis |
| Measure Life | 15 Years | TRM Order, page 14 |
| Electric Avoided Cost | See Attached | Staff Analysis (attached) |
| Natural Gas Avoided Cost | See Attached | Staff Analysis (attached)[[2]](#footnote-2) |
| Measure Cost | $200,000 | Company |
| Electricity Usage Change | -406 MWh/ -58 kW[[3]](#footnote-3) | Company |
| Natural Gas Usage Change | +1,820 Mcf[[4]](#footnote-4) | Company |
| Incentive | $100,000 | Company |
| Net-to-Gross Ratio | 1.0 | TRM Order, page 17 |
| Participation | 1[[5]](#footnote-5) | Company |
|  | | |
| **Results** | | |
| Test[[6]](#footnote-6) | Net Benefit | Benefit/Cost Ratio |
| Total Resource Cost Test | $258,843 | 1.64 |
| Participant Test | $83,667 | 1.21 |
| Rate Impact Measure Test | $380,258[[7]](#footnote-7) | 1.78 |
| Program Administrator Cost Test | $358,8437 | 2.18 |
| Total Energy Savings | 4,684,036,168 Btus[[8]](#footnote-8) | - |

1. From the staff avoided cost spreadsheet; the escalation rate assumed for natural gas distribution costs. [↑](#footnote-ref-1)
2. See my escalation in out-years to accommodate a 15-year measure life. [↑](#footnote-ref-2)
3. Based on a 65 kW unit with a net capability of 58 kW and 7,000 run hours. [↑](#footnote-ref-3)
4. Based on natural gas consumption of .81 Mcf/hour and .41 Mcf/hour heat recovery. [↑](#footnote-ref-4)
5. Evaluated 1 participant, on the assumption that we are focused on the TRC ratio and that ratio will remain unchanged whether we have 1 or 1,000,000 participants. [↑](#footnote-ref-5)
6. Test result details attached as spreadsheet “CHP Evaluation.” [↑](#footnote-ref-6)
7. Assumes that the avoided cost is equal to the retail rate. [↑](#footnote-ref-7)
8. See calculations attached in the spreadsheets “source-to-site” and “Energy Savings.” [↑](#footnote-ref-8)