**Summary of**

**Electric to Natural Gas Space Heat Conversion Program**

|  |  |  |
| --- | --- | --- |
| **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 | $8,600 | See “Equipment” tab in spreadsheet “SH Calculations” |
| Avoided Cost Alternate Fuel Eq. | $3,500 | See “Equipment” tab in spreadsheet “SH Calculations” |
| Electricity Usage Change - Erie | -10,771 kWh | See “Erie” tab in spreadsheet “SH Calculations” |
| Electricity Usage Change - Harrisburg | -8,032 kWh | See “HBG” tab in spreadsheet “SH Calculations” |
| Natural Gas Usage Change | +80/65 Mcf | Company – Erie/Harrisburg |
| Incentive | $8,600[[3]](#footnote-3) | Company |
| Net-to-Gross Ratio | 1.0 | TRM Order, page 17 |
| Participation | 1[[4]](#footnote-4) | Company |

**Summary of**

**Electric to Natural Gas Space Heat Conversion Program (cont.)**

|  |  |  |
| --- | --- | --- |
| **Results** | | |
| Test[[5]](#footnote-5) | Net Benefit | Benefit/Cost Ratio |
| Total Resource Cost Test – Erie/ Harrisburg | $8,948/$4,763 | 1.50/1.30 |
| Participant Test – Erie/Harrisburg | $14,048/$9,863 | 1.79/1.61 |
| Rate Impact Measure Test – Erie/ Harrisburg | $4,080/$2,359[[6]](#footnote-6) | 1.14/1.11 |
| Program Administrator Cost Test – Erie/ Harrisburg | $8,948/$4,7636 | 1.63/1.38 |
| Total Energy Savings – Erie/Harrisburg | 45,383,015/28,319,622 Btus[[7]](#footnote-7) | - |

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. Assumed to be equal to the measure cost. Additional (electric and natural gas) incentives could be anticipated for higher efficiency equipment, although these incentives do not affect the current calculations. [↑](#footnote-ref-3)
4. 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-4)
5. Test result details attached as spreadsheets “SH Conversion Evaluation” for Erie and Harrisburg. [↑](#footnote-ref-5)
6. Assumes that the avoided cost is equal to the retail rate. [↑](#footnote-ref-6)
7. See calculations attached in the spreadsheet “SH Calculations.” [↑](#footnote-ref-7)