

Determination of Demand-Side Programs Investment Mechanism Revenue Requirement (DSIMRR)

DSIMRR = CRRR + UIRR where:

DSIMRR = DSIM annual revenue requirement approved and ordered by the commission in a general rate proceeding.

CRRR = DSIM cost recovery revenue requirement based on historical costs of approved demand-side programs and ordered by the commission in a general rate proceeding.

UIRR = DSIM utility incentive revenue requirement based on performance of approved demand-side programs and ordered by commission in a general rate proceeding.

UIRR = (DNSB x DIAL) + (ENSB x EIAL) = demand savings incentive revenue requirement (DIRR) plus energy savings incentive revenue requirement (EIRR), where:

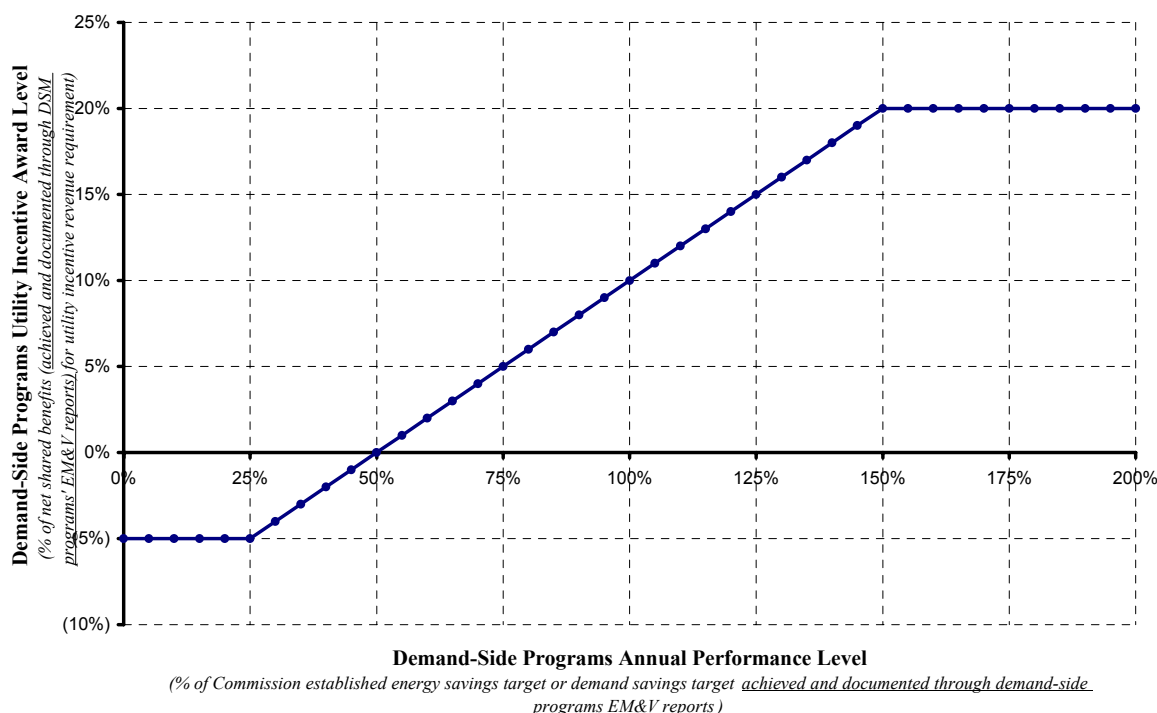
DNSB = Annual demand net shared benefits based on performance of approved demand-side programs measured through EM&V

DIAL = Annual demand savings utility incentive award level from following chart

ENSB = Annual energy net shared benefits based on performance of approved demand-side programs measured through EM&V

EIAL = Annual energy savings utility incentive award level from following chart

Utility Incentive Award Levels



EST = Energy savings target is for approved demand-side programs and is ordered by the commission in the utility's previous general rate proceeding.

ESM = Energy savings which are achieved and measured through EM&V reports for approved demand-side programs.

DST = Demand savings target is for approved demand-side programs and is ordered by the commission in the utility's previous general rate proceeding.

DSM = Demand savings which are achieved and measured through EM&V reports for approved demand-side programs.

EPL = Energy savings annual performance level = ESM/EST

DPL = Demand savings annual performance level = DSM/DST

Examples of DSIM Revenue Requirement Calculation

	Example 1		Example 2		Example 3		Example 4	
CRRR	\$	10,000,000	\$	10,000,000	\$	10,000,000	\$	10,000,000
EST (MWh)		70,000		70,000		70,000		70,000
ESM (MWh)		56,000		23,000		120,000		10,000
EPL		80.00%		32.86%		171.43%		14.29%
EIAL		6.00%		-3.43%		20.00%		-5.00%
ENSB (1)	\$	8,400,000	\$	3,450,000	\$	18,000,000	\$	1,500,000
EIRR	\$	504,000	\$	(118,286)	\$	3,600,000	\$	(75,000)
DST (MW)		50		50		50		50
DSM (MW)		65		25		90		5
DPL		130.00%		50.00%		180.00%		10.00%
DIAL		16.00%		0.00%		20.00%		-5.00%
DNSB (2)	\$	292,500	\$	112,500	\$	405,000	\$	22,500
DIRR	\$	46,800	\$	-	\$	81,000	\$	(1,125)
UIRR	\$	550,800	\$	(118,286)	\$	3,681,000	\$	(76,125)
DSIMRR	\$	10,550,800	\$	9,881,714	\$	13,681,000	\$	9,923,875
(1) \$/MWh		150		150		150		150
(2) \$/MW		4,500		4,500		4,500		4,500