

Cost-Effectiveness Test Formulas

Total Resource Cost Test

The TRC test is calculated using the following formulas:

- $\text{TRC Test Net Benefits} = \text{Gen}_{\text{LAC}} + \text{T\&D}_{\text{LAC}} + \text{ME}_{\text{LAC}} + \text{PART}_{\text{LB}} - \text{PAdmin} - \text{PART}_{\text{LC}}$,
- $\text{TRC Test Ratio} = (\text{Gen}_{\text{LAC}} + \text{T\&D}_{\text{LAC}} + \text{ME}_{\text{LAC}} + \text{PART}_{\text{LB}}) / (\text{PAdmin} + \text{PART}_{\text{LC}})$,

where

- Gen_{LAC} = present value of future generation avoided costs over the lifetime of the equipment,
- T\&D_{LAC} = present value of future transmission and distribution avoided costs over the lifetime of the equipment,
- ME_{LAC} = present value of future marginal energy avoided costs over the lifetime of the equipment
- PART_{LB} = present value of participant O&M savings over the lifetime of the equipment, incremental capital savings and rebates from utility
- PAdmin = program administration costs (including rebate).
- PART_{LC} = present value of participant O&M costs over the lifetime of the equipment plus incremental capital cost of equipment