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MEMO

WX-2024-6

TO: Agency Directors, Weatherization Coordinators, and Auditors/Inspectors.
FROM: Michael Figueredo, Weatherization T&TA Coordinator
RE: REM Discount Rate Correction Tool
DATE: 10/24/2024

Greetings,

Earlier this Program Year, the US Department of Energy just released WAP Memo 123 stating that we must update the Discount rate within our REM Economic factors to 2% for all WAP funded projects. As part of that process, we became aware that REM was not properly calculating the discount rate that allowed us to benefit from better SIRs due to the lower discount rate. After working with NORESKO, they have developed a [tool](#) that allows us to override the internal calculation for the discount rate and save a version of the REM with the improved Discount Rate.

See attached guidance document for directions for use of the Discount Rate Correction Tool.

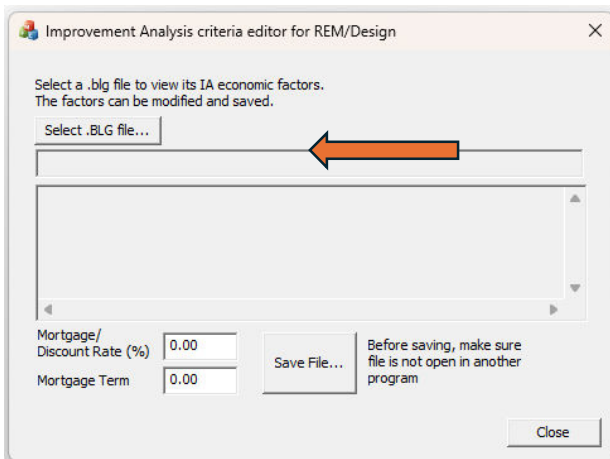
If you have any questions, please contact me at (503) 930-4300.

Best Regards,

Michael Figueredo
Weatherization T&TA Coordinator

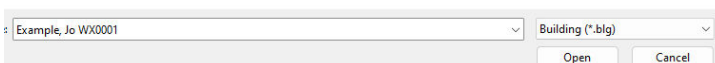
Guide to the Discount Rate Correction (DRC) Tool

1. Enter information into your Base REM model just as you normally would. Confirm all information is correct. Save your model as you normally do. Some agencies use a WX number, others use the name of the Client. In this case, I will use both. Feel free to follow your agency’s standard naming style. My client’s name is “Jo Example.” The base REM is named “Example, Jo WX0001.”
2. Save the file and **CLOSE** it.
3. Open the Discount Rate Correction tool. It is named “ia-criteria-fix” and you will see the following window:

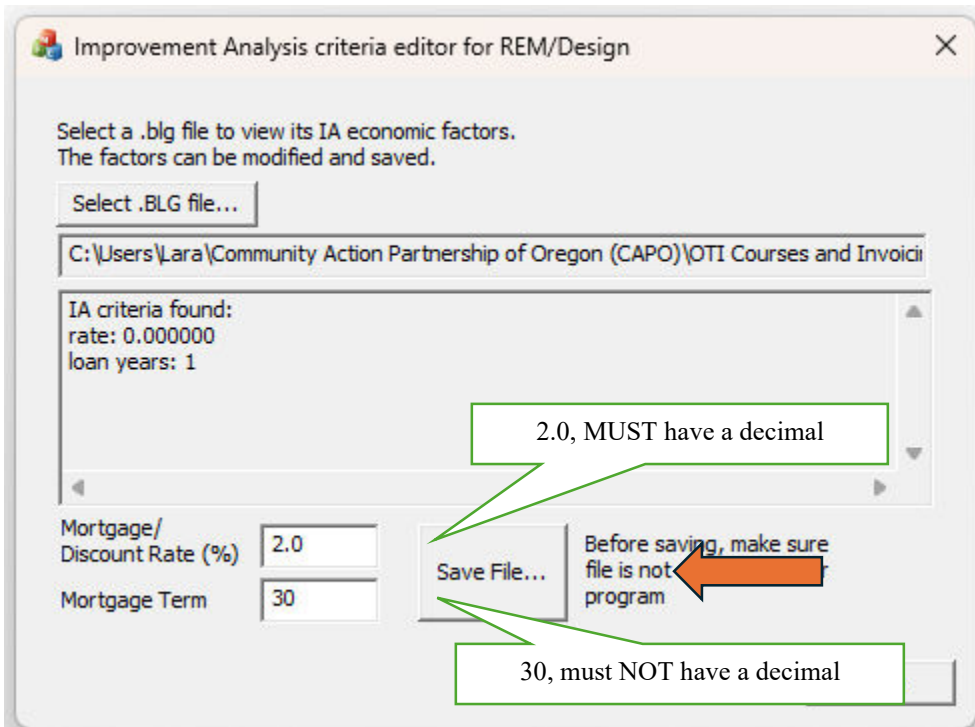


4. Select your file, in this case, “Example, Jo WX0001” by clicking the [Select .BLG file...] and click [Open].

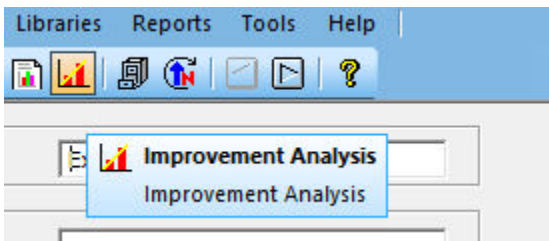
Name	Status	Date modified	Type	Size
archive	🔵	Wed 8/23/2023 4:51 PM	File folder	
Student Files	🔵	Thu 8/29/2024 2:18 PM	File folder	
Student Modeling Files	🟢	Thu 8/29/2024 2:30 PM	File folder	
temp	🔵	Wed 8/23/2023 4:51 PM	File folder	
Example, Jo WX0001	🟢	Thu 8/29/2024 2:18 PM	Performance Mon...	12 KB



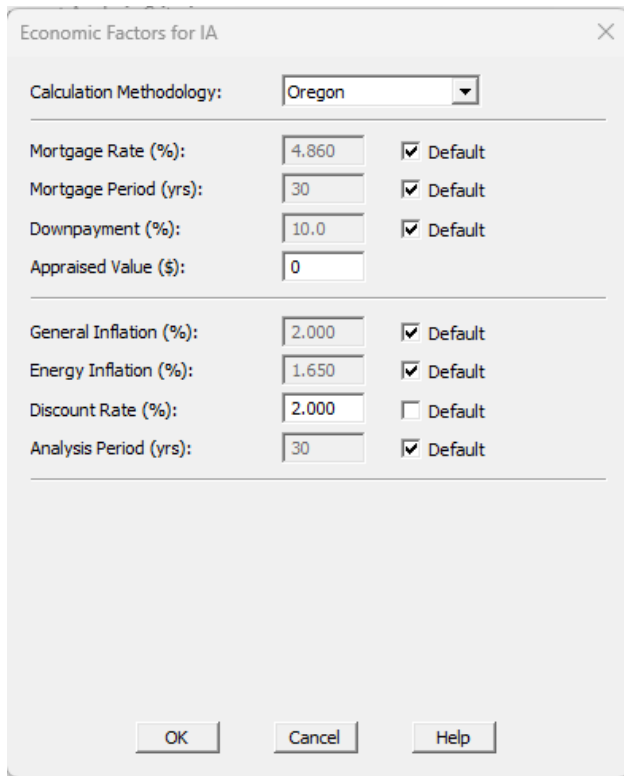
5. Enter the Mortgage/Discount Rate (%) at 2.0 and the Mortgage Term at 30.



6. Then click [Save File]. You will be prompted to save in the same location. Save the file adding “_DRC” to the end. It should look something like this:
Example, Jo WX0001_DRC
7. Open the NEW file with Discount Rate Corrected File. It will have _DRC in the name.
8. Now run your Improvement Analysis just as you have always done.



9. The DRC tool WILL NOT change information in the Economic Factors. However, for consistency, it should look like this:



Economic Factors for IA

Calculation Methodology: Oregon

Mortgage Rate (%): 4.860 Default

Mortgage Period (yrs): 30 Default

Downpayment (%): 10.0 Default

Appraised Value (\$): 0

General Inflation (%): 2.000 Default




Energy Inflation (%): 1.650 Default

Discount Rate (%): 2.000 Default

Analysis Period (yrs): 30 Default

OK Cancel Help

10. When you are done, save the improved file with `_IMP` at the end. You will have three files in your folder.

-  Example. Jo WX0001
-  Example. Jo WX0001_DRC
-  Example. Jo WX0001_DRC_IMP