

725 SUMMER STREET NE, SUITE B | SALEM, OR 97301 503-986-2000 | www.oregon.gov/OHCS

E-mail MEMO: Please Copy and Distribute



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 NORESCO, they have developed a <u>tool</u> 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

- 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 <u>CLOSE</u> it.
- 3. Open the Discount Rate Correction tool. It is named "ia-criteria-fix" and you will see the following window:

The factors can be r	and thed and call	The second s			
	ilouineu anu sav	ved.			
Select .BLG file					
					v
4				Þ	v
Mortgage/	0.00		Before saving, make sure	Þ	v
Mortgage/ Discount Rate (%)	0.00	Save File	Before saving, make sure file is not open in another	Þ	v

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

Name	Status	Date modified	Туре	Size
archive	0	Wed 8/23/2023 4:51 PM	File folder	
Student Files	٥	Thu 8/29/2024 2:18 PM	File folder	
늘 Student Modeling Files	Ø	Thu 8/29/2024 2:30 PM	File folder	
temp	0	Wed 8/23/2023 4:51 PM	File folder	
Example Io WX0001	Ø	Thu 8/29/2024 2:18 PM	Performance Mon	12 KE

Open Ca	Cancel

Oregon Housing and Community Services Housing Stabilization Division / Energy Services 725 Summer Street NE, Suite B – Salem, OR 97301-1266



725 SUMMER STREET NE, SUITE B | SALEM, OR 97301

503-986-2000 | www.oregon.gov/OHCS

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

The factors can be r	new its IA econo modified and say	omic factors. ved.		
Select .BLG file	1			
C:\Users\Lara\Com	munity Action P	artnership of Ore	egon (CAPO)\OTI Cour	ses and Invoici
IA criteria found: rate: 0.000000 loan years: 1		2.0	0, MUST have a dec	imal
4		7		
and the second			Before saving, make	e sure

- 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.

Libraries	Reports	Tools	Help	
🗟 🚺	1 🗊 🚺 🛛	2 D	8	
a	Improve	ment Ar ment An	n alysis alysis	

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



725 SUMMER STREET NE, SUITE B | SALEM, OR 97301 503-986-2000 | www.oregon.gov/OHCS Energy Services Section Housing Stabilization Division Michael Figueredo, Weatherization T&TA Coordinator <u>michael.figueredo@hcs.oregon.gov</u> (503) 986-0972

Calculation Methodology:	Oregon	•	
	loregon		
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	

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_IMP