

NW Natural Energy Efficiency Q2 - 2019 Washington Report

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2019 - YTD Expenditures			
NW Natural	Market Rate Incentive Program – Energy Trust	\$	873,945.00
	Market Transformation – NEEA	\$	92,050.50
	Low Income – WA-LIEE	\$	111,212.34
	Total Expenditures	\$	1,077,207.84

SECTION I

Q2 2019 REPORT ON ENERGY TRUST OF OREGON'S ACTIVITIES FOR NW NATURAL IN WASHINGTON

April 1, 2019, through June 30, 2019

This quarterly report covers the period April 1 through June 30, 2019, and addresses progress toward 2019 goals for the NW Natural energy-efficiency program in Washington. It includes information on expenditures, gas savings, projects completed and incentives paid during the quarter and year-to-date.

I. PROGRAM SUMMARY

A. General

- **Energy Trust achieved 26% of its 2019 annual savings goal through Q2**, exceeding the 20% of annual goal expected through Q2.
- **Savings are typically lower in the first half of the year** as more studies and assessments are completed compared to the second half of the year when more projects close. This report, in part, focuses on the development of those potential projects expected to save energy by year-end.

B. Commercial sector highlights

- **The commercial sector recognized nearly 14% of its annual savings goal in Q2**, which is on track with historical program savings trends.
- **Commercial savings in Q2 were primarily from energy-efficient foodservice equipment, custom building controls, condensing tank water heaters and boilers.**
- **The program continues to work with different school districts** including Vancouver, Camas, La Center and Evergreen to identify efficiency opportunities in new schools and renovation projects. There are currently eight projects in the pipeline (three new schools and five retrofit projects) with the potential for 14 more (two new schools and twelve retrofit projects).
- **The program developed two new offerings for introduction to the market later this year**, including a foodservice incentive for conveyor broilers and an incentive for domestic hot water recirculation controls.
- **The program presented at the Clark County Green Business workshop**, focusing on foodservice processes in breweries and energy efficiency opportunities. Ten Washington breweries were represented at the workshop, resulting in two upcoming energy efficiency projects at breweries.
- **A trade ally event in Southwest Washington was held in June for commercial and residential trade allies.** The president of the Clark Regional Economic Council provided an update on the economic outlook for the region. Program representatives provided details about midyear measure releases and program updates.

C. Residential sector highlights

- **The residential sector recognized 20% of its annual savings goal in Q2**, which is slightly higher than historical program savings trends.
- **The primary driver of Q2 savings is a stronger quarter for savings in EPS™ new home construction**, resulting in a 22% increase in savings from Q2 2018.

- **Smart thermostat savings were down in Q2 when compared to 2018.** This is attributed to a slight reduction of manufacturer advertising campaigns and promotions for smart thermostats. Smart thermostat savings are anticipated to increase in the latter half of the year as marketing efforts and manufacturer promotions ramp up in conjunction with holidays.
- **Year-to-date savings from showerheads declined more than 75% when compared to 2018.** While the number of showerheads installed remains similar to 2018, the amount of energy savings Energy Trust can claim per showerhead declined due to updated impact evaluations.
- **Energy Trust implemented a \$100 gas furnace bonus** available through 2019. In combination with the standard \$200 market rate incentive or \$550 incentive for rental properties, trade allies can now offer a total of \$300 to \$650 for eligible furnace upgrades through the end of the year.
- **In Q2, customers purchased energy-efficient products** including 198 showerheads, 392 gas fireplaces and five gas tank water heaters. These midstream offers were provided to distributors and retailers, passing the benefits on to both consumers and contractors as instant discounts, reducing barriers to participation and lowering costs of delivery.
- **Outreach to multifamily customers** focused on establishing relationships with multiple rental property management companies and promoting the rental furnace incentive launched in Q1 2019.

D. Program evaluations

- In Q2, Energy Trust finalized the 2018 Existing Buildings process evaluation. This report can be found online at <https://www.energytrust.org/about/reports>.
- In 2019, Energy Trust anticipates completing a Residential program process evaluation which will include Washington. A link to the evaluation report will be provided when available.

E. Washington Utilities and Transportation Commission performance metrics

The table below compares quarterly results to 2019 goals, as established in NW Natural's Energy Efficiency Plan for Washington (filed December 2018).

2019 results compared to goals

Metrics	Goal	2019 YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms Saved	369,196	94,562	29,106	65,456		
Total Program Costs	\$2,432,821	\$873,945	\$409,701	\$464,244		
Average Levelized Cost Per Measure	Less than \$0.65	\$0.68	\$1.06	\$0.51		
Utility Cost at Portfolio Level	Greater than 1.0	Reported annually	Reported annually	Reported annually	Reported annually	Reported annually

- This table does not include savings goal or budget associated with NW Natural's Washington Low-Income Energy Efficiency program delivery, those can be found in Section III.
- Northwest Energy Efficiency Alliance gas market transformation activities are included in Section II.

II. QUARTERLY RESULTS^{1,2}

A. Expenditures

		Actual	Budgeted	Variance
		expenditures Q2	expenditures Q2	
Commercial program	Commercial	\$ 128,772	\$ 170,017	\$ 41,246
	Commercial administration	\$ 6,382	\$ 11,843	\$ 5,461
Commercial total		\$ 135,153	\$ 181,860	\$ 46,707
Residential program	Residential	\$ 312,756	\$ 302,924	\$ (9,832)
	Residential administration	\$ 16,335	\$ 17,281	\$ 946
Residential total		\$ 329,091	\$ 320,205	\$ (8,886)
Total expenditures		\$ 464,244	\$ 502,066	\$ 37,821

B. Incentives paid

	Actual incentives Q2	Actual expenditures Q2	Percent incentives/ expenditures
Commercial program	\$ 42,180	\$ 135,153	31%
Residential program	\$ 212,631	\$ 329,091	65%
Total incentives	\$ 254,810	\$ 464,244	55%

C. Savings

		Therms	Annual	Percent	Levelized
		saved Q2	goal	achieved Q2	cost/therm
Commercial program	Existing Buildings - custom	4,654	44,100	11%	
	Existing Buildings - standard	7,335	32,765	22%	
	New Buildings - standard	8,187	70,616	12%	
Commercial total		20,176	147,481	14%	\$ 0.63
Residential program	Home retrofit	13,832	135,425	10%	
	Midstream and retail	2,677	9,897	27%	
	Small multifamily	141	7,279	2%	
	EPS new construction	28,630	69,114	41%	
Residential total		45,280	221,714	20%	\$ 0.49
Total savings		65,456	369,196	18%	\$ 0.51

- Quarterly savings are anticipated as follows: 10% of annual savings in Q1, 10% of annual savings in Q2, 25% of annual savings in Q3 and 55% of annual savings in Q4.
- Savings realization adjustment factors have not been applied to commercial sector savings due to technical constraints. Energy Trust will adjust savings in Q3 to reflect adjustment factors in Existing Buildings (0.81) and New Buildings (0.94) programs.

¹ NEEA expenditures, incentives and savings excluded per NW Natural Washington's Energy Efficiency Plan.

² Columns may not total due to rounding.

III YEAR-TO-DATE RESULTS^{3,4}

A. Activity highlights—sites served

	Q1	Q2	Q3	Q4	Total
Commercial					
Boiler	-	1			1
Building operator certification incentive	-	2			2
Commercial laundry washer	-	-			-
Commercial tankless water heater	3				3
Condensing tank water heater	-	2			2
Custom building controls	1	1			2
Custom water heater	-	1			1
Dishwasher	-	1			1
Gas convection oven	1	2			3
Gas combination oven	-	-			-
Gas fryer	4	11			15
Gas griddle	-	-			-
Infrared radiant heater	-	-			-
Pipe insulation	-	-			-
Roof insulation	-	-			-
Studies	2	4			6
Wall insulation	-	-			-

	Q1	Q2	Q3	Q4	Total
Residential					
Energy Saver Kits	-	40			40
Gas furnaces	78	80			158
Gas hearths	22	19			41
Insulation	1	2			3
Online Home Energy Reviews	12	21			33
Smart thermostats	57	56			113
Tankless water heaters	3	8			11
Windows	37	47			84
EPS new construction	130	284			414

- This table of sites served excludes offerings purchased from distributors and retailers (gas fireplaces, showerheads and gas tank water heaters) because Energy Trust does not receive site data for those purchases.

³ NEEA expenditures, incentives and savings excluded per NW Natural Washington's Energy Efficiency Plan.

⁴ Columns may not total due to rounding.

B. Revenue

Source	Actual revenue YTD	Budgeted revenue YTD
NW Natural \$	800,000 \$	800,000

C. Expenditures

		Actual expenditures YTD	Budgeted expenditures YTD	Variance
Commercial program	Commercial	\$ 271,937	\$ 353,874	\$ 81,937
	Commercial administration	\$ 15,799	\$ 23,359	\$ 7,560
	Commercial total	\$ 287,736	\$ 377,233	\$ 89,497
Residential program	Residential	\$ 554,023	\$ 533,117	\$ (20,906)
	Residential administration	\$ 32,187	\$ 34,085	\$ 1,898
	Residential total	\$ 586,210	\$ 567,203	\$ (19,007)
Total expenditures		\$ 873,945	\$ 944,436	\$ 70,490

D. Incentives paid

	Actual incentives YTD	Actual expenditures YTD	Percent incentives/expenditures
Commercial program	\$ 74,501	\$ 287,736	26%
Residential program	\$ 297,047	\$ 586,210	51%
Total incentives	\$ 371,548	\$ 873,945	43%

E. Savings

		Therms saved YTD	Annual goal	Percent achieved YTD	Levelized cost/therm
Commercial program	Existing Buildings - custom	10,456	44,100	24%	
	Existing Buildings - standard	9,805	32,765	30%	
	New Buildings - standard	8,187	70,616	12%	
	Commercial total	28,448	147,481	19%	\$ 0.98
Residential program	Home retrofit	25,798	135,425	19%	
	Midstream and retail	3,686	9,897	37%	
	Small multifamily	297	7,279	4%	
	EPS new construction	36,332	69,114	53%	
Residential total		66,114	221,714	30%	\$ 0.61
Total savings		94,562	369,196	26%	\$ 0.68

- Savings realization adjustment factors have not been applied to commercial sector savings due to technical constraints. Energy Trust will adjust savings in Q3 to reflect adjustment factors in Existing Buildings (0.81) and New Buildings (0.94) programs.

SECTION II - NEEA
Q2 2019 REPORT ON ACTIVITIES FOR NW NATURAL IN WASHINGTON
 April 1, 2019, through June 30, 2019

I. PROGRAM SUMMARY

A General

NEEA is a non-profit organization working to maximize energy efficiency to meet the future energy needs of the Northwest.

Improving energy efficiency for Northwest energy consumers served by natural gas will result in significant benefits to the Northwest’s economy and energy availability. Regional natural gas funders including Avista, Cascade Natural Gas, Energy Trust of Oregon, NW Natural and Puget Sound Energy representing over 74 percent of the region’s residential and commercial gas customers have collaborated to develop a Business Plan for Natural Gas Energy Efficiency Market Transformation.

NEEA’s natural gas program will continue to deliver value to the region by discovering and supporting the development of efficient natural gas technologies, creating the conditions for market adoption and influencing more efficient codes and standards.

II. QUARTERLY RESULTS

A. Quarterly Expenditures

2019 - Budgeted Expenditures			
NEEA	Payment – Paid June 2019	\$	46,025.25
Total Expenditures			\$ 46,025.25

B. Quarterly Savings

		Annual Therms Goal	Levelized cost/therm
NEEA	NEEA	0	
Total savings		N/A	

III. YEAR-TO-DATE RESULTS

A. Activity Reports

Full Q1 report can be viewed here: <https://neea.org/resources/neea-q1-2019-quarterly-report>

B. YTD Expenditures

2019 - Budgeted Expenditures			
NEEA	Payments in Q1	\$	46,025.25
	Payments in Q1	\$	46,025.25
Total Expenditures		\$	92,050.50

C. YTD Savings

		Annual Therms Goal	Levelized cost/therm
NEEA	NEEA	0	N/A
Total savings		0	N/A

SECTION III

Q2 2019 Washington Low Income Energy Efficiency Program (WA-LIEE) Report

January 1, 2019, through June 30, 2019

I. PROGRAM SUMMARY

NW Natural (NWN) partners with Clark County's Housing Weatherization Program and Washington Gorge Action Programs serving Klickitat and Skamania counties to administer its Washington Low Income Energy Efficiency (WA-LIEE) program.

The WA-LIEE program reimburses 100% of all cost-effective measures up to \$6,080 per home. The local agency is also allotted 15% of job costs (up to the cap) for administrative costs and, during this reporting period, an average of \$1,000 per home for Health, Safety, and Repairs (HSR), which are not subject to cost effectiveness tests. A WA-LIEE job in the first half of 2019 could cost the program no more than \$7,992. Measures must be modeled as cost-effective to be reimbursed by WA-LIEE.

Pilot Status

In 2019 the EEAG recommended a Low Income Program Adjustment which increased the Weatherization to \$10,000 which increased the overall reimbursement cap by \$5,508.

The 2019 EE Plan also provided funds for Furnace Tune-ups.

The Company has supported a larger effort by Clark Public Utilities to enable Direct Install Thermostats.

II. QUARTERLY RESULTS

The measures funded by the program - as well as number of completions of each - during the first half of 2019, are listed in the table below.

WA-LIEE funded measures	Number of occurrences
Ceiling Insulation	8
Wall Insulation	0
Floor Insulation	8
Duct Insulation	8
Infiltration (Shell Sealing)	5
Hot Water Pipe Insulation	1
Duct Sealing	0
90% + High Efficiency Furnace	0
Pilot - Furnace Tune-up	1
Pilot - Low Income Thermostat	8
Direct Install	

III. YEAR-TO-DATE RESULTS

The below table lists the 2019 program goals for WA-LIEE as stated in the Company's 2019 EE Plan and the actual results as of June 30, 2019 as compared to our progress at this point over the last three years.

	Program Goal for 2019	Actual as of 6/30/19	Actual as of 6/30/18	Actual as of 6/30/17	Actual as of 6/30/16
Homes served*	18	8	1	7	11
Average Cost of Incentives per home	\$10,000	\$10,000	\$6,080	\$5,177	\$4,629
Cost per home	\$13,500	\$13,500	\$7,992	\$6,394	\$5,646
Total cost	\$249,328	\$108,000	\$7,992	\$44,756	\$62,110
Modeled therms saved per home	351	742	464	442	304
Total modeled therms saved	6,318	5,943	464	3,086	3,344

The biggest challenge of this program continues to be finding qualified customers and eligible gas homes to weatherize. NW Natural appreciates the support of the EEAG and the recognition of the non-energy related challenges in some projects. NW Natural continues to work with the agencies administering the programs to understand and help address any issues they face. With support from NW Natural's EEAG, the company continues to explore pilots and programs to increase the offerings and the reach of low income programs.

Program	Pilot Budget Cap	Homes Served through 6/30/19	Cost through 6/30/19
Furnace Tune Ups	\$15,000	1	\$767
Thermostat Direct Install	\$100,000	8	\$2,445