

Q3 2013 REPORT FOR NW NATURAL WASHINGTON ACTIVITIES

July 1 through September 30, 2013

This Energy Trust of Oregon quarterly report covers the period July 1, 2013, through September 30, 2013. This report addresses progress toward 2013 goals for the NW Natural energy-efficiency program in southwest Washington. It includes information on expenditures, therm savings, sites served and incentives paid during the quarter and year to date, along with highlights of program activities.

I. PROGRAM HIGHLIGHTS

A. General

- **Energy Trust saved 28,087 annual therms in Q3**—including 17,248 annual therms in Existing Buildings, 6,491 annual therms in Existing Homes and 4,347 annual therms in New Homes. In total, this represents a 43 percent improvement over Q3 2012.
- **Year to date, Energy Trust saved 89,660 annual therms**, approximately 41 percent of the 2013 conservative goal of 220,421 therms. By the end of 2013, Energy Trust expects to exceed conservative goal.

B. Commercial efficiency

Existing Buildings

- **Existing Buildings saved 17,248 therms in Q3**, with the majority of savings from foodservice equipment, boilers and advanced controls for HVAC systems.
- **Efficient fryer incentives performed well in Q3**, with seven installations. Commercial kitchen equipment remains a strong source of savings, and is an area of focus for outreach and marketing efforts in Q4 2013.
- **The program experienced continued increase in activity from the custom track**, which was redesigned in Q1 to allow for easier access to custom study funding. Program staff worked with clients who completed studies to facilitate installation of recommended measures. The program expects to close more than 50,000 therms from custom path projects in Q4, and is offering an end-of-year bonus to in-progress custom path projects by raising the incentive to \$1.50 per therm.
- **The program completed 12 rooftop HVAC unit tune-ups** in collaboration with Clark Public Utilities.
- **Existing Buildings offered a training webinar for trade ally contractors** on how to increase sales and profits through energy-efficiency improvements.

C. Residential efficiency

Existing Homes

- **Existing Homes saved 6,491 annual therms in Q3**. The savings were achieved primarily through heating equipment, weatherization and direct installation of energy-saving products.

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RECORDS MANAGEMENT

- **Program staff promoted a seasonal fireplace bonus incentive** of \$75 per eligible unit available in Q4 to fireplace retailers, installers and distributors.
- **Program staff promoted seasonal insulation bonus incentives** of \$100 per eligible attic/ceiling, floor and/or wall insulation projects, which can be combined for up to a maximum \$300.
- **Program staff conducted outreach to homeowners through events**, including the Clark County Fair, at which 67 households signed up for Home Energy Reviews or Energy Saver Kits.
- **The program enrolled a new plumbing trade ally** for the Washington service territory.

New Homes

- **New Homes saved 4,347 annual therms in Q3**, primarily through retail showerheads and ENERGY STAR® Builder Option Packages.
- **Builder Option Package incentives were processed for 16 homes**. Program staff worked with builders to facilitate the submission of outstanding Builder Option Package applications in Q4.
- **The program increased new construction permitting in Clark County**, and 1,183 single-family new permits were issued through August.
- **In Q3, the program continued outreach to non-ENERGY STAR builders** and plumbing companies to promote tankless water heaters in new homes.

D. Washington Utilities and Transportation Commission Performance Metrics

The table below compares 2013 quarterly results with program goals, as established in NW Natural's Energy Efficiency Plan for Washington (updated November 29, 2012).

Metrics	Goal	2013 Total YTD	Q1 Results	Q2 Results	Q3 Results	Q4 Results
Therms Saved	220,421 – 259,319	89,660	20,626	40,948	28,087	
Total Program Costs	\$1,430,092 – \$1,613,437	\$722,780	\$190,711	\$291,420	\$240,649	
Average Levelized Cost Per Measure	Less than \$0.65	\$0.649	\$0.826	\$0.573	\$0.648	
Dollars Spent Per Therm Saved	Less than \$6.50	\$8.06	\$9.25	\$7.12	\$8.57	
Total Resource Cost and Utility Costs at Portfolio Level	Greater than 1.0	n/a	Reported Annually	Reported Annually	Reported Annually	Reported Annually

- While year-to-date dollars spent per therm saved are above the performance thresholds established in the Company's energy-efficiency plan, cost-effectiveness metrics will decline as projects close in Q4, when the majority of projects are historically completed. Additional information by program is provided in Section III.

II. QUARTERLY RESULTS

A. Expenditures¹

		Actual Expenditures Q3	Budgeted Expenditures Q3	Variance
Commercial Programs	Existing Buildings	\$ 114,806	\$ 159,431	\$ 44,625
	Subtotal	\$ 114,806	\$ 159,431	\$ 44,625
Residential Programs	Existing Homes	\$ 78,452	\$ 90,842	\$ 12,390
	New Homes	\$ 38,403	\$ 85,850	\$ 47,447
	Subtotal	\$ 116,855	\$ 176,692	\$ 59,838
Administration		\$ 8,988	\$ 11,633	\$ 2,645
TOTAL		\$ 240,649	\$ 347,756	\$ 107,107

- Typically, project completions and expenditures increase in Q4.

B. Incentives paid

		Actual Incentives Q3
Commercial Programs	Existing Buildings	\$ 31,229
	Subtotal	\$ 31,229
Residential Programs	Existing Homes	\$ 22,578
	New Homes	\$ 15,804
	Subtotal	\$ 38,381
TOTAL		\$ 69,610

C. Savings

		Therms Saved Q3	\$/Therm	Levelized Cost/Therm
Commercial Programs	Existing Buildings	17,248	\$ 6.92	53.2 ¢
	Subtotal	17,248	\$ 6.92	53.2 ¢
Residential Programs	Existing Homes	6,491	\$ 12.55	86.6 ¢
	New Homes	4,347	\$ 9.16	78.1 ¢
	Subtotal	10,838	\$ 11.19	82.7 ¢
TOTAL		28,087	\$ 8.57	64.8 ¢

¹ Variance is expressed in total dollars *below* budget or (total dollars) *above* budget.

III. YEAR-TO-DATE RESULTS

A. Activity highlights—sites served

Existing Commercial					
School/college retrofits	0	3	0		3
Other commercial retrofits	1	19	13		33
Studies	1	0	1		2
Existing Homes					
Weatherization (insulation, air and duct sealing and windows)	11	33	32		76
Gas hearths	9	26	8		43
Gas furnaces	21	35	28		84
Water heaters	4	6	6		16
Home Energy Reviews	11	14	21		46
New Homes					
Builder Option Packages	5	55	16		76
Clothes washers	159	124	140		423

B. Revenues

Source	Actual Revenue YTD	Budgeted Revenue YTD
NW Natural	\$ 645,551	\$ 645,551

C. Expenditures²

		Actual Expenditures YTD	Budgeted expenditures YTD	Variance
Commercial Programs	Existing Buildings	\$ 271,533	\$ 406,840	\$ 135,307
	Subtotal	\$ 271,533	\$ 406,840	\$ 135,307
Residential Programs	Existing Homes	\$ 257,203	\$ 300,586	\$ 43,383
	New Homes	\$ 165,395	\$ 243,631	\$ 78,236
	Subtotal	\$ 422,598	\$ 544,217	\$ 121,619
Administration		\$ 28,650	\$ 39,823	\$ 11,173
Total		\$ 722,781	\$ 990,880	\$ 268,099

² Variance is expressed in total dollars *below* budget or (total dollars) *above* budget.

D. Incentives paid

		Actual Incentives YTD
Commercial Programs	Existing Buildings	\$ 89,811
	Subtotal	\$ 89,811
Residential Programs	Existing Homes	\$ 56,991
	New Homes	\$ 66,279
	Subtotal	\$ 123,270
TOTAL		\$ 213,081

- Incentives paid account for 35 percent of year-to-date program expenses. The program expects an increase in project submissions in Q4, which will result in a greater percentage of program expenses dedicated to incentives.
- Total program expense is adjusted down by 15 percent to account for costs that a utility-delivered program would recover through rates.

E. Savings

		Therms saved YTD	Annual Goal (conservative)	% Achieved YTD	\$/therm	Levelized Cost/therm
Commercial Programs	Existing Buildings	49,612	127,500	39%	\$ 5.70	48.4 ¢
	Subtotal	49,612	127,500	39%	\$ 5.70	48.4 ¢
Residential Programs	Existing Homes	21,430	56,409	38%	\$ 12.50	91.1 ¢
	New Homes	18,618	36,513	51%	\$ 9.25	74.4 ¢
	Subtotal	40,048	92,921	43%	\$ 10.99	83.6 ¢
Total		89,660	220,421	41%	\$ 8.06	64.9 ¢