

Q1 2015 REPORT ON ACTIVITIES FOR NW NATURAL IN WASHINGTON

January 1 through March 31, 2015

This Energy Trust of Oregon quarterly report covers the period January 1, 2015, through March 31, 2015. This report addresses progress toward 2015 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 saved 24,469 annual therms in Q1 2015**—including 5,928 annual therms in Existing Homes, 4,972 annual therms in New Homes and Products and 13,569 annual therms in Existing Buildings. Savings in Q1 2015 were 30 percent lower than savings in Q1 2014.
- **Year-to-date savings were approximately 10 percent of Energy Trust's annual goal** of 257,063 therms, which roughly aligns with NW Natural's stretch performance measure of 259,895 therms.
- **In Q1, Northwest Energy Efficiency Alliance began offering the nation's first regional natural gas market transformation initiative**, in collaboration with Energy Trust, NW Natural and other regional utilities. The initiative leverages NEEA's success in electric market transformation to advance market adoption of energy-efficient natural gas products, such as residential gas heat pump water heaters, combined space and water heating equipment, hearths and dryers.

B. Commercial sector highlights

Existing Buildings

- **Existing Buildings saved 13,569 annual therms in Q1**, primarily through a custom project and commercial foodservice equipment.
- **The program has a strong pipeline of projects expected to complete later in 2015.**
- **Existing Buildings planned a contest** to promote sales of foodservice equipment in Washington. Beginning in Q2, the contest will offer incentives for top-selling foodservice vendors.
- **The program planned an insulation bonus to bolster savings in Q2.**
- **Existing Buildings promoted energy-saving offerings** to the City of Vancouver, the City of Camas and Vancouver Public Schools. In addition, the program met with Clark Public Utilities to discuss new incentives for greenhouses.

C. Residential sector highlights

Existing Homes

- **Existing Homes saved 5,928 annual therms in Q1**, primarily through HVAC upgrades, water heaters, weatherization and efficient showerheads and faucet aerators. Smart thermostats also contributed to savings, offered for the first time to NW Natural customers in Washington.
- **Existing Homes conducted outreach to NW Natural Preferred Contractor Alliance contractors** to help ensure these contractors achieve three-star ratings, the highest rating available to Energy Trust trade allies.
- **In January, Existing Homes launched a new on-bill financing repayment offering.** Nine contractors are participating in the offering, and five customers applied for loans.
- **Existing Homes promoted instant incentives to trade allies.** Launched in 2014, instant incentives are paid directly to contractors for water heating and HVAC equipment, enabling customers to receive discounted equipment at time of purchase and reducing up-front costs.

New Homes and Products

- **New Homes and Products saved 4,972 annual therms in Q1**, primarily through new energy-efficient home construction and clothes washers.
- **Work continued to help verifiers and builders transition** from the prescriptive Builder Option Package, BOP, path for achieving ENERGY STAR® New Home Certification to the new modeled performance path methodology for achieving ENERGY STAR New Home Certification. The new methodology requires energy modeling to determine compliance, and the program completed work to ensure the modeling software reflected current Washington building code.
- **In Q1, the program recognized 22 ENERGY STAR homes**, and is on track to reach its mid-year savings goal of 50 homes recognized through Q2.

D. Washington Utilities and Transportation Commission performance metrics

The table below compares quarterly results to 2015 program goals, as established in NW Natural's Energy Efficiency Plan for Washington (updated December 2014).

Metrics	Goal	2015 total YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms saved	220,991 – 259,895	24,469	24,469			
Total program costs	\$1,342,559 – \$1,570,292	\$241,732	\$241,732			
Average levelized cost per measure	Less than \$0.65	\$0.89	\$0.89			
Dollars spent per therm saved	Less than \$6.50	\$9.88	\$9.88			
Total resource cost and utility costs at portfolio level	Greater than 1.0	n/a	Reported annually	Reported annually	Reported annually	Reported annually

Dollars spent per therm saved are typically higher in the first half of the year as Energy Trust invests in studies and outreach that result in completed projects by year-end.

II QUARTERLY RESULTS

A. Expenditures¹

		Actual expenditures Q1	Budgeted expenditures Q1	Variance
Commercial programs	Existing Buildings	\$ 88,278	\$ 165,872	\$ 77,593
	NEEA commercial	\$ 5,387	\$ 5,279	\$ (108)
	Subtotal	\$ 93,665	\$ 171,151	\$ 77,486
Residential programs	Existing Homes	\$ 65,227	\$ 102,643	\$ 37,416
	New Homes	\$ 62,946	\$ 68,086	\$ 5,140
	NEEA residential	\$ 6,856	\$ 5,493	\$ (1,363)
	Subtotal	\$ 135,028	\$ 176,222	\$ 41,194
Administration		\$ 13,038	\$ 18,888	\$ 5,850
Total		\$ 241,732	\$ 366,261	\$ 124,529

Energy Trust allocated budget to NEEA for gas market transformation activities. While there were no associated savings in Q1, savings are expected in subsequent quarters.

B. Incentives paid

		Actual incentives Q1
Commercial programs	Existing Buildings	\$ 30,547
	Subtotal	\$ 30,547
Residential programs	Existing Homes	\$ 24,856
	New Homes	\$ 21,931
	Subtotal	\$ 46,787
Total		\$ 77,334

C. Savings

		Therms saved YTD	Annual goal	Percent achieved YTD	\$/therm	Levelized cost/therm
Commercial programs	Existing Buildings	13,569	150,000	9%	\$ 7.01	\$ 0.83
	Subtotal	13,569	150,000	9%	\$ 7.43	\$ 0.88
Residential programs	Existing Homes	5,928	51,148	12%	\$ 11.32	\$ 0.81
	New Homes	4,972	55,915	9%	\$ 13.38	\$ 1.01
	Subtotal	10,900	107,063	10%	\$ 12.89	\$ 0.94
Total		24,469	257,063	10%	\$ 9.88	\$ 0.89

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

III YEAR-TO-DATE RESULTS

A. Activity—sites served

	Q1	Q2	Q3	Q4	Total
Existing Buildings					
School/college retrofits	0				0
Other commercial retrofits	2				2
Studies	1				1
Existing Homes					
Weatherization (insulation, air and duct sealing and windows)	6				6
Gas hearths	10				10
Energy Saver Kits	19				19
Smart thermostats	20				
Gas furnaces	39				39
Water heaters	2				2
Home Energy Reviews	0				0
New Homes					
Builder Option Packages	22				22
Clothes washers	303				303

B. Revenue

Source	Actual revenue YTD	Budgeted revenue YTD
NW Natural	\$ 0	\$ 705,676

Energy Trust received \$678,392 in April, later than expected.

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- **Incentives paid account for approximately 38 percent of year-to-date program expenses**, when total program expense is adjusted down by 15 percent to account for costs that a utility-delivered program would recover through rates.

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Energy Trust's budgeted annual savings goal roughly aligns with NW Natural's stretch performance measure of 259,895 therms.

F. Program evaluations

- **In Q1, Energy Trust completed a Trade Ally Network Evaluation**, including activities in both Oregon and Washington service territories. The report is available at http://assets.energytrust.org/api/assets/reports/2014_Trade_Ally_Network_Evaluation_Report.pdf.
- **Research to determine savings potential of gas hearths in new construction homes** is underway, and results will inform a potential strategy to install gas hearths in new homes in Oregon and Washington service territories.