

Q1 2018 REPORT ON ACTIVITIES FOR NW NATURAL IN WASHINGTON

January 1, 2018 through March 31, 2018

This quarterly report covers the period January 1 through March 31, 2018, and addresses progress toward 2018 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 12 percent of its annual therm savings goal for 2018**, slightly exceeding the 10 percent expected in Q1.

B. Commercial sector highlights

- **In Q1, boilers, infrared radiation heaters and gas fryers contributed the majority of commercial savings.**
- **Energy Trust worked closely with designers and developers to cultivate a strong pipeline of energy-efficiency projects at K-12 schools.** The program expects savings from schools to remain significant in 2018 and beyond due to passage of bond measures funding construction of new school facilities.
- **There are currently nine committed projects** at K-12 schools and buildings in the commercial pipeline, totaling approximately 40,000 therms in projected savings.
- **Energy Trust worked with the City of Vancouver's \$1.5-billion waterfront development initiative** to incorporate energy-efficient equipment into several new commercial construction projects, including restaurants and a hotel. The first two tenants of the development project are set to open in summer 2018.

C. Residential sector highlights

- **The majority of residential sector savings were from gas furnaces, smart thermostats and energy-efficient EPS™ new home construction.**
- **Energy Trust transitioned on-bill repayment, project review, approval and incentive aggregation activities from CLEAResult to Craft3**, helping streamline the customer and contractor workflow. The program conducted outreach to all eligible on-bill repayment trade allies to inform them of workflow changes and to provide updated collateral.
- **Energy Trust continued to provide field support to builders and verifiers of EPS new homes**, requiring close coordination between its Program Management Contractor (PMC) and Program Delivery Contractor (PDC). Under the new Residential program structure, CLEAResult is the PMC managing community presence and field outreach for EPS new construction, and TRC is the PDC managing EPS new construction operations and file quality assurance.
- **Energy Trust worked closely with the Building Industry Association of Clark County's Green Building Council** to plan the association's annual Sustainability Showcase dinner in April 2018.
- **Energy Trust launched new measures for Southwest Washington multifamily customers**, including smart thermostats, gas furnaces, gas fireplaces and tankless water heaters.

- **A multifamily outreach plan developed in Q1 will be executed in Q2** to increase awareness of available measures among multifamily market actors, including property management companies, homeowner associations and trade allies.
- **Savings from showerheads purchased in stores were lower than expected in Q1 due to delays in receiving data from retailers.** Savings are expected to increase as the remaining Q1 sales data is captured in Q2.
- **Energy Trust worked with three large water heater distributors in Southwest Washington** (Keller Supply, Consolidated Supply and Ferguson) to talk through updates to program requirements and data collection for 2018 participation.

D. Program evaluations

- **No program evaluations** were performed or completed in Q1.

E. Washington Utilities and Transportation Commission performance metrics

The table below compares quarterly results to 2018 goals, as established in NW Natural's Energy Efficiency Plan for Washington (filed December 2017).

2018 results compared to goals

Metrics	Goal	2018 YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms Saved	359,880	44,135	44,135			
Total Program Costs	\$2,254,265	\$404,212	\$404,212			
Average Levelized Cost Per Measure	Less than \$0.65	\$0.59	\$0.59			
Utility Costs at Portfolio Level	Greater than 1.0	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.
- Northwest Energy Efficiency Alliance (NEEA) gas market transformation activities are not included in this table.

II. QUARTERLY RESULTS

A. Expenditures¹

		Actual expenditures Q1	Budgeted expenditures Q1	Variance
Commercial program	Existing Buildings	\$ 113,395	\$ 131,882	\$ 18,486
	Existing Buildings administration	\$ 8,261	\$ 9,991	\$ 1,730
Commercial total		\$ 121,657	\$ 141,873	\$ 20,216
Residential program	Residential	\$ 225,343	\$ 229,196	\$ 3,853
	Residential administration	\$ 16,417	\$ 14,471	\$ (1,946)
Residential total		\$ 241,760	\$ 243,667	\$ 1,907
NEEA	NEEA Commercial	\$ 6,405	\$ 7,968	\$ 1,563
	NEEA Residential	\$ 31,620	\$ 16,975	\$ (14,645)
	NEEA administration	\$ 2,770	\$ 1,549	\$ (1,221)
NEEA total		\$ 40,795	\$ 26,492	\$ (14,304)
Total expenditures		\$ 404,212	\$ 412,032	\$ 7,819

B. Incentives paid²

		Q1 actual incentives	Actual expenditures	Percent incentives/expenditures
Commercial program	Existing Buildings	\$ 29,999	\$ 121,657	25%
	Commercial total	\$ 29,999	\$ 121,657	25%
Residential program	Residential	\$ 121,934	\$ 241,760	50%
	Residential total	\$ 121,934	\$ 241,760	50%
Total incentives		\$ 151,933	\$ 363,417	42%

C. Savings

		Therms saved Q1	Annual goal	Percent achieved Q1	Levelized cost/therm
Commercial program	Existing Buildings	15,607	160,000	10%	\$ 0.60
	Commercial total	15,607	160,000	10%	\$ 0.60
Residential program	Residential	28,528	199,880	14%	\$ 0.59
	Residential total	28,528	199,880	14%	\$ 0.59
Total savings		44,135	359,880	12%	\$ 0.59

- Quarterly savings are anticipated as follows: 10 percent of annual savings in Q1, 10 percent of annual savings in Q2, 25 percent of annual savings in Q3 and 55 percent of annual savings in Q4.

¹ Columns may not total due to rounding.

² NEEA expenditures excluded per NW Natural Washington's Energy Efficiency Plan.

III YEAR-TO-DATE RESULTS

A. Activity highlights—sites served

	Q1	Q2	Q3	Q4	Total
Commercial					
Boiler	2				2
Commercial laundry washer	-				-
Commercial tankless water heater	-				-
Condensing tank water heater	2				2
Custom building controls	-				-
Dishwasher	-				-
Gas convection oven	-				-
Gas combination oven	-				-
Gas fryer	7				7
Gas griddle	-				-
High-efficiency condensing furnace	-				-
High-efficiency condensing unit heater	-				-
Infrared radiant heater	8				8
Custom	-				-
Pipe insulation	-				-
Roof insulation	-				-
Studies	-				-
Wall insulation	-				-

	Q1	Q2	Q3	Q4	Total
Residential					
Weatherization (insulation, air and duct sealing and windows)	48				48
Gas hearths	14				14
Energy Saver Kits	20				20
Smart thermostats	79				79
Gas Boilers	-				-
Gas furnaces	88				88
Water heaters	5				5
Online Home Energy Reviews	41				41
EPS new construction	131				131

- This table of sites served excludes offerings purchased at retail (gas fireplaces and showerheads) because Energy Trust does not receive site data for those purchases.

B. Revenue

Source	Actual revenue	Budgeted revenue
NW Natural	\$ 922,689	\$ 822,049

- Energy Trust requested that NW Natural distribute extra revenue during Q1 2018 to ensure adequate funds were available to support programs that performed above budget in 2017. The extra revenue was paid to Energy Trust in Q1, accounting for the \$100,640 overage.

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	Total expenditures	\$ 404,212	\$ 412,032	\$ 7,819

- Energy Trust allocated budget to NEEA for gas market transformation activities in 2018.

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