

Q1 2019 REPORT ON ACTIVITIES FOR NW NATURAL IN WASHINGTON

January 1, 2019 through March 31, 2019

This quarterly report covers the period January 1 through March 31, 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.

I. INCENTIVE PROGRAM SUMMARY

A. General

- **Energy Trust achieved 8 percent of the annual therm savings goal for 2019**, falling slightly short of the 10 percent of annual goal expected in Q1.
- **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 focuses on the development of those potential projects expected to save energy by year-end.

B. Commercial sector highlights

- **The commercial sector recognized nearly 6 percent of its annual savings goal in Q1**, which is slightly behind historical program savings trends. The program is projecting a strong pipeline of Existing Buildings and New Buildings projects through 2019 with the expectation of reaching goal by year-end.
- **Commercial savings in Q1 were primarily from water heaters, gas fryers and direct digital controls.**
- **The program is reviewing the report of a New Buildings pilot completed in Q4 2018 to explore the cost-effectiveness of new custom offerings for K-12 schools.** The next step will be to determine potential new program offerings.
- **The program continued to identify projects with K-12 school districts driven by bond measures passed in 2018.** In Q1 2019, seven new potential projects were discovered and targeted for enrollment. The program noted an increase in potential projects for controls upgrades that are expected to complete in the third and fourth quarters of 2019. Energy Trust has over 30 projects in school districts scheduled through 2023.
- **The program worked with Vancouver Housing Authority** to identify potential projects to be completed over the next three years in downtown Vancouver. Two Existing Buildings and three New Building projects were identified.
- **The program is exploring a new foodservice measure for conveyor broilers** for mid-year launch.
- **To improve customer satisfaction in 2019**, the commercial sector planned to enhance the commercial incentive brochure, develop and release a flyer to guide customers through the process of receiving a custom incentive, increase promotion of short studies versus full engineering analysis for single-custom measures, and increase participation with the Southwest Washington Contractors Association (SWCA) to foster and provide closer connections with trade allies and customers.

C. Residential sector highlights

- **The residential sector recognized over 9 percent of its annual savings goal in Q1**, which is on track with historical program savings trends. The majority of Q1 residential sector savings were from gas furnaces, smart thermostats and energy-efficient EPS™ new home construction.
- **In Q1, the program increased its gas furnace incentive offer for rental properties.** Outreach efforts focused on engaging trade allies and rental property management companies to increase awareness of the new offer.
- **The program implemented an advertising campaign to promote a smart thermostat instant coupon to customers.** The program will work with smart thermostat manufacturers and retailers to leverage their promotions with Energy Trust incentives.
- **To improve customer satisfaction in 2019**, the residential sector will continue to promote instant incentives and smart thermostat instant coupons, reducing costs to the customer at point-of-purchase. The program will continue to refine and streamline the process of collecting missing information from customers who submit incomplete incentive application forms.

D. Program evaluations

- **No evaluations were published in Q1 of 2019.**
- In 2019, Energy Trust anticipates completing an Existing Buildings process evaluation and a Residential process evaluation, both of which will include Washington. Once available, links to evaluation reports will be provided in quarterly reports.

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 2017).

2019 results compared to goals

Metrics	Goal	2019 YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms Saved	369,196	29,317	29,317			
Total Program Costs	\$2,432,821	\$409,701	\$409,701			
Average Levelized Cost Per Measure	Less than \$0.65	\$1.06	\$1.06			
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.
- Northwest Energy Efficiency Alliance (NEEA) gas market transformation activities are not included in this table.

II. INCENTIVE PROGRAM QUARTERLY RESULTS

A. Expenditures¹

		Actual	Budgeted	Variance
		expenditures Q1	expenditures Q1	
Commercial program	Commercial	\$ 143,166	\$ 183,857	\$ 40,691
	Commercial administration	\$ 9,417	\$ 11,516	\$ 2,099
	Commercial total	\$ 152,583	\$ 195,373	\$ 42,790
Residential program	Residential	\$ 241,267	\$ 230,193	\$ (11,073)
	Residential administration	\$ 15,852	\$ 16,804	\$ 952
	Residential total	\$ 257,118	\$ 246,997	\$ (10,121)
Total expenditures		\$ 409,701	\$ 442,370	\$ 32,669

B. Incentives paid²

	Actual incentives Q1	Actual expenditures Q1	Percent incentives/ expenditures
Commercial program	\$ 32,321	\$ 152,583	21%
Residential program	\$ 84,416	\$ 257,118	33%
Total incentives	\$ 116,737	\$ 409,701	28%

C. Savings

		Therms saved Q1	Annual goal	Percent achieved Q1	Levelized cost/therm
Commercial program	Existing Buildings - custom	5,802	44,100	13%	
	Existing Buildings - standard	2,681	32,765	8%	
	New Buildings - standard	0	70,616	0%	
	Commercial total	8,483	147,481	6%	\$ 1.86
Residential program	Home retrofit	11,966	135,425	9%	
	Midstream and retail	1,010	9,897	10%	
	Small multifamily	156	7,279	2%	
	EPS new construction	7,702	69,114	11%	
Residential total		20,834	221,714	9%	\$ 0.87
Total savings		29,317	369,196	8%	\$ 1.06

- 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.
- Savings realization adjustment factors have not been applied to commercial sector savings due to technical constraints. Energy Trust will adjust savings in Q2 to reflect adjustment factors in Existing Buildings(0.81) and New Buildings(0.94) programs.

¹ Columns may not total due to rounding.

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

III INCENTIVE PROGRAM YEAR-TO-DATE RESULTS

A. Activity highlights—sites served

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

	Q1	Q2	Q3	Q4	Total
Residential					
Energy Saver Kits	-				-
Gas furnaces	78				78
Gas hearths	22				22
Insulation	1				1
Online Home Energy Reviews	12				12
Smart thermostats	57				57
Tankless water heaters	3				3
Windows	37				37
EPS new construction	130				130

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

B. Revenue received by Energy Trust

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

C. Expenditures³

			Actual expenditures YTD	Budgeted expenditures YTD	Variance
Commercial program	Commercial	\$	143,166	\$ 183,857	\$ 40,691
	Commercial administration	\$	9,417	\$ 11,516	\$ 2,099
Commercial total		\$	152,583	\$ 195,373	\$ 42,790
Residential program	Residential	\$	241,267	\$ 230,193	\$ (11,073)
	Residential administration	\$	15,852	\$ 16,804	\$ 952
Residential total		\$	257,118	\$ 246,997	\$ (10,121)
Total expenditures		\$	409,701	\$ 442,370	\$ 32,669

D. Incentives paid⁴

	Actual incentives YTD	Actual expenditures YTD	Percent incentives/ expenditures
Commercial program	\$ 32,321	\$ 152,583	21%
Residential program	\$ 84,416	\$ 257,118	33%
Total incentives	\$ 116,737	\$ 409,701	28%

E. Savings

		Therms saved YTD	Annual goal	Percent achieved YTD	Levelized cost/therm
Commercial program	Existing Buildings - custom	5,802	44,100	13%	
	Existing Buildings - standard	2,681	32,765	8%	
	New Buildings - standard	0	70,616	0%	
Commercial total		8,483	147,481	6%	\$ 1.86
Residential program	Home retrofit	11,966	135,425	9%	
	Midstream and retail	1,010	9,897	10%	
	Small multifamily	156	7,279	2%	
	EPS new construction	7,702	69,114	11%	
Residential total		20,834	221,714	9%	\$ 0.87
Total savings		29,317	369,196	8%	\$ 1.06

- Savings realization adjustment factors have not been applied to commercial sector savings due to technical constraints. Energy Trust will adjust savings in Q2 to reflect adjustment factors in Existing Buildings(0.81) and New Buildings(0.94) programs.

³ Columns may not total due to rounding.

⁴ NEEA expenditures excluded per NW Natural Washington's Energy Efficiency Plan.

III MARKET TRANSFORMATION

A. Expenditures

	Actual expenditures YTD		Budgeted expenditures YTD	
NEEA	\$	46,025.25	\$	46,025.25