

Q3 2021 REPORT ON ENERGY TRUST OF OREGON'S ACTIVITIES FOR NW NATURAL IN WASHINGTON

July 1 through September 30, 2021

This quarterly report covers the period of July 1 through September 30, 2021, and addresses progress toward 2021 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. PROGRAM SUMMARY

A. General

- **Energy Trust achieved 16% of its annual savings goal in quarter three**, below the 25% of annual goal expected in quarter three.
- **The commercial sector achieved 13% of its annual savings goal in quarter three**, which is behind the historical program savings trend of 25% in quarter three.
- **The residential sector achieved 22% of its annual savings goal in quarter three**, which is close to the historical program savings trend of 25% in quarter three.
- **Energy Trust expects to exceed its annual savings goal** and goals for the commercial and residential sectors.

B. Commercial sector highlights

- **Participants submitted a large amount of fryer incentive applications** in quarter three, most of which were from small businesses.
- **Roof insulation projects had a high volume during the summer**, bringing in four times the typical savings.
- **The program saw an increase in building controls upgrades** in large office and schools.
- **The custom project pipeline is robust for 2021 and will continue through 2022.** In quarter three, several building controls upgrades to Direct Digital Controls for large offices and K-12 schools were submitted.
- **Equipment costs for specific raw materials have increased in 2021 by 10-20%.** In addition, delivery schedules have lengthened two to four months.
- **There has not been a school bond measure on the ballot** for three years in Southwest Washington. Staff is researching the bond measure schedule for the next three years to plan for budget impacts.

C. Residential sector highlights

- **The largest driver of savings was EPS new construction** followed by gas furnaces, smart thermostats and thermostat optimization.
- **Attic insulation and tankless water heaters saw year-over-year increases** in project volumes and savings thanks to higher incentive level offered.
- **Smart thermostat activity dropped in quarter three** compared to the first half of 2021. This was a result of an intentional reduction in access to the Instant Coupon and Direct Ship websites to manage incentive spending for the remainder of 2021.

- **Cooler weather in September led to an increase in insulation and primary space heating** projects completed. Attic insulation for existing single-family homes, gas furnaces and fireplaces all increased despite the lack of available bonus incentives.

D. Program evaluations

In quarter three, Energy Trust finalized the following evaluations and studies:

- **Existing Buildings 2019 Impact Evaluation** The report can be found online at <https://www.energytrust.org/wp-content/uploads/2021/09/Existing-Buildings-PY2019-Impact-Evaluation-Report-wSR.pdf>
- **2020 Fast Feedback Annual Report** The report can be found online at <https://www.energytrust.org/wp-content/uploads/2021/05/Energy-Trust-2020-Fast-Feedback-End-of-Year-Report-FINAL.pdf>
- **Oregon Commercial and Industrial Boiler Market Characterization Memo** The report can be found online at https://www.energytrust.org/wp-content/uploads/2021/05/EnergyTrust_CIGasBoilerMarketResearch-Memo_FINAL.pdf

E. Washington Utilities and Transportation Commission performance metrics

The table below compares quarterly results to 2021 goals, as established in NW Natural's Energy Efficiency Plan for Washington (filed in December 2020).

2021 results compared to goals

Metric	Goal	2021 YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms Saved	386,680	238,095	52,172	122,960	62,964	
Total Program Expenditures	\$3,322,803	\$2,230,174	\$ 682,019	\$ 941,612	\$ 606,543	
Average Levelized Cost Per Therm	Less than \$0.65	\$ 0.68	\$ 0.86	\$ 0.61	\$ 0.65	
Utility Cost at Portfolio Level	Greater than 1.00	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. QUARTERLY RESULTS

A. Expenditures¹

		Q3 actual expenditures	Q3 budgeted expenditures	Budget variance
Commercial	Commercial	\$ 188,764	\$ 358,072	\$ 169,308
	Commercial administration	\$ 9,152	\$ 19,326	\$ 10,174
	Commercial Total	\$ 197,916	\$ 377,398	\$ 179,482
Residential	Residential	\$ 389,826	\$ 296,241	\$ -93,585
	Residential administration	\$ 18,801	\$ 15,828	\$ -2,973
	Residential Total	\$ 408,627	\$ 312,069	\$ -96,558
Total expenditures		\$ 606,543	\$ 689,467	\$ 82,924

B. Incentives paid²

	Q3 actual incentives	Q3 actual expenditures	Percent incentives/expenditures
Commercial	\$ 66,221	\$ 197,916	33%
Residential	\$ 225,096	\$ 408,627	55%
Total Incentives	\$ 291,318	\$ 606,543	48%

- Incentives paid account for approximately 61% of year-to-date program expenses, when total program expenses are adjusted down by 15% to account for costs that a utility-delivered program would recover through rates.

C. Savings

	Q3 savings therms	Annual goal therms	Percent achieved Q3	Levelized cost/therm
Commercial	Existing Buildings - custom	-	164,843	-
	Existing Buildings - standard	28,503	48,782	58%
	New Buildings - custom	-	4,703	-
	New Buildings - standard	1,529	19,778	8%
	Commercial total	30,032	238,107	13%
Residential	Home retrofit	21,956	86,957	25%
	Midstream and retail	82	9,957	1%
	Small multifamily	355	1,666	21%
	EPS new construction	10,539	49,993	21%
Residential total	32,931	148,573	22%	\$ 0.79
Total	62,964	386,680	16%	\$ 0.65

- 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.

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 served³

	Q1	Q2	Q3	Q4	Total
Commercial					
Food Service	4	5	18		27
HVAC	2	4	2		8
Study	4	7	2		13
Water Heating	1	2	2		5
Weatherization	-	2	3		5

	Q1	Q2	Q3	Q4	Total
Residential					
EPS new construction	180	104	97		381
HVAC	156	193	161		510
HVAC Controls	245	537	94		876
Water Heating	11	7	7		25
Weatherization	55	60	88		203

- 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.

³ Quarter two sites served data were initially reported incorrectly. A corrected version of the quarter two report is available at energytrust.org/reports.

B. Revenue

Source	YTD actual revenue	YTD budgeted revenue
NW Natural \$	2,000,582 \$	2,000,583

C. Expenditures⁴

		YTD actual expenditures	Annual budgeted expenditures	Budget variance
Commercial	Commercial	\$ 662,254	\$ 940,533	\$ 278,279
	Commercial administration	\$ 33,894	\$ 51,332	\$ 17,438
	Commercial Total	\$ 696,147	\$ 991,865	\$ 295,717
Residential	Residential	\$ 1,459,339	\$ 1,209,999	\$ -249,340
	Residential administration	\$ 74,688	\$ 66,039	\$ -8,649
	Residential Total	\$ 1,534,027	\$ 1,276,037	\$ -257,989
Total expenditures		\$ 2,230,174	\$ 2,267,902	\$ 37,728

D. Incentives paid⁵

	YTD actual incentives	YTD actual expenditures	Percent incentives/expenditures
Commercial	\$ 290,784	\$ 696,147	42%
Residential	\$ 968,293	\$ 1,534,027	63%
Total Incentives	\$ 1,259,077	\$ 2,230,174	56%

- Incentives paid account for approximately 66% of year-to-date program expenses when total program expenses are adjusted down by 15% to account for costs that a utility-delivered program would recover through rates.

E. Savings

	YTD savings therms	Annual goal therms	Percent achieved	Levelized cost/therm	
Commercial	Existing Buildings - custom	48,454	164,843	29%	
	Existing Buildings - standard	46,247	48,782	95%	
	New Buildings - custom	-	4,703	-	
	New Buildings - standard	4,298	19,778	22%	
Commercial total		98,999	238,107	42%	\$ 0.58
Residential	Home retrofit	85,902	86,957	99%	
	Midstream and retail	8,612	9,957	86%	
	Small multifamily	2,325	1,666	140%	
	EPS new construction	42,257	49,993	85%	
Residential total		139,096	148,573	94%	\$ 0.75
Total		238,095	386,680	62%	\$ 0.68

⁴ Columns may not total due to rounding.

⁵ NEEA expenditures excluded per NW Natural Washington's Energy Efficiency Plan.