

Q1 2022 REPORT ON ENERGY TRUST OF OREGON'S ACTIVITIES FOR NW NATURAL IN WASHINGTON

January 1 through March 31, 2022

This quarterly report covers the period of January 1 through March 31, 2022 and addresses progress toward 2022 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 12% of its annual savings goal in quarter one**, above the 10% of annual goal expected in quarter one.
- **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 are completed.
- **The commercial sector achieved 4% of its annual savings goal in quarter one**, which is below historical program savings trends.
- **The residential sector achieved 23% of its annual savings goal in quarter one**, which is higher than historical program savings trends.

B. Commercial sector highlights

- **The commercial sector achieved 4% of its annual savings goal in quarter one**, which is below historical program savings trends.
- **Savings were driven by** food service measures.
- **Staff launched a small business offer** to provide higher incentives to small businesses delivered through a closed trade ally network and recruited trade allies for that network.
- **Staff launched a Contractor Development Pathway** to support trade ally businesses owned by women and people of color, providing participants with technical, business and programmatic support tailored to their needs.
- **Energy Trust began offering Strategic Energy Management (SEM) to Washington customers** and Oregon customers with facilities in Southwest Washington. SEM coaching provides participants with strategies to achieve low-cost, ongoing energy savings.
- **Staff prepared to relaunch a New Buildings custom offer**, including meeting with architectural firms and school districts to review facility options. The offer was previously suspended due to staffing constraints.
- **Supply chain disruptions and labor shortages continued to impact project completions.** Some food service equipment delivery is delayed up to a year while boiler delivery is delayed for several months.
- **Promotions for gas fryers were launched in quarter one to drive activity.** This incentive offer is slated to be discontinued later this year due to changing federal and local standards.

C. Residential sector highlights

- **The residential sector achieved 23% of its annual savings goal in quarter one**, which is higher than historical program savings trends.
- **Savings were driven by EPS new construction and capital measures** including gas furnaces, windows, floor insulation, tankless water heaters and gas fireplaces.
- **Gas furnace activity was higher in quarter one** compared to previous years, likely due to the continuation of a higher incentive offer.

- **New stand-alone incentives for residential homebuilders** who don't participate in EPS were launched in quarter, including a \$125 smart thermostat incentive and \$200 gas fireplace incentive. These offers are meant to drive participation as changing state building codes impact EPS participation.
- **Staff prepared a new smart thermostat distribution platform to launch in early quarter two.** The site acts as a marketplace, offering 11 different thermostat products at highly discounted prices (as low as \$25) to Washington residents.
- **Staff reconnected with Clark County's energy assistance and weatherization agency, Planet Clark.** Reengagement centered around outreach and event collaboration opportunities and referrals to Energy Trust's Community Partner Funding offer, which provides higher incentives to residential customers delivered through nonprofits and other agencies.

D. Program evaluations

- **In quarter one, Energy Trust finalized the Analysis of Energy Trust Residential Insulation Impacts 2013-2018.** The report can be found online at <https://www.energytrust.org/wp-content/uploads/2022/03/Summary-Memo-of-Recurve-Insulation-Impacts-Final.pdf>

E. Washington Utilities and Transportation Commission performance metrics

The table below compares quarterly results to 2022 goals, as established in NW Natural's Energy Efficiency Plan for Washington (filed in 2021).

2022 results compared to goals

Metric	Goal	2022 YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms Saved	318,722	37,505	37,505			
Total Program Expenditures	\$2,979,668	\$ 551,364	\$551,364			
Average Levelized Cost Per Therm	Less than \$0.65	0.83	\$ 0.83			
Utility Cost at Portfolio Level	Greater than 1.00	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

		Q1 actual expenditures	Q1 budgeted expenditures	Budget variance
Commercial	Commercial	\$ 178,896	\$ 268,651	\$ 89,755
	Commercial administration	\$ 17,253	\$ 20,287	\$ 3,034
	Commercial Total	\$ 196,149	\$ 288,937	\$ 92,788
Residential	Residential	\$ 323,970	\$ 286,012	\$ -37,959
	Residential administration	\$ 31,244	\$ 21,598	\$ -9,647
	Residential Total	\$ 355,215	\$ 307,609	\$ -47,605
Total expenditures		\$ 551,364	\$ 596,547	\$ 45,183

B. Incentives paid²

	Q1 actual incentives	Q1 actual expenditures	Percent incentives/expenditures
Commercial	\$ 57,620	\$ 196,149	29%
Residential	\$ 204,605	\$ 355,215	58%
Total Incentives	\$ 262,225	\$ 551,364	48%

- Incentives paid account for approximately 56% 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

	Q1 savings therms	Annual goal therms	Percent achieved Q1	Levelized cost/therm	
Commercial	Existing Buildings - custom	124,155	-		
	Existing Buildings - standard	7,548	29,722	25%	
	New Buildings - custom	-	-	-	
	New Buildings - standard	-	12,177	-	
	Strategic Energy Management	-	19,595	-	
Commercial total		7,548	185,649	4%	\$ 2.05
Residential	Home retrofit	13,787	103,486	13%	
	Midstream and retail	89	12,525	1%	
	Small multifamily	498	3,113	16%	
	EPS new construction	15,583	13,949	112%	
Residential total		29,957	133,073	23%	\$ 0.64
Total		37,505	318,722	12%	\$ 0.83

- 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 served

	Q1	Q2	Q3	Q4	Total
Commercial					
Food Service	7				7
HVAC	1				1
Study	2				2
Water Heating	-				-
Weatherization	-				-

	Q1	Q2	Q3	Q4	Total
Residential					
EPS new construction	131				131
HVAC	130				130
HVAC Controls	10				10
Water Heating	4				4
Weatherization	55				55

- 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. Revenue³

Source	YTD actual revenue	YTD budgeted revenue
NW Natural \$	1,050,291 \$	-

C. Expenditures⁴

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	Commercial Total \$	196,149 \$	288,937 \$	92,788
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	Residential Total \$	355,215 \$	307,609 \$	-47,605
Total expenditures \$		551,364 \$	596,547 \$	45,183

D. Incentives paid⁵

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³ Budget variance is due to timing of first payment.

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

E. Savings

		Q1 savings	Annual goal	Percent	Levelized
		therms	therms	achieved Q1	cost/therm
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	Existing Buildings - standard	7,548	29,722	25%	
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