

Q3 2022 REPORT ON ENERGY TRUST OF OREGON'S ACTIVITIES FOR NW NATURAL IN WASHINGTON

July 1 through September 30, 2022

This quarterly report covers the period of July 1 through September 30, 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 24% of its annual savings goal in quarter three**, above the 14% of annual goal expected in quarter three.
- **The commercial sector achieved 28% of its annual savings goal in quarter three**, which is higher than historical program savings trends.
- **The residential sector achieved 20% of its annual savings goal in quarter three**, which is higher than historical program savings trends.

B. Commercial sector highlights

- **The commercial sector expects to meet** its annual savings goal.
- **The largest drivers of savings** were custom building controls and gas boiler projects. Several customers placed boiler installation projects on priority, including schools, in order to complete installations prior to the start of the cold season.
- **Delays to projects due to supply chain disruptions** could affect 2022 savings. Staff is managing this risk by staying in close communication with the trade allies on the progress of the installation.

C. Residential sector highlights

- **The residential sector expects to meet** its annual savings goal.
- **The largest drivers of savings** were gas furnaces, EPS new construction, smart thermostats and windows.
- **Furnaces accounted for** 51% of residential savings in quarter three and 47% of residential savings year to date. Activity continued to be high in quarter three compared to previous years, likely due to the continuation of a heightened \$550 incentive. Contractors continue to complete installations sold up to three months prior.
- **A \$1,000 gas furnace bonus incentive** for existing single-family rentals was on pace in quarter three to exceed 2021 performance, with 15 applications submitted by September. This is likely due to marketing the offer through the Clark County Rental Association.
- **Contractors report they are overwhelmed** by project volumes, and some are actively completing projects that were sold and scheduled months in advance. This appears to be impacting their willingness to commit time toward incentive application submissions.
- **A new online Home Assessment tool** was deployed in quarter three. It directs customers through a series of energy use questions and introduces them to incentives, do-it-yourself tips and customized Energy Trust of Oregon content upon completion of the assessment.
- **Smart thermostat activity picked up** in quarter three compared to the first half of the year due to marketing activities promoting the new Direct Ship offer. However, smart thermostat savings are trending on a four-year low due to little-to-no carryover from 2021 and limited customer interest in quarters one and two.

D. Program evaluations

- In quarter three, Energy Trust finalized the Residential Process Evaluation. The report can be found online at https://www.energytrust.org/wp-content/uploads/2022/08/Residential-Process-Evaluation-Final_wSR.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^{1,2}

Metric	Goal	2022 YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms Saved	318,722	154,924	37,505	39,986	77,433	
Total Program Expenditures	\$ 2,979,668	\$ 2,053,154	\$ 551,364	\$ 608,195	\$ 893,594	
Average Levelized Cost Per Therm	Less than \$0.65	\$ 0.90	\$ 0.83	\$ 1.04	\$ 0.88	
Utility Cost at Portfolio Level	Greater than 1.00	Reported annually	Reported annually	Reported annually	Reported annually	

¹ This table does not include savings goal or budget associated with NW Natural's Washington Low-Income Energy Efficiency program delivery.

² Northwest Energy Efficiency Alliance (NEEA) gas market transformation activities are not included in this table.

II. QUARTERLY RESULTS

A. Expenditures³

		Q3 actual expenditures	Q3 budgeted expenditures	Budget variance
Commercial	Commercial	\$ 438,152	\$ 317,232	\$ 120,920
	Commercial administration	\$ 29,469	\$ 19,211	\$ 10,259
	Commercial Total	\$ 467,621	\$ 336,443	\$ 131,178
Residential	Residential	\$ 402,420	\$ 342,803	\$ 59,617
	Residential administration	\$ 23,553	\$ 20,772	\$ 2,781
	Residential Total	\$ 425,973	\$ 363,575	\$ 62,398
Total expenditures		\$ 893,594	\$ 700,018	\$ 193,576

B. Incentives paid⁴

		Q3 actual incentives	Q3 actual expenditures	Percent incentives/expenditures
Commercial	\$	202,591	\$ 467,621	43%
Residential	\$	235,568	\$ 425,973	55%
Total Incentives	\$	438,159	\$ 893,594	49%

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

		Q3 savings therms	Annual goal therms	Percent achieved Q3	Levelized cost/therm
Commercial	Existing Buildings - custom	46,685	124,155	38%	
	Existing Buildings - standard	1,857	29,722	6%	
	New Buildings - custom	-	-	N/A	
	New Buildings - standard	2,661	12,177	22%	
	Strategic Energy Management	-	19,595	-	
Commercial total		51,204	185,649	28%	\$ 0.80
Residential	Home retrofit	22,656	103,486	22%	
	Midstream and retail	1,082	12,525	9%	
	Small multifamily	79	3,113	3%	
	EPS new construction	2,412	13,949	17%	
Residential total		26,229	133,073	20%	\$ 1.03
Total		77,433	318,722	24%	\$ 0.88

Quarterly savings in recent years were on average: 12% of annual savings in Q1, 21% of annual savings in Q2, 14% of annual savings in Q3 and 49% of annual savings in Q4.

³ Columns may not total due to rounding.

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

III. YEAR-TO-DATE RESULTS

A. Activity highlights—sites served⁵

	Q1	Q2	Q3	Q4	Total
Commercial					
Food Service	7	9	4		20
HVAC	1	2	4		7
Operations & Maintenance	-	4	-		4
Study	2	-	3		5
Water Heating	-	2	2		4
Weatherization	-	-	-		-

	Q1	Q2	Q3	Q4	Total
Residential					
EPS new construction	131	65	81		277
HVAC	130	147	154		431
HVAC Controls	10	67	161		238
Water Heating	4	4	4		12
Weatherization	55	68	50		173

⁵ 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

Source	YTD actual revenue	YTD budgeted revenue
NW Natural \$	2,100,582 \$	2,100,583

C. Expenditures⁶

		YTD actual expenditures	YTD budgeted expenditures	Budget variance
Commercial	Commercial \$	809,530 \$	896,909 \$	-87,378
	Commercial administration \$	61,223 \$	59,360 \$	1,863
	Commercial Total \$	870,753 \$	956,269 \$	-85,515
Residential	Residential \$	1,099,265 \$	964,934 \$	134,332
	Residential administration \$	83,135 \$	63,862 \$	19,273
	Residential Total \$	1,182,400 \$	1,028,796 \$	153,605
Total expenditures \$		2,053,154 \$	1,985,064 \$	68,089

D. Incentives paid⁷

	YTD actual incentives	YTD actual expenditures	Percent incentives/expenditures
Commercial \$	331,266 \$	870,753	38%
Residential \$	643,278 \$	1,182,400	54%
Total Incentives \$	974,544 \$	2,053,154	47%

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.

⁶ Columns may not total due to rounding.

⁷ NEEA expenditures excluded per NW Natural Washington's Energy Efficiency Plan.

E. Savings

		YTD savings	Annual goal	Percent	Levelized
		therms	therms	achieved	cost/therm
Commercial	Existing Buildings - custom	46,685	124,155	38%	
	Existing Buildings - standard	26,600	29,722	89%	
	New Buildings - custom	-	-	N/A	
	New Buildings - standard	2,661	12,177	22%	
	Strategic Energy Management	-	19,595	-	
Commercial total		75,947	185,649	41%	\$ 0.99
Residential	Home retrofit	54,950	103,486	53%	
	Midstream and retail	3,490	12,525	28%	
	Small multifamily	758	3,113	24%	
	EPS new construction	19,780	13,949	142%	
Residential total		78,978	133,073	59%	\$ 0.87
Total		154,924	318,722	49%	\$ 0.90