

December 23, 2009

Dear Home Energy Solutions trade ally:

This email announces Energy Trust of Oregon's changes to select Home Energy Solutions incentives for NW Natural customers in Washington. Our previous incentive letter sent on December 1, 2009, stated that Washington incentives would not change in 2010. However, Energy Trust, NW Natural and the Washington Utilities and Transportation Commission have now decided to align Oregon and Washington incentives when possible to streamline the process for trade allies and customers.

The following changes **for Washington customers** will go into effect February 1, 2010. Changes **for Oregon customers** will go into effect January 1, 2010 as stated in the original letter. Projects installed before these dates will receive payment based on 2009 incentives.

Direct-vent gas fireplaces

Requirements for high-efficiency direct-vent gas fireplaces are changing from a minimum 80 percent AFUE specification to a tiered approach with varying incentive amounts for qualifying models, based on Fireplace Efficiency (FE) standards. A complete list of qualifying models will be posted to the trade ally and consumer-facing pages of our website January 1, 2010. These incentive changes are the same for Oregon and Washington customers:

- Tier 1: Direct-vent gas fireplace with a minimum 65 percent FE—\$100
- Tier 2: Direct-vent gas fireplace with a 70 percent or greater FE—\$150

Floor insulation

The floor insulation incentive is decreasing from \$0.45 per square foot to \$0.30 per square foot. Floor insulation can be installed by a contractor or by the homeowner. These incentive changes are the same for Oregon and Washington customers:

- Floor insulation—\$0.30 per square foot
- If existing floor insulation is R-11 or less, insulate the floor to R-30 or fill cavity

Gas furnaces

Washington customers still qualify for stand-alone Energy Trust incentives for gas furnaces. Oregon customers are not eligible to apply for a stand-alone gas furnace incentive in 2010.

- Gas furnace: 90 percent or greater AFUE, primary heat source only—\$100 incentive remains unchanged from 2009

Water heaters

Oregon and Washington customers qualify for stand-alone Energy Trust incentives for water heaters. These incentives are unchanged from 2009.

- Tankless gas water heater: Minimum Energy Factor (EF) of 0.80, or greater—\$200
- Tank gas water heater: Minimum EF of 0.62, or greater—\$35

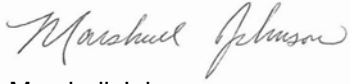
Gas furnace and water heater package

A \$100 bonus cash incentive is available to **Oregon customers only** when a gas furnace is combined with the purchase of a qualified gas water heater. Offer begins January 1, 2010, and expires April 30, 2010. **This bonus cash incentive is not available to Washington customers.**

Thank you for providing your customers with Energy Trust incentives and helping make their homes more energy efficient. These incentive changes will simplify the process for you

and your customers. If you have any questions or would like to receive additional information on the updated incentives, contact the Home Energy Solutions trade ally hotline at 1.866.365.3526 (option 9) or email hestradeally@csgroup.com.

Sincerely,

A handwritten signature in cursive script that reads "Marshall Johnson". The signature is written in black ink on a light-colored background.

Marshall Johnson
Trade Ally/Quality Control Manager