

Quarter Two 2012 Report to the Oregon Public Utility Commission



ENERGY TRUST OF OREGON
AUGUST 15, 2012

This report covers activity between April 1 and June 30, 2012



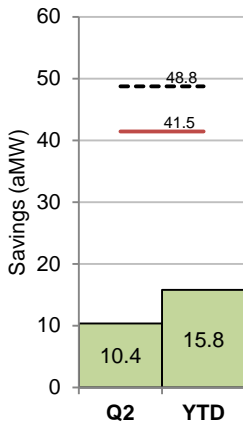
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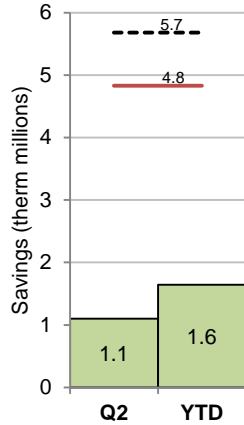
I. Q2 2012 ACTIVITY AT A GLANCE

Savings and generation

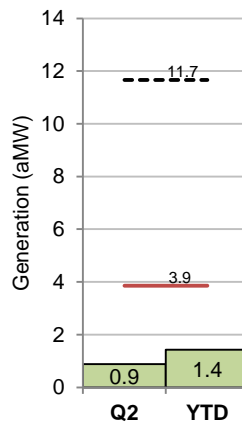
Electric efficiency



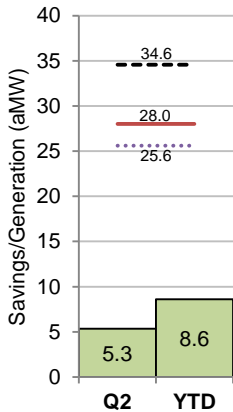
Gas efficiency



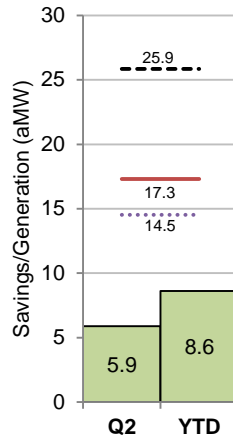
Renewable energy



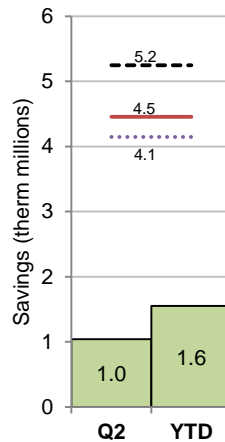
Portland General Electric



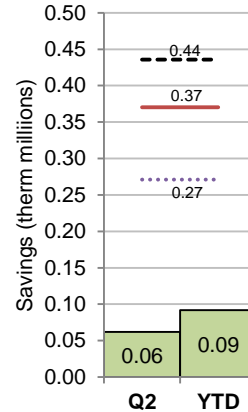
Pacific Power



NW Natural



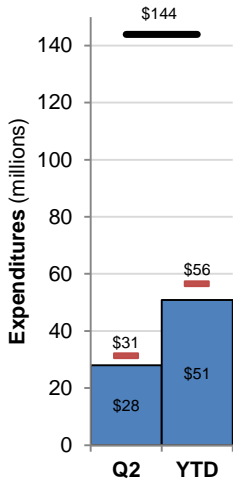
Cascade Natural Gas



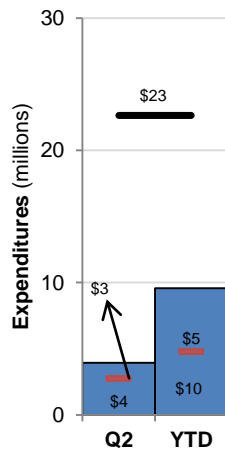
■ Savings
 - - - - Stretch Goal
 — Conservative Goal
 ⋯⋯⋯ IRP Goal

Expenditures

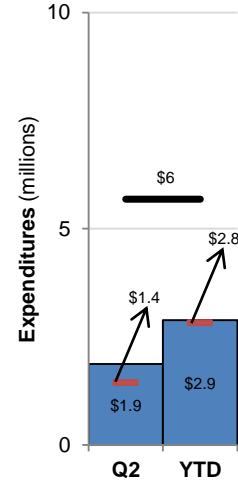
Energy efficiency



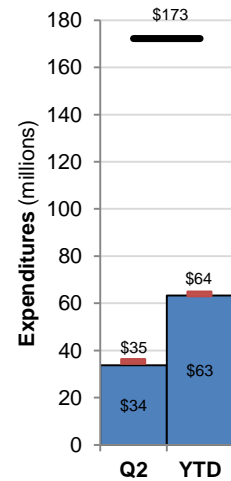
Renewable energy



Administration



Total



■ Actual
 — Budget
 — Annual Budget

Residential activity in Q2 2012

New homes and major remodels	519
New manufactured homes	20
Weatherization retrofits	3,195
Single-family site-built	2,324
Mobile	871
Solar electric installations	299
Home Energy Reviews	835
Total Sites	4,848
Heating systems	1,460
Water heaters	411
Solar	10
High-efficiency products	9,996
Washing machines	6,753
Dishwashers	113
Refrigerators	3,130
High-efficiency lighting*	166,803
Refrigerators, freezers recycled	4,230
Energy Saver Kits sent	20,667
Total Other Activity	36,764

* Lighting excluded from totals

Commercial activity in Q2 2012

New Buildings sites served	77
New construction	45
Major renovation	18
Tenant improvement	14
Existing Buildings sites served	1,015
Operations and maintenance	153
Custom ¹	23
Lighting	457
Prescriptive/standard ²	156
Multifamily	226
Solar water heating sites served	2
Sites with technical assistance	257

¹The most common custom measures are building controls and HVAC

²The most common standard/prescriptive measures are foodservice and grocery equipment

Industrial/Agricultural activity in Q2 2012

Projects with savings	192
Custom capital ¹	8
Custom O+M ²	3
Strategic Energy Management (SEM) ³	--
Industrial lighting	51
Small industrial ⁴	26
Prescriptive ⁵	104
Number of SEM participating companies	44
Studies	26

¹ Top actions are compressed air system improvements, process upgrades

² Equipment modifications to improve efficiency

³ Savings from no-cost or low-cost operational steps (i.e., turning off equipment when not in use) identified through trainings in Strategic Energy Management approaches/disciplines

⁴ Targets users with gas or electric costs under \$25,000/year; top improvements are irrigation system improvements, compressed air system improvements, HVAC

⁵ Top improvements are sprinklers, replacement gaskets, nozzles

Renewable energy activity in Q2 2012

Biopower projects	1
Solar electric installations	321
Residential	299
Commercial	22
Other renewable projects	2
Wind projects	--
Hydro projects	2
Geothermal projects	--
Total	324

Other activity in Q2 2012

Calls	8,174
Website visits	142,456
info@energytrust.org inquiries	391
Customer complaints	4
Trade ally roundtable meetings	4
Attendance	150
News stories in print, broadcast	88

II. HIGHLIGHTS OF Q2 ACTIVITIES

A. Savings^{1,2}, generation and general highlights

Quarter 2

- **Electric efficiency projects completed during Q2** are expected to save 10.4 average megawatts (aMW) of electricity, about 25 percent of the 2012 electric conservative goal and 21 percent of the 2012 electric stretch goal of 49 aMW. Q2 2012 electric savings are approximately 22 percent higher than Q2 savings in 2011.
- **Gas efficiency projects completed during Q2** are expected to save 1.1 million annual therms of natural gas³, about 23 percent of the 2012 gas conservative goal and 19 percent of the 2012 stretch goal of 5.7 million annual therms. Q2 savings are 29 percent higher than in Q2 2011.
- **Renewable energy projects completed during Q2** are expected to generate 0.9 aMW of electricity, 23 percent of the 2012 renewable energy conservative goal of 3.85 aMW. Q2 generation is up 64 percent over Q1 2012, reflecting a continued high volume of solar electric activity.
- **Requests for proposals were distributed in Q2 seeking Program Management Contractors** to operate the Existing Buildings and Existing Homes programs. Competitive responses were received from multiple organizations for both programs; the board of directors will make final selections in Q3.
- **Kick-Start bonus incentives were effective in driving project enrollments** in the commercial and industrial sectors during the first half of 2012. The bonus incentives were offered to support projects affected by decreases in Oregon energy tax credits. Similar bonus incentives proved effective in helping offset the impacts of Oregon tax credit changes in 2011.
- **Due to changes in the avoided cost of gas**, the savings that can be claimed from measures based on evaluations and the cost of measures in the marketplace, Energy Trust is analyzing the cost effectiveness of gas weatherization measures and is seeking guidance from the OPUC on the issue.

Cumulative

- **Including Q2 2012 results, electric efficiency programs have saved 337 aMW** since 2002, 70 percent of Energy Trust's 2014 goal of 479 aMW. This is equivalent to the annual electric consumption of approximately 245,769 average Oregon homes. This total includes 20 aMW of savings from self-direct customers.
- **Including Q2 2012 results, cumulative savings of 24.8 million annual therms** have been realized since gas programs began in 2003, accounting for 72 percent of the 2014 goal of 34.7 million annual therms. This is equivalent to providing gas heat to approximately 48,977 homes.
- **Including Q2 2012 results, 106 aMW of renewable energy generation** have been installed since 2002, accounting for 85 percent of the 2014 goal of 124 aMW of installed generation. This is equivalent to powering approximately 82,100 average Oregon homes.

¹This document reports net savings, which are adjusted gross savings based upon results of current and past evaluations.

²This report includes the best available energy savings data as of the date of submission. Energy savings reported here for periods prior to January 1, 2012, may be different than previously reported as a result of applying updated evaluation factors to Energy Trust funded program savings in Oregon through our annual true up process. The full True Up 2012 Report will be published online at www.energytrust.org.

³The gas savings do not include NW Natural results in Washington. These results are reported in Appendix 5.

B. Revenues and expenditures

- **Overall public purpose revenue plus incremental electric revenue** from SB 838 totaled \$36.7 million for Q2 2012, approximately 4 percent less than budgeted revenues. Revenue projections are estimates provided by utilities; typically, actual revenues vary by a few percentage points.
- **Q2 expenditures** totaled \$33.8 million, of which \$17.0 million or 50 percent was for incentives. Q2 2012 incentives paid are up 27 percent over Q2 2011. The increase reflects the effectiveness of the Kick-Start bonus incentive in the commercial and industrial sectors.
- **Q2 electric efficiency expenditures** were 10 percent under budget for the quarter, reflecting modest variances in timing of project completions that are typical for quarterly activity.
- **Q2 gas efficiency expenditures** for the quarter were 4 percent under budget. Several projects in NW Natural territory have been delayed until 2013, and two large projects were cancelled in Cascade Natural Gas territory.

C. Appendices

- **Appendix 1** shows a geographic distribution of Home Energy Reviews conducted in Q2 2012 and the most recent customer satisfaction results (see page 12).
- **Appendix 2** presents Oregon Public Utility Commission 2012 performance measures for Energy Trust and benefit/cost ratios from Energy Trust's 2011 annual report (see page 13).
- **Appendix 3** includes reports from Pacific Power and PGE on Q2 2012 utility activities supported by their shares of SB 838 funding, providing additional support for electric efficiency acquisition above funds collected through the public purpose charge (see page 14).
- **Appendix 4** includes a report from the Northwest Energy Efficiency Alliance on its Q2 2012 market transformation activities in PGE and Pacific Power Oregon service territories, funded by Energy Trust (see page 23).
- **Appendix 5** provides the Q2 2012 report on Energy Trust activities serving NW Natural customers in Washington (see page 26).

D. Commercial sector highlights

- **Due to its diverse portfolio of programs and offerings, the commercial sector** is on track to exceed 2012 conservative goals for all four of Energy Trust's collaborating utilities, with Pacific Power and NW Natural expected to exceed stretch goals.

Existing Buildings

- **The program is well positioned to meet or exceed conservative goals for all utilities** as a result of sustained outreach and marketing efforts, including those leveraging the Kick-Start bonus incentives for PGE, Pacific Power and NW Natural. The bonus was less successful for Cascade Natural Gas because of its smaller customer base, and additional, targeted marketing efforts will be utilized to exceed the conservative goal.
- **The 20 percent Kick-Start bonus incentive for lighting and custom projects**, which ran from January 1 to June 29, 2012, represents 8.9 million kWh and 365,000 therms in potential savings—equal to 10 percent of the program's electric stretch goals and 31 percent of its gas stretch goals.

- **Through coordination with the Oregon Department of Energy** on Governor Kitzhaber's Cool Schools initiative, the program has been successful in providing outreach and planning services to help schools leverage additional funding. To date Existing Buildings has been in contact with more than 30 school districts; 11 of these districts have committed to complete projects by the end of 2012.
- **Multifamily activity is on track to exceed 2012 savings targets** for both PGE and Pacific Power. The incentive dollars needed to achieve each kWh of savings have been less than budgeted to date, allowing Energy Trust to close qualifying projects leveraging the Kick-Start bonus incentive and other enhanced incentive offerings without budget implications.
- **Multifamily activity remains behind target for NW Natural** savings, the result of a large affordable housing project that stalled for lack of financing. Energy Trust subsequently succeeded in helping this project obtain financing, and it is expected to complete in 2013. Efforts continue to add and modify gas measures to diversify offerings and accelerate gas efficiency projects for the remainder of 2012.
- **Planning for the MPower Oregon multifamily on-bill financing pilot** moved forward in Q2. The pilot obtained access to \$3 million in funding through the U.S. Department of Housing and Urban Development, and will launch later in 2012.
- **During Q2 multifamily activity continued, including enrolling assisted living facilities,** memory care centers and retirement living communities, and bringing in savings through direct installation of water-saving devices and compact fluorescent lighting. The first prescriptive and custom savings are expected in Q3.

New Buildings

- **The New Buildings pipeline is strong** across electric utilities, with large projects expected to bring in a majority of the electric savings this year. Program staff is seeing signs of economic recovery in the number of new projects enrolled for completion in 2012 and 2013.
- **Electric savings as of midyear are more than double** those from the same period in 2011, reflecting an unexpected influx of enrollments in the industrial, multifamily and grocery market sectors. Increased savings for the electric utilities within the same delivery budget are expected to result in significantly lower levelized costs for the year than had been anticipated.
- **Gas savings have lagged in the first half of the year** due to changes in savings estimates for a number of measures, and the cancellation of two large projects in Cascade Natural Gas territory. Program staff is working to boost gas savings in the second half of the year by revisiting existing projects for more savings, enrolling quick-turn projects like restaurants and reaching out to New Buildings allies.
- **Project enrollments are picking up** as a result of program efforts that began in 2011 to build customer awareness through engaging with architects, designers and others.
- **New Buildings is well positioned to capture deeper savings** and develop a more robust pipeline going into 2013 with new incentive offers for small commercial buildings and data centers.

E. Industry and Agriculture sector highlights

Production Efficiency

- **As of the end of Q2, the program is on track to meet or exceed** conservative 2012 goals, facilitated by the success of the Kick-Start bonus incentive in the first half of the year. The program enrolled 477 new industrial projects under the bonus offer, representing more than 54 million kWh and 725,000 therms of savings.
- **The program expects to end 2012** between stretch and conservative goals for PGE and Pacific Power.
- **The Cascade Natural Gas pipeline remains robust** and currently is on target to meet 102 percent of stretch goal.
- **The program expects to end the year** at more than 90 percent of the NW Natural stretch goal as a result of a recent uptick of new projects and the expected historical influx of small projects in Q4.

F. Residential sector highlights

- **The number of new homes receiving an EPS™ rating, an energy performance score,** is expected to exceed the goal for the year. This is the result of a more robust recovery than expected in new home construction, and builders quickly adopting the new ENERGY STAR® specifications. Approximately 450 homes received an EPS in Q2.
- **While weatherization activity in Existing Homes has increased compared to Q1,** savings from direct install measures continue to be lower than budgeted. This is a result of a continued lag due to the mild winter, and the delivery transition of direct install measures from Home Energy Review energy advisors to trade ally contractors.

Existing Homes

- **Weatherization measure activity across all utilities** has increased compared to Q1.
- **Savings from direct install measures continue to be lower** than budgeted, and will be a key marketing focus during Q3 and Q4 to meet savings goals.
- **Existing Homes has achieved 40 percent** of the PGE 2012 stretch goal through Q2, excluding the Opower pilot¹.
- **Savings are on target to achieve the 2012 stretch savings goal** for Pacific Power. Year-to-date, Existing Homes has achieved 51 percent of the stretch goal while spending 49 percent of the incentive budget.
- **Clean Energy Works Oregon activity continued to grow** with Energy Trust support, reporting 1,316 applications during Q2, 349 completed projects and 1,811 additional projects that were in process as of the end of the quarter.² In the first half of the year Clean Energy Works Oregon received 2,151 applications and completed 632 projects.
- **Weatherization savings have decreased 2 percent** for NW Natural compared to last year; however, Q2 saw 64 percent growth over Q1, which was driven by Clean Energy Works Oregon projects.

¹The Opower behavioral pilot evaluates savings on an annual basis. Savings for the pilot are not included in quarterly goals or results.

²"In process" refers to Clean Energy Works Oregon homes that had completed a Home Performance test-in audit but had not closed as of June 30, 2012. There is a lag between the time Clean Energy Works Oregon records a completed project and when Energy Trust enters the project into its data tracking system. Clean Energy Works Oregon project counts may include activity outside Energy Trust territory.

- **The program has achieved 25 percent of the Cascade Natural Gas stretch goal** for the year. This is a 33 percent decrease from the same period last year, a result of higher-than-expected savings in Q2 2011 from closing a custom multifamily project in Sunriver. Another project involving a bulk purchase of ENERGY STAR gas tank water heaters and gas hearths in Sunriver is expected to complete later this year.

New Homes and Products

- **The program forecasts meeting stretch goals** for all utilities.
- **New Homes processed 236 homes in Q2**, surpassing the forecast of 136. The program has not seen the decline in new homes market share that had been expected to result from the recent code change and corresponding changes to ENERGY STAR specifications.
- **Refrigerator recycling has dropped compared to mid-year 2011**, but is expected to increase in response to additional radio and television advertising.
- **Savings are behind historical averages** for NW Natural and Cascade Natural Gas due to slow uptake of retail showerheads and the air sealing pilot.

G. Renewable energy highlights

- **Renewable energy programs are expected to exceed** the 2012 conservative goal.
- **Programs expect to utilize 72 percent of 2012 budgeted funds.** Cancelled projects in Pacific Power territory are returning \$2.88 million, which will be leveraged into a new request for proposals to be issued in Q3.

Solar Electric

- **Solar has stepped through three incentive adjustments**, reflecting falling installation costs and the need to manage demand within budgeted funds. Market activity accelerated prior to each change but has slowed significantly at the current incentive rate of \$0.75/watt. Solar expects an incentive drop to \$0.60/watt by year end.
- **The high volume of incentive applications** was driven by expectation of forthcoming reductions in incentive amounts and the Q2 launch of several community-led bulk purchase initiatives, including a large project in Clackamas County.
- **The 1.31 aMW solar project** near Christmas Valley is on track to be completed in 2012, with power to be delivered to PGE.

Biopower

- **A 190 kW dairy digester project came online in May.** It is expected to generate 0.15 aMW.
- **Funds were committed for a 750 kW dairy digester project.** This project was initiated in response to a Q1 request for proposals.
- **Two biopower projects with a combined generation capacity of 420 kW have been cancelled.** As a result approximately \$880,000 has been made available for future projects.

Other

- **A hydro project submitted in response** to the Q1 request for proposals gained board approval in May. Generation is expected to begin in 2013.
- **\$2 million in renewable energy incentives were freed up** when a 3,500 KW hydro project did not proceed as planned.
- **Along with the Biopower program, Other Renewables is evaluating whether and when** to issue a second competitive request for proposals in Pacific Power territory for projects to fund with monies from cancelled projects.

III. TABLES¹

A. Revenues

Source	Q2 Actual Revenues Received	Q2 Budgeted Revenues
Portland General Electric	\$ 8,877,082	\$ 8,679,844
PGE SB 838/Incremental	\$ 10,244,328	\$ 10,413,495
Pacific Power	\$ 6,184,616	\$ 6,166,357
Pacific SB 838/Incremental	\$ 5,830,632	\$ 5,636,619
Cascade Natural Gas	\$ 318,201	\$ 380,296
NW Natural	\$ 5,294,235	\$ 5,601,629
NW Natural Industrial DSM	\$ -	\$ 1,390,027
Avista ²	\$ (25,458)	\$ -
Total	\$ 36,723,637	\$ 38,268,266

B. Expenditures

Type	Q2 Actual Expenditures	Q2 Budgeted Expenditures
Energy Efficiency Programs	\$ 27,988,154	\$ 31,189,628
Renewable Energy Programs	\$ 3,944,201	\$ 2,727,392
Administration	\$ 1,869,731	\$ 1,440,010
Total	\$ 33,802,086	\$ 35,357,030

Source	Q2 Actual Expenditures	Q2 Budgeted Expenditures
Portland General Electric	\$ 17,292,038	\$ 18,378,409
Pacific Power	\$ 10,830,835	\$ 11,076,071
Cascade Natural Gas	\$ 272,300	\$ 602,563
NW Natural	\$ 5,063,692	\$ 4,754,902
NW Natural Industrial DSM	\$ 343,221	\$ 545,086
Total	\$ 33,802,086	\$ 35,357,030

¹Columns may not total due to rounding.

²Represents a return of unspent revenue previously received from Avista Utilities.

C. Incentives paid

Quarter	Energy Efficiency				Renewable Energy		Total
	PGE	Pacific Power	NW Natural	Cascade Natural Gas	PGE	Pacific Power	
Q1	\$ 4,157,072	\$ 3,968,024	\$ 1,680,134	\$ 102,078	\$ 3,879,801	\$ 1,172,015	\$ 14,959,123
Q2	\$ 6,555,714	\$ 4,272,000	\$ 2,580,331	\$ 129,716	\$ 2,431,195	\$ 1,042,570	\$ 17,011,526
Q3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Q4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 10,712,786	\$ 8,240,024	\$ 4,260,465	\$ 231,793	\$ 6,310,996	\$ 2,214,585	\$ 31,970,649

D. Savings and generation

Q2 Electric Efficiency Savings	PGE aMW	Pacific Power aMW	Total Savings aMW	Expenses
Commercial	2.4	3.4	5.8	\$ 10,632,329
Industrial	0.5	0.3	0.8	\$ 3,873,753
Residential	2.2	1.5	3.7	\$ 9,416,773
Total Electric Efficiency Programs	5.1	5.2	10.4	\$ 23,922,856

Q2 Gas Efficiency Savings	NW Natural Therms	Cascade Natural Gas Therms	Total Savings Therms	Expenses
Commercial	285,042	25,221	310,263	\$ 1,672,160
Industrial	98,622	0	98,622	\$ 281,015
Residential	656,076	36,842	692,919	\$ 3,726,037
Total Gas Efficiency Programs	1,039,741	62,063	1,101,804	\$ 5,679,213

Q2 Renewable Energy Generation	PGE aMW	Pacific Power aMW	Total Generation aMW	Expenses
Biopower	0.0	0.2	0.2	\$ 251,043
Other Renewable Programs	0.0	0.4	0.4	\$ 473,658
Solar Electric Program	0.2	0.1	0.3	\$ 3,475,317
Total Renewable Programs	0.2	0.7	0.9	\$ 4,200,017

E. Progress toward efficiency goals by utility

	Q2 Savings	YTD Savings	Energy Trust Annual Stretch Goal		Annual IRP Goal	
			Goal	% Achieved YTD	Goal	% Achieved YTD
Portland General Electric	5.12 aMW	7.97 aMW	31.50 aMW	25%	25.62 aMW	31%
Pacific Power	5.24 aMW	7.82 aMW	17.27 aMW	45%	14.53 aMW	54%
NW Natural	1,039,741 annual therms	1,550,306 annual therms	5,244,475 annual therms	30%	4,147,783 annual therms	37%
Cascade Natural Gas	62,063 annual therms	91,861 annual therms	435,872 annual therms	21%	271,180 annual therms	34%

F. Incremental utility SB 838 expenditures¹

Utility	Q2 2012 SB 838 Expenditures	YTD SB 838 Expenditures
Portland General Electric	\$ 187,634	\$ 281,435
Pacific Power	\$ 326,322	\$ 395,423
Total	\$ 513,955	\$ 676,857

¹Reflects expenditures by Pacific Power and PGE in support of utility activities described in SB 838. See Appendix 3 for reports from these utilities on their SB 838 activities during the quarter.

Appendix 1

GEOGRAPHIC DISTRIBUTION OF HOME ENERGY REVIEWS; CUSTOMER SATISFACTION

1. Home Energy Reviews in Q2 2012

Service Region	In-Home Reviews	Telephone Reviews	Online Reviews
1 - North Coast (Astoria)	7	4	18
2 - South Coast (Coos Bay, North Bend)	5	8	29
3 - Portland Metro	531	159	1,148
4 - Mid-Willamette (Salem, Dallas)	86	34	207
5 - Southern Willamette (Eugene, Corvallis, Albany)	83	25	197
6 - Southern (Medford, Roseburg, Grants Pass)	57	26	203
7 - Columbia Basin (Hood River, The Dalles)	2	0	8
8 - Central (Bend, Redmond, Prineville)	36	38	99
9 - Klamath Basin (Klamath Falls, Lakeview)	11	3	45
10 - Northeast (Pendleton, Enterprise)	4	5	26
11 - Eastern (Baker City, Ontario, Vale)	0	0	3
Total	822	302	1,983

2. Customer satisfaction

From mid February through mid May 2012, Energy Trust delivered a short phone survey to 833 participants in five programs to whom incentive checks had been sent January through March 2012. Below are results from this most recent quarterly survey. Satisfaction rates this quarter have remained consistent with past quarters.

Program ^{1,2}	Respondent Count	Percent Satisfied
Existing Buildings	76	88%
Production Efficiency	43	95%
New Homes and Products ³	210	90%
Existing Homes	451	92%
Solar	53	94%

¹As of Q2 2012, Energy Trust reports customer satisfaction for New Buildings using annual program evaluations. The Fast Feedback evaluation contacts a single representative for each project and is ill-suited for tracking satisfaction on New Buildings projects that may have many different market actors.

²New Buildings achieved 83 percent customer satisfaction in 2011.

³Only Home Products customers were surveyed. Energy Trust does not track purchasers of New Homes.

Appendix 2

OPUC 2012 PERFORMANCE MEASURES AND 2011 BENEFIT/COST RATIOS

OPUC 2012 performance measures

Following are the 2012 performance measures established by the OPUC for Energy Trust. Comparison of 2012 performance against these measures will be reported in the 2012 annual report.

Category	Measures
Energy Efficiency	<ul style="list-style-type: none"> Obtain at least 41 aMW in 2012 Levelized cost not to exceed 4.4 cents/kWh
Natural Gas	<ul style="list-style-type: none"> Obtain at least 4.5 million annual therms in 2012 Levelized cost not to exceed 52 cents/therm
Renewable Energy	<i>No renewable energy metric for 2012¹</i>
Financial Integrity	<ul style="list-style-type: none"> Receive an unqualified financial opinion from an independent auditor on annual financial statements
Administrative/Program Support Costs	<ul style="list-style-type: none"> Keep below 9 percent of annual revenues
Customer Satisfaction	<ul style="list-style-type: none"> Demonstrate greater than 85% satisfaction rates for: <ul style="list-style-type: none"> Interaction with program representatives Overall satisfaction
Benefit/Cost Ratios	<ul style="list-style-type: none"> Report both utility system and societal perspective Report significant mid-year changes as necessary in quarterly reports

Benefit/Cost ratios for 2011²

The following benefit/cost ratios were calculated for and published in Energy Trust's 2011 Annual Report to the OPUC, which requires their publication as one element of its performance oversight. OPUC also requires Energy Trust to report significant mid-year changes in quarterly reports.

Program	Combined Utility System Benefit/Cost Ratio	Combined Societal Benefit/Cost Ratio
New Homes and Products	1.8	2.2
Existing Homes	2.3	2.1
Existing Buildings	2.6	1.6
New Buildings	3.0	1.8
Production Efficiency	3.2	2.3
NW Energy Efficiency Alliance	3.9	1.3

¹Energy Trust is engaging with the OPUC in 2012 on examining the renewable energy program mission and goals and identifying new performance measures for 2013.

²By law, Oregon public purpose funds may be invested only in cost-effective energy efficiency measures—that is, efficiency measures must cost less than acquiring the energy from conventional sources.

Appendix 3

Q2 2012 UTILITY ACTIVITIES SUPPORTED BY SB 838— AUTHORIZED FUNDING

Per agreement with the OPUC, Pacific Power and Portland General Electric report their SB 838 program support activities in Energy Trust's quarterly and annual reports. Content and format were developed by the utilities, following a sector outline suggested by Energy Trust, and appear here as received.

1. Pacific Power SB 838 Energy Efficiency Activities and Results Q2 2012

(for submission with Energy Trust Quarterly Report)

Pacific Power utilized several approaches to support and deliver energy efficiency communications, advertising and outreach to residential and small- and mid-size commercial customers.¹

Voices residential newsletter insert

- **Q1**
 - Start the year right – save energy
 - Smart power strips
 - Hold on to your heat and stay warm / Energy Trust
 - Choosing a better bulb / Energy Trust
 - LED lighting
- **Q2**
 - Save with Earth Day actions / Energy Trust
 - Free Energy Saver Kit / Energy Trust

Energy Connections commercial e-newsletter

- **Q1**
 - Your Energy Plan for 2012
 - Save Now: Eight Low-Cost Ways to Reduce Energy Use
 - Fact or Fable? When a Device is Turned Off, It is Off
 - Be Wattsmart with Building Maintenance
 - Energy Management Systems: Putting You in Control
 - Common Energy Myths Exposed
 - Do You Have Energy Hogs in the Office?
 - Programmable Thermostats: An Affordable Way to Save Energy
 - Real Savings: Local Businesses Improve Lighting, Cut Costs
 - New lighting lifts fitness center / Energy Trust
 - Irrigation supplier pumps up savings, productivity / Energy Trust
 - Fact or Fable? Daylight Saving Time Saves Energy
- **Q2**
 - Can Saving Energy Increase Worker Productivity?
 - Your Electric Bill: The Difference Between Demand and Usage

¹ Some activities are funded outside of SB 838 funds.

- Ten Low-Cost Strategies to Reduce Your Energy Bill
- Does Your Big Screen TV Equal Big Power Consumption?
- Spring Air Conditioning Maintenance Tips for Businesses
- LED Lighting: A Growing Bright Spot for Energy Savings / Energy Trust
- Fact or Fable? Energy-Efficient Refrigerators Use Less Power Than a 100-Watt Bulb
- Strategies to Reduce Demand Charges
- Unloading Your Plug Load
- Get Your House in Shape for Summer
- TV Set-Top Boxes Get Poor Ratings in Energy Efficiency

Energy Insights large C&I / communities newsletter

- **Q1**
 - Newspaper finds new route to energy savings / Energy Trust
 - Easy tips save energy and money in winter
 - Helping customers save energy at home / Energy Trust
 - Upgrade lighting, keep ahead of changes / Energy Trust
 - J&J Snack Foods enjoys savings / Energy Trust
- **Q2**
 - Helping customers save energy at home
 - Helping shape energy policy
 - Local mill cuts energy waste / Energy Trust

Bill inserts

- **Q1**
 - Resolve to save with energy-efficient improvements / Energy Trust
 - Stay comfortable and save energy with a new heat pump / Energy Trust
 - Make it your home. Get cash incentives for weatherization / Energy Trust
- **Q2**
 - Free Energy Saver Kit. Delivered to your front door. / Energy Trust
 - Be **Watt**smart workshops
 - Summertime and the saving is easy
 - Free Energy Saver Kit / Energy Trust
 - Other cool resources / Energy Trust
 - Home Energy Review / Energy Trust
 - Get cash for your old fridge / Energy Trust
 - Energy-saving tips for summer efficiency / Energy Trust

Direct mail

- **Q1**
- **Q2**
 - Clean Energy Works Oregon – Southern Oregon
 - Clean Energy Works Oregon – Central Oregon
 - Be **Watt**smart workshops

Direct email

- **Q1**
- **Q2**

- Be **Watt**smart workshops

Mass media

- TV
 - **Q1**
 - “Bike shop”
 - “Cookies”
 - “Motel”
 - “Little Hero”
 - “Porch Light”
 - “Small Changes”
 - “Sweet Savings”
 - “Remodel your energy bill”
 - **Q2**
 - “Little Hero”
 - “Porch Light”
 - “Small Changes”
 - “Sweet Savings”
 - “Contractor” / Energy Trust
 - “Cookies” / Energy Trust
 - “Motel” / Energy Trust
 - “Home sweet home” / Energy Trust
 - “Porch Light” / Energy Trust
 - “Remodel your energy bill” / Energy Trust
 - “Washing machine” / Energy Trust
 - “Small changes” / Energy Trust
 - “Little hero” / Energy Trust
- **Radio**
 - **Q1**
 - “Marty Home Improvement Answers”

- “Phil Seal and Secure Answers”
- “Lori Lightbulb Answers”
- “Jess Conserve Energy Answers”
- “Bob Energy Efficiency Answers”
- “Home Energy Review” / Energy Trust
- “Refrigerator recycling” / Energy Trust
- “Upgrade incentives” / Energy Trust
- **Q2**
 - “Bob Energy Efficiency Answers”
 - “Marty Home Improvement Answers”
 - “Home Energy Review” / Energy Trust
 - “Refrigerator recycling” / Energy Trust
 - “Upgrade incentives” / Energy Trust
- **Print**
 - **Q1**
 - “Outlets”
 - “Monmouth-Independence Chamber of Commerce chamber directory ad”
 - “Deschutes Library Ad” / Energy Trust
 - “Fishmarket ad”
 - **Q2**
 - “Deschutes Library Ad” / Energy Trust
 - “Stayton-Sublimity Chamber of Commerce, guide ad” / Energy Trust
 - “Medford Chamber of Commerce, business directory ad” / Energy Trust
 - “Upper Rogue Independent Magazine”
 - “American Legion Baseball, program ad”

Outdoor

- **Q1**
 - “Push down to save”
- **Q2**

- “Push down to save”

Websites / Social Media (continuous energy efficiency and Energy Trust content)

- pacificpower.net/wattsmart
- bewattsmart.com
- Pacific Power wattsmart Facebook page
- Twitter

Call Center

- **Q2**
 - Be **Watt**smart workshops – inbound

Chambers of Commerce, Business and Community outreach: Q1 – Q2

Pacific Power has hosted multiple energy efficiency focused meetings with business and community leaders across the state utilizing existing relationships with local Chambers of Commerce and economic development groups. The meetings follow on prior Power of Main Street energy efficiency events held throughout 2011. These presentations focused on small- to mid-size commercial customers, particularly those in leased spaces, and how they can improve energy efficiency. Energy efficiency presentations were delivered in Power of Main Street events were held in Astoria, Coos Bay, Dallas, Hood River, Klamath Falls, Lebanon, Lincoln City, Medford, Monmouth, Pendleton, Portland, Redmond, Sweet Home and Umatilla, Oregon. The presentations highlighted Pacific Power’s relationship with Energy Trust and available programs and incentives to save energy and money. Pacific Power also offered:

- A one hour on-site walk through with Pacific Power to document information about the customer’s building and how they use energy. We reviewed lighting, office equipment, HVAC and foodservice equipment. Pacific Power also provided practical no cost/low cost ideas for saving energy and a review of which improvements were eligible for Energy Trust cash incentives. (Utilizing Energy Trust’s “Do it yourself” energy audit)
- Additional support for on-site assistance from Energy Trust of Oregon and local contractors.
- Regular checkups with Pacific Power on recommended energy saving improvements.

Be Wattsmart Workshops – Q2

Pacific Power produced and delivered a very successful second round of Be **watt**smart Workshops. The workshops were targeted to homeowners to educate them on how to manage energy use and improve energy efficiency. Locations included Medford, Grants Pass, Roseburg, Coos Bay, Corvallis, Portland, Seaside, Hood River, Bend, Redmond, Klamath Falls, Lakeview, Pendleton and Enterprise, Oregon. Sessions were presented by Pacific Power.

Mass Media¹

	2012 – Impressions (Q1 – Q2)
TV	35,678,720
Radio	2,795,696
Magazine	36,500
Newspaper	-
Outdoor	-

¹ SB 838 funded mass media only

Digital	1,776,999
TOTAL	40,287,915

Outreach

Locations	Chambers of Commerce, business / community groups (2012)	Be wattsmart / other residential (2012)	TOTAL (Q1 – Q2)
Astoria	100	-	100
Bend	-	99**	99
Coos Bay	40	120*	160
Corvallis	-	120*	120
Dallas	45	-	45
Enterprise	-	17	17
Grants Pass	-	75* **	75
Hood River	20	30	50
Klamath Falls	125	80* **	205
Lakeview	-	29	29
Lebanon	-	1,000	1,000
Lincoln City	60	-	60
Medford	200	150* **	350
Monmouth	25	-	25
Pendleton	60	46	106
Portland	60	224* **	284
Redmond	25	498* **	523
Roseburg	-	88*	88
Seaside	-	34	34
Sweet Home	20	-	20
Umatilla	5	-	5
TOTAL	785	2,610	3,395

*Sold out events

** CEWO presentation provided

“Warm Leads” / Customer Response

	2012 (Q1 – Q2)
“Warm Leads” provided to ETO	48
Existing Buildings	34
New Buildings	-
Industrial	-
Residential	1
Multifamily	2
Direct - RHT	6
Direct – Evergreen	5
Energy Saver Kits	308*

*Request for link

2. Portland General Electric SB 838 Energy Efficiency Activities and Results Q2 2012

(for submission with Energy Trust Quarterly Report)

Residential

PGE's residential customer newsletter, Update, is sent monthly to 610,000 customers in their PGE bills. In April, Energy Trust heat pump incentives were mentioned. May's edition featured the Marathon water heater – also included as a bill insert. Appliance rebates were highlighted in the June edition of Update.

PGE's residential e-newsletter, Home Connection, is sent monthly to about 412,000 customers. In May, Home Connection mentioned solar, water heating, weatherization and appliance incentives. April's Home Connections also offered information on the Home Energy Review program. High performance showerheads were mentioned in the June edition of Home Connection.

A PGE heat pump promotion for a free indoor unit ran from May 1-June 30. The offer combined distributor, PGE and Energy Trust incentives for ductless heat pumps. The campaign included direct mail and email with a reminder email. The offer drove 255 leads to PGE-Approved contractors.

During Q1, PGE Community Offices gave away 8,750 free showerheads and compact florescent bulbs to customers. PGE transferred 43 customers to ETO's Appliance Program (PECI), 121 to CSG and 118 customers calling about OPOWER.

2012 Energy Trust Program Participation*

- 57,336 Energy Saver Kits
- 2,817 PGE customers participated in the Energy Trust's Refrigerator Recycling program
- 165 received the Energy Trust \$75 water heater incentive
- 1,335 free showerheads have been installed by PGE's Plumber Network when on residential jobs in PGE's service territory through the Energy Trust Direct Install program
- 126 Savings Within Reach homes have been weatherized
- 39 Energy Trust window bonus incentives

*Energy Trust provided information on participation among PGE customers. Weatherization measures are among electrically heated homes.

PGE-Approved Heat Pump Contractors

With a goal of helping contractors better align with Energy Trust's new ductless heat pump program guidelines, PGE has funded and facilitated two trainings – an all-day class with testing and a one hour webinar – to teach the contractors how to condition larger homes using a maximum of two indoor ductless heat pump fan coil units (heads).

PGE reinstated installation inspections among PGE-Approved contractors in 2012. The inspection team is refining their skills through peer experience and information exchange, partnering, monitoring, mentoring and supervised ride-alongs. Deficiencies inspectors identify in the field are passed on to the Approved Contractors, requiring the contractor to fix what our inspectors are not able to correct in the field and to educate their staff to reduce the likelihood of the errors occurring again.

Key Objectives	Results 4/01/2012 to 6/30/2012
Heat Pump installations as reported by PGE Approved Contractors	351
Inspections of Heat Pump installations	116
Failed inspections	1

Commercial

PGE's business newsletter Energize is sent quarterly to 76,000 customers in their bills. The spring edition of Energize featured "Win a \$3000 energy upgrade! Save energy and control costs with Save More, Matter More™," "Better light, lower costs, Real-life savings: ATALIER DREISEITL+PLACE" and Ask the Expert: "How smart grid will help your business."

PGE's business e-newsletter, Business Connection, is sent bi-monthly to 15,000 business customers. April Business Connection featured "Win a \$3,000 energy-efficiency upgrade! Join our Save More, Matter More™ campaign to save energy, control costs," "Video guide: Which lights do you have? Old T12s or energy-saving T8s – how to tell the difference" and "Five ways we can help you go green. Simple, sustainable savings: How to help the earth and your bottom line."

PGE launched its fifth annual Save More, Matter More (SMMM) campaign in the spring in an effort to feed the project pipeline earlier in the year. The campaign ran from April 1 through May 31. PGE continued utilizing the support of our contact center and outreach through Green Mountain Energy business reps. The campaign included targeted direct mail and a "bangtail" insertion in the bill, both of which encouraged customers to return a form to enroll in the campaign or get a free energy consultation.

Spring Campaign Activities	Spring Campaign Results
Total for Campaign (April – June)	
SMMM Webpage Hits	464
Total SMMM Campaign sweepstakes entries for \$3,000 energy-efficiency retrofit	189
Total SMMM Campaign requests for free energy efficiency consultation	487
Total SMMM Campaign qualified leads delivered to Energy Trust	71

SB838 Commercial Energy Efficiency Outreach

Key Objectives	Results 4/01/2012 to 6/30/2012
Increased Awareness of Energy Trust Programs - Outreach Presentations and Networking	12
Increased Participation-Qualified Leads delivered to Energy Trust	175
Increased Awareness of Energy Trust Programs-Number of Customers Contacted by <ul style="list-style-type: none"> • Phone • Email • On-site Consultations • Outreach Presentations • Summer Hire Canvassers 	1,243

Outreach Presentations, Networking, Trade Associations and Events

These activities elevate Energy Trust program awareness and engage customers in identifying potential energy saving opportunities.

Green Mountain Energy
Tualatin Commercial Citizen Involvement Organization
Tualatin Chamber
Tigard Chamber - Shining Stars Awards
Portland Lights
Tigard Chamber
Tigard Chamber Breakfast
Good Morning Damascus

ETO NC Symposium
Wilsonville Chamber
Salem Chamber Greeters
Estacada Chamber
Tualatin Chamber

Appendix 4

NEEA QUARTERLY PERFORMANCE REPORT FOR ENERGY TRUST

NEEA Quarterly Performance Report for Energy Trust

Second Quarter 2012

OVERVIEW

The Northwest Energy Efficiency Alliance (NEEA) is a non-profit organization working to increase energy efficiency to meet the future energy needs of the Northwest. Among the more than 100 Northwest utilities investing in NEEA, Energy Trust of Oregon is one of NEEA's top funders. Energy Trust expects to invest close to \$40 million to support NEEA from 2010-2014, more than 20 percent of NEEA's budget for the period.

This report provides a summary of NEEA activities that delivered value to Energy Trust and its utility partners during the second quarter of 2012 (April - June).

FILLING THE ENERGY EFFICIENCY 'PIPELINE' FOR ENERGY TRUST

NEEA's top focus, as prioritized by stakeholders, is to bring new energy-efficient technologies and practices to the market in order to increase the long-term potential of energy efficiency. NEEA is now actively investigating more than 17 emerging energy-efficient technologies that will have broad benefits for Energy Trust and its utility partners.

Second Quarter Emerging Technologies and Practices Highlights:

- Scanned the market for emerging technologies, identifying and advancing a number of opportunities with significant savings potential (i.e. super-efficient clothes dryers that utilize heat pump technology have the potential to save 300-400 kWh/year each, with a 20-year potential savings of 182 aMW for the region).
- Held Heat Pump Water Heater Collaboration workshop with nearly 50 participants from around the region, including representatives from Energy Trust. The objective of the workshop was to gain alignment on a unified, regional strategy for heat pump water heaters and to identify key market barriers and opportunities.
- Provided interim Tier-2 field study report to help inform Energy Trust heat pump water heater program strategy; Trained and oriented more than 300 installation contractors to heat pump water heaters to further the availability of proficient technicians across the region, including Energy Trust territory.
- Conducted analysis of field data from visual acuity test of solid-state street lighting with controls. Early results of the study, which will support development of national standards for broad spectrum light sources on arterial roadways, indicate that contrast is more important than light level in ensuring good object detection on arterial roadways. The final report expected in the fall of 2012.
- Completed Energy Trust-sponsored proof-of-concept study for luminaire-level Lighting controls at US Bank Tower building in Portland, OR. Final report expected at the end of 2012. Early results indicate 50% savings over baseline.
- Collaborated with Energy Trust to propose 29 comprehensive lighting projects in Energy Trust territory. Projects consist of a mix of manufacturing, office, warehouse, retail, recreation and healthcare locations. Comprehensive lighting projects are realizing

additional savings of 25-35% over traditional one-for-one approaches to lighting re-design.

- Submitted a deep energy efficiency retrofit pilot project proposal to the owner of a 450,000 square foot office tower in Energy Trust territory. The project, which was identified in collaboration with Energy Trust, represents an opportunity to demonstrate best practices and increase energy performance in the region's commercial real estate market. The energy savings potential for this project is estimated at 0.56 aMW.

ACCELERATING MARKET ADOPTION FOR ENERGY TRUST

NEEA leverages the power of 12 million energy consumers in the Northwest to influence key market actors, remove barriers, and build market capacity for energy efficiency. With support from funders like Energy Trust, NEEA designs and executes strategic market interventions to create lasting change and deliver long-term savings to the region.

Second Quarter Residential Sector Highlights:

- Supported Mitsubishi summer marketing campaign to expand regional promotion of ductless heat pump systems through national retailer The Home Depot. In Energy Trust territory, NEEA provided an upstream sales incentive to Mitsubishi service providers, facilitated the sale of two ductless systems to The Home Depot, and provided materials for Mitsubishi contractor trainings to help ensure quality installations. In Q2, there were 31 incented installations of ductless heat pumps in Energy Trust territory.
- Collaborated with Energy Trust to provide training and other resources to builders, appraisers and market actors to expand market capacity for Northwest ENERGY STAR Homes. In Q2, NEEA and Energy Trust delivered New Verifier training to 23 contractors to support Energy Trust transition to an Open Providership (i.e. market supported) model. As a result of these and other program efforts, state providers certified 247 homes in Energy Trust territory as Northwest ENERGY STAR Homes.
- Accelerated market adoption and increased consumer awareness of energy-efficient televisions by conducting 131 store visits in Energy Trust territory, distributing 566 pieces of point-of-purchase material and conducting 168 trainings. NEEA works with major retailers to sell and promote the most-efficient TVs through upstream retailer incentives, trainings, and marketing and field service support.

Second Quarter Commercial Sector Highlights:

- Engaged Portland's Lloyd EcoDistrict in Energy Trust territory about piloting a 12-month program to leverage business district-scale opportunities to build market capacity and measurable savings through Strategic Energy Management (SEM) implementation.
- Completed energy savings analysis for American Society of Healthcare Engineers E2C Challenge, including 14 participating hospitals in Energy Trust territory. Participating Energy Trust facilities collectively achieved more than 5,800 MW in electricity savings over baseline.
- Conducted four Building Operator Certification technical webinars for building operators served by Energy Trust. Building Operator Certification provides building operators with skill enhancement training to improve building energy performance through operation and maintenance practices for HVAC, lighting, and controls systems.

Second Quarter Industrial Sector Highlights:

- Four food processing facilities in Energy Trust territory are implementing self-sustaining energy management systems, thereby increasing adoption of energy efficiency and

persistence of savings in the region. NEEA promotes and encourages the adoption of Strategic Energy Management by providing tools and education to the industrial sector.

- Provided technical trainings to 37 Energy Trust customers from 19 facilities through in-class and webinar-based training to increase the market's capabilities to implement strategic energy management.

Second Quarter Codes and Standards Highlights:

- Engaged contractor to deliver commercial building code training in Energy Trust territory, develop and deliver HVAC controls training curriculum, and identify and provide technical support for buildings with the potential to meet the Oregon Reach Code. NEEA provides training to building officials and trade allies to influence energy code compliance rates and build market readiness for more stringent codes.
- Participated in federal standards rule-makings for pumps, commercial icemakers, LED lighting, High Intensity Discharge lighting, alternative efficiency determination methods, set top boxes, television test method, furnace fan test method, battery chargers, external power supplies and ASHRAE products. NEEA is among a handful of energy efficiency organizations that routinely provides data and analysis to inform U.S. Department of Energy test procedures and positively influence more stringent national energy efficiency standards.

DELIVERING ON REGIONAL ADVANTAGE

NEEA is the only alliance of public and private electric utilities with national and global upstream market partners that represents the entire four-state region in the Northwest. NEEA aggregates resources to develop economies of scale and mitigate risk to individual utilities.

Second Quarter Highlights:

- Completed the Northwest Commercial Buildings Market Characterization project to develop a better understanding of the size of the commercial buildings market in the Northwest. The final report is scheduled for release in Q3. Critically, this effort produced a catalogue of commercial buildings in the Northwest, which will serve as part of the sample frame for the Commercial Building Stock Assessment.
- Launched Commercial Building Stock Assessment (CBSA) and selected primary contractor. The CBSA will support Energy Trust's program planning efforts, and will play an important role in informing the development of the 7th Northwest Power Plan. Visit www.neea.org/cbsa for more information.
- To increase the Northwest's market influence, secured two articles in the New York Times describing the region's strategy to increase market adoption of [ductless heat pumps](#) and [Most-Efficient televisions](#). This is an ad equivalency value of \$267,000. Supporting the region to raise consumer awareness of energy-efficient products is a key NEEA market transformation strategy.
- Continued to promote Conduit (<http://conduitnw.org>) as an online tool for information-sharing, coordination and collaboration among energy efficiency stakeholders across the Northwest. Conduit already has over 1,400 energy efficiency stakeholders registered, or 39% of utility energy efficiency staff (50% of 2012 goal).

Published 2 independent Market Research and Evaluation reports:

- [Ductless Heat Pump Impact & Process Evaluation: Field Metering Report](#)
- [NEEA Market Progress Evaluation #4: 80 PLUS](#)

For more information on this report contact: Virginia Mersereau, Communications Manager, 503.688.5491, vmersereau@neea.org

Appendix 5

Q2 2012 REPORT FOR NW NATURAL WASHINGTON ACTIVITIES

April 1 through June 30, 2012

This Energy Trust of Oregon quarterly report covers the period April 1, 2012, through June 30, 2012. This report addresses progress toward 2012 goals for the NW Natural energy-efficiency program in southwest Washington. It includes information on expenditures, therm savings, projects completed and incentives paid during the quarter and year-to-date, along with highlights of program activity.

I. PROGRAM HIGHLIGHTS

A. General

- 36,173 annual therms were saved in Q2—including 4,746 annual therms in Existing Buildings, 26,034 annual therms in Existing Homes and 5,393 annual therms in New Homes.

B. Commercial efficiency programs

Existing Buildings

- Commercial projects completed in Q2, including boiler, water heating and foodservice equipment upgrades, resulted in savings of 4,746 annual therms.
- A collaborative agreement with Clark Public Utilities to offer joint rooftop unit tune-up incentives was signed. While the program has not yet recognized any savings from this effort, the available incentive budget has been fully allocated to projects expected to complete in Q3 and Q4.
- The high confidence project pipeline includes approximately 73,000 additional annual therms in potential savings, including the upcoming rooftop unit tune-up projects.
- The program will continue to meet with the Clark County Green Business Program to promote this new initiative and leverage the participating membership for project leads.

C. Residential efficiency programs

Existing Homes

- The program saved 26,034 annual therms in Q2, primarily through water-saving devices, high-efficiency hearths, furnaces and weatherization measures.
- Gas hearths performed better in Q2 compared with Q1, bringing the year-to-date total to 35 units. This total already exceeds the annual goal for this measure.
- With 73 installations through Q2, furnace activity is consistent with the first half of 2011.
- Public outreach activities have been significantly more successful than last summer, as measured by the number of customer sign-ups at events. The increase likely is an indication of growing program awareness. Several events have been added to the schedule for 2012, including the City of Vancouver Summer Concert series, Camas Days, the Vancouver Wine and Jazz Festival and various farmers markets.

- The new build-your-own Energy Saver Kit has been successful, saving 18,000 therms at a cost of \$12,000 in incentives. The online ordering process tailors the kits to fit customers' specific needs, thereby increasing the likelihood of installation. All kit recipients receive follow-up communications and a bonus incentive if they install eligible measures within 120 days of receiving their Energy Saver Kit. Energy Saver Kits include low-flow showerheads and kitchen/bath faucet aerators and provide a good entry point for program participation. This is especially important for newer energy efficiency programs.
- Home Energy Reviews are down considerably in 2012. Forty-three have been completed through Q2, compared to 136 midway through 2011. The drop can be attributed in part to the recent availability of telephone reviews. Follow-up customer engagement activities, including direct mail and email and telephone communication, should drive increased Home Energy Review participation and energy-efficiency improvements in the second half of 2012.

New Homes

- The program has processed 43 ENERGY STAR® homes year to date, compared to 73 homes at this time in 2011. As of the end of Q2 there were an additional 98 homes pending in the State Certification Office database. While ENERGY STAR 3.0 checklist requirements are having a negative impact on program participation due to their complexity, the program expects significantly more ENERGY STAR homes to complete in Q3.
- The first four tankless water heater incentives were processed during Q2.

D. Trade Ally Network

- Existing Homes and Existing Buildings each held a trade ally breakfast in April, with a combined attendance of approximately 30 trade allies.
- During Q2, the Existing Homes program added eight trade allies eligible to do work in NW Natural's Washington territory.

E. Washington Utilities and Transportation Commission Performance Metrics

The table below compares 2012 quarterly results with program goals, as established in NW Natural's Energy Efficiency Plan for Washington (updated December 2011).

Metrics	Goal	2012 Total	Q1 Results	Q2 Results	Q3 Results	Q4 Results
Therms Saved	212,550 – 250,000	83,669	47,496	36,173		
Total Program Costs	\$1,431,460 – \$1,614,980	\$458,440	\$191,747	\$266,693		
Average Levelized Cost Per Measure	Less Than \$0.65	\$0.449	\$0.336	\$0.594		
Dollars Spent Per Therm Saved	Less Than \$6.50	\$5.48	\$4.04	\$7.37		
Total Resource Cost and Utility Costs at Portfolio Level	Greater than 1.0	n/a	Reported Annually	Reported Annually	Reported Annually	Reported Annually

- Levelized cost and \$/therm are both well within the performance metrics set by the Washington Utilities and Transportation Commission. Additional information is provided in Section III.

II. QUARTERLY RESULTS*

A. Expenditures

		Actual Expenditures Q2	Budgeted Expenditures Q2	Variance
Commercial Programs	Existing Buildings	\$ 87,553	\$ 127,136	\$ 39,584
	Subtotal	\$ 87,553	\$ 127,136	\$ 39,584
Residential Programs	Existing Homes	\$ 116,179	\$ 113,874	\$ (2,305)
	New Homes	\$ 48,654	\$ 73,357	\$ 24,703
	Subtotal	\$ 164,833	\$ 187,231	\$ 22,398
Administration		\$ 14,306	\$ 12,464	\$ (1,842)
TOTAL		\$ 266,693	\$ 326,832	\$ 60,139

B. Incentives paid

		Actual Incentives Q2
Commercial Programs	Existing Buildings	\$ 8,522
	Subtotal	\$ 8,522
Residential Programs	Existing Homes	\$ 43,018
	New Homes	\$ 15,664
	Subtotal	\$ 58,682
TOTAL		\$ 67,204

C. Savings

		Therms Saved Q2	\$/Therm	Levelized Cost/Therm
Commercial Programs	Existing Buildings	4,746	\$ 19.49	130.8 ¢
	Subtotal	4,746	\$ 19.49	130.8 ¢
Residential Programs	Existing Homes	26,034	\$ 4.71	39.6 ¢
	New Homes	5,393	\$ 9.54	79.7 ¢
	Subtotal	31,427	\$ 5.54	46.5 ¢
TOTAL		36,173	\$ 7.37	59.4 ¢

- Many of the Existing Buildings projects should complete late in Q3 or Q4, resulting in a spike of savings at the end of the year. As a result, Q2 \$/therm and levelized cost/therm look unusually high; these metrics will decrease in the next two quarters.

* Variance is expressed in total dollars *below* budget, or (total dollars) *above* budget.

III. YEAR-TO-DATE RESULTS*

A. Activity highlights—sites served

	Q1	Q2	Q3	Q4	Total
Existing Commercial					
School/college retrofits	4	3	--	--	7
Other commercial retrofits	2	1	--	--	3
Studies	--	--	--	--	--
Existing Homes					
Weatherization (insulation, air and duct sealing)	27	43	--	--	70
Gas hearths	16	19	--	--	35
Gas furnaces	41	32	--	--	73
Water heaters	8	5	--	--	13
Home Energy Reviews	32	11	--	--	43
New Homes					
Builder Option Package	30	13	--	--	43
Clothes washers	139	151	--	--	290

B. Revenues

Source	Actual Revenue YTD	Budgeted Revenue YTD
NW Natural	\$ 630,957	\$ 630,957

C. Expenditures

		Actual Expenditures YTD	Budgeted Expenditures YTD	Variance
Commercial Programs	Existing Buildings	\$ 151,908	\$ 234,499	\$ 82,591
	Subtotal	\$ 151,908	\$ 234,499	\$ 82,591
Residential Programs	Existing Homes	\$ 196,359	\$ 246,144	\$ 49,785
	New Homes	\$ 89,269	\$ 156,326	\$ 67,058
	Subtotal	\$ 285,628	\$ 402,470	\$ 116,843
Administration		\$ 20,904	\$ 24,459	\$ 3,555
TOTAL		\$ 458,440	\$ 661,428	\$ 202,989

- A Q1 position vacancy within Existing Homes is one driver of the favorable YTD spending variance. Incentive spending was lower than anticipated across programs for the second consecutive quarter but is expected to increase in future quarters.

D. Incentives paid

* Variance is expressed in total dollars *below* budget, or (total dollars) *above* budget.

		Actual Incentives YTD
Commercial Programs	Existing Buildings	\$ 25,801
	Subtotal	\$ 25,801
Residential Programs	Existing Homes	\$ 70,814
	New Homes	\$ 39,542
	Subtotal	\$ 110,356
TOTAL		\$ 136,157

- Incentives paid account for 35 percent of total year-to-date program expense. As project completions increase in the second half of 2012, this percentage should increase. Total program expense is adjusted down by 15 percent to account for costs that a utility-delivered program would recover through rates.

E. Savings

		Therms Saved YTD	Annual Goal (Conservative)	% Achieved YTD	\$/Therm	Levelized Cost/Therm
Commercial Programs	Existing Buildings	39,099	121,678	32%	\$ 4.07	34.6 ¢
		39,099	121,678	32%	\$ 4.07	34.6 ¢
Residential Programs	Existing Homes	33,719	63,373	53%	\$ 6.10	49.2 ¢
	New Homes	10,851	29,645	37%	\$ 8.62	66.6 ¢
		44,570	93,018	48%	\$ 6.71	53.5 ¢
TOTAL		83,669	214,696	39%	\$ 5.48	44.9 ¢

- In total, 39 percent achievement of the conservative savings goal exceeds the 33 percent achieved as of mid-2011. The 2012 conservative savings goal is 55,000 annual therms higher than the 2011 goal.