Quarter One 2014 Report to the Oregon Public Utility Commission & Energy Trust Board of Directors

ENERGY TRUST OF OREGON

MAY 15, 2014

This report covers activity between January 1 and March 31, 2014

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Energy Trust of Oregon

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I. Q1 2014 ACTIVITY AT A GLANCE

Residential activity in Q1 2014

New homes and major remodels	**289**
New homes constructed	267
New manufactured homes	22
Weatherization retrofits	**1,084**
Single-family site-built	824
Existing manufactured homes	260
Home Energy Reviews*	**577**
Total Sites	**1,950**
Heating systems	**746**
Water heaters	**93**
Solar	6
High-efficiency products	**2,764**
Washing machines	2,305
Refrigerators & freezers	459
High-efficiency lighting**	**727,417**
Refrigerators, freezers recycled	**1,518**
Energy Saver Kits sent	**6,349**
Total Other Activity	**11,470**

*Includes in-home reviews only; Home Energy Reviews are also available online and by phone
**Lighting excluded from totals

Commercial activity in Q1 2014

New Buildings sites served[1]	**57**
Whole building approaches	7
Packaged solutions for market segments	7
Standard/system-based approaches	36
Existing Buildings sites served[1]	**272**
Building Operator Certification	0
Custom[2]	28
Lighting	156
Prescriptive/standard[3]	88
SEM participating companies	**20**
Existing multifamily sites served	**325**
Solar water heating sites served	**0**
Sites with technical assistance	**159**

[1]New Buildings and Existing Buildings total sites served may include sites that participated in more than one program track
[2]The most common custom improvements are building controls and HVAC
[3]The most common prescriptive/standard improvements are foodservice and grocery equipment

Industrial/agricultural activity in Q1 2014

Projects	**113**
Custom[1]	15
Strategic Energy Management[2]	8
Lighting	39
Streamlined industrial[3]	51
SEM participating companies	**34**
Studies	**6**

[1]The most common custom improvements are compressed air system and process upgrades
[2]Savings from no-cost or low-cost operational steps (i.e., turning off equipment when not in use) identified through trainings in SEM approaches
[3]The streamlined industrial and agricultural initiative, formerly the small industrial initiative, delivers savings from irrigation measures, small compressed air, variable frequency drives and other prescriptive and calculated measures

Renewable energy activity in Q1 2014

Solar electric installations	**202**
Residential	199
Commercial	3
Other renewable projects	**0**
Biopower projects	0
Wind projects	0
Hydropower projects	0
Geothermal projects	0
Total	**202**

Trade ally activity in Q1 2014

Regional trade ally roundtable meetings	**4**
Attendance	150
Trainings provided	**20**
Trade allies added to network	**63**
Trade allies accessing business development funds	**82**

Customer activity in Q1 2014

Calls	**7,683**
Website visits	**182,369**
info@energytrust.org inquiries	**377**
Complaints	**9**
Customer requests for services and products	**17,709**
Customer requests through website	9,098
News stories in print, broadcast	**62**

II. HIGHLIGHTS OF Q1 ACTIVITIES

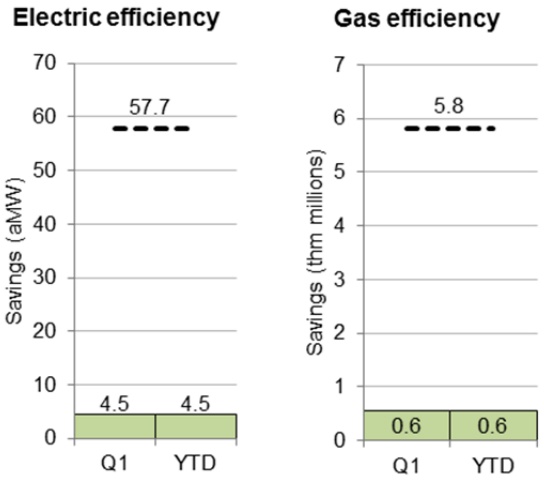
A. Savings[1,2], generation and general highlights

Summary

- **At the close of quarter one, Energy Trust savings are in line with expectations** for residential and industrial and agricultural sectors. Savings for the commercial sector are slightly behind expectations due to fewer projects closing in Q1. Pipelines for Existing Buildings and New Buildings are strong, and staff expects savings to better align with projections by year-end.
- **The renewable energy sector has a strong pipeline of projects expected to complete in 2014**, including several projects that shifted from 2013.
- **Greater activity was achieved than in the same quarter last year**—as indicated by sites served, measures installed, technical studies provided to customers, generation booked and savings achieved across most sectors.
- **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 projects complete.
- **Noteworthy activity and savings occurred in several programs** in Q1. Accomplishments detailed in this report include:
    - New Buildings enrolled a record 166 projects in a single quarter
    - Existing Buildings, Production Efficiency, New Homes and Products programs and the multifamily initiative generated strong savings from lighting, including compact fluorescent light bulbs and LEDs
    - Outreach activities across programs focused on cultivating customer and trade ally relationships in rural areas, including with small commercial and industrial customers
    - Existing Buildings, Existing Homes and Production Efficiency launched spring and summer bonuses to bolster savings earlier in the year
    - Direct installation of energy-efficient light bulbs and water-saving devices provided immediate energy savings to renters
    - Existing Homes developed a voluntary on-bill loan repayment product for moderate-income customers, Savings Within Reach
    - Existing Homes launched the Energy Payback Estimator, a web tool that provides customers with approximate cost, energy savings and payback potential for energy-efficiency improvements using actual savings reported achieved in similarly-sized homes
    - Applications for solar installations continued to increase over 2013, and a variety of wind, geothermal and hydropower systems are expected to reach completion in 2014
- **Energy Trust convened stakeholder discussions** to address impacts and possible next steps of reaching funding limitations for greater than 1 average megawatt sites.
- **This report addresses OPUC requests** regarding a Pay for Performance pilot and deep retrofit projects in commercial and residential sectors, along with computer system upgrades and lender ally promotions. Find more information in sections 2C, 2E and 4D.

[1]This document reports net savings, which are adjusted gross savings based on results of current and past evaluations.
[2]This report includes the best available energy savings data as of the date of submission. Energy savings reported here for periods prior to January 1, 2013, may be different than previously reported as a result of applying updated evaluation factors to Energy Trust funded program savings and generation in Oregon through the annual true up process. The full True Up 2013 Report is available online at www.energytrust.org/reports.

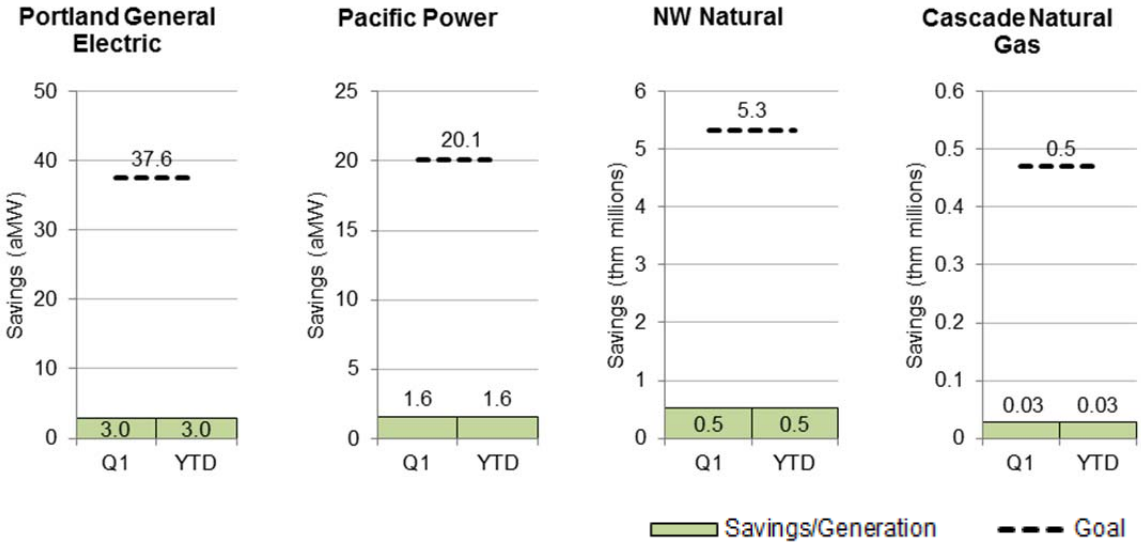
Quarterly progress to energy-efficiency goals



- **Electric efficiency improvements completed during Q1** will save 4.5 aMW of electricity, about 8 percent of the 2014 electric goal of 57.7 aMW. Q1 2014 electric savings were approximately 22 percent greater than savings in Q1 2013. Savings in Q1 2013 were notably low due to transitions to new Existing Buildings and Existing Homes Program Management Contractors.
- **Gas efficiency improvements completed during Q1** will save 556,747 annual therms of natural gas[3], about 10 percent of the 2014 goal of 5.8 million annual therms. Q1 2014 gas savings were approximately 29 percent greater than savings in Q1 2013. Energy Trust achieved lower-than-usual savings in Q1 2013 due to transitions to new Existing Buildings and Existing Homes PMCs.

Quarterly progress to energy-efficiency goals by utility

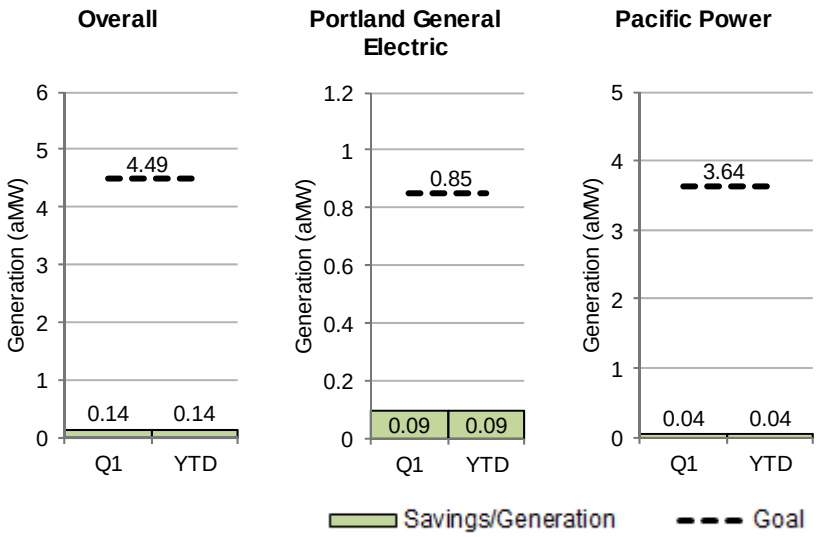
- **This is the first quarterly report to include a single energy-savings goal for each utility** approximating individual utility annual Integrated Resource Plan targets and reflecting the new energy efficiency goal framework established by Energy Trust, utility representatives and the OPUC in 2013.



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

Quarterly progress to renewable energy generation goals

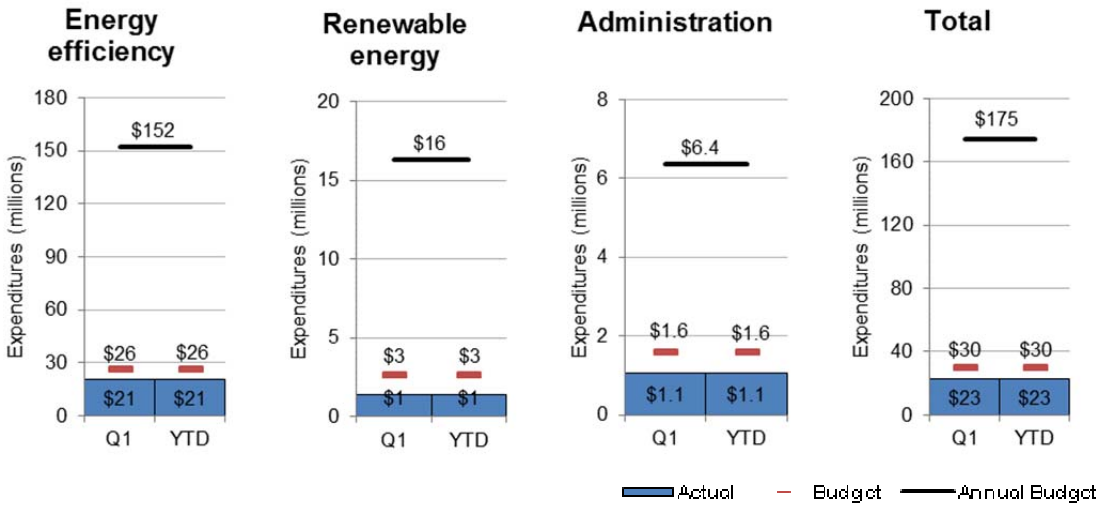
- **Renewable energy systems installed during Q1** will generate 0.14 aMW of electricity, 3 percent of the 2014 renewable energy goal of 4.5 aMW. Q1 renewable generation activity was 62 percent greater than activity in Q1 2013.



B. Revenues and expenditures

- **Overall revenue totaled $52.2 million for Q1 2014,** approximately 9 percent over what was budgeted. Revenue projections are estimates provided by utilities; typically, actual revenues vary from budgeted revenue by a few percentage points depending on factors like weather and rate filings impacting utility revenue collection.
- **Q1 expenditures totaled $23.0 million, of which $7.2 million or 31 percent was for incentives**. Expenditures and incentives paid 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 projects complete.
- **Q1 electric efficiency expenditures** were 19 percent below budget due to some commercial projects shifting completion to later in 2014.
- **Q1 gas efficiency expenditures** were 32 percent below budget due to some Existing Buildings projects shifting completion to later in 2014, lower cost gas savings achieved through energy-saving products and slower construction of gas-heated new homes.
- **Q1 renewable energy expenditures** were 48 percent below budget due to low commercial solar installations and a wind project shifting completion to later in the year.

Quarter 1 expenditures



C. Commercial sector highlights

- **The commercial sector, comprising the Existing Buildings program, New Buildings** program and multifamily initiative, is slightly behind expected savings for the quarter.
- **The sector completed Q1 with a strong gas pipeline and a slightly lower electric pipeline** than expected. The New Buildings electric pipeline is robust; accelerated outreach and increased incentives in Existing Buildings are expected to increase activity and fill the electric pipeline.
- **The sector released a request for proposals for a Pay for Performance pilot** to determine if paying incentives for capital and operations and maintenance improvements over a multiyear period will help contractors close projects and achieve greater energy savings through comprehensive building upgrades.
- **The sector completed four deep retrofit[4] projects** out of 27 identified as renovations, through upgrades to at least two major building systems. Deep retrofit projects included three grocery stores with upgraded lighting, HVAC and refrigeration systems and an office building with upgrades to lighting and HVAC systems.
- **Staff continued outreach to increase engagement with smaller customers** and customers in rural areas.
- **Savings from Northwest Energy Efficiency Alliance activities comprised approximately 10 percent and 19 percent** of the sector's results in PGE territory and Pacific Power territory, respectively. Healthcare initiatives, commercial building code improvements and efficient computer equipment were the primary sources of NEEA savings.

Existing Buildings

- **Lighting projects comprised a majority of electric savings**, and prescriptive projects such as foodservice equipment, especially fryers, contributed to gas savings. Demand for LEDs continued its upward trend from 2013 due to decreased prices and increased market awareness and product selection. Staff are exploring LED promotion through vendor collaborations.
- **The gas pipeline of 2014 projects is strong** due to several large custom projects shifting from 2013 to 2014.
- **Existing Buildings launched new incentives and bonuses to bolster savings**, including a new custom lighting incentive, a new custom gas incentive, and bonuses for installing insulation, new refrigeration cooler doors or cases with cooler doors between March 1 and October 31.
- **A pilot launched to install ductless heat pumps in buildings under 10,000 square feet** that have existing resistance heating.
- **The program engaged three school districts** interested in implementing projects in summer 2014, in continued collaboration with the Oregon Department of Energy's Cool Schools effort.
- **Existing Buildings is recruiting commercial Strategic Energy Management participants** for a fourth cohort to begin later in 2014. To support in-progress commercial SEM activities, the program launched employee engagement tools including presentations and videos.
- **Service to customers outside of the Portland metro area**, many of which are small in size, will be bolstered by new outreach representatives in Medford, Eugene, Tigard, Sisters and Bend. The

[4]Based on a working definition of commercial deep retrofits developed for the purpose of OPUC reporting, deep retrofit projects typically achieve approximate savings of 40 percent beyond market average by following a number of pathways. A project must be a major renovation of an existing commercial building and receive incentives for one of the following: market solutions package, LEED achieving a 25 percent reduction for Energy and Atmosphere credit 1 points, Path to Net Zero or upgrades to at least two major building systems (such as HVAC, lighting or shell measures). The building can be large or small and the project can be simple or complex, applying multiple system-level upgrades or more holistic, customized energy-efficiency strategies.

statewide refrigeration cooler door bonus, insulation bonus and ductless heat pump incentive pilot are expected to be attractive opportunities for customers in rural areas.

- **Trainings for lighting trade allies in Medford, Roseburg, Bend and the Portland metro area** attracted the highest ever attendance, focused on lighting industry developments. Staff also conducted a webinar to provide 53 trade allies with information on non-lighting opportunities.
- **The program completed a competitive selection process for Allied Technical Assistance Contractors** who conduct energy studies, resulting in continued work with current ATACs and engagements with seven new firms.
- **Multifamily began 2014 with a record high pipeline of projects in NW Natural territory**, resulting from outreach efforts in 2013.
- **Direct installation of light bulbs, showerheads, faucet aerators and common-area lighting** contributed the majority of multifamily electric and gas savings, and are a successful approach to reduce energy costs for renters.
- **Multifamily staff saw increased activities indicating potential savings** later in the year, as a result of outreach efforts. Compared to Q1 2013, more lighting projects closed, walkthrough surveys were performed and energy-saving products were installed in more dwelling units. Walkthrough surveys, a primary driver of prescriptive projects closing later in the year, increased 150 percent over Q1 last year.
- **Staff began using tablets to increase efficiency and accuracy** of information collected during walkthrough surveys at multifamily buildings. Energy-efficiency data is entered on site and automatically uploaded to data systems, reducing administrative time by 75 percent and minimizing data entry errors.
- **Three projects participating with MPower Oregon**, a pilot using an on-bill repayment mechanism and Energy Trust incentives to serve owners of affordable housing, are in progress and expected to complete in Q2. Renters benefit from resulting energy and cost savings.
- **Multifamily conducted a pilot to determine if energy-efficient electric wall heaters** provide measurable energy savings over traditional models. Heaters were installed in 80 multifamily housing units in Q1, and results are expected later in 2014 to inform 2015 multifamily offerings.

New Buildings

- **New multifamily buildings and restaurants comprised more than one-half of project completions** and one-third of project enrollments in Q1, and construction of small grocery and specialty markets increased. Two grocery stores completed in Southern Oregon and the Mid-Willamette Valley.
- **In Q1, New Buildings enrolled a record 166 projects for a single quarter**, compared to 115 in Q1 2013. Continued enrollment increases indicate the program's success in targeting customers and engaging the marketplace.
- **In January, New Buildings enrolled its 2,000th project** since 2009, nearly 70 percent of which have been completed to date.
- **Nearly one-half of new project enrollments were outside of the Portland Metro area**—with a high number of new projects in Cascade Natural Gas territory—indicating the improving construction market reaching beyond western Oregon to statewide.
- **The market solutions offering continued to serve customers with pre-packaged incentives** that help achieve deeper energy savings in construction of small restaurant, grocery, multifamily, office, school and retail buildings less than 70,000 square feet. Three market solutions projects completed in Q1, two of which were restaurants in the Portland Metro area. Eleven projects

enrolled in the market solutions offering in Q1, bringing the total number of enrolled projects to 87.

- **Staff met with potential customers in remote and rural areas**, and conducted 65 regional outreach activities in Q1.

D. Industry and agriculture sector highlights

Production Efficiency

- **In Q1, Production Efficiency electric and gas savings were in line with expectations**.
- **Custom projects contributed primarily to electric savings**, followed by lighting-only projects. The electric pipeline is strong, already representing 99 percent of the annual 2014 goal.
- **Increased custom lighting incentives contributed to strong savings** and lighting project pipeline, roughly 80 percent higher than the pipeline in Q1 2013.
- **Streamlined projects—trade ally-driven prescriptive and custom projects at small and large industrial sites**—comprised a majority of gas savings, followed by custom projects.
- **The program has a high number of projects expected in NW Natural territory.** Staff developed a 20 percent incentive bonus to increase activity in Cascade Natural Gas territory, expected to launch in Q2.
- **Program Delivery Contractors began a more comprehensive outreach approach** including cross-promoting all program offerings to all sizes of customers based on geographic location.
- **Analysis of a two-year Scientific Irrigation Scheduling pilot concluded, and the offering will continue** as a regular program offering. Though savings were not as high as anticipated, the offering attracted consistent market interest. The program reduced the per-acre incentive slightly to address cost-effectiveness concerns.
- **Production Efficiency staff met with potential customers at events**, including the Central Oregon Farm Fair and Trade Show in Madras, the NW Food Processors Expo in Portland, the 6th annual NW Industrial Energy Efficiency Summit in Portland, and a Sustainable Brewers networking event hosted by Widmer Brewing, a former Strategic Energy Management participant. A presentation at the Oregon Women for Agriculture annual meeting resulted in three project leads.
- **Several new projects were launched in the North Coast**, including studies with a municipal wastewater treatment plant and several food processors.
- **Four lighting workshops were offered for trade allies in Medford, Roseburg, Bend and the Portland metro area.** These events benefited multiple Energy Trust programs and were attended by more than 420 trade allies.
- **Savings from NEEA activities comprised approximately 3 percent of the sector's electric savings**. Improved motor standards and SEM with food processors were the primary sources of savings.

E. Residential sector highlights

- **Savings in the residential sector, comprising Existing Homes and New Homes and Products** programs, were in line with expectations.
- **Existing Homes electric and gas savings increased** 151 percent and 73 percent over Q1 2013, respectively. Savings in Q1 2013 were notably low due to transition to a new Existing Homes Program Management Contractor.

- **Continued new home construction and increased gas hearth and window installations** contributed gas savings. Heat pumps, ductless heat pumps and Energy Saver Kits contributed primarily to electric savings.
- **Savings from NEEA activities comprised approximately 19 percent and 23 percent** of the sector's savings in PGE territory and Pacific Power territory, respectively. Savings were from energy-efficient televisions, specialty lighting and residential code improvements.

Existing Homes

- **Winter bonuses for insulation and gas hearths bolstered electric and gas savings** in Q1. New bonuses launched in March for insulation and window installations, and bonuses for gas hearth installations continued in Cascade Natural Gas territory.
- **The program achieved a 72 percent increase in savings through installations** of ductless heat pumps, heat pumps, gas hearths and ceiling insulation compared to Q1 2013, when activity was lower than usual during transition to new PMC in Q1 2013.
- **Existing Homes launched the Energy Payback Estimator, a web tool** that provides customers with approximate cost, energy savings and payback potential for many energy-efficiency improvements based on actual savings reported achieved in similarly-sized homes. Developed with input from contractors and utility stakeholders, the estimator increases transparency on project costs as part of Energy Trust's gas weatherization cost-effectiveness exception approved by the Oregon Public Utility Commission.
- **The program launched a Savings Within Reach voluntary on-bill loan repayment product** for moderate-income customers and presented an orientation for 14 trade allies qualified to offer the loan product. The loan repayment product was developed in collaboration with stakeholders over the past two years.
- **The program developed a savings action plan, including targeted marketing efforts** for weatherization and Energy Saver Kits, to boost participation and savings compared to 2013.
- **Energy Trust paid incentives on 68 Clean Energy Works projects in Q1.** Clean Energy Works reported receiving 838 applications and completing 159 projects in Q1. The difference in reported completed projects is due in part to a delay in transferring project information into Energy Trust data tracking systems.[5] These projects have access to financing to complete whole-home energy-efficiency improvement projects using standard Existing Homes incentives with projects installed by Home Performance with ENERGY STAR® trade allies.
- **Energy Trust completed 135 residential deep retrofits**, including Home Performance and Clean Energy Works projects**.** Energy Trust defines deep retrofits as achieving a 20 percent or greater reduction in heating load through two or more weatherization or heating improvements installed at the same time. Many additional customers achieve whole-home savings through installation of a series of single upgrades over a period of months or years.
- **The program reinstated energy-efficiency education for sixth-grade students** through delivery of LivingWise educational kits and curriculum developed by Energy Trust, provided free to teachers across the state. Using the curriculum, students learned about energy-efficiency opportunities and installed CFLs and water-saving devices in their homes.

[5]"In process" refers to Clean Energy Works homes that completed a Home Performance test-in audit but had not closed as of March 31, 2014. There is a lag between the time Clean Energy Works records a completed project and when Energy Trust enters the project into its data tracking system. Clean Energy Works project counts may include activity outside Energy Trust territory.

- **Existing Homes enhanced statewide engagement with community groups,** including the Community Energy Project, the Central Oregon Council on Aging and churches, to provide consumer education, install energy-saving products and support customer-installed weatherization projects.

New Homes and Products

- **New Homes and Products electric and gas savings consisted primarily of lighting sales** and new homes rated with EPS™, an energy performance score, respectively.
- **Lighting sales remained strong, especially for discounted general purpose LEDs** available at Costco and The Home Depot. Although savings from CFLs and LEDs continued to grow, increased savings were offset by decreases in appliance and recycling volumes. Reductions in appliance sales were attributed to increased code standards and energy-efficiency specifications for major appliances, resulting in fewer available incentives.
- **Customers recycled more than 1,500 older refrigerators and freezers in Q1**, and approximately 10 percent donated their incentives to Oregon Food Bank—the highest donation rates since the start of the food bank donation opportunity in 2013. The program launched a new, two-tiered incentive structure for refrigerator and freezer recycling, with $20 or $40 available based on age of units.
- **Outreach efforts in resulted in a 38 percent increase in energy-efficient manufactured home construction** over Q1 2013. According to industry statistics, manufactured home sales in Oregon increased over 2013 volumes by 76 percent in January and 30 percent in February.
- **Distribution of 200 Carry Home Savings kits through low-income agencies** accounted for one-quarter of savings in Cascade Natural Gas territory, providing no-cost energy-saving products to low-income customers.
- **In collaboration with the Portland Water Bureau, 3,000 energy- and water-saving showerheads** were delivered to Portland residents. This is part of an ongoing strategy to distribute energy-efficient products in coordination with municipalities interested in promoting and acquiring water savings.
- **A modified incentive structure was launched for builders and verifiers**, providing builders increased incentives for the highest performing homes. Verifier incentives are now linked to builder incentives, rewarding verifiers for encouraging builders to increase efficiency of new homes constructed.
- **The program and Hermiston High School students planned to build 10 or more energy-efficient homes** that will receive EPS, with support from a $400,000 grant from the Oregon Department of Education. Energy Trust will provide students with instruction on best practices for building energy-efficient homes.

F. Renewable energy sector highlights

- **The renewable energy sector, comprising Solar and Other Renewables** programs, completed Q1 with a significant number of committed projects identified and expected to achieve commercial operation in 2014 and 2015, including several projects shifted from 2013.
- **Other Renewables and Biopower programs were combined into one Other Renewables** program starting this quarter, providing flexibility to shift funding between the technologies and target strategic opportunities.

Solar

- **Solar is on track to meet 2014 goals**. The program continued to show improvement from 2013 with applications well ahead of Q1 2013, particularly in the residential market.
- **Third-party owned solar systems comprised 88 percent of residential solar systems** installed in Q1, and continue to dominate the Portland market despite a new higher incentive for customer-owned installations.
- **Minimal commercial solar activity persisted in PGE territory**, even with increased incentives released in Q4 2013. Commercial activity is expected to increase later in the year as the state's Volumetric Incentive Rate pilot, which contributes substantial funding for eligible commercial project costs, completes and the market shifts focus to Energy Trust incentives.
- **Commercial solar applications increased in Pacific Power territory** as projects apply for other funding, such as Pacific Power Blue Sky℠ grants and U.S. Department of Agriculture Rural Energy for America grants. To manage available funds for the full year, staff planned a 10 percent incentive reduction at the beginning of Q2 in Pacific Power territory.
- **One of two utility-scale solar projects selected through a request for proposals led by Pacific Power** to meet its solar capacity standard requirements is on track to complete by year-end. The second project was cancelled due to inability to secure financing, and these funds were reallocated for commercial standard solar projects.
- **Solar developed an incentive process for public sector customers** that participate through a competitive process, allowing incentive funds to be reserved before a trade ally contractor has been selected. The offering had its first applicant, and the program reserved funds for a city-owned 100-kilowatt project to be completed in late 2014.
- **Staff selected an online mapping tool to help customers identify solar opportunities**. Developed by researchers at Massachusetts Institute of Technology, Mapdwell allows home and business owners to quickly visualize and quantify the solar potential of their roofs. The tool will launch as a pilot for the west Portland Metro area in Q3.
- **To help efficiency outreach representatives inform customers about installing solar** systems, Energy Trust delivered training for PMCs and PDCs.
- **The program supported the Oregon Solar Energy Conference** through sponsorship and coursework development. This conference will provide professional and business development training for solar installers in September 2014.

Other Renewables

- **Other Renewables expects three projects to achieve commercial operation** by the end of 2014, including wind, geothermal and hydropower systems.
- **Project development assistance commitments were made for two geothermal projects,** one each in PGE and Pacific Power territories. The projects were identified through an RFP in early Q1 for installation incentives and project development assistance; no applications were submitted for installation incentives.
- **Staff co-sponsored a wind turbine installation training on the Confederated Tribes** of the Umatilla Indian Reservation in coordination with wind turbine construction at the Tamástslikt Cultural Institute. The training was attended by 13 current and prospective trade allies.
- **To bolster the program's pipeline, staff will focus on outreach and project development** assistance efforts, primarily targeting projects that can net-meter and offset retail rates rather than historically low wholesale energy rates.

- **Market fundamentals remain challenging**, impacted by reductions in state and federal incentives and low wholesale energy rates due to low natural gas prices.

III. TABLES[6]

A. Revenues

Source	Q1 actual revenues received	Q1 budgeted revenues
Portland General Electric	$ 10,702,236	$ 10,035,460
PGE Incremental	$ 15,154,857	$ 14,211,393
Pacific Power	$ 8,012,838	$ 7,048,056
Pacific Power Incremental	$ 8,034,878	$ 7,075,035
Cascade Natural Gas	$ 1,551,879	$ 880,306
NW Natural	$ 8,769,676	$ 8,455,929
NW Natural Industrial DSM	$ 0	$ 0
Total	$ 52,226,365	$ 47,706,179

Incremental revenues are those authorized under SB 838 to support capturing additional cost-effective electric efficiency savings above the amount supported by funding through SB 1149.

B. Expenditures

Type	Q1 actual expenditures	Q1 budgeted expenditures
Energy efficiency programs	$ 20,531,897	$ 26,042,603
Renewable energy programs	$ 1,385,399	$ 2,658,001
Administration	$ 1,062,572	$ 1,599,162
Total	**$ 22,979,867**	**$ 30,299,766**

Source	Q1 actual expenditures	Q1 budgeted expenditures
Portland General Electric	$ 12,465,187	$ 14,587,116
Pacific Power	$ 6,882,332	$ 10,335,287
Cascade Natural Gas	$ 274,637	$ 432,083
NW Natural	$ 3,088,286	$ 4,498,333
NW Natural Industrial DSM	$ 269,424	$ 446,947
Total	**$ 22,979,867**	**$ 30,299,766**

C. Incentives paid

	Energy efficiency				Renewable energy		Total
Quar-ter	PGE	Pacific Power	NW Natural	Cascade Natural Gas	PGE	Pacific Power	
Q1	$ 3,333,343	$ 1,744,478	$ 1,076,423	$ 85,089	$ 664,033	$ 261,721	$ 7,165,087
Total	**$ 3,333,343**	**$ 1,744,478**	**$ 1,076,423**	**$ 85,089**	**$ 664,033**	**$ 261,721**	**$ 7,165,087**

[6]Columns may not total due to rounding.

D. Savings and generation

Q1 electric efficiency savings	PGE (aMW)	Pacific Power (aMW)	Total savings (aMW)	Expenses
Commercial	0.8	0.3	1.0	$ 6,690,492
Industrial	0.4	0.3	0.7	$ 4,201,488
Residential	1.8	1.0	2.8	$ 7,002,974
Total electric efficiency programs	**3.0**	**1.6**	**4.5**	**$ 17,894,955**

Q1 gas efficiency savings	NW Natural (thm)	Cascade Natural Gas (thm)	Total savings (thm)	Expenses
Commercial	99,231	4,375	103,606	$ 964,228
Industrial	113,258	0	113,258	$ 390,873
Residential	316,510	23,372	339,883	$ 2,277,247
Total gas efficiency programs	**529,000**	**27,747**	**556,747**	**$ 3,632,348**

Q1 renewable energy generation	PGE (aMW)	Pacific Power (aMW)	Total generation (aMW)	Expenses
Solar Electric program	0.09	0.04	0.14	$ 1,220,047
Other renewable programs	0.00	0.00	0.00	$ 232,518
Total renewable programs	**0.09**	**0.04**	**0.14**	**$ 1,452,564**

E. Progress toward annual efficiency and generation goals

	YTD expenditures	YTD savings/ generation	Energy Trust annual goal	Percent achieved
Electric savings	$ 17,894,955	4.5 aMW	57.7 aMW	8%
Natural gas savings	$ 3,632,348	556,747 therms	5.8 million therms	10%
Electric generation	$ 1,452,564	0.1 aMW	4.5 aMW	3%

F. Progress toward annual efficiency goals by utility

	YTD expenditures	YTD savings	Energy Trust annual goal	Percent achieved	Annual IRP target	Percent achieved
Portland General Electric	$11,509,453	3.0 aMW	37.6 aMW	8%	36.3 aMW	8%
Pacific Power	$ 6,385,501	1.6 aMW	20.1 aMW	8%	19.0 aMW	8%
NW Natural	$ 3,357,711	529,000 therms	5.3 million therms	10%	5.3 million therms	10%
Cascade Natural Gas	$ 274,637	27,747 therms	470,561 therms	6%	470,561 therms	6%

G. Incremental utility SB 838 expenditures[7]

Utility	2014 Q1 SB 838 Expenditures	YTD SB 838 Expenditures
Portland General Electric	$152,268	$152,268
Pacific Power	$52,934	$52,934
Total	**$205,202**	**$205,202**

[7]Reflects expenditures by Pacific Power and PGE in support of utility activities described in SB 838. Reports detailing these activities are submitted annually to the OPUC.

IV. PROGRAM AND OPERATIONS DETAIL

A. Q1 revenues and expenditures

- Received $52.2 million in public purpose and incremental SB 838 revenues, which is approximately 9 percent over the $47.7 million budgeted. Revenue projections are estimates provided by utilities; typically, actual revenues vary from budgeted revenue by a few percentage points depending on factors like weather and rate filings impacting utility revenue collection.
- Spent $23.0 million in Q1, 24 percent below the $30.3 million budget.
- Incentives paid totaled $7.2 million, 31 percent of total expenditures.
- Total electric expenditures for efficiency and renewable energy were 22 percent below budget for Q1.
- Gas efficiency expenditures were 32 percent below budget for Q1.

B. Energy efficiency programs[8,9]

1. Total energy efficiency Q1 2014 savings and expenditures

	Q1 savings	YTD savings	Energy Trust annual goal	Percent achieved YTD
Electric	4.5 aMW	4.5 aMW	57.7 aMW	8%
Gas	556,747 therms	556,747 therms	5.8 million therms	10%

	Q1 expenditures	Variance from Q1 budget		YTD expenditures	Variance from YTD budget	
Electric	$ 17,894,955	$ 4,214,490	19.1%	$ 17,894,955	$ 4,214,490	19.1%
Gas	$ 3,632,348	$ 1,745,015	32.5%	$ 3,632,348	$ 1,745,015	32.5%
Total	**$ 21,527,303**	**$ 5,959,505**	**21.7%**	**$ 21,527,303**	**$ 5,959,505**	**21.7%**

2. Existing Buildings Q1 2014 savings and expenditures

	Q1 savings	YTD savings	Energy Trust annual goal	Percent achieved YTD
Electric	0.6 aMW	0.6 aMW	15.9 aMW	4%
Gas	67,623 therms	67,623 therms	1.8 million therms	4%

	Q1 expenditures	Variance from Q1 budget		YTD expenditures	Variance from YTD budget	
Electric	$ 4,432,287	$ 2,065,473	31.8%	$ 4,432,287	$ 2,065,473	31.8%
Gas	$ 693,608	$ 626,258	47.4%	$ 693,608	$ 626,258	47.4%
Total	**$ 5,125,895**	**$ 2,691,732**	**34.4%**	**$ 5,125,895**	**$ 2,691,732**	**34.4%**

[8]Levelized cost is Energy Trust's total cost to save or generate each unit of energy over the life of the measure (which ranges from two to 20 years or more). Levelized cost YTD is per kilowatt hour for electric and per annual therm for gas.
[9]Variance is expressed in total dollars *below* budget or (total dollars) *above* budget.

- Existing Buildings gas and electric expenditures were lower than expected due to completion of some projects shifting to later in the year. Staff expects spending to align with budget by year-end, given bonus offerings and identified projects.

3. New Buildings Q1 2014 savings and expenditures

	Q1 savings	YTD savings	Energy Trust annual goal	Percent achieved YTD
Electric	0.3 aMW	0.3 aMW	5.0 aMW	6%
Gas	35,983 therms	35,983 therms	560,707 therms	6%

	Q1 expenditures	Variance from Q1 budget		YTD expenditures	Variance from YTD budget	
Electric	$ 1,503,501	$ 1,002,902	40.0%	$ 1,503,501	$ 1,002,902	40.0%
Gas	$ 270,620	$ (4,719)	-1.8%	$ 270,620	$ (4,719)	-1.8%
Total	**$ 1,774,121**	**$ 998,184**	**36.0%**	**$ 1,774,121**	**$ 998,184**	**36.0%**

- Electric expenditures were lower than expected due to construction delays typical early in the year. Delayed projects are expected to complete later in 2014, aligning expenditures with budget.

4. Production Efficiency Q1 2014 savings and expenditures

	Q1 savings	YTD savings	Energy Trust annual goal	Percent achieved YTD
Electric	0.7 aMW	0.7 aMW	17.5 aMW	4%
Gas	113,258 therms	113,258 therms	1.2 million therms	9%

	Q1 expenditures	Variance from Q1 budget		YTD expenditures	Variance from YTD budget	
Electric	$ 3,844,138	$ 281,532	6.8%	$ 3,844,138	$ 281,532	6.8%
Gas	$ 390,873	$ 78,145	16.7%	$ 390,873	$ 78,145	16.7%
Total	**$ 4,235,011**	**$ 359,677**	**7.8%**	**$ 4,235,011**	**$ 359,677**	**7.8%**

5. Existing Homes Q1 2014 savings and expenditures

	Q1 savings	YTD savings	Energy Trust annual goal	Percent achieved YTD
Electric	0.7 aMW	0.7 aMW	5.2 aMW	12%
Gas	155,385 therms	155,385 therms	1.2 million therms	13%

	Q1 expenditures	Variance from Q1 budget		YTD expenditures	Variance from YTD budget	
Electric	$ 2,512,365	$ 364,289	12.7%	$ 2,512,365	$ 364,289	12.7%
Gas	$ 1,582,072	$ 559,661	26.1%	$ 1,582,072	$ 559,661	26.1%
Total	**$ 4,094,437**	**$ 923,950**	**18.4%**	**$ 4,094,437**	**$ 923,950**	**18.4%**

- Gas expenditures were lower than expected due to fewer installations of gas furnaces and lower-cost gas savings achieved through installation of energy-saving products and Energy Saver Kits. Using bonus offers, expenditures are expected to realign with budget later in the year.

6. New Homes and Products Q1 2014 savings and expenditures

	Q1 savings	YTD savings	Energy Trust annual goal	Percent achieved YTD
Electric	1.6 aMW	1.6 aMW	8.1 aMW	20%
Gas	184,497 therms	184,497 therms	1.0 million therms	18%

Includes gas market transformation savings associated with the 2008 and 2011 residential code changes.

	Q1 expenditures	Variance from Q1 budget		YTD expenditures	Variance from YTD budget	
Electric	$ 3,408,680	$ 820,835	19.4%	$ 3,408,680	$ 820,835	19.4%
Gas	$ 695,175	$ 452,624	39.4%	$ 695,175	$ 452,624	39.4%
Total	**$ 4,103,855**	**$ 1,273,459**	**23.7%**	**$ 4,103,855**	**$ 1,273,459**	**23.7%**

- The program spent less than budgeted on gas incentives due to slow construction of new homes in January and February, as is typical. In addition, the program saw fewer homes than anticipated with gas heat compared to homes with electric heat. Spending is expected to realign with budget by year-end.

7. Northwest Energy Efficiency Alliance Q1 2014 electric savings and expenditures

	Q1 savings	YTD savings	Annual energy target
Commercial	0.1 aMW	0.1 aMW	1.0 aMW
Industrial	0.02 aMW	0.02 aMW	0.2 aMW
Residential	0.6 aMW	0.6 aMW	4.8 aMW
Total	**0.7 aMW**	**0.7 aMW**	**6.0 aMW**

	Q1 expenditures	Variance from Q1 budget		YTD expenditures	Variance from YTD budget	
Commercial	$ 754,705	$ (97,215)	-14.8%	$ 754,705	$ (97,215)	-14.8%
Industrial	$ 357,350	$ (18,851)	-5.6%	$ 357,350	$ (18,851)	-5.6%
Residential	$ 1,081,929	$ (204,476)	-23.3%	$ 1,081,929	$ (204,476)	-23.3%
Total	$ 2,193,984	$ (320,542)	-17.1%	$ 2,193,984	$ (320,542)	-17.1%

C. Renewable energy programs[10]

1. Total renewable energy Q1 2014 generation and expenditures

	Q1 generation	YTD generation	Energy Trust annual goal	Percent achieved YTD
Electric	0.1 aMW	0.1 aMW	4.5 aMW	3%

	Q1 expenditures	Variance from Q1 budget		YTD expenditures	Variance from YTD budget	
Electric	$ 1,452,564	$ 1,360,394	48.4%	$ 1,452,564	$ 1,360,394	48.4%

2. Solar Q1 2014 generation and expenditures

	Q1 generation	YTD generation	Energy Trust annual goal	Percent achieved YTD
Electric	0.1 aMW	0.1 aMW	2.7 aMW	5%

	Q1 expenditures	Variance from Q1 budget		YTD expenditures	Variance from YTD budget	
Electric	$ 1,220,047	$ 1,063,413	46.6%	$ 1,220,047	$ 1,063,413	46.6%

- Solar expenditures were lower than expected due to continued low commercial solar installations. New commercial applications increased in Q1, and spending is expected to align with budget as these projects are installed.

3. Other Renewables Q1 2014 generation and expenditures

	Q1 generation	YTD generation	Energy Trust annual goal	Percent achieved YTD
Electric	0.0 aMW	0.0 aMW	1.8 aMW	0%

	Q1 expenditures	Variance from Q1 budget		YTD expenditures	Variance from YTD budget	
Electric	$ 232,518	$ 296,981	56.1%	$ 232,518	$ 296,981	56.1%

- Expenditures were lower than expected primarily due to completion of a wind project shifting from Q1 to Q2, due to permitting challenges. In addition, the request for proposals issued in Q1 did not require review of project applications, thereby reducing consultant costs.

[10]Variance is expressed in total dollars *below* budget or (total dollars) *above* budget.

D. Highlights of internal operations

1. **Communications, Customer Service and Trade Ally Network**
   - **Received 7,683 calls to the main hotline in Q1**, compared to 6,958 in Q1 2013. The increase in calls was largely due to a campaign featuring free Energy Saver Kits. In addition, Q1 is a high-volume time period for customer inquiries associated with increased Energy Trust annual close-out activity for the prior year.
   - **Received and responded to 377 inquiries via info@energytrust.org in Q1**, compared to 440 in Q1 2013. The most common requests were for information about Existing Homes offerings.
   - **Received 182,369 website visits in Q1**, compared to 176,890 in Q1 2013. Traffic increased primarily to residential pages on the website, largely due to advertising campaigns for residential lighting and a bonus for residential insulation and windows.
   - **In Q1, nine complaints received were escalated, five of which were closed** in the quarter. Staff continue efforts to resolve the remaining four complaints. This compares to 10 complaints received in Q1 2013. All complaints have been resolved.
   - **Developed new complaint tracking reports** to facilitate efficient and comprehensive responses to future complaints.
   - **Continued collaboration with Cascade Natural Gas and Pacific Power staff in eastern Oregon**. Participated in two economic development forums in February providing information on Energy Trust programs and incentives, one in Ontario with the Snake River Economic Development Alliance and the other in Pendleton with the Pendleton Chamber of Commerce.
   - **Garnered 62 news stories about Energy Trust in print and broadcast** with a media value of $115,000, equivalent to costs to purchase advertising space and air time, derived instead from media outreach and responses to reporter inquiries.
   - **Completed three press releases**, featuring an Eastern Oregon builder offering EPS, a Klamath Falls bowling center and a new member of the Energy Trust Board of Directors.
   - **Staff continued use of the Customer Relationship Management system** for targeted email and direct mail marketing to potential and existing participants using utility customer data. Energy Trust launched a second marketing effort using CRM campaign functionality in Q1, a postcard promoting weatherization to residential customers.
   - **Met with 150 trade allies at roundtables in Portland, Medford, Bend and Pendleton.** Roundtables included program updates, a presentation from a representative of lighting and products distributor EcoTone Products, networking opportunities and a new approach to roundtable breakout sessions.
   - **Staff met with two credit unions in Bend and Medford to develop lending allies** outside the Portland Metro area.
   - **With Existing Homes, developed an initiative to connect lending allies with trade allies** by providing trainings, networking sessions and joint roundtables.

2. **IT**
   - **IT provides critical and ongoing foundational support for all Energy Trust program delivery**, including Business Intelligence services for reporting and evaluation data; CRM systems; energy and incentive project tracking and accounting; secure remote connectivity and functionality for Energy Trust and PMC staff.

- **Continued investment in foundational IT system improvements** helps anticipate program needs and reduce future costs, including:
    - **FastTrack replacement**—Energy Trust's measure and project tracking system will be provided through expansion of the current CRM system and additional components developed by IT.
    - **Advanced work to upgrade to a new, easier-to-use version of CRM**, including developing a test environment. Updated CRM to enable mobile access for staff.
    - **Launched a new web tool to give a subset of Existing Homes trade allies access** to real-time information about participant projects.
    - **Completed prototype of a new, flexible data model** using Microsoft Business Intelligence tools, improving Energy Trust's reporting capabilities and informing FastTrack replacement. Migration to the new data model is planned for later in the year.
- **With New Homes and Products, launched new online database for verifiers** to compare project scenarios in real time and submit incentive applications.
- **Provided support in completing the second direct marketing activity using utility data**, including documenting workflow for direct marketing and conducted training with both internal and PMC staff.
- **Completed updates to internal data entry forms and customer-facing web forms** to implement 2014 measure changes.
- **Processed 17,709 customer requests for Energy Trust services and products**, including 9,098 submitted through web applications.
- **Responded to 1,253 help desk tickets submitted to IT** by Energy Trust and PMC staff.

3. Planning and Evaluation

- **Created 65 new energy-efficiency measures and revised 170 measures.**
- **Completed eight evaluations and market studies** and posted them on the Energy Trust website:
    - Energy Trust New Buildings Program Process Evaluation Report
    - 2013 Trade Ally Survey
    - Impact Evaluation of the Existing Buildings Program
    - Impact Evaluation of the Production Efficiency Program 2009-2011
    - True Up 2013: Tracking estimate corrections and True Up of 2002-2012 savings and generation
    - 2011 New Buildings Program Impact Evaluation
    - 2013 Oregon Residential Awareness and Perceptions Study
    - 2012-2013 Energy Trust of Oregon Lighting Retail Store Shelf Survey Report
- **Supported development of the 2015-2019 Strategic Plan** through information gathering and identification of strategic issues.
- **Worked with electric utilities and OPUC staff to update efficiency electric avoided** costs, identify impacts to cost-effectiveness and propose measure level exceptions or redesigns for 2015 programs.
- **Provided planning support for OPUC dockets** related to HB 2801 and tracked the SB 844 rulemaking docket related to implementation of the voluntary greenhouse gas reduction project supported by gas utilities.

- **Supported development of NW Natural's 2014 Integrated Resource Plan**, including energy resource deployment plans indicating how much cost-effective efficiency resource is available through 2034.
- **Provided continued planning support for the Washington Utilities and Transportation Commission** gas cost-effectiveness docket discussions.

Appendix 1: GEOGRAPHIC DISTRIBUTION OF SITES SERVED; CUSTOMER SATISFACTION

1. Energy Trust sites served by region in Q1 2014

	Commercial	Industrial	Residential	Total
Central Oregon	27	6	364	397
Eastern Oregon	4	6	86	96
North Coast	19	1	133	153
Portland Metro & Hood River	525	72	8,938	9,535
Southern Oregon	50	14	997	1,061
Willamette Valley	89	41	2,435	2,565
Total	**714**	**140**	**12,953**	**13,807**

2. Customer satisfaction

From the middle of November 2013 through the end of January 2014, Energy Trust delivered a short telephone survey to 846 randomly selected participants in five programs who completed projects between October and December 2013. Below are results from Fast Feedback surveys of these customers.

The survey asked participants about overall satisfaction with Energy Trust. Satisfaction rates for Q4 remained consistent with past quarters. Participants in the Existing Buildings, Solar and Production Efficiency programs were also asked about satisfaction with program representatives.[11]

Q4 2013 Results

Program	Respondent Count	Percent Satisfied Overall	Percent Satisfied with Program Representative
Existing Buildings, including multifamily	80	94%	95%
Production Efficiency	54	100%	98%
New Homes and Products[12]	210	93%	N/A
Existing Homes	456	92%	N/A
Solar[13]	46	98%	N/A[14]

New Buildings projects often involve numerous market actors (architect, engineer, developer, owner and more) at different project stages, so it is difficult to reach a project representative who is able to respond to questions about satisfaction. Satisfaction with the New Buildings program is obtained from interviews with program participants as part of annual program process evaluations. In the 2013 process evaluation, conducted in early 2014, 35 New Buildings project owners or representatives were surveyed about their overall program satisfaction and satisfaction with communications with program representatives. Of participants surveyed, 89 percent were satisfied with their overall program experience. Respondents were

[11] Since residential customers have varying degrees of interaction with program representatives (many may not have any interaction), and because it is not possible to identify customers who did have interaction to survey, residential customers are not questioned on this topic.
[12] Only Products customers were surveyed. Energy Trust does not track purchasers of new homes.
[13] Customers that installed solar using a third party are not surveyed.
[14] Only commercial solar customers are surveyed about satisfaction with program representatives. In Q4 2013, two commercial solar customers were surveyed; both were satisfied with their interaction with program representatives.

asked about five different aspects of their communications with program representatives, and these responses were averaged to determine that 96 percent were satisfied with program representatives.

Appendix 2: OPUC 2014 PERFORMANCE MEASURES AND 2013 BENEFIT/COST RATIOS

1. OPUC 2014 performance measures

Following are the 2014 performance measures established by the OPUC for Energy Trust. Comparison of 2014 performance against these measures will be reported in the 2014 annual report.

Category	Measures
Electric Efficiency	PGE • Obtain at least 32.0 aMW • Levelized cost not to exceed 3.2 cents/kWh Pacific Power • Obtain at least 17.1 aMW • Levelized cost not to exceed 3.7 cents/kWh
Natural Gas Efficiency	NW Natural • Obtain at least 4.53 million annual therm savings • Levelized cost not to exceed 45.3 cents/therm Cascade Natural Gas • Obtain at least 0.40 million annual therm savings • Levelized cost not to exceed 52.0 cents/therm
Renewable Energy	• For project and market development assistance, report annual results, including number of projects supported, milestones met and documentation of results from market and technology perspective • For standard, net-metered projects, including solar and small wind, obtain at least 0.70 aMW in installed generation • For non-solar custom projects, the three-year rolling average incentive is not to exceed $29/allocated MWh • For innovative and custom solar projects, report sources of funding for projects and the selection criteria
Financial Integrity	• Receive an unmodified financial opinion from an independent auditor on annual financial statements
Administrative/Program Support Costs	• Keep below 9 percent of annual revenues
Customer Satisfaction	• Demonstrate greater than 85 percent satisfaction rates for: - Interaction with program representatives - Overall satisfaction
Benefit/Cost Ratios	• Report both utility system and total resource perspective • Report significant mid-year changes as necessary in quarterly reports

2. Benefit/cost ratios for 2013

The following benefit/cost ratios were calculated for and published in Energy Trust's 2013 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	Total Resource Benefit/Cost Ratio
New Homes and Products	1.9	2.4
Existing Homes	1.4	1.2
Existing Buildings	2.1	1.3
New Buildings	4.0	2.7
Production Efficiency	2.9	2.0
NEEA	3.2	0.8[15]

[15]In 2013, the combined total resource benefit/cost ratio for NEEA was below 1.0 due in part to difficulty in quantifying single-year societal costs given NEEA's portfolio includes multi-year market transformation initiatives at various stages of development. NEEA is redesigning its program portfolio to enhance and assure cost-effectiveness. Energy Trust cannot be certain that the total resource benefit/cost ratio is less than one, due to the limited ability to collect consumer cost data for NEEA's many and complex initiatives and limited information on non-energy benefits.

Appendix 3: CUMULATIVE AND TOTAL ANNUAL RESULTS

- **Including Q1 2014 results, total annual savings of 441 aMW** have been realized since electric efficiency programs began in 2002, accounting for 92 percent of Energy Trust's 2010-2014 goal of 479 aMW. This is equivalent to the annual electric consumption of approximately 341,755 average Oregon homes. This total includes 22 aMW of savings from self-direct customers.
- **Including Q1 2014 results, total annual savings of 33.6 million therms** have been realized since gas efficiency programs began in 2003, accounting for 97 percent of the 2010-2014 goal of 34.7 million annual therms. This is equivalent to providing gas heat to approximately 66,287 homes for a year.
- **Including Q1 2014 results, total annual renewable energy generation of 112 aMW** has been installed since 2002, accounting for 91 percent of the 2010-2014 goal of 124 aMW of installed generation. This is equivalent to powering approximately 87,205 Oregon homes for a year.

Appendix 4: NEEA QUARTERLY PERFORMANCE REPORT FOR ENERGY TRUST OF OREGON

First Quarter 2014

OVERVIEW

The Northwest Energy Efficiency Alliance (NEEA) is a voluntarily funded non-profit organization working in partnership with Energy Trust of Oregon, the Bonneville Power Administration, and more than 100 public and private Northwest utilities to accelerate energy efficiency to meet the future energy needs of the Northwest's 13 million energy consumers.

With mobilized partnerships, NEEA is able to scan the market to identify emerging energy-efficient technologies, services and practices and create the market conditions within the Northwest to accelerate and sustain their market adoption. As a regional collaborative, NEEA mitigates risk to individual utilities and public benefits administrators by identifying economies of scale, aggregating resources and sharing and synthesizing knowledge.

Energy Trust of Oregon (Energy Trust) is one of NEEA's key funders and expects to invest slightly more than $37 million to support NEEA from 2010-2014. This report summarizes NEEA's 2014 first quarter value delivery to Energy Trust based on its operations plan, and also provides an update on NEEA's 2015-2019 business plan process. For additional information about NEEA's unique value to the region, history, structure and recent initiatives, please visit www.neea.org.

FILLING THE ENERGY EFFICIENCY 'PIPELINE' WITH ENERGY TRUST

NEEA's top focus, as prioritized by its stakeholders, is to scan the market for emerging energy-efficient technologies, services and practices. In partnership with its funders, NEEA has now identified and is investigating more than 14 different opportunities that may have broad energy saving benefits for Energy Trust and the region. These projects currently represent a 20-year savings potential to the region of more than 1700 average megawatts (aMW) through increased efficiencies in the residential, commercial and industrial/agriculture sectors, with savings locked in through codes and standards efforts.

First Quarter Emerging Technologies Highlights

Unsolicited Proposals – Received and reviewed two unsolicited proposals for new technology/services in Q1 of 2014. NEEA is moving forward with one proposal and investigating a business case and pilot for industrial energy management and information systems (EMIS). The business case and pilot has the potential to benefit the region by building awareness and knowledge of energy tracking software solutions and support implementation of Strategic Energy Management and other behavior based energy management programs. Through continued research and testing, NEEA will determine if this opportunity has the potential for significant energy savings for the region by enabling improved energy performance of industrial organizations.

Combination Ductless Heat Pump/Heat Pump Water Heater (DHP/HPWH) – Conducted product testing and verified feasibility for Mitsubishi's combination DHP/HPWH for the Northwest market. NEEA conducted and verified that the second DHP/HPWH prototype product passed lab tests, and in Q1 started a limited field study of three installed units in Oregon. The study is expected to run for 12 months to observe performance during all seasons, and if early results are positive, NEEA may increase the sample size. A proven combination DHP/HPWH would allow for additional comfort and energy savings options for residential customers across Energy Trust territory and the Northwest.

Ductless Heat Pumps – Assessed Fujitsu's DHP product and determined an update was needed to address a cycling issue. As a result, Fujitsu implemented a global, product-wide firmware update, which extends system lifetime and significantly boosts energy savings to about 300 to 500 kWh in additional delivered savings from each system. NEEA's work in assessing and validating emerging technologies

advances the opportunities and potential associated with developing technologies, so that energy consumers in the Northwest continue to achieve energy saving benefits.

Commercial New Construction – Partnered with New Buildings Institute to develop and release the Advanced Buildings New Construction Guide, a building efficiency specification representing the next step towards net-zero energy buildings. This guide will help commercial building owners/designers in Energy Trust territory and around the Northwest achieve new construction efficiencies with up to 40% energy savings over current code compliant buildings.

UPDATE ON 2015-2019 STRATEGIC AND BUSINESS PLANNING

In Q1, NEEA continued conversations with regional stakeholders and advisory groups regarding the direction of NEEA's 5-year Business Plan and determined that greater outreach, discussion and feedback from the region was necessary before final Board deliberation. NEEA planned and conducted extensive outreach to the region in Q1 and Q2, including five in-person input sessions across the 4-state region and two regional webinars. Upon receiving a formal request to extend its comment period beyond May 4, NEEA committed to an additional three weeks for public review and feedback.

To date, NEEA has received nine formal letters (with several more expected), 16 written comment card submissions and its Draft Business Plan Summary has been viewed over 600 times via Conduit. Based on both verbal and written comments, there is overwhelming support for NEEA and market transformation, but concerns about some elements of the Draft Business Plan summary, including its budget reductions and optional elements. All comments are posted to Conduit for public reference. Greater detail will be shared with the Board of Directors for consideration, with a target for Plan adoption in June of 2014.

ACCELERATING MARKET ADOPTION WITH ENERGY TRUST

NEEA intervenes in markets to remove barriers to the adoption of energy-efficient products, services and practices. In partnership with Energy Trust and its other funders, NEEA designs and executes strategic market interventions to create lasting change and deliver long-term savings to the region.

NEEA currently has 16 market transformation initiatives in the residential, commercial, industrial and agricultural sectors and is also heavily involved in raising the bar for state energy codes and federal appliance standards.

First Quarter Residential Sector Highlights

Residential New Construction – NEEA's Residential New Construction program accelerates energy efficiency in residential new construction by providing technical trainings and support for market actors serving Energy Trust territory. The regional program leverages relationships and training infrastructure originally established to promote building to Northwest ENERGY STAR Homes specification and is providing a pilot stage for a new, advanced home specification. The new specification is designed to provide a pathway for advanced new construction practices and technologies and accelerate new code adoption. The program supports New Tradition Homes, a builder in Energy Trust territory, by delivering metering equipment, verifying installation and providing technical assistance. Test projects across Energy Trust territory and the region aim to generate consumer and builder awareness for advanced building practices and new technologies while promoting builders who go above and beyond ENERGY STAR.

In Q1, NEEA staff met with Energy Trust to discuss 2014 program offerings and trainings, coordinate efforts for Performance Path, REM/Rate™, Axis and bring "Code+" technical trainings to the marketplace. NEEA staff also presented Energy Trust with a newly developed Utility Market Report template, which Energy Trust can customize with current program news and home data, thereby streamlining program information and offerings upon request.

Heat Pump Water Heaters (HPWH) – NEEA and Energy Trust are working together to streamline HPWH program collaborations and offerings to accelerate regional uptake and market demand for this energy-efficient consumer product. Through more coordination, including regular meetings, information sharing

and coordinated promotions, Energy Trust and NEEA are raising awareness about HPWHs in Energy Trust territory. To train and support the contractor network serving Energy Trust, the program delivered six Smart Water Heat orientations to contractors and performed 36 quality assurance inspections to verify installation quality and eligibility, as well as homeowner satisfaction and education. To motivate supply chain and overcome cost barriers, the Smart Water Heat regional program offers Tier-2 consumer rebates, which 39 Energy Trust consumers took advantage of year-to-date.

Ductless Heat Pumps (DHP) – NEEA and Energy Trust are creating the conditions to accelerate the market adoption of DHPs in Energy Trust territory by removing barriers to adoption through increased consumer awareness and availability. Energy Trust and NEEA coordinated in Q1 to align messages and strategies to further awareness, including:

- Hosted a utility webinar for 28 utility partners, including representatives from Energy Trust, to discuss activities and solicit feedback; topics included - retail activity, marketing accomplishments, 2014 focus areas and Bonneville Power Administration updates.
- Coordinated PR activities with Energy Trust and Portland General Electric and purchased a paid media interview spot on KATU News to promote awareness of DHP technology.
- Developed and presented a webinar to Oregon manufactured homes retailers and Energy Trust representatives to explain the ductless hybrid zonal heating system opportunity in manufactured homes.
- Partnered with Energy Trust and Oregon Department of Energy to develop a strategy and lead generation activity to promote ductless system installations within Klamath and Lake Counties in Oregon to alleviate air quality concerns.

As a result of these and other efforts, 126 DHP installations (65 for Pacific Power customers and 61 for Portland General Electric customers) were achieved in Energy Trust territory in the first quarter of 2014, along with one Master Installer recruited to the program.

First Quarter Commercial/Industrial Highlights

Commercial Real Estate – Conducted final ENERGY STAR certifications and 2013 savings evaluation for qualifying buildings participating in the 2013 “Kilowatt Crackdown” competition. Office efficiency competitions serve to increase market knowledge of the value of energy management in the commercial real estate industry and help building managers and operators build their capacity to identify and implement best practices.

The Kilowatt Crackdown leverages the competition framework to “prime” the market for continued participation in local programs. NEEA is currently coordinating with Energy Trust to refer qualified Kilowatt Crackdown participants to Energy Trust's commercial Strategic Energy Management (SEM) program for the fall 2014 cohort, which will provide the ability to achieve sustained energy savings.

The 2013 Portland/Vancouver Kilowatt Crackdown Awards and Recognition Event takes place on May 15, 2014.

Healthcare – Representatives from Energy Trust continue to participate in the Healthcare Utility Working Group in order to advise NEEA on the transfer of tools and materials to utility programs and facilitate the exit of its Healthcare initiative in 2014.

Building Operator Certification (BOC) –The BOC Expansion initiative is designed to foster a more robust market through increased education, training and technical expertise to ensure accurate installation of energy-efficient technologies. Through the BOC Expansion NEEA provides skill enhancement training in Energy Trust territory to improve building energy performance through operation and maintenance best practices for HVAC, lighting, and controls systems. In Q1, NEEA:

- Facilitated the first BOC Expansion Utility Work Group, where the group established its purpose, rules of engagement and utility Co-chairs for the June meeting. The work group further built consensus around the draft Utility BOC Partnership plan, which is intended to build market demand for BOC credential and utility energy efficiency programs.

Completed training of 18 operators in one BOC course in Portland, OR, and conducted two BOC Technical Webinars serving 88 operators with continuing education in energy efficiency.

Existing Building Renewal (EBR) – Continued engagement with a demonstration project in Energy Trust territory. The EBR program is developing tools to overcome market barriers associated with implementing deep energy retrofits, such as cost and financing, perceived lack of economic value and market capability. In Q1, NEEA launched the development of an interactive EBR tool, which will enable cost-benefit analysis and better informed planning for existing office building deep energy retrofits. This innovative tool, with completion anticipated for late 2014, will allow owners to develop integrated design concepts and business cases specific to a particular building.

By providing building owners and investors with a comprehensive business case for deep energy retrofits, NEEA and its partners are creating a pathway to comprehensive deep energy retrofits in Energy Trust territory and around the Northwest.

Food Processing – In the first quarter, four food processing facilities in Energy Trust territory continued to implement self-sustaining energy management systems, thereby increasing adoption of energy efficiency and persistence of savings in the region. NEEA is working to transition out of this market in 2014 and is completing the direct facility engagement and preparing for the final hand-off to local programs.

First Quarter Codes and Standards Highlights

On behalf of the region, NEEA works at state and national levels to influence the adoption of increasingly stringent building energy codes and federal appliance and equipment standards. Working with its partners, NEEA gives the Northwest an independent regional voice in codes and standards processes and is often the only efficiency organization directly representing local energy efficiency programs from Energy Trust, Bonneville Power Administration and utilities in these forums. NEEA also conducts and shares critical research in support of codes and standards work.

Codes Highlights

- Energy Trust, the Oregon State Building Codes Division, Oregon Department of Energy and NEEA have been working collaboratively to build a set of above-code measures that would be available for implementation outside the current full package of code measures. The four measures, which include above-code efficiencies in exterior and interior lighting, HVAC and water heaters, will be presented to the Oregon Building Code Board for consideration in Q2 and have the potential to enable Energy Trust and Oregon utilities to provide incentives to designers and builders to design/install measures that will have an above-code energy savings attribution.

- Organized six energy code webinar trainings with the Oregon Home Builders Association to educate home builders on a range of topics including thermodynamics and air sealing; building exterior shells; understanding the energy code; and moisture management. With more than 600 participants; these trainings will better position home builders serving Energy Trust territory to effectively implement Oregon's residential code and build durable homes that save energy.

Standards Highlights

Participated in a broad range of national standards rulemakings in Q1 to advance more stringent federal appliance and equipment standards in support of the region's energy efficiency goals. Rulemakings include a Final Rules for: Furnace Fan Test Procedures, Metal Halide Lamp Fixture Standards, External Power Supply Standards, and Commercial Refrigeration Equipment Standards. NEEA also provided technical expertise in issuing a proposed rule for Automatic Commercial Icemakers. The energy savings from several of these rulemakings will be substantial for the region, with the potential for savings in the near future.

DELIVERING ON REGIONAL ADVANTAGE WITH ENERGY TRUST

NEEA is an alliance of public benefits administrators, public and private electric utilities with national and global upstream market partners that represents the entire four-state region in the Northwest. NEEA uses its unique role as a regional organization to leverage resources across the Northwest to accelerate energy efficiency. NEEA continues conducting market research, and facilitating regional collaboration and information sharing on behalf of the region.

First Quarter Highlights

- Launched the Retail Product Portfolio (RPP) initiative after it received a roll-call vote of support from NEEA's Regional Portfolio Advisory Committee (RPAC). The initiative leverages NEEA's midstream partnerships established with its successful Efficient TVs initiative and will drive energy efficiency in retail product manufacturing and standards, and expand energy-efficient retail product availability in Energy Trust territory and around the region. In Q1, five national retailers were recruited to participate in RPP, a critical success illustrating retailer interest in participating beyond consumer electronic product groups.

- Confirmed product reliability of Enlighted's lighting control solution. This is the first product to meet NEEA's Luminaire Level Lighting Controls (LLLC) specification, which promises easy installation, end user satisfaction and significant potential energy savings compared to traditional lighting controls systems. NEEA's research will boost market confidence in this new product and will complete Energy Trust's commercial lighting retrofit offerings.

- Conducted 2013 analysis to verify continued Northwest market momentum towards 95 percent penetration of the ENERGY STAR 5.3 TV standard, in preparation for NEEA's Q2 TV initiative market exit.

- Published three independent market research and evaluation reports in Q1 to validate and evaluate NEEA's market transformation work (http://neea.org/resource-center):
  - Northwest Commercial Lighting Retrofit Market Characterization
  - Final Summary Report for the Ductless Heat Pump Impact and Process Evaluation
  - Energy Forward Consumer Messaging Study

For additional information, NEEA's 2013 Quarterly Performance Reports and the 2012 Annual Report are available online. Please contact Lindsey Clark, Communications Coordinator at lclark@neea.org, with any questions or comments.

Appendix 5: Q1 2014 REPORT ON ACTIVITIES FOR NW NATURAL IN WASHINGTON

January 1 through March 31, 2014

This Energy Trust of Oregon quarterly report covers the period January 1, 2014, through March 31, 2014. This report addresses progress toward 2014 goals for the NW Natural energy-efficiency program in Washington. It includes information on expenditures, therm savings, projects completed and incentives paid during the quarter and year to date.

I. PROGRAM SUMMARY

A. General

- **Energy Trust saved 34,786 annual therms in Q1 2014**—including 6,783 annual therms in Existing Homes, 8,967 annual therms in New Homes and Products and 19,036 annual therms in Existing Buildings.
- **Savings in Q1 2014 are 69 percent higher than savings in Q1 2013,** when commercial and residential programs experienced lower-than-usual activity as they transitioned to new Program Management Contractors.

B. Commercial Sector Highlights

Existing Buildings

- **Existing Buildings saved 19,036 annual therms**.
- **Existing Buildings launched a bonus for customers installing insulation**, including an additional $0.30 per square foot for wall, ceiling or floor insulation.
- **Four studies were commissioned**, adding to an existing pipeline of custom projects carried over from 2013.
- **With two new school studies initiated in Q1, four school districts are engaged** with eight custom projects. Staff continued outreach to regional school districts, including the Camas School District, which has three schools currently participating.
- **The program completed a competitive selection process for Allied Technical Assistance Contractors, ATACs,** to conduct energy studies, and engaged with current ATACs and seven new firms.

C. Residential Sector Highlights

Existing Homes

- **Existing Homes saved 6,783 annual therms in Q1**, primarily through furnace and gas hearth installations.
- **In March, Existing Homes released bonuses** of $100 each for wall, ceiling and floor insulation improvements. In addition, customers may receive a $100 bonus for installation of eligible high-efficiency windows.
- **Energy Trust conducted outreach to support retailer promotion of efficient gas hearths**. Retailers received training on available incentives, along with promotional materials created by Energy Trust.
- **Staff trained trade allies on the availability of Business Development Funds**, which uses program marketing funds to support eligible trade ally marketing activities.

New Homes and Products

- **New Homes and Products saved 8,967 annual therms in Q1**, primarily through Builder Option Packages, discounted clothes washers and showerheads purchased in stores.
- **The program began accepting Earth Advantage certification** as an equivalency for Energy STAR® Builder Option Packages, assigning a value of 100 annual therms per successful certification. Earth Advantage is a performance-based green building track that requires certified homes to be at least 15 percent more efficient than code. Accepting Earth Advantage certified homes provides builders a new option for exceeding code, and supports the program's transition from a prescriptive to a performance-based offering.
- **Energy Trust renewed its operating agreement with Clark Public Utilities** to offer retail incentives in NW Natural territory for high-efficiency clothes washers.

D. Washington Utilities and Transportation Commission Performance Metrics

The table below compares quarterly results to 2014 program goals, as established in NW Natural's Energy Efficiency Plan for Washington (updated December 2013).

Metrics	Goal	2014 total YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms saved	220,868 – 259,845	34,786	34,786			
Total program costs	$1,298,699 – $1,527,881	$214,349	$214,349			
Average levelized cost per measure	Less than $0.65	$0.527	$0.527			
Dollars spent per therm saved	Less than $6.50	$6.16	$6.16			
Total resource cost and utility costs at portfolio level	Greater than 1.0	n/a	Reported annually	Reported annually	Reported annually	Reported annually

II. QUARTERLY RESULTS

A. Expenditures[16]

		Actual expenditures Q1	Budgeted expenditures Q1	Variance
Commercial programs	Existing Buildings	$ 79,680	$ 114,792	$ 35,112
	Subtotal	$ 79,680	$ 114,792	$ 35,112
Residential programs	Existing Homes	$ 59,443	$ 109,532	$ 50,089
	New Homes	$ 65,315	$ 91,243	$ 25,929
	Subtotal	$ 124,758	$ 200,775	$ 76,017
Administration		$ 9,911	$ 18,041	$ 8,130
Total		$ 214,349	$ 333,608	$ 119,259

- Expenditures were lower than expected. Expenditures and incentives paid 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 projects complete.

B. Incentives Paid

		Actual incentives Q1
Commercial programs	Existing Buildings	$ 21,927
	Subtotal	$ 21,927
Residential programs	Existing Homes	$ 20,226
	New Homes	$ 28,806
	Subtotal	$ 49,032
Total		$ 70,959

C. Savings

		Therms saved Q1	$/therm	Levelized cost/therm
Commercial programs	Existing Buildings	19,036	$ 4.39	$ 41.22
	Subtotal	19,036	$ 4.39	$ 41.22
Residential programs	Existing Homes	6,783	$ 9.19	$ 67.17
	New Homes	8,967	$ 7.64	$ 63.37
	Subtotal	15,750	$ 8.30	$ 64.86
Total		34,786	$ 6.16	$ 52.66

- Savings in Q1 were 69 percent higher than savings in Q1 2013, when commercial and residential programs experienced lower-than-usual activity due to transitions to new Program Management Contractors.
- Existing Buildings cost per therm was lower than other programs on account of increased custom path activity.

[16] Variance is expressed in total dollars *below* budget or (total dollars) *above* budget.

III. YEAR-TO-DATE RESULTS

A. Activity—Sites served

	Q1	Q2	Q3	Q4	Total
Existing Commercial					
School/college retrofits	4				**4**
Other commercial retrofits	4				**4**
Studies	4				**4**
Existing Homes					
Weatherization (insulation, air and duct sealing and windows)	19				**19**
Gas hearths	26				**26**
Gas furnaces	32				**32**
Water heaters	4				**4**
Home Energy Reviews	16				**16**
New Homes					
Builder Option Packages	37				**37**
Clothes washers	83				**83**

B. Revenues

Source	Actual revenue YTD	Budgeted revenue YTD
NW Natural	$ 527,177	$ 645,551

C. Expenditures[17]

		Actual expenditures YTD	Budgeted expenditures YTD	Variance
Commercial programs	Existing Buildings	$ 79,680	$ 114,792	$ 35,112
	Subtotal	$ 79,680	$ 114,792	$ 35,112
Residential programs	Existing Homes	$ 59,443	$ 109,532	$ 50,089
	New Homes	$ 65,315	$ 91,243	$ 25,929
	Subtotal	$ 124,758	$ 200,775	$ 76,017
Administration		$ 9,911	$ 18,041	$ 8,130
Total		$ 214,349	$ 333,608	$ 119,259

[17] Variance is expressed in total dollars *below* budget or (total dollars) *above* budget.

D. Incentives Paid

		Actual incentives YTD
Commercial programs	Existing Buildings	$ 21,927
	Subtotal	$ 21,927
Residential programs	Existing Homes	$ 20,226
	New Homes	$ 28,806
	Subtotal	$ 49,032
Total		$ 70,959

- Incentives paid account for approximately 39 percent of year-to-date program expenses, when total program expense is adjusted down 15 percent to account for costs that a utility-delivered program would recover through rates.

E. Savings

		Therms saved YTD	Annual goal (conservative)	Percent achieved YTD	$/therm	Levelized cost/therm
Commercial programs	Existing Buildings	19,036	127,500	15%	$ 4.39	$ 41.22
	Subtotal	19,036	127,500	15%	$ 4.39	$ 41.22
Residential programs	Existing Homes	6,783	48,607	14%	$ 9.19	$ 67.17
	New Homes	8,967	44,761	20%	$ 7.64	$ 63.37
	Subtotal	15,750	93,368	17%	$ 8.30	$ 64.86
Total		34,786	220,868	16%	$ 6.16	$ 52.66