

Q3 2024 REPORT ON ENERGY TRUST OF OREGON'S ACTIVITIES FOR NW NATURAL IN WASHINGTON

July 1 through September 30, 2024

This quarterly report covers the period of July 1 through September 30, 2024 and addresses progress toward 2024 goals for the NW Natural energy-efficiency program in Washington. It includes information on expenditures, gas savings, projects completed and incentives paid during the quarter.

I. PROGRAM SUMMARY

A. General

- **Energy Trust achieved 23% of its annual savings goal in quarter three**, more than the 18% of annual savings goal expected in quarter three.
- **The commercial sector achieved 24% of its annual savings goal in quarter three**, which is above historical program savings trends.
- **The residential sector achieved 22% of its annual savings goal in quarter three**, which is above historical program savings trends.

B. Commercial sector highlights

- The commercial sector is expected to fall short of its annual savings goal. Program staff is exploring prescriptive opportunities to bring in additional savings before year end to make up the difference.
- Customers with large facilities and school districts began benchmarking their facilities to determine their energy use intensity under the state's new Green Buildings requirements. Benchmarking activity could lead to more studies Energy Trust that delivers to assist large customers in meeting requirements.
- Program staff contacted all school districts in SW Washington to assess their project plan for the first half of 2025. Budgets are top of mind for several districts as they have reduced staffing levels in 2024.
- The program developed a customer story on Evergreen Public Schools highlighting new commercial condensing gas boilers and tank water heating system upgrades installed in 15 schools that received more than \$167,000 in Energy Trust incentives. The story will be used in marketing efforts to reach more customers.

Residential sector highlights

- The residential sector is expected to fall short of its annual savings goal due to underperforming window and gas furnace offers.
- The largest driver of savings in quarter three was gas furnaces, followed by smart thermostats and weatherization. Ceiling insulation incentives delivered 2,570 therms in savings, nearly 98% of all weatherization savings in quarter three.
- Expanded outreach and recruitment to insulation contractors in SW Washington is driving more savings, with insulation saving doubling year over year (from 2,245 therms in Q1-Q3 2023 to 4,487 therms in Q1-Q3 2024).

- By the end of quarter three, the annual smart thermostat savings goal had been achieved, with contractor-installed smart thermostats and Direct Ship marketplace transactions exceeding 2024 projections. The program is continuing marketing activities in quarter four to further drive savings to make up for lagging categories.
- The first Savings Within Reach income qualified incentive offer for NW Natural customers in SW Washington launched in quarter three. The \$1,200 incentive for gas furnaces was introduced to trade allies in quarter two, and training and onboarding for the offer began in July. By the end of quarter three, more than 70% of trade ally HVAC contractors working in Washington were enrolled to offer this new incentive.

C. Washington Utilities and Transportation Commission performance metrics

The table below compares quarterly results to 2024 goals, as established in NW Natural's Energy Efficiency Plan for Washington (filed in 2023).

2024 results compared to goals

Metric	Goal	2024 YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms Saved	244,239	164,234	72,662	35,770	55,802	
Total Program Expenditures	\$ 3,464,008	\$ 2,105,689	\$ 631,001	\$ 623,233	\$ 851,456	
Average Levelized Cost Per Therm	Less than \$0.90	\$ 1.09	\$ 1.07	\$ 1.16	\$ 1.12	
Utility Cost at Portfolio Level	Greater than 1.00	Reported annually	Reported annually	Reported annually	Reported annually	

- This table does not include savings goal or budget associated with NW Natural's Washington Low-Income Energy Efficiency program delivery.
- Northwest Energy Efficiency Alliance (NEEA) gas market transformation activities are not included in this table.

II. QUARTERLY RESULTS

A. Expenditures¹

		Q3 actual expenditures	Q3 budgeted expenditures	Budget variance
Commercial	Commercial	\$ 399,500	\$ 298,642	\$ 100,858
	Commercial administration	\$ 23,939	\$ 19,768	\$ 4,172
	Commercial Total	\$ 423,439	\$ 318,410	\$ 105,029
Residential	Residential	\$ 403,991	\$ 488,632	\$ -84,641
	Residential administration	\$ 24,026	\$ 32,445	\$ -8,419
	Residential Total	\$ 428,017	\$ 521,076	\$ -93,060
Total expenditures		\$ 851,456	\$ 839,486	\$ 11,970

B. Incentives paid²

		Q3 actual incentives	Q3 actual expenditures	Percent incentives/ expenditures
Commercial	\$	217,846	\$ 423,439	51%
Residential	\$	221,807	\$ 428,017	52%
Total Incentives	\$	439,653	\$ 851,456	52%

- Incentives paid account for approximately 50% of year-to-date program expenses, when total program expenses are adjusted down by 15% to account for costs that a utility-delivered program would recover through rates.

C. Savings

		Q3 savings therms	Annual goal therms	Percent achieved Q3	Levelized cost/therm
Commercial	Existing Buildings - custom	12,082	46,500	26%	
	Existing Buildings - standard	19,625	37,260	53%	
	New Buildings - custom	-	-	N/A	
	New Buildings - standard	-	5,640	-	
	Strategic Energy Management	-	43,779	-	
Commercial total		31,707	133,179	24%	1.15
Residential	Home retrofit	21,944	105,088	21%	
	Midstream and retail	-	151	-	
	New manufactured homes	-	-	N/A	
	Small multifamily	679	2,496	27%	
	EPS new construction	1,472	3,325	44%	
Residential total		24,095	111,060	22%	1.11
Total		55,802	244,239	23%	1.12

- Quarterly savings in recent years were on average: 11% of annual savings in Q1, 18% of annual savings in Q2, 18% of annual savings in Q3 and 53% of annual savings in Q4.

¹ Columns may not total due to rounding.

² NEEA expenditures excluded per NW Natural Washington's Energy Efficiency Plan.

III. YEAR-TO-DATE RESULTS

A. Activity highlights—sites served

	Q1	Q2	Q3	Q4	Total
Commercial					
Food Service	-	-	-	-	-
HVAC	1	4	2	-	6
HVAC Controls	1	-	-	-	1
Operations & Maintenance	9	-	-	-	9
Process cooling	-	-	-	-	-
Process heating	-	-	1	-	1
Refrigeration	-	-	1	-	1
Study	1	-	1	-	2
Water Heating	-	3	-	-	3
Weatherization	-	-	-	-	-

	Q1	Q2	Q3	Q4	Total
Residential					
EPS new construction	-	2	30	-	32
New manufactured homes	-	-	-	-	-
HVAC	120	124	139	-	383
HVAC Controls	59	120	129	-	308
Water Heating	4	6	5	-	15
Weatherization	27	61	34	-	122

- This table of sites served excludes offerings purchased at distributors and retail (gas fireplaces and showerheads) because Energy Trust does not receive site data for those purchases.

B. Revenue

Source	YTD actual revenue	YTD budgeted revenue
NW Natural \$	2,289,290 \$	2,289,290

C. Expenditures³

		YTD actual expenditures	YTD budgeted expenditures	Budget variance
Commercial	Commercial \$	948,025 \$	874,481 \$	73,544
	Commercial administration \$	60,029 \$	60,174 \$	-144
	Commercial Total \$	1,008,054 \$	934,655 \$	73,399
Residential	Residential \$	1,032,272 \$	1,356,183 \$	-323,911
	Residential administration \$	65,364 \$	93,320 \$	-27,956
	Residential Total \$	1,097,635 \$	1,449,503 \$	-351,867
Total expenditures \$		2,105,689 \$	2,384,157 \$	-278,468

D. Incentives paid⁴

	YTD actual incentives	YTD actual expenditures	Percent incentives/expenditures
Commercial \$	370,337 \$	1,008,054	37%
Residential \$	521,981 \$	1,097,635	48%
Total Incentives \$	892,318 \$	2,105,689	42%

- Incentives paid account for approximately 50% of year-to-date program expenses when total program expenses are adjusted down by 15% to account for costs that a utility-delivered program would recover through rates.

³ Columns may not total due to rounding.

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

E. Savings

		YTD savings therms	Annual goal therms	Percent achieved	Levelized cost/therm
Commercial	Existing Buildings - custom	23,735	46,500	51%	
	Existing Buildings - standard	28,559	37,260	77%	
	New Buildings - custom	-	-	N/A	
	New Buildings - standard	-	5,640	-	
	Strategic Energy Management	50,526	43,779	115%	
Commercial total		102,819	133,179	77%	\$ 1.16
Residential	Home retrofit	57,821	105,088	55%	
	Midstream and retail	-	151	-	
	New manufactured homes	-	-	N/A	
	Small multifamily	1,909	2,496	76%	
	EPS new construction	1,685	3,325	51%	
Residential total		61,415	111,060	55%	1.10
Total		164,234	244,239	67%	1.09