

Q2 2024 REPORT ON ENERGY TRUST OF OREGON'S ACTIVITIES FOR NW NATURAL IN WASHINGTON

April 1 through June 30, 2024

This quarterly report covers the period of April 1 through June 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 15% of its annual savings goal in quarter two**, below the 21% of annual savings goal expected in quarter two.
- **Savings are typically lower in the first half of the year** as more commercial studies and assessments are completed compared to the second half of the year when more projects are completed.
- **The commercial sector achieved 11% of its annual savings goal in quarter two**, which is below historical program savings trends.
- **The residential sector achieved 19% of its annual savings goal in quarter two**, which is on par historical program savings trends.

B. Commercial sector highlights

- The commercial sector is expected to exceed its annual goal.
- Savings in quarter two were largely driven by boilers and water heating.
- There are several custom studies in process and planned for K-12 schools, although multiple school districts have expressed concern regarding potential budget cuts in the next 12 to 18 months.
- Customers with large facilities (more than 220,000 square feet) are preparing to compete facility studies to meet the state's new Green Buildings requirements for energy use intensity. Prescriptive and custom projects may result from these studies.
- Custom studies are in process with Vancouver Public Schools, a state-run school in Vancouver and a large church.

Residential sector highlights

- The residential sector is expected to fall short of its annual goal.
- Savings in quarter two were driven by gas furnaces, followed by weatherization projects and smart thermostats.
- Staff designed and planned for an incentive increase for market rate gas furnaces that launched July 1 to combat slowing project submissions since the second half of 2023. The new \$800 incentive is meant to align with regionally available heat pump incentives.

- Staff designed and prepared for the launch of a new income-qualified gas furnace incentive offer for Washington customers on July 15. Participation information was added to all web, collateral and training resources in support of this new offer.
- An incentive increase for smart thermostats starting in late 2023 and successful marketing campaigns since then led to a sharp increase in smart thermostat activity, with contractor installed smart thermostats exceeding the 2024 goal by 90% at the end of quarter.
- Window contractor Renewal by Andersen alerted program staff it would stop project submissions entirely to Energy Trust and other programs. Renewal by Andersen has been responsible for roughly half of all windows applications in Washington each year. This change shifted the residential annual savings forecast from 98% to 90% of goal at the end of quarter two.

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	108,432	72,662	35,770		
Total Program Expenditures	\$ 3,464,008	\$ 1,254,233	\$ 631,001	\$ 623,233		
Average Levelized Cost Per Therm	Less than \$0.90	\$ 1.08	\$ 1.07	\$ 1.16		
Utility Cost at Portfolio Level	Greater than 1.00	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

			Q2 actual expenditures		Q2 budgeted expenditures		Budget variance
Commercial	Commercial	\$	257,771	\$	321,839	\$	-64,068
	Commercial administration	\$	14,903	\$	19,911	\$	-5,008
	Commercial Total	\$	272,674	\$	341,750	\$	-69,076
Residential	Residential	\$	330,891	\$	475,409	\$	-144,518
	Residential administration	\$	19,667	\$	29,234	\$	-9,567
	Residential Total	\$	350,558	\$	504,643	\$	-154,085
Total expenditures		\$	623,233	\$	846,394	\$	-223,161

B. Incentives paid²

		Q2 actual incentives	Q2 actual expenditures	Percent incentives/ expenditures
Commercial	\$	81,776	\$ 272,674	30%
Residential	\$	179,236	\$ 350,558	51%
Total Incentives	\$	261,012	\$ 623,233	42%

- Incentives paid account for approximately 42% 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

		Q2 savings therms	Annual goal therms	Percent achieved Q2	Levelized cost/therm
Commercial	Existing Buildings - custom	11,653	46,500	25%	
	Existing Buildings - standard	2,584	37,260	7%	
	New Buildings - custom	-	-	N/A	
	New Buildings - standard	-	5,640	-	
	Strategic Energy Management	-	43,779	-	
Commercial total		14,236	133,179	11%	\$ 1.57
Residential	Home retrofit	20,851	105,088	20%	
	Midstream and retail	-	151	-	
	New manufactured homes	-	-	N/A	
	Small multifamily	469	2,496	19%	
	EPS new construction	213	3,325	6%	
Residential total		21,533	111,060	19%	\$ 0.98
Total		35,770	244,239	15%	\$ 1.16

- 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	-	-	5
HVAC Controls	1	-	-	-	1
Operations & Maintenance	9	-	-	-	9
Process cooling	-	-	-	-	-
Process heating	-	-	-	-	-
Refrigeration	-	-	-	-	-
Study	1	-	-	-	1
Water Heating	-	3	-	-	3
Weatherization	-	-	-	-	-

	Q1	Q2	Q3	Q4	Total
Residential					
EPS new construction	-	2	-	-	2
New manufactured homes	-	-	-	-	-
HVAC	120	124	-	-	244
HVAC Controls	59	120	-	-	179
Water Heating	4	6	-	-	10
Weatherization	27	61	-	-	88

- 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 \$	1,144,645 \$	1,144,645

C. Expenditures³

		YTD actual expenditures	YTD budgeted expenditures	Budget variance
Commercial	Commercial \$	548,524 \$	575,839 \$	-27,314
	Commercial administration \$	36,090 \$	40,406 \$	-4,316
	Commercial Total \$	584,615 \$	616,245 \$	-31,630
Residential	Residential \$	628,281 \$	867,551 \$	-239,270
	Residential administration \$	41,338 \$	60,875 \$	-19,538
	Residential Total \$	669,619 \$	928,426 \$	-258,808
Total expenditures \$		1,254,233 \$	1,544,671 \$	-290,438

D. Incentives paid⁴

	YTD actual incentives	YTD actual expenditures	Percent incentives/expenditures
Commercial \$	152,491 \$	584,615	26%
Residential \$	300,174 \$	669,619	45%
Total Incentives \$	452,665 \$	1,254,233	36%

- Incentives paid account for approximately 42% 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	11,653	46,500	25%	
	Existing Buildings - standard	8,934	37,260	24%	
	New Buildings - custom	-	-	N/A	
	New Buildings - standard	-	5,640	-	
	Strategic Energy Management	50,526	43,779	115%	
	Commercial total	71,112	133,179	53%	\$ 1.20
Residential	Home retrofit	35,877	105,088	34%	
	Midstream and retail	-	151	-	
	New manufactured homes	-	-	N/A	
	Small multifamily	1,230	2,496	49%	
	EPS new construction	213	3,325	6%	
	Residential total	37,320	111,060	34%	\$ 1.10
	Total	108,432	244,239	44%	\$ 1.08