

Q1 2023 REPORT ON ENERGY TRUST OF OREGON'S ACTIVITIES FOR NW NATURAL IN WASHINGTON

January 1 through March 31, 2023

This quarterly report covers the period of January 1 through March 31, 2023 and addresses progress toward 2023 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 17% of its annual savings goal in quarter one**, above the 10% of annual goal expected in quarter one.
- **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 more projects are completed.
- **The commercial sector achieved 14% of its annual savings goal in quarter one**, which is above historical program savings trends.
- **The residential sector achieved 21% of its annual savings goal in quarter one**, which is above historical program savings trends.

B. Commercial sector highlights

- Savings were driven by custom operations and maintenance and custom building controls.
- The program kicked off several incentive bonuses in 2023. Outreach and trade ally teams have created a monthly marketing campaign schedule to highlight a different bonus or program offer each month.
- Trade allies report delivery lead times for specific equipment are shortening, including for boilers.
- Staff focused outreach efforts on customers in the hospitality industry as activity picks up post pandemic, contacting 15 sites to discuss offers specific to hospitality.
- Staff coordinated with Clark Public Utilities staff to streamline processes for conducting joint co-funded technical analysis studies and sharing customer leads.
- As in-person events picked up in line with reduced pandemic restrictions, staff attended events hosted by local chambers, Vancouver Business Journal, Downtown Vancouver Business Association and Columbia River Economic Development Council. Energy Trust sponsored a display table at the Southwest Washington Contractors Association's summit in March.

C. Residential sector highlights

- Savings were driven by EPS new construction, gas furnaces, windows, floor insulation, tankless water heaters and gas fireplaces.
 - With the exception of EPS, nearly all primary residential offers saw an increase in savings in quarter one compared to quarter one 2022.
 - Smart thermostat incentive use was up 130% in quarter one compared to quarter one 2022, while incentives for gas furnace incentives for rentals were up 20%.

- Staff proposed and analyzed new window incentive amounts, which are scheduled to be launched beginning in July.
- Staff prepared changes to streamline the customer experience and avoid confusion for those buying discounted smart thermostats. Starting in quarter two, customers will be able to use one platform to either purchase online or in a brick and mortar retailer.
- Staff determined EPS whole home incentives will end in 2024 following an assessment of incentive offers for new homes that use natural gas for space heat to exceed the 2021 Residential Washington State Energy Code. There are likely no efficiency-based paths for gas space heated homes to exceed the code and no EPS builders who plan to continue to use natural gas for heating going forward.

D. Program evaluations

- In quarter one, Energy Trust finalized the 2020 Existing Buildings Impact Evaluation: https://www.energytrust.org/wp-content/uploads/2023/01/EB2020Impact_Final_wSR.pdf
- In quarter one, Energy Trust finalized the Small Commercial Efficiency Pilot Evaluation: <https://www.energytrust.org/wp-content/uploads/2023/02/SCEP-Memo-Final-10-21-11.pdf>
- In quarter one, Energy Trust finalized the Strategic Energy Management Pilot Process Evaluation: https://www.energytrust.org/wp-content/uploads/2023/02/SEM-Report-2-Final-12-02-14_wSR.pdf
- In quarter one, Energy Trust finalized the Strategic Energy Management Pilot Process Evaluation: <https://www.energytrust.org/wp-content/uploads/2023/03/Evaluation-MPower-Pilot.pdf>

E. Washington Utilities and Transportation Commission performance metrics

The table below compares quarterly results to 2023 goals, as established in NW Natural's Energy Efficiency Plan for Washington (filed in 2022).

2023 results compared to goals

Metric	Goal	2023 YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms Saved	281,908	48,300	48,300			
Total Program Expenditures	\$ 3,253,106	\$ 722,326	\$ 722,326			
Average Levelized Cost Per Therm	Less than \$0.90	\$ 1.18	\$ 1.18			
Utility Cost at Portfolio Level	Greater than 1.00	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

		Q1 actual expenditures	Q1 budgeted expenditures	Budget variance
Commercial	Commercial	\$ 275,897	\$ 262,463	\$ 13,434
	Commercial administration	\$ 21,529	\$ 21,098	\$ 431
	Commercial Total	\$ 297,426	\$ 283,561	\$ 13,865
Residential	Residential	\$ 394,143	\$ 311,375	\$ 82,769
	Residential administration	\$ 30,756	\$ 25,030	\$ 5,726
	Residential Total	\$ 424,900	\$ 336,405	\$ 88,495
Total expenditures		\$ 722,326	\$ 619,966	\$ 102,360

B. Incentives paid²

		Q1 actual incentives	Q1 actual expenditures	Percent incentives/expenditures
Commercial	\$	66,333	\$ 297,426	22%
Residential	\$	248,089	\$ 424,900	58%
Total Incentives	\$	314,422	\$ 722,326	44%

- Incentives paid account for approximately 51% 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

		Q1 savings therms	Annual goal therms	Percent achieved Q1	Levelized cost/therm
Commercial	Existing Buildings - custom	9,663	88,452	11%	
	Existing Buildings - standard	-	43,018	-	
	New Buildings - custom	-	4,794	-	
	New Buildings - standard	-	14,100	-	
	Strategic Energy Management	14,723	18,881	78%	
Commercial total		24,386	169,245	14%	\$ 1.63
Residential	Home retrofit	18,254	92,960	20%	
	Midstream and retail	1,734	11,355	15%	
	Small multifamily	345	1,754	20%	
	EPS new construction	3,581	6,594	54%	
Residential total		23,914	112,663	21%	\$ 1.08
Total		48,300	281,908	17%	\$ 1.18

- Quarterly savings in recent years were on average: 12% of annual savings in Q1, 21% of annual savings in Q2, 14% of annual savings in Q3 and 49% 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				1
Operations & Maintenance	17				17
Process cooling	-				-
Process heating	-				-
Refrigeration	-				-
Study	1				1
Water Heating	-				-
Weatherization	-				-

	Q1	Q2	Q3	Q4	Total
Residential					
EPS new construction	100				100
HVAC	122				122
HVAC Controls	127				127
Water Heating	5				5
Weatherization	54				54

- 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. Revenue³

Source	YTD actual revenue	YTD budgeted revenue
NW Natural \$	- \$	790,046

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	Commercial Total \$	297,426	\$ 283,561	\$ 13,865
Residential	Residential \$	394,143	\$ 311,375	\$ 82,769
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Total expenditures \$		722,326	\$ 619,966	\$ 102,360

D. Incentives paid⁵

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Residential \$	248,089	\$ 424,900	58%
Total Incentives \$	314,422	\$ 722,326	44%

- Incentives paid account for approximately 51% 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 A payment that was expected in Q1 arrived in Q2.

⁴ Columns may not total due to rounding.

⁵ NEEA expenditures excluded per NW Natural Washington's Energy Efficiency Plan.

E. Savings

		Q1 savings	Annual goal	Percent	Levelized
		therms	therms	achieved Q1	cost/therm
Commercial	Existing Buildings - custom	9,663	88,452	11%	
	Existing Buildings - standard	-	43,018	-	
	New Buildings - custom	-	4,794	-	
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