

Q2 2021 REPORT ON ENERGY TRUST OF OREGON'S ACTIVITIES FOR NW NATURAL IN WASHINGTON

April 1 through June 30, 2021

This quarterly report covers the period of April 1 through June 30, 2021, and addresses progress toward 2021 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 32% of its annual therms savings goal in quarter two.** Historically more than half of annual energy savings occur in that last quarter of the year.
- **Year-to-date savings account for 45% of annual goal,** which is on track with forecast estimates.
- **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.

B. Commercial sector highlights

- **The commercial sector recognized nearly 27% of its annual savings goal in quarter two.**
- **Despite the slow start,** annual savings forecasts are still indicating achieving at or above 148% of goal.
- **Staff is experiencing a large backlog for processing projects initiated in 2020,** some of which were motivated by bonuses offered in response to COVID-19. This is affecting the processing timeframe for 2021 projects.
- **Facility controls upgrades to Direct Digital Controls (DDC) represented a large portion of quarter two savings.** This trend will continue throughout 2021 as several large offices and college facilities are upgrading their controls systems.
- **COVID-19 restrictions were relaxed** in June, allowing for opportunities to meet with trade allies and customers.
- **Staff finalized a partnership with Clark County Green Business,** a group of local businesses committed to sustainable operations. Energy Trust will perform on-site facility reviews for Green Business members and Energy Trust offers will be promoted to members, including on the group's website.
- **Staff signed up as a new sponsor of the SW Washington Contractors Association.** In June, program staff gave a presentation to the association on the benefits of multifamily incentive offers in Washington along with staff from Clark Public Utilities.
- **Several large projects were identified in quarter two** for customers including Walmart, Clark College and Camas School District. These projects will impact the budget for 2021 and influence the budget for 2022.
- **Five large projects representing more 120,000 therms in savings** that were delayed in 2020 are now expected to complete in 2021 or 2022.

C. Residential sector highlights

- **The residential sector recognized 39% of its annual savings goal in quarter two,** which is higher than historical program savings trends.

- **Residential savings were forecasted at the end of quarter two to land at 122% of annual goal.** Savings are primarily driven by thermostats as well as capital measures including gas furnaces, windows, floor insulation, tankless water heaters, and EPS new construction homes.
- **The largest drivers of savings** were gas furnace projects followed by thermostats and EPS new construction.
- **Gas furnaces and thermostats** saw the largest year-over-year increase in project volumes. For gas furnaces, this was primarily due to a bonus offer in quarter one that drove installations in quarter two. This project volume is forecast to continue at a strong pace throughout the summer.
- **Energy Trust residential and commercial staff** jointly presented at a Clark Counties Green Apartment Living webinar in June for rental property owners on Energy Trust incentive offers for rental properties.
- **A smart thermostat Direct Ship offer** with prices as low as \$25 plus tax and accompany marketing resulted in 560 units sold in quarter two compared with an annual goal of 765 thermostats. Using Direct Ship, customers can order the equipment at a significant discount and have it shipped to their home.
- **Customer demand for home improvement projects** remains much higher than previous years despite cost increases. Distributors and contractors are reporting quarterly price increases due to supply chain constraints, manufacturing and labor shortages and increases in cost of raw materials.
- **Energy Trust staff met with every EPS new construction builder** to understand their plans to comply with or exceed the new 2018 Washington State Energy Code, which went into effect in early 2021. To support builders in this work, Energy Trust promoted a grant offer for builders to invest in updating house plans to exceed code.

D. Program evaluations

- **In quarter one, Energy Trust finalized the Oregon Commercial and Industrial Boiler Market Characterization report.** The report can be found online at https://energytrust.org/wp-content/uploads/2021/05/EnergyTrust_CIGasBoilerMarketResearch-Memo_FINAL.pdf

E. Washington Utilities and Transportation Commission performance metrics

The table below compares quarterly results to 2021 goals, as established in NW Natural's Energy Efficiency Plan for Washington (filed in December 2020).

2021 results compared to goals

Metric	Goal	2021 YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms Saved	386,680	175,132	52,172	122,960		
Total Program Expenditures	\$3,322,803	\$1,623,631	\$ 682,019	\$ 941,612		
Average Levelized Cost Per Therm	Less than \$0.65	\$ 0.69	\$ 0.86	\$ 0.61		
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	\$ 337,270	\$ 446,241	\$ 108,971
	Commercial administration	\$ 16,417	\$ 23,682	\$ 7,264
	Commercial Total	\$ 353,688	\$ 469,923	\$ 116,235
Residential	Residential	\$ 562,991	\$ 407,236	\$ -155,755
	Residential administration	\$ 24,933	\$ 19,257	\$ -5,676
	Residential Total	\$ 587,924	\$ 426,493	\$ -161,431
Total expenditures		\$ 941,612	\$ 896,415	\$ -45,196

B. Incentives paid²

	Q2 actual incentives	Q2 actual expenditures	Percent incentives/expenditures
Commercial	\$ 207,828	\$ 353,688	59%
Residential	\$ 409,044	\$ 587,924	70%
Total Incentives	\$ 616,872	\$ 941,612	66%

- Incentives paid account for approximately 70% 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	48,454	164,843	29%	
	Existing Buildings - standard	14,143	48,782	29%	
	New Buildings - custom	-	4,703	-	
	New Buildings - standard	2,160	19,778	11%	
Commercial total		64,757	238,107	27%	\$ 0.48
Residential	Home retrofit	40,112	86,957	46%	
	Midstream and retail	5,938	9,957	60%	
	Small multifamily	1,105	1,666	66%	
	EPS new construction	11,048	49,993	22%	
Residential total		58,203	148,573	39%	\$ 0.74
Total		122,960	386,680	32%	\$ 0.61

- Quarterly savings typically are as follows: 10% of annual savings in Q1, 10% of annual savings in Q2, 25% of annual savings in Q3 and 55% 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	4	5			9
HVAC	2	4			6
Study	4	7			11
Water Heating	1	2			3
Weatherization	-	2			2

	Q1	Q2	Q3	Q4	Total
Residential					
EPS new construction	180	104			284
HVAC	156	193			349
HVAC Controls	245	537			782
Water Heating	11	7			18
Weatherization	55	60			115

- 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 \$	1,000,291 \$	1,000,291

C. Expenditures³

		YTD actual expenditures	Annual budgeted expenditures	Budget variance
Commercial	Commercial \$	473,490	\$ 582,461	\$ 108,971
	Commercial administration \$	24,742	\$ 32,006	\$ 7,264
	Commercial Total \$	498,232	\$ 614,467	\$ 116,235
Residential	Residential \$	1,069,513	\$ 913,758	\$ -155,755
	Residential administration \$	55,886	\$ 50,210	\$ -5,676
	Residential Total \$	1,125,399	\$ 963,968	\$ -161,431
Total expenditures \$		1,623,631	\$ 1,578,435	\$ -45,196

³ Columns may not total due to rounding.

D. Incentives paid⁴

	YTD actual incentives	YTD actual expenditures	Percent incentives/ expenditures
Commercial	\$ 224,563	\$ 498,232	45%
Residential	\$ 743,196	\$ 1,125,399	66%
Total Incentives	\$ 967,759	\$ 1,623,631	60%

- Incentives paid account for approximately 70% 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.

E. Savings

	YTD savings therms	Annual goal therms	Percent achieved	Levelized cost/therm	
Commercial	Existing Buildings - custom	48,454	164,843	29%	
	Existing Buildings - standard	17,744	48,782	36%	
	New Buildings - custom	-	4,703	-	
	New Buildings - standard	2,768	19,778	14%	
Commercial total	68,966	238,107	29%	\$ 0.63	
Residential	Home retrofit	63,946	86,957	74%	
	Midstream and retail	8,531	9,957	86%	
	Small multifamily	1,970	1,666	118%	
	EPS new construction	31,718	49,993	63%	
Residential total	106,165	148,573	71%	\$ 0.73	
Total	175,132	386,680	45%	\$ 0.69	

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