

**Quarter One 2010 Report to the
Oregon Public Utility Commission**
January 1, 2010 through March 31, 2010

This Energy Trust of Oregon quarterly report covers the period 1/1/10 through 3/31/10, the first quarter of 2010 (Q1).¹ The report presents activity, revenue and expenditure information for the quarter along with progress toward 2010 and 2014 energy saving and renewable energy generation goals.²

I. HIGHLIGHTS

1. General

- Including Q1 2010 results, electric efficiency programs have cumulatively saved 227 average megawatts since March 1, 2002. When savings from self-directed industrial projects are added, the total represents 52 percent of Energy Trust's 2014 goal of 479 average megawatts. This is equivalent to the annual electric consumption of approximately 191,000 average Oregon homes.
- Including Q1 2010 results, cumulative savings of 13.8 million annual therms have been realized since gas programs began in 2003, accounting for 40 percent of the 2014 goal of 34.7 million annual therms. This is equivalent to providing gas heat to approximately 27,000 homes.
- Since March 1, 2002, renewable energy efforts have helped develop projects with generation totaling nearly 100 average megawatts, accounting for 81 percent of the 2014 goal of 124 average megawatts. This is equivalent to powering about 77,000 average Oregon homes.
- Electric efficiency expenditures for the quarter were 10 percent below budget, compared to those in Q1 2009, which were 37 percent under budget. Electric efficiency spending in Q1 2010 increased 29 percent compared to Q1 2009.
- Electric efficiency projects completed during Q1 are expected to save 5.0 average megawatts, up 25 percent from Q1 2009.
- Gas expenditures for the quarter were 18 percent below budget, compared to 33 percent over budget in Q1 2009. Gas expenditures in Q1 2010 were 10 percent below Q1 2009.
- Gas efficiency projects completed during Q1 are expected to save 700,240 annual therms, an increase of 50 percent from Q1 2009. The increase reflects 189,000 annual therms from market transformation (new construction code change and furnaces), included for the first time in the Q1 2010 report.
- Progress toward 2010 utility Integrated Resource Plan (IRP) goals is shown on table 5, page 8.
- Renewable energy projects completed during Q1 are expected to generate 0.3 average megawatts annually, stemming mostly from solar.
- Overall public purpose revenue plus incremental revenue from SB 838 totaled \$37.3 million for Q1, likely reflecting relatively less heating energy use during the mild winter along with the effects of the slow economy.

¹ The report reflects several content changes, including fewer numbers in text duplicating those in tables; new sector names; and progress toward utility Integrated Resource Plan goals.

² In December 2009, Energy Trust's Board of Directors adopted a new strategic plan with goals for 2014. Beginning first quarter 2010, we are reporting progress toward those goals.

- Total Energy Trust expenditures for Q1 equaled \$20.7 million, of which \$8.5 million was for incentives. Expenditures in Q1 2010 show a 17 percent increase over Q1 2009, while incentive spending increased 24 percent.
- A management review and evaluation, performed every five years per requirement in Energy Trust's funding agreement with the Oregon Public Utility Commission, was transmitted in February by Talbot, Korvola & Warwick, LLP. The report concludes that Energy Trust programs significantly benefit ratepayers and all Oregonians, and makes recommendations to enhance efficiency and effectiveness.
- The New Homes program was honored by the Association of Energy Services Professionals for outstanding achievement in energy program design or implementation.
- The Existing Homes and Existing Buildings programs earned an ENERGY STAR® award for Sustained Excellence, presented in recognition of the Home Performance with ENERGY STAR and ENERGY STAR foodservice equipment offerings.
- Appendices:
 - Appendix 1 includes reports from Pacific Power and Portland General Electric on Q1 2010 utility activities supported by SB 838-authorized funding.
 - Appendix 2 is a summary by the Northwest Energy Efficiency Alliance of its Q1 2010 activities.
 - Appendix 3 shows a geographic breakdown of Home Energy Reviews conducted in Q1 2010.
 - Appendix 4 is a quarterly report on the NW Natural–Washington pilot.

2. Business

- The recession has continued to limit customers' access to capital funds, resulting in reduced savings for the quarter.
- To address continuing weak economic conditions, the Existing Buildings and New Buildings programs increased incentives for custom projects. The new offerings, which align with industrial/agricultural incentives, took effect April 1.
- The Multifamily program began implementing a new weatherization tool that allows more accurate screening of potential multifamily projects, especially with respect to HVAC upgrades.
- Existing Buildings launched a roof-top HVAC tune-up service, engaging qualified Energy Trust trade allies in installing economizers and tuning up existing roof-top units.
- Existing Buildings developed a strategic coordination agreement with Northwest Energy Efficiency Alliance on operations and maintenance projects for large health care facilities.

3. Industry and Agriculture

- Three NW Natural Industrial DSM projects were completed in Q1. Six new commitments were received, for a total of 28 projects in various stages of development. Of these, at least 15 projects are expected to be completed in 2010, representing an estimated 650,000 therms of savings, and providing confidence that the pilot will meet its goal.
- The first group of companies in the Industrial Efficiency Improvement (IEI) pilot completed a year-long training program in March. Participants formed energy teams, crafted energy goals and policies for their plants, provided tools and training for site personnel, and supported implementation of operational and behavioral changes to reduce energy per unit produced

by four to 18 percent. A second group started in October 2009, and a third group is planned to start in fall 2010.

- To stimulate activity and enhance participation, the program launched a short-term incentive through September 30 to provide 90 percent of project implementation costs to companies that can complete a recommended operations and maintenance measure within 90 days. The special offer is expected to bring in an additional 10-15 million kWh in low-cost savings.

4. Homes

- Clean Energy Works Portland, a 500-home pilot featuring energy advocates for homeowners, low interest rate loans and payback on utility bills, moved into high gear this quarter. Work was completed or in progress on more than 130 homes by end of the quarter, with new participants entering the program at a rate of about 20 per week. The pilot is being fielded in five phases, allowing continuing improvements to the customer experience informed by an ongoing evaluation.
- Another 56 contractors joined the Existing Homes program in Q1, bringing the total number of contractors in this program to 560, approximately one-third of our total number of trade allies. A trade ally tiering strategy has been vetted with stakeholders and is readying for a July 1 launch in the market. The goal is to better differentiate contractors for our customers, helping speed their decision-making.
- The Better Living Show, held March 26-28, drew nearly 15,000 consumers with 76 percent of attendees leaving the show more aware of Energy Trust of Oregon, according to a survey of attendees. Energy Trust received media coverage through the show valued at \$128,800, with 10.9 million views across television, print and online media.
- Appliance rebates are 30 percent higher than this same period last year. Program staff believe that national press about Recovery Act funds used in some states (but not in Oregon) for appliances has increased consumer education about high-efficiency appliances and their importance, resulting in an uptick of both clothes washer and refrigerator sales.
- The New Homes program put final touches on a "solar ready" initiative available to advanced-performance homebuilders who have opted to increase the efficiency of the building shell in lieu of installing renewables. Solar-ready features will make it easier for homebuyers to retrofit their high-efficiency homes with solar.

5. Renewable Energy

Biopower

- Contingent on action by the Energy Trust Board of Directors, the program agreed to pay up to \$1.8 million over four years to support biogas facilities with a combined capacity of 0.795 megawatts at four Willamette Valley dairies. The facilities will be owned and operated by Revolution Energy Solutions LLC and use digesters developed by AgriFood Canada.
- In collaboration with Metro, the Biopower team completed an assessment of available industrial food waste in Multnomah, Clackamas and Washington counties. This is the first phase of a multi-part study of opportunities for the addition of food waste to boost energy generation at wastewater treatment facilities.

Solar

- The first Solarize Portland neighborhood bulk purchase initiative ended successfully with 120 new Southeast Portland residential photovoltaic installations. Two more communities, including City of Pendleton, launched similar efforts.
- Cities of Portland and Gresham both held ribbon-cutting events for photovoltaic systems, two of the five largest in the state, installed at their wastewater treatment plants.
- Energy Trust provided market data and technical assistance to the OPUC for the Solar Feed-In Tariff pilot proceedings.
- The municipal solar working group finished its work, with more than half the participating cities and counties either planning to install solar energy systems or considering collaborating on a joint solar RFP.
- Energy Trust supported solar training for the Oregon Department of Administrative Services, Energy Trust New Buildings team, Allied Technical Assistance Contractors, and PGE's Solar Seminar Series for Commercial/Industrial/Agricultural customers in Salem and Portland.

Other Renewable Energy

- Energy Trust launched a new initiative to identify opportunities for energy savings and hydropower generation projects at irrigation districts throughout Oregon.
- A standard incentive was established for wind turbines between 50 and 100 kW to expand market activity to more small wind systems.

6. Projects completed this quarter³

	Total	Electric-only	Gas-only	Both
ENERGY EFFICIENCY				
Commercial projects				
Existing buildings retrofitted	270	222	36	12
Efficient new buildings constructed	35	19	6	10
Multifamily buildings retrofitted	14	13	0	1
New multifamily buildings constructed	2	0	1	1
Solar water heating commercial installations	3	3	0	0
Subtotal Commercial	324	257	43	24
Industrial projects				
	81	79	1	1
Residential projects				
Efficient new homes constructed	115	15	72	28
ENERGY STAR new homes enhanced	0	0	0	0
Efficient new manufactured homes purchased	19	17	0	2
Home energy reviews conducted	1,643	481	80	1,082
Single family homes retrofitted	3,705	899	2,781	25
Manufactured homes retrofitted	337	321	2	14
Residential solar water heating installations	83	46	37	0
ENERGY STAR appliance rebates	9,057	6,016	259	2,782
Subtotal Residential	14,959	7,795	3,231	3,933
TOTAL EFFICIENCY	15,364	8,131	3,275	3,958
RENEWABLE ENERGY INSTALLATIONS				
Biopower project installations	0	0	0	0
Solar electric residential installations	167	167	0	0
Solar electric commercial installations	36	36	0	0
Other renewable project installations	2	2	0	0
TOTAL RENEWABLES	205	205	0	0
TOTAL EFFICIENCY & RENEWABLES	15,569	8,336	3,275	3,958

7. Revenues and expenditures

- \$37.3 million in public purpose and incremental revenues were received during Q1, with expenditures at \$20.7 million.
- A total of \$8.5 million in incentives was paid.

³ We define "projects" to be completed installations or services at one location with certain exceptions:

- A Home Energy Review, with CFL installation, counts as one project. If that home subsequently installs one or more measures, this installation counts as a separate project.
- See Appendix 3 for a geographical breakdown of Home Energy Reviews.
- Each apartment unit treated counts as one project.
- Each manufactured home counts as one project.
- Measures installed in separate facilities within a large industrial complex count as separate projects.
- Project totals do not include 198,672 CFL packages sold/provided nor 1,922 old refrigerators/freezers recycled during the quarter.

8. OPUC performance measures

- Following are the most recent performance measures established by OPUC for Energy Trust. Comparison of performance against these measures for 2010 will be reported in the 2010 annual report.

Category	Measures
Energy Efficiency	<ul style="list-style-type: none"> • Obtain at least 31 aMW computed on a three-year rolling average • Levelized cost not to exceed 3.5 cents/kWh
Natural Gas	<ul style="list-style-type: none"> • Obtain at least 1.8 million annual therms computed on a three-year rolling average • Levelized cost not to exceed 60 cents/therm
Renewable Energy	<ul style="list-style-type: none"> • Achieve at least 3 aMW from small-scale projects, computed on a three-year rolling average
Financial Integrity	<ul style="list-style-type: none"> • Receive an unqualified financial opinion from an independent auditor on annual financial statements
Administrative/Program Support Costs	<ul style="list-style-type: none"> • Keep below 11 percent of annual revenue
Customer Satisfaction	<ul style="list-style-type: none"> • Demonstrate reasonable rates
Benefit/Cost Ratios	<ul style="list-style-type: none"> • Report both utility system and societal perspective on an annual basis
Incremental Electric Efficiency Funding	<ul style="list-style-type: none"> • Report annually energy savings achieved as a result of SB 838

9. Benefit/cost ratios for 2009 (will be updated for 2010 in the 2010 annual report)⁴

Program	Utility System Benefit/Cost Ratio	Societal Benefit/Cost Ratio
New Homes and Products	1.9	1.7
Existing Homes	1.8	1.4
Existing Buildings	3.4	1.8
New Buildings	2.6	2.2
Production Efficiency	3.1	1.8
NW Energy Efficiency Alliance	9.0	3.0

⁴ By law, Oregon public purpose funds may be invested only in cost-effective energy efficiency measures—that is, efficiency measures must cost less than acquiring the energy from conventional sources.

II. TABLES

1. Revenues

Source	Actual revenues received Q1	Budgeted revenues Q1
Portland General Electric	\$9,876,248	\$10,495,354
Pacific Power	\$6,169,015	\$5,765,777
PGE Incremental	\$4,818,565	\$5,482,629
Pacific Power Incremental	\$4,236,703	\$5,662,336
Cascade Natural Gas	\$376,619	\$956,502
NW Natural	\$11,512,768	\$10,606,583
NW Natural DSM Pilot	\$268,914	\$295,833
Total	\$37,258,832	\$39,265,015

2. Expenditures

Type	Actual Expenditures Q1	Budgeted Expenditures Q1
Energy Efficiency programs	\$16,633,383	\$18,805,520
Renewable Energy programs	\$3,171,288	\$3,885,480
Administration	\$927,516	\$1,246,428
Total	\$20,732,187	\$23,937,428

3. Incentives Paid

Quarter	Energy Efficiency					Renewable Energy		Total
	PGE	Pacific Power	NW Natural	Cascade Natural Gas	Avista	PGE	Pacific Power	
Q1	\$2,786,944	\$1,657,987	\$1,480,359	\$65,463	\$77	\$1,837,910	\$681,261	\$8,510,001
Q2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Q3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Q4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$2,786,944	\$1,657,987	\$1,480,359	\$65,463	\$77	\$1,837,910	\$681,261	\$8,510,001

4. Savings and Generation

Electric Efficiency Savings	PGE aMW	Pacific Power aMW	Total Savings aMW	Expenses	mil \$ / aMW	Levelized Cost/kWh
Commercial	0.93	0.67	1.60	\$4,875,391	\$3.0	3.6 ¢
Industrial	0.49	0.19	0.68	\$3,246,551	\$4.8	5.6 ¢
Residential	1.57	1.11	2.68	\$5,327,659	\$2.0	3.1 ¢
Total Energy Efficiency programs	2.99	1.97	4.96	\$13,449,601	\$2.7	3.6 ¢

Gas Efficiency Savings	NW Natural Therms	Cascade Natural Gas	Avista	Total Savings Therms	Expenses	\$/ Therm	Levelized Cost/Therm
Commercial	228,087	3,346	0	231,433	\$1,292,954	\$5.6	42 ¢
Industrial	675	0	0	675	\$56,211	\$83.3	724 ¢
Residential	430,202	37,918	12	468,132	\$2,620,164	\$5.6	38 ¢
Total Energy Efficiency	658,964	41,264	12	700,240	\$3,969,329	\$5.7	39 ¢

Renewable Energy Generation	PGE aMW	Pacific Power aMW	Total Generation aMW	Expenses	mil \$ / aMW	Levelized Cost/kWh
Biopower	0.000	0.000	0.000	\$ 122,376	n/a	n/a
Solar Electric Program	0.190	0.060	0.250	\$ 2,845,373	\$11.4	11.0 ¢
Other Renewables	0.000	0.000	0.000	\$ 345,502	n/a	134.5 ¢
Total Renewable Programs	0.190	0.060	0.250	\$ 3,313,251	\$13.3	12.1 ¢

5. Progress to Goals by Utility

	Quarter Savings	Annual Savings Year-to-date	Energy Trust		Annual IRP Goal	
			Annual Goal (Conservative)		Goal	% Achieved YTD
			Goal	% Achieved YTD		
PGE	3.0 aMW (26,181 MWh)	3.0 aMW (26,181 MWh)	20.4 aMW (178,301 MWh)	15%	26.7 aMW (233,892 MWh)	11%
PAC	2.0 aMW (17,206 MWh)	2.0 aMW (17,206 MWh)	13.4 aMW (117,230 MWh)	15%	17.0 aMW (148,920 MWh)	12%
NWN	658,964 annual therms	658,964 annual therms*	2,857,594 annual therms	23%	2,936,000 annual therms	22%
CNG	41,264 annual therms	41,264 annual therms	379,960 annual therms	11%	317,937 annual therms	13%

*NW Natural Industrial DSM Pilot savings are counted toward the annual conservative goal for NW Natural. They are not counted toward the annual IRP goal for NW Natural.

6. Incremental levelized costs of utility SB 838 expenditures

	Quarter 1 Expenditures	YTD Expenditures	YTD \$/aMW*	YTD Levelized Cost*
PGE	\$44,041	\$44,041	\$0.01	0.02 ¢
PAC	\$38,554	\$38,554	\$0.02	0.03 ¢
Total	\$82,595	\$82,595	\$0.02	0.02 ¢

* Reflects incremental increase in costs derived from expenditures incurred by Pacific Power and PGE under terms of the agreement described in SB 838. See Appendix 1 for a report from these utilities on their SB 838 activities during the quarter.

Appendix 1

Q1 2010 Utility Activities Supported by SB 838-authorized Funding

Per agreement with the OPUC, Pacific Power and Portland General Electric report their SB 838 program support activities in Energy Trust's quarterly and annual reports. Content and format were developed by the utilities, following a sector outline suggested by Energy Trust.

Pacific Power Energy Efficiency Activities in First Quarter 2010 (for submission with Energy Trust Quarterly Report)

SB 838 General

Pacific Power's Energy Trust liaison lead and coordinated significant efforts throughout the first quarter of 2010 on the updated Schedule 297 / Energy Conservation Charge collection rate and intended use of the funds.

Pacific Power's Energy Trust liaison continued to attend and lead Pacific Power's participation in several ARRA competitive EECBG grant applications and on-bill financing activities. Moving beyond Portland's Clean Energy Works, rural areas in Oregon that will see their own benefits are City of Astoria, South Central Oregon Economic Development District (Klamath and Lake Counties), Hood River County, and North East Oregon Economic Development District (Wallowa County).

Pacific Power's Energy Trust liaison attended the Grants Pass trade ally round table meeting.

Pacific Power's Energy Trust liaison attended the Utility Stakeholder meetings.

Pacific Power's Energy Trust liaison attended the Conservation Advisory Council meetings.

Pacific Power's Energy Trust liaison hosted a webinar for Energy Trust communications staff on creating energy efficiency marketing campaigns. Topics covered: Designing innovative programs to captivate customers; Targeting the appropriate audience; Developing and communicating key messages that motivate customers to participate; Using the right promotional channels at the right times, and; Encouraging employees to serve as energy efficiency ambassadors.

SB838 Commercial efficiency programs

Pacific Power's Energy Trust liaison participated in reviewing the Energy Trust 2010 communications plan.

Pacific Power's Energy Trust liaison began coordinating efforts for a new series of four small to mid-size commercial energy efficiency conferences in Medford, Grants Pass, Coos Bay and Cottage Grove, Oregon. Pacific Power is collaborating with Energy Trust, Oregon Department of Energy, Oregon Main Street, and USDA who are tasked with providing material and delivering the breakout session presentations.

Welcome Aboard kits continued to be mailed to all new commercial customers. The kit contains information on Energy Trust programs and incentives to help customers invest in energy efficiency.

SB 838 Residential efficiency programs

Pacific Power's Energy Trust liaison hosted a webinar for Energy Trust residential sector staff on Community-wide Energy Efficiency Efforts. Topics covered: Utility support: What roles does the utility play?; Recruiting community organizations to put a "local face" on utility programs; Working with city and county governments; Developing community leaders; and, Organizing and publicizing special events.

Pacific Power's Energy Trust liaison continued to attend and lead Pacific Power's participation in Clean Energy Works Portland (on-bill financing) pilot and planning meetings. The pilot targets 500 homes in the Portland area with energy efficiency measures that can be paid back through the customer's monthly utility bill.

A bill insert was sent to all Oregon residential customers highlighting ENERGY STAR® appliances and available cash incentives from Energy Trust of Oregon.

Welcome Aboard kits continued to be mailed to all new residential customers. The kit contains information on how Energy Trust helps Pacific Power customers manage their energy costs and benefit from renewable energy.

January/February Voices residential newsletter featured an article on understanding and reducing home energy losses through Energy Trust's Home Energy Review. The article focused on how an energy advisor will walk through the customer's home and provide a prioritized list of improvements that can save money.

Portland General Electric Energy Efficiency Activities in First Quarter 2010 (for submission with Energy Trust Quarterly Report)

General

On March 12, 2010, Carol Dillin, Dave Robertson, Joe Barra, Gail Baker, Cheryl Carter, Anne Wahr and Lauren Shapton of PGE held a joint planning meeting with Margie Harris, Steve Lacey, Peter West, Amber Cole and Fred Gordon of Energy Trust. Discussion topics included kWh savings performance and goals, where the organizations could better share information (such as PGE load status and some Energy Trust evaluation research), and ways to coordinate planning better.

PGE participated in the first Utility Roundtable meeting on February 3, 2010, and provided input to future agenda topics.

On two Thursdays in January, PGE and Energy Trust staff participated in "Take the Chill Out" weatherization projects for low income Portland area residents as team building activities.

Commercial and Industrial

PGE's Energize newsletter goes to over 76,000 business customers quarterly in their PGE bill. The February issue of Energize featured projects done by 2009 "Save More, Matter More™" pledging companies, including a project at the Mikado building in downtown Portland that saved 60% on lighting. The back side of Energize featured Energy Trust's "pencil it out" tool, energy-saving classes, and a Q&A on incentives and tax credits available for energy-efficiency projects.

PGE's Business Connection e-newsletter is emailed to approximately 12,000 business customers bi-monthly. The February issue featured the same content as Energize, described above.

PGE is repeating the segmented direct mail to business customers conducted in 2009. The letter to property managers was mailed in March and featured the April educational seminar focused on energy efficiency opportunities specifically in the multi-family market.

PGE participated in the Metro Multi-Family Housing Association Maintenance Fair in March, talking to multi-family maintenance staff about energy efficiency opportunities in their buildings.

Verlea Briggs and Ron Comstock from PGE attended a meeting with City of Salem (7 representatives), Steve Lacey and Jan Schaeffer of Energy Trust, Mike Ferris of Umpqua Bank, and Dan Elliott and Diana Enright of Oregon Dept. of Energy to discuss how to leverage the City's ARRA funds for a commercial EEAST pilot.

PGE's outreach position conducted 4 Field Project Lead Generation Presentations to Chambers, Neighborhood and Business Associations, Beaverton/Hillsboro Business Conference, Keizer Sustainability Summit, Art Institute of Portland, Woodburn Chamber. Approximately 300 attended the 4 Field Project Lead Generation presentations.

PGE's outreach specialist sent 23 qualified project leads to the Energy Trust Program Managers, contractors and trade allies.

Residential

PGE ran "home sealing," a 15-second television advertisement, on insulation and air sealing in January, February and March. A second 15-second TV commercial on efficient water heating ran in February and March. Supporting print ads also ran in the Oregonian, Portland Tribune, and Salem Statesman-Journal. Bus shelter ads featuring these tips also ran through the first quarter.

PGE's residential customer newsletter, Update, is sent monthly to 680,000 customers in their PGE bills. January's edition featured a Marathon water heater promotion and mentioned Energy Trust incentives. February's edition featured Energy Trust's Existing Homes program incentives, and a back cover story on heat pump and "Spot the Sticker" winners. The March edition of Update featured energy efficiency tips for renters.

In January, PGE bills also contained an insert for Marathon water heaters. February's bill featured a brochure customers could save summarizing all Energy Trust residential programs.

PGE's residential e-newsletter, Home Connection, is sent monthly to about 225,000 customers. In January, Home Connection featured Marathon water heaters and information on how to build a green home. In February, Home Connection featured Energy Trust residential programs and a link to the Energy Trust web site. The March edition featured CFL myths and facts and the Apogee home appliance calculator tool.

To support Clean Energy Works Portland, PGE sent a direct mail/direct email to Portland homeowners with electric heat in February. 240 PGE-heated customers have now registered with the program.

PGE has worked with Energy Trust on its OPower plans, and is pursuing a data contract directly with OPower to enable the program to go forward this summer.

PGE supported Energy Trust's Better Living Show with a Planet Kids display where kids and their parents could learn about low cost/no cost energy savings.

Appendix 2

Northwest Energy Efficiency Alliance Q1 2010 Summary Report for Energy Trust of Oregon

Major shifts in programs

- **We are redesigning our Commercial sector program.** We have selected six of the most viable markets and technologies, with focus areas to be confirmed June 1 and launch July 1. Significant changes are expected, but some elements will remain. Budget and savings forecasts in the 2010-2014 plan will remain as stated. New senior manager, Peter Wilcox, will lead the effort.

New initiatives

- **We formed a Partner Services business unit to promote regional collaboration.** The project is proceeding collaboratively with BPA and stakeholders to develop shared requirements, mission, vision and objectives.
- **We launched the emerging technologies effort, completing a regional technology roadmap with Bonneville Power Administration and 2010 project portfolio list.** Representing potential savings of 2,000 aMW over 20 years, the project list includes an agricultural energy efficiency market survey, heat pump water heater manufacturer engagement project, high performance windows market barriers study, and pump refurbishment standards development initiative.

Innovation

- **Our work in Codes & Standards leads the nation.** "The Future of Energy Codes," a publication co-authored by NEEA Manager of Codes & Standards David Cohan, will be used as the basis for the Codes & Standards Working Group of the U.S. DOE-funded Zero Energy Commercial Buildings Consortium. NEEA is also involved in the U.S. DOE standards-setting processes for motors, ballasts and commercial refrigeration.
- **NEEA developed statewide trainings with Oregon's Building Codes Division on new commercial building codes effective July 1.** Trainings are designed to help building officials, and those who enforce energy codes locally, to understand the new requirements critical element in achieving high compliance. NEEA contractors will serve as trainers.
- **NEEA participated actively in the recent successful adoption of new water heater standards,** which will require heat pump water heater tanks to be at least 55 gallons beginning in 2015.

Major market trends

- **Northwest ENERGY STAR homes reach 10.8 percent market share through February.** Permits are up 64% versus one year ago. Homes certified in Q1 increased by 32% over prior year (741 homes over 561 in 2009). NEEA developed minimum energy efficiency specifications for Built Green in Washington to expand our impact in residential new development. New construction completions are lagging increase from recovery by five months.
- **Total market sales of desktop PCs declined with the economic downturn and unexpected rate of migration from desktops to laptops.** In Q1 2010, approximately 14,000 ENERGY STAR 5.0 desktops were shipped to the region, representing 10 percent of the market.

Questions or comments? Contact Aaron Cohen, (503) 827-8416 ext. 228, acohen@nwalliance.org

Appendix 3**Geographic Breakdown of Home Energy Reviews in Q1 2010**

Service region	HERS completed
1 – North Coast (Astoria)	23
2 – South Coast (Coos Bay, North Bend)	19
3 – Portland Metro	1,066
4 – Mid-Willamette Valley (Salem, Dallas)	167
5 – Southern Willamette (Eugene, Corvallis, Albany)	98
6 – Southern (Medford, Roseburg, Grants Pass)	54
7 – Columbia Basin (Hood River, The Dalles)	11
8 – Central (Bend, Redmond, Prineville)	87
9 – Klamath Basin (Klamath Falls, Lakeview)	11
10 – Northeastern Oregon (Pendleton, LaGrande)	11
11 – Eastern Oregon (Baker City, Ontario, Vale)	3
Total	1,550

Appendix 4

Quarter Two 2009-2010 NW Natural Washington Pilot Report to NW Natural

January 1 through March 31, 2010

This Energy Trust quarterly report covers the period 1/1/10 through 3/31/10, the second quarter of the NW Natural Washington Pilot program year. This report addresses progress toward goals for the pilot year of the NW Natural energy efficiency program in Washington. It includes information on revenue and expenditures, number of completed projects and incentives paid during the quarter, along with highlights of program activity.

I. QUARTERLY HIGHLIGHTS

1. General

- Second quarter activities built upon the successful ramp up in quarter one, resulting in more efficiency projects, therms saved and incentives paid.
- Growing awareness and interest in the pilot program was demonstrated by a doubling in the number of Home Energy Reviews compared to the previous quarter.
- The commercial program brought in its first projects and continued developing a promising pipeline for installations in quarters three and four.
- Program staff reached out to SW Washington utilities and governments regarding opportunities for collaboration for utilizing program incentives.
- Staff continued to collaborate with Clark Public Utilities, Clark County and the City of Vancouver on their Project Energy Savings program, supported by American Recovery and Reinvestment Act 2009 (ARRA) funds.

2. Commercial efficiency programs

- Second quarter activities continued the development of a healthy commercial pipeline. The first commercial projects to be completed included a large weatherization project that saved over 11,000 therms and measures in two foodservice businesses.
- Staff joined the Greater Vancouver Chamber of Commerce, Camas Chamber of Commerce and the Washington Healthcare Association. Both chambers ran articles featuring Energy Trust commercial offerings in their monthly publications, and outreach staff spoke at local meetings hosted by the Port of Vancouver, International Real Estate Managers Association and the Washington Healthcare Association.
- Based on local and national experience, most of the pilot year savings are forecast to land during the third and fourth quarters. The program has identified at least 20 potential projects that could be completed during the second half of the pilot year. Estimated savings totaling

30,000 annual therms are associated with half of these projects; savings estimates are not available for the remaining projects.

3. Residential efficiency programs

- Second quarter saw a doubling in the number of Home Energy Reviews, while the number of measure installs remained steady. Residential sector activity is on a path to exceed expectations for the number of Home Energy Reviews, meet expectations for number of projects and exceed the conservative savings goal for the pilot year.
- Since the pilot began, six residential participants implemented one or more incentivized measures resulting from a Home Energy Review. In Energy Trust experience, 30 percent of Home Energy Reviews result in implementation of an incentivized measure within 24 months. A total of 167 reviews were completed by the end of quarter two.
- Energy Trust responded to media inquiries which resulted in articles featuring the residential program in *The Columbian* newspaper and its associated website in January and March.
- Energy Trust conducted training on offerings available to SW Washington residents for volunteers from Project Energy Savings, the ARRA-funded efficiency program implemented by Clark Public Utilities, the City of Vancouver and Clark County. In addition, Energy Trust commercial and residential outreach staff participated in the Community Energy Fair associated with Project Energy Savings.
- Second quarter saw 316 new home starts in Clark County, up from 205 in first quarter. This second consecutive quarter with more than 200 new home starts has triggered planning for a New Homes program offering in this pilot. A proposal will be presented to the Energy Efficiency Advisory Group in late May.

4. Trade Ally Network

- The Trade Ally Network in SW Washington added six new trade allies during the second quarter. Of the 135 trade allies that enrolled and began serving SW Washington customers, 36⁵ are based in Washington, and the program is continuing to focus on enrolling new Washington-based trade allies. Development of the Trade Ally Network will continue during third quarter with an invitational letter sent to over 1,900 contractors based in Washington.
- Outreach to potential trade allies in SW Washington continued during the quarter. Trade allies operating in the residential program were encouraged to serve commercial customers, and vice versa, if appropriate.
- A rural strategy to engage contractors in Skamania and Klickitat counties launched in March and will continue through the remainder of the pilot year.

⁵ The first quarterly report incorrectly stated the number of trade allies at 68 due to an error in the reporting system. The 68 trade allies all are based in Washington but some support our electric measures and/or industrial services in Oregon and therefore do not serve the NW Natural pilot.

5. Revenues and expenditures

- \$407,500 in revenues were received during the quarter, with expenditures of \$64,576.
- A total of \$31,512 in incentives was paid during the quarter.

6. Washington Utilities and Transportation Commission performance metrics

The table below compares pilot goals, as established in NW Natural’s Energy Efficiency Plan, with second quarter results.

Metrics	Goal	Quarter 1 Results	Quarter 2 Results	Quarter 3 Results	Quarter 4 Results
Therms Saved	97,500 – 130,000	7,811	20,086		
Total Program Costs	\$780,000 to \$1,040,000	\$52,571	\$64,576		
Average Levelized Cost Per Measure	Not to Exceed \$0.65	\$0.48	\$0.20		
Spend Per Therm Saved	Less Than \$8	\$6.73	\$3.21		
Dollars Spent Paid Out In Incentives	At Least 60%	42%*	57%*		
Total Resource Cost (TRC) and Utility Costs (UC) at Portfolio Level	Greater than 1.0	Reported Annually	Reported Annually	Reported Annually	Reported Annually

*Percent of incentives is calculated using the adjusted program expenditures, where total program expenditures are adjusted down by 15 percent to account for costs that a utility delivered program would be recovering through base rates.

Additional information that further explains progress toward the year-end metrics is provided in the tables included in sections II and III.

II. QUARTERLY RESULTS

1. Revenues

Source	Actual revenues received Q2	Budgeted revenues Q2
NWN WA	\$407,500	\$183,933

Variations

- The variance in revenues received is explained by the payment schedule from NW Natural. The funding agreement stipulates that the pilot receives the agreed funds in two payments. The first was in October 2009 and the second occurred in March during this quarter.

2. Expenditures

Type	Actual Expenditures Q2	Budgeted Expenditures Q2
Programs	\$61,664	\$209,050
Administration	\$2,912	\$9,127
Total	\$64,576	\$218,177

See variance note, Section III, Year to Date Results, Expenditures.

3. Incentives paid

	Q1	Q2	Q3	Q4	Total
NWN WA	\$18,950	\$31,512	\$0	\$0	\$50,462

Program	Total Program Expenditures	Adjusted Program Costs	Incentives	% Incentives
Total	\$64,576	\$54,889	\$31,512	57%

*Percent of incentives is calculated using the adjusted program expenditures, where total program expenditures are adjusted down by 15 percent to account for costs that a utility delivered program would be recovering through base rates.

4. Savings and generation

Quarterly Table

Gas Efficiency Savings	NWN WA Therms	Expenses	\$ / Therm	Levelized Cost/Therm
Commercial	12,817	\$33,333	\$2.6	15 ¢
Residential	8,444	\$31,244	\$3.7	30 ¢
Total	21,261	\$64,577	\$3.0	19 ¢

5. Projects completed this quarter

	Q1	Q2	Q3	Q4
Commercial projects				
Existing buildings retrofitted	0	3		
Subtotal Commercial	0	3		
Residential projects				
Home energy reviews conducted	56	111		
Single family homes retrofitted	80	61		
Subtotal Residential	136	172		
TOTAL ACTIVITY	136	175		

III. YEAR TO DATE RESULTS

Savings

	Quarter Savings	Annual Savings Year-to-date	Annual Goal (Conservative)		YTD Levelized Cost	
			Goal	% Achieved YTD	Actual YTD	Action Plan (Conservative)
Gas	20,086 annual therms	27,897 annual therms	97,500 annual therms	29%	15 ¢	65 ¢

Expenditures

	Quarter Expenditures	Variance from Quarter Budget		YTD Expenditures	Variance from YTD Budget *		YTD \$/Ann Therm
Gas	\$64,577	\$153,599	70.4%	\$64,577	\$153,599	70.4%	\$3.04

Variances

- Incentive payments represent the majority of the budgeted expenditures in the pilot year. As expected the pilot saw an increase in the incentive payments from quarter one to quarter two. This reflects the program’s expectations that incentive payments would increase as the program matures and the initial ramp up phase in Q1 leads to savings.

* Variance is expressed in total dollars *below* budget, or (total dollars) *above* budget.