

Q1 2020 REPORT ON ENERGY TRUST OF OREGON'S ACTIVITIES FOR NW NATURAL IN WASHINGTON

January 1, 2020, through March 31, 2020

This quarterly report covers the period of January 1 through March 31, 2020, and addresses progress toward 2020 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 7% of its annual therm savings goal for 2020**, falling short of the expected 10% of annual goal expected in Q1.
- **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. This quarter also saw disruptions related to the COVID-19 pandemic.
- **The commercial sector recognized nearly 1% of its annual savings goal in Q1**, which is behind the historical program savings trend of 10% in Q1.
- **The residential sector recognized over 11% of its annual savings goal in Q1**, which is on track with historical program savings trends.

B. Coronavirus response

Due to the widespread and ongoing effects of the coronavirus pandemic, this report provides information on actions Energy Trust took to help customers and additional planning initiated to support them for when Washington state shifts into recovery mode in the coming months.

Program highlights

- **Energy Trust continues to distribute incentives for energy-efficiency upgrades and renewable energy systems** while supporting customers and contractors in accordance with social distancing guidelines.
- **Energy Trust remains active in essential markets**—including new construction, grocery stores and some large retailers—where work can be completed safely.
- Because regions and sectors have been impacted differently, Energy Trust is **tailoring its response to align with customer needs**.
- All changes are done under cost-effectiveness requirements.
- **For residential customers**, near-term efforts are focused on low- and no-cost offers that help lower utility bills, including:
 - Ramping up promotions of free Energy Saver Kits in coordination with NW Natural and expanding eligibility requirements for residential and multifamily customers.
 - Significantly increasing discounts for smart thermostats purchased online.
 - Initiating plans to increase a number of standard residential incentives at mid-year.
- **For multifamily, commercial and industrial customers**, near-term response efforts include:
 - Offering project completion bonus for small businesses.
 - Increasing incentives and offering bonuses for custom commercial projects and prescriptive measures.

- o Exploring direct-install and leave-behind offers for pipe insulation and municipal water leak fixes.
- **Long-term response efforts under consideration** include:
 - o For residential customers, a water heater promotion and increased incentives; low- and no-cost ceiling insulation offers; and a smart thermostat optimization offer.
 - o For multifamily property owners, developing offers that can be installed at night or by tenants with assistance from property managers and/or maintenance personnel.
 - o For existing commercial building owners, targeted bonuses for businesses most impacted by the pandemic.
 - o A new smart thermostat offer for multifamily and existing commercial building customers.
- Staff has **revised procedures to facilitate remote inspection and verification processes** for the residential and commercial sectors. Photos, video recordings and video conferencing walk-throughs have replaced most on-site inspections. If these options pose a hardship (e.g., if a customer or contractor is ill), staff may move forward with processing and payment.
 - o Some programs have temporarily raised post-installation verification thresholds to limit the number of customers subject to post-installation verification.
 - o For projects that typically require formal vendor quotes to generate an incentive offer, this requirement may be waived since vendor site visits are limited. Vendor estimates by phone may suffice if the source of the cost estimate is provided.
 - o Limited field staff continue to inspect new construction to enforce quality standards while maintaining social distancing guidelines.
- **In-person trainings and events have been** moved to webinars and video conferencing.
- Marketing efforts **are focused on promoting low- and no-cost upgrades** and energy saving tips. Promotions emphasizing capital measures are now on hold and staff is partnering with trade allies on promotions to emphasize emergency replacements and/or repairs
- Staff surveyed trade ally contractors to **understand how the crisis is affecting their business** and how Energy Trust might support them going forward.
 - o The survey asked about their interest in being promoted on a list of contractors who can provide emergency equipment replacement services and in enhanced training from Energy Trust. Survey results are still being analyzed and will be released in quarter two.
- Energy Trust issued a request for proposals for management and delivery of Existing Building services and commercial and industrial lighting offers in March. The deadline for receiving proposals was **extended by four weeks to May 15**.

Organization highlights

- **Customer services have continued uninterrupted** via remote telecommunications.
- Trade ally and vendor payments were **transitioned to direct deposit** to streamline the payment process and improve vendor cash flow.
- **Staff has expanded the use of DocuSign online forms**, which were launched in 2019 and allow customers to electronically sign and submit program applications. This allows forms to be filled more easily during the crisis, with long-term benefits of reducing the time and reducing the internal time and cost associated with managing forms.
- Energy Trust is **exploring how to accelerate collaboration** with community-based organizations.
 - o Over the past 18 months, Energy Trust has strengthened relationships with community-based organizations that work with low-income customers, rural customers and communities of color.

- o To help these partners build capacity for working with Energy Trust to serve underserved customers, staff is exploring offering training on the energy efficiency and renewable energy sectors in exchange for capacity-building funding.
- **Staff is monitoring cash flow, incentives and revenue to understand the financial impact of coronavirus-related market conditions** on Energy Trust and is coordinating closely with NW Natural to understand the effect on its revenue. As of April, there was no significant downturn in the volume of incentives processed.
- Public meetings of Energy Trust’s board of directors and all three advisory councils in April were **successfully transitioned to videoconferencing platforms** that are accessible to the public. Public meetings will continue via teleconferencing until further notice.
- **Staff has adjusted outreach efforts** to use remote tools and moved event commitments to virtual engagements where possible.

D. Program evaluations

- **In quarter one, Energy Trust finalized the 2015-2016 New Buildings Program Impact Evaluation.** This report can be found online at <https://www.energytrust.org/wp-content/uploads/2020/01/2015-2016-New-Buildings-Program-Impact-Evaluation-Final-wSR.pdf>

E. Washington Utilities and Transportation Commission performance metrics

The table below compares quarterly results to 2020 goals, as established in NW Natural’s Energy Efficiency Plan for Washington (filed in December 2019).

2020 results compared to goals

Metric	Goal	2020 YTD	Q1 results	Q2 results	Q3 results	Q4 results
Therms Saved	339,331	25,412	25,412			
Total Program Costs	\$2,579,667	\$ 360,998	\$ 360,998			
Average Levelized Cost Per Measure	Less than \$0.65	\$ 0.92	\$ 0.92			
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	\$ 98,802	\$ 170,514	\$ 71,712
	Commercial administration	\$ 6,621	\$ 10,127	\$ 3,506
	Commercial Total	\$ 105,423	\$ 180,642	\$ 75,218
Residential	Residential	\$ 239,522	\$ 269,640	\$ 30,118
	Residential administration	\$ 16,052	\$ 18,916	\$ 2,864
	Residential Total	\$ 255,574	\$ 288,556	\$ 32,981
Total expenditures		\$ 360,998	\$ 469,197	\$ 108,200

B. Incentives paid²

		Q1 actual incentives	Q1 actual expenditures	Percent incentives/expenditures
Commercial	\$	3,500	\$ 105,423	3%
Residential	\$	105,912	\$ 255,574	41%
Total Incentives	\$	109,412	\$ 360,998	30%

C. Savings

		Q1 savings therms	Annual goal therms	Percent achieved Q1	Levelized cost/therm
Commercial	Existing Buildings - custom	-	38,491	-	
	Existing Buildings - standard	982	50,666	2%	
	New Buildings - custom	-	4,275	-	
	New Buildings - standard	-	17,980	-	
Commercial total		982	111,413	1%	\$ 9.26
Residential	Home retrofit	13,044	131,244	10%	
	Midstream and retail	688	9,191	7%	
	Small multifamily	374	993	38%	
	EPS new construction	10,324	86,490	12%	
Residential total		24,430	227,918	11%	\$ 0.67
Total		25,412	339,331	7%	\$ 0.92

- Quarterly savings are anticipated 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					
Boiler	-				-
Building operator certification incentive	-				-
Commercial tankless water heater	-				-
Condensing tank water heater	-				-
Custom building controls	-				-
Custom demand control ventilation	-				-
Custom water heater	-				-
Dishwasher	-				-
Gas convection oven	-				-
Gas fryer	2				2
Gas rack oven	-				-
Insulation	1				1
Modulating boiler burner	-				-
New refrigerated cooler doors	-				-
Showerheads	-				-
Studies	-				-

	Q1	Q2	Q3	Q4	Total
Residential					
Energy Saver Kits	74				74
Gas furnace	75				75
Gas fireplace	22				22
Insulation	3				3
Online Home Energy Reviews	17				17
Smart thermostat	102				102
Tankless water heater	11				11
Windows	37				37
EPS new construction	144				144

- 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 \$	850,761 \$	852,094

C. Expenditures³

		YTD actual expenditures	Annual budgeted expenditures	Budget variance
Commercial	Commercial	\$ 98,802	\$ 170,514	\$ 71,712
	Commercial administration	\$ 6,621	\$ 10,127	\$ 3,506
	Commercial Total	\$ 105,423	\$ 180,642	\$ 75,218
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Total expenditures		\$ 360,998	\$ 469,197	\$ 108,200

D. Incentives paid⁴

		YTD actual incentives	YTD actual expenditures	Percent incentives/expenditures
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Residential	\$	105,912	\$ 255,574	41%
Total Incentives	\$	109,412	\$ 360,998	30%

- Incentives paid account for approximately 36% 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	-	38,491	-	
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