

# Q1 2021 REPORT ON ENERGY TRUST OF OREGON'S ACTIVITIES FOR NW NATURAL IN WASHINGTON

January 1 through March 31, 2021

This quarterly report covers the period of January 1 through March 31, 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 13% of its annual therms savings goal for 2021**, 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 recognized 2% of its annual savings goal in quarter one**, which is behind historical program savings trend of 10% in quarter one.
- **The residential sector recognized 32% of its annual savings goal in quarter one**, which is higher than historical program savings trends.

### B. Commercial sector highlights

- **The commercial sector recognized nearly 2% of its annual savings goal in quarter one**, which is behind historical program savings trends.
- **Despite the slow start**, end of year savings forecasts indicate achieving at or a above 92% of goal.
- **Trends in the market** include an increase in new building controls projects at large office and school building.
- **Program staff is working with project design teams** to manage the timeline for the pipeline of projects and the associated forecast of savings. There is a robust pipeline for 2021 and beyond including several large projects that requires careful management.
- **The Energy Advisor field representative coordinated with several school districts** to review 2021 capital project schedules. School districts released funding for several capital projects that were delayed in 2020 due to COVID-19 and are now moving forward. School projects are expected to contribute significant savings in 2021.
- **In quarter one, staff coordinated with Clark Public Utilities, the regional electric utility**, on three co-funded technical studies of new projects. Staff requested Clark PUD review its funding caps for studies and consider a funding cap increase.

### C. Residential sector highlights

- **The residential sector recognized 32% of its annual savings goal in quarter one**, which is higher than historical program savings trends.

- **Residential savings were forecasted at the end of quarter one to land at 110% of annual goal.** Savings were primarily driven by capital measures including gas furnaces, windows, floor insulation, tankless water heaters, and EPS new construction homes.
- **Smart thermostats are again expected to play a large role toward the overall savings goal in 2021,** contributing higher than anticipated quantities in quarter one through both Instant Coupon and Direct Ship offerings.
- **Direct Ship for smart thermostats was prioritized quarter one.** A greater emphasis on collaborative marketing with NW Natural in February and March led to an email campaign opportunity, which generated nearly 400 thermostat transactions in under one week.
  - Direct Ship for smart thermostats is currently the lowest-cost offering available to Washington residents and is a low-barrier entry product for engaging Energy Trust programs and socializing customers to home energy upgrades.
- **EPS New Homes savings activity in quarter one exceeded targets.** The quarterly EPS volume was tied to a backlog of 2020 EPS homes. In 2020, the program forecasted 100 homes from 2020 would be delayed until 2021 due to COVID-19 related verifier bandwidth challenges, but the actual number was 150.
- **On February 1, 2021, the 2018 Washington State Energy Code (WSEC) became mandatory.** Builders will continue to participate in EPS under the 2015 WSEC baseline as they complete homes that were permitted under the previous codes and will transition to the 2018 baseline in October 2021.
- **Program staff worked closely with builders to help transition their plans to 2018 WSEC compliant** and promoted a new market transformation grant opportunity for builders to incorporate new efficiency measures to help exceed the 2018 WSEC.
- **Program staff worked with builders and verifiers to vet a new program design option based on the new code credits** and finalize the engineering assumptions for this measure. Energy Trust plans to release this code credits option in October 2021.

#### D. Program evaluations

- **In quarter one, Energy Trust finalized the Low Flow Gas Showerhead Analysis.** The report can be found online at <https://www.energytrust.org/wp-content/uploads/2021/01/ShowerheadAnalysisFinalwSR.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
<b>Therms Saved</b>	386,680	52,172	52,172			
<b>Total Program Expenditures</b>	\$3,343,744	\$ 682,019	\$ 682,019			
<b>Average Levelized Cost Per Therm</b>	Less than \$0.65	\$ 0.86	\$ 0.86			
<b>Utility Cost at Portfolio Level</b>	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. Expenditures<sup>1</sup>

		Q1 actual expenditures	Q1 budgeted expenditures	Budget variance
Commercial	Commercial	\$ 136,220	\$ 287,342	\$ 151,122
	Commercial administration	\$ 8,324	\$ 15,289	\$ 6,964
	<b>Commercial Total</b>	<b>\$ 144,544</b>	<b>\$ 302,631</b>	<b>\$ 158,087</b>
Residential	Residential	\$ 506,522	\$ 326,805	\$ -179,716
	Residential administration	\$ 30,954	\$ 17,388	\$ -13,565
	<b>Residential Total</b>	<b>\$ 537,475</b>	<b>\$ 344,194</b>	<b>\$ -193,281</b>
<b>Total expenditures</b>		<b>\$ 682,019</b>	<b>\$ 646,825</b>	<b>\$ -35,195</b>

### B. Incentives paid<sup>2</sup>

	Q1 actual incentives	Q1 actual expenditures	Percent incentives/expenditures
Commercial	\$ 16,735	\$ 144,544	12%
Residential	\$ 334,153	\$ 537,475	62%
<b>Total Incentives</b>	<b>\$ 350,887</b>	<b>\$ 682,019</b>	<b>51%</b>

- Incentives paid account for approximately 61% 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	-	164,843	-
	Existing Buildings - standard	3,601	48,782	7%
	New Buildings - custom	-	4,703	-
	New Buildings - standard	608	19,778	3%
<b>Commercial total</b>		<b>4,209</b>	<b>238,107</b>	<b>2%</b> \$ <b>2.83</b>
Residential	Home retrofit	23,835	86,957	27%
	Midstream and retail	2,593	9,957	26%
	Small multifamily	865	1,666	52%
	EPS new construction	20,670	49,993	41%
<b>Residential total</b>		<b>47,962</b>	<b>148,573</b>	<b>32%</b> \$ <b>0.73</b>
<b>Total</b>		<b>52,172</b>	<b>386,680</b>	<b>13%</b> \$ <b>0.86</b>

- 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.

<sup>1</sup> Columns may not total due to rounding.

<sup>2</sup> 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
<b>Commercial</b>					
Aerator	-				-
Boiler	2				2
Building operator certification incentive	-				-
Combination Oven	-				-
Commercial tankless water heater	-				-
Condensing tank water heater	1				1
Conveyer Broiler	-				-
Custom building controls	-				-
Dishwasher	-				-
Gas convection oven	-				-
Gas fryer	4				4
Gas rack oven	-				-
Insulation	-				-
Modulating boiler burner	-				-
New refrigerated cooler doors	-				-
Showerheads	-				-
Steam trap	-				-
Studies	4				4

	Q1	Q2	Q3	Q4	Total
<b>Residential</b>					
Gas furnace	147				147
Gas fireplace	9				9
Insulation	5				5
Smart thermostat	245				245
Tankless water heater	11				11
Windows	51				51
EPS new construction	180				180

- 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<sup>3</sup>

Source	YTD actual revenue	YTD budgeted revenue
NW Natural \$	- \$	1,000,291

## C. Expenditures<sup>4</sup>

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- Incentives paid account for approximately 61% 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.

<sup>3</sup> Revenue expected in quarter one was instead received in April.

<sup>4</sup> Columns may not total due to rounding.

<sup>5</sup> 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	-	164,843	-	
	Existing Buildings - standard	3,601	48,782	7%	
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