



A NEW ERA OF

2009
Annual Report

ENERGY EFFICIENCY

▶ Letter To The Region

In 2009, with the recession still gripping many communities and environmental issues being front of mind for many, a rallying cry for energy efficiency rang out from Washington D.C. ushering in a new era for energy efficiency. Backed by the promise of \$12 billion in stimulus funding, a heightened awareness of energy efficiency—its virtues and value—rose strongly. Energy efficiency is, and has historically been, our lowest-cost, lowest-risk resource towards ensuring a brighter energy future and more resilient economy.

2009 also marked the close of the 2005-2009 Business Plan for the Northwest Energy Efficiency Alliance (NEEA). The initiatives we undertook ranged from CFLs and windows, to clothes washers and industrial motor technologies. As a result, NEEA and its partners have driven regional market transformation initiatives that saved 80 average megawatts (aMW) over these five years—exceeding the plan by six percent. This is transformation that continues to pay dividends. Since NEEA was founded in 1997, cumulative regional savings of 601 aMW have been achieved. Such results are testament to the diversity of NEEA's market transformation portfolio and the unprecedented commitment of our funders to continued cross-regional collaboration.

During this year, NEEA's staff and Board worked diligently to help ensure NEEA's continued responsiveness in this new era of efficiency. Together, we developed our 2010-2014 Business Plan, backed by \$192 million. With a broadened scope in support of larger energy efficiency goals, this plan is projected to save the region an additional 200 aMW, enough to power more than 150,000 homes each year.

Our 2009 energy savings initiatives helped create jobs, helped companies improve their bottom line, and eased the pressure on homeowners' pocketbooks. NEEA and its utility partners enabled contractors to install close to 4,000 ductless heat pumps in homes across the region as part of the Northwest Ductless Heat Pump Pilot Project. Commercial building owners and managers benchmarked energy use for 29 million square feet as part of a competition driven by NEEA's BetterBricks commercial building initiative. And Northwest food processors and pulp and paper companies experienced roughly 2 aMW of savings from leveraging Continuous Energy Improvement.

Beyond the numbers, NEEA's work touches people and places throughout the Northwest. In this 2009 Annual Report, we share stories about the difference we've all helped make – from an HVAC installer in rural Montana whose business was saved by the region's ductless heat pump pilot project, to an engineer at a Seattle high rise differentiating his building in a saturated real estate market.

So, NEEA's sense of purpose is absolutely clear. As a hub for regional coordination, we bring diverse stakeholders together to maximize energy efficiency through collaboration. On this, we'll stay the course because energy efficiency has never been more vital for the Northwest. Our citizens need fewer demands on their income. Our businesses need increased productivity and lower operating costs. Our environment needs reduced carbon. Energy efficiency helps answer every need.

We each play a role in deepening and speeding the capture of energy efficiency. Together, NEEA and its partners are transforming energy efficiency markets, benefiting energy consumers, and contributing to a stronger regional economy by making the most of our energy resources for the good of the Northwest. NEEA is humbled to be a part of something so grand on behalf of so many, made possible by your unabated support. Thank you.

Claire Fulenwider

Claire Fulenwider,
Executive Director
Northwest Energy Efficiency Alliance

Roger Woodworth

Roger Woodworth
Board Chair
Northwest Energy Efficiency Alliance



Coming Together to Make the Northwest More Energy Efficient.

2009 Funders:



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The Northwest Energy Efficiency Alliance (NEEA) is a non-profit organization currently funded by Bonneville Power Administration (representing approximately 130 public utilities), the Energy Trust of Oregon (working on behalf of Portland General Electric and Pacific Power) and the following 12 utilities: Avista Utilities, Clark Public Utilities, Cowlitz County PUD, Eugene Water & Electric Board, Idaho Power Company, NorthWestern Energy, Pacific Power, Rocky Mountain Power¹, Puget Sound Energy, Seattle City Light, Snohomish County PUD and Tacoma Power. We work in collaboration with our stakeholders and strategic market partners to accelerate the market adoption of energy-efficient products, technologies and practices within homes, businesses and industry.

¹ Pending

▶ Little Known Technology Making it Big in the Northwest

Northwest collaboration stimulates business, transforms market

In 2008, only five percent of U.S. homeowners had heard of a ductless heat pump (DHP) – but NEEA and its partners took a closer look at this highly efficient heating and cooling technology. NEEA leveraged a successful Bonneville Power Administration demonstration project and in partnership with the region's utilities launched the Northwest Ductless Heat Pump Pilot – the largest of its kind in the U.S. The pilot showed how homeowners in the Northwest could use DHPs to augment their older, less-efficient electric resistance heating systems to save energy and money.

Pre-pilot DHP awareness and availability was low and few contractors were qualified to install them. The pilot seeks to determine the cost and energy saving potential of DHPs and spur market adoption.

With utility support, NEEA worked upstream with DHP manufacturers to bring technical training to the region, and conducted nearly 50 in-person and 30 web-based installer orientations. By the end of 2009, NEEA had reached more than 900 installers and had created a quality assurance process to ensure proper installations.

NEEA provided utilities, contractors and distributors with a customizable marketing outreach tool kit and developed industry and consumer websites. To overcome consumer perceptions of high initial cost, Northwest utilities are offering incentives up to \$1,500. These collaborative efforts led to higher installation numbers, as well as high customer satisfaction¹ – and for many contractors, a new source of business in hard economic times.

The pilot exceeded its installation goal of 2,500 units by 35 percent. By December 2009, 59 utilities were participating and contractors had installed nearly 4,000 DHPs.

DHPs bring energy savings, new business to northern Montana

Before the recession hit, Formula Fabrication in Libby, Montana was installing 20 HVAC systems every year. But in 2009, they installed just five. “There was no building going on, and money was tight everywhere,” said Frank Sweedman, company president and owner. After hearing about Flathead Electric’s \$1,350 rebate and state and federal tax credits, the company joined the regional pilot and now DHPs account for 70 percent of its entire business.

Flathead Electric has been thrilled with the DHP pilot in its service territory, where 128 units were installed in 2009. “This pilot project was seamless for us because the contractors pre-qualified homeowners and we just focused on funding the rebates,” said Ross Holter, energy services supervisor for Flathead Electric. “Our customers have been really happy with their ductless heat pumps.”

Increasing Market Share of Super-Efficient Flat-Screen TVs

According to the International Energy Agency, consumer electronics represent the fastest growing category of household power demand worldwide. Televisions are one of the largest energy draws in the home, with approximately 12.5 million TVs in the Northwest consuming more than 422 aMW of energy annually, enough energy to power over 300,000 homes each year. To address this seemingly insatiable demand, in 2009 California-based utilities Pacific Gas and Electric Company (PG&E) and Sacramento Municipal Utility District (SMUD) launched an initiative to drive sales of “super-efficient” flat-screen TVs. In response to stakeholder demand, NEEA approached PG&E about expanding the program to Idaho, Montana, Oregon and Washington, and negotiated a higher efficiency level with PG&E for the TVs that would be promoted in the Northwest.

Together with Northwest utilities NEEA launched the super-efficient TV initiative with three goals in mind: 1) Increase market availability and retail promotion; 2) Increase consumer awareness and market share; 3) Increase energy-efficiency standards for TVs.

NEEA partnered with PG&E and SMUD to recruit national and regional consumer electronic retailers to participate in the Northwest. Using additional funding from the region's utilities for this initiative, NEEA provided upstream incentives to retailers to help drive them to carry and promote flat-screen TV models that were 30 percent more energy efficient than the 2009 ENERGY STAR® specification.

Launched to coincide with the holiday shopping season, the initiative sought to increase consumer awareness of the super-efficient TVs by identifying them with a “Save More” label at participating retailers, such as Wal-Mart and Costco.

Results exceeded expectations with regional savings of 3.6 aMW in 2009, surpassing the initiative's savings target of 1 aMW. Market share for super-efficient TVs² increased in the Northwest by 15 percent³, and NEEA leveraged the combined strength of Northwest and California utilities to influence the 2012 version of the ENERGY STAR standard, which raises the national ENERGY STAR specification for TVs by an average of 65 percent⁴.

Frank Sweedman and Pat Gragert of Formula Fabrication in Libby, Montana install a ductless heat pump at the Stright home.



Residential Highlights

200 aMW

potential regional savings of ductless heat pumps³

15%

increase in market share of the highest energy-efficient televisions in 2009, resulting in 3.6 aMW savings

11.5%

market share of Northwest ENERGY STAR Homes constructed in 2009 that are 15% better than code⁴



Homeowner Bob Stright of Libby, Montana is happy with his new ductless heat pump.

“The Northwest Ductless Heat Pump Pilot Project has stimulated excitement in my financially depressed small community. My customers are ecstatic with the equipment’s affordability and high-tech efficiency, causing a turning point in the growth of my business. I believe it’s the best deal that has ever hit the HVAC industry.”

- Frank Sweedman, Owner/President Formula Fabrication

¹ Northwest Ductless Heat Pump Pilot Project, Market Progress Evaluation Report #1 (E10-215), 05/27/2010

² Televisions that are 30 percent more efficient than ENERGY STAR version 3.0

³ Data provided by QDI Strategies, Inc.

⁴ Average savings based on research conducted by Energy Solutions; savings vary based on television size

³ According to the Northwest Power and Conservation Council’s 6th Power Plan.

⁴ Northwest ENERGY STAR Homes, Market Progress Evaluation Report #7, (E10-214), 05/27/2010

Commercial Highlights

29 million

square feet benchmarked through the BetterBricks initiative for energy use among 85 commercial buildings throughout the Portland and Seattle metro areas, resulting in 1.3 aMW¹ energy saved

10,443

building professionals trained in energy management best practices at 189 BetterBricks-sponsored events, resulting in increased capacity to deliver energy efficiency services and best practices

2,000

facility managers have received the No-Cost/Low-Cost Energy Savings Guide from the International Facility Managers Association Foundation. The guide was derived from better building operations technical content found on the BetterBricks web site.



Sustainability project manager Brett Phillips of Unico Properties proudly holds the Kilowatt Crackdown trophy.

Unico Properties chief engineer Clarence Clipper checks on system performance in the mechanical room of Seattle's IBM building.



“The Kilowatt Crackdown was a rousing success for our participating members. It not only helped them increase building efficiencies, but also put them in a more competitive position now and especially when the commercial real estate market rebounds. Because of our cooperative working relationship with NEEA’s BetterBricks (initiative), BOMA’s commercial real estate members are way ahead of the game as government efficiency mandates take effect.”

- Rod Kauffman, President of Building Owners and Managers Association Seattle King County

Competitions Drive Better Energy Measurement and Management

A best practice becomes common practice

Eighty-five commercial office buildings representing 29 million square feet are benchmarking their energy throughout the Portland and Seattle metro areas thanks to NEEA’s BetterBricks commercial building initiative. These facilities consume approximately 20 aMW annually—and have the potential to save the region 3 aMW through operational changes.

Benchmarking a building’s energy use tells owners and managers about how and where their building uses energy and helps to establish baselines and improvement goals. According to the U.S. Environmental Protection Agency, decreasing energy costs by 30 percent in commercial buildings is equivalent to increasing net operating income by four percent. The first step towards realizing these savings is benchmarking.

In recent years, NEEA has driven the practice of benchmarking among commercial office buildings by creating “contests” that tap into the competitive nature of real estate professionals. To launch these competitions, known as the “Portland Energy Showdown” and the “Seattle King County Kilowatt Crackdown,” NEEA leveraged its relationships with the Building Owners and Managers Association (BOMA), four local utilities and the Energy Trust of Oregon. These partnerships provided credibility, resources and technical expertise that appealed to the real estate community.

Building managers who participate in the contests must assess their facility’s performance, calculate its ENERGY STAR® rating, and work to improve the rating. They receive a ranking of their building’s energy efficiency and a report detailing its overall market ranking. Through a variety of behavior change techniques, the competitions build skills in energy tracking, energy efficiency opportunity scoping, better building operations, and overall, help to transform how building owners value energy efficiency in a competitive office environment.

“Competition breeds success,” said Brett Phillips, sustainability project manager for Seattle-based Unico Properties, and winner of the 2009 Seattle King County Kilowatt Crackdown. “Engaging industry competitors to compete against each other on energy usage drives regional building performance for the better.” Through the contest, the Unico-managed Financial Center reduced energy consumption by 17 percent, and the IBM building reduced energy consumption by 14 percent, saving 3.6 million kWh².

NEEA also provided training on ENERGY STAR’s Portfolio Manager tool and helped introduce property owners and managers to technical and financial assistance programs from their local utilities—increasing demand, improving customer relationships, and driving more energy savings.

NEEA and its partners mobilized commercial building owners across utility territories to successfully drive these benchmarking competitions. It also provided resources, training, and expertise to the commercial office real estate market. In its third year, participation in the BOMA Portland Energy Showdown increased by 30 percent (representing nearly four million square feet of office space) from 2008. In Seattle, the contest was so successful that participation is expected to more than double in 2010.

The benchmarking contests have earned attention from BOMA national, and NEEA’s BetterBricks commercial building initiative has helped other cities across the U.S. explore similar contests.

Building Engineer Puts Energy First

In a tight economy, there are hidden opportunities to save energy that don’t require a significant capital investment in building operations. Simply tuning up a building’s existing systems makes a big difference.

As building owners and managers aim to realize the benefits of energy management, expectations for building performance increase. Service providers gain the opportunity to offer clients smart building performance solutions. NEEA’s BetterBricks initiative works with building owners and managers to improve operations and maintenance practices, while helping energy service providers develop and deliver efficiency services. NEEA also works with leading architectural, engineering and service contractors to improve technical skills and service offerings.

One example is NEEA’s work with Seattle-based MacDonald-Miller (MacMiller), one of the largest mechanical engineering, construction and facility services firms in the Northwest. Although the company has a long history of advocating for energy efficiency, MacMiller has strengthened its business model in recent years to make energy savings the top priority in all of its projects.

Since 2005, NEEA has worked with MacMiller management and staff to further enhance the firm’s efficiency and building performance offerings. The company hired engineers who could develop solutions for customers looking to improve the efficiency of their buildings. It reorganized personnel to align skills and promote collaboration. The company trained its technicians in leading technologies such as state-of-the-art diagnostic tools and energy management systems. They also directed sales staff to focus on “energy efficiency first.” The result is an integrated team with a single focus on high performance buildings. And NEEA has provided advice, tools and training to the company along the way.

¹ 2009 Evaluation of Energy Savings for the BetterBricks Initiative report prepared by Research Into Action and ECONorthwest, 01/18/2010

² Energy savings provided by Unico

COMMERCIAL

▶ Strategic Energy Management Yields Efficiency Gains

NEEA's innovative approach helps Northwest food processing companies compete in today's global marketplace

The next “low-hanging fruit” of market transformation may not be a technology at all. Behavior change could actually be the next big thing for energy efficiency, so long as the savings can be properly validated. In fact, changing the behavior of key players could impact every sector of the Northwest economy. NEEA's strategic energy management system, Continuous Energy Improvement (CEI), focuses on process and behaviors to help industrial facilities permanently integrate strategic management of energy into their business and manufacturing operations, leading to reduced costs and increased profitability.

In collaboration with Bonneville Power Administration, the Energy Trust of Oregon, and utilities in the region, NEEA pioneered CEI to demonstrate that behavior change could increase industrial energy efficiency. An upstream and regional partnership with the Northwest Food Processors Association (NWFPA) brought CEI to medium- and large-size food processors. In 2009 an independent evaluation¹ (possibly the first of its kind in the world) confirmed that CEI achieved validated energy savings².

The evaluation found food processing companies practicing CEI have achieved annual energy savings that average two percent year over year. These savings are expected to reduce industrial energy intensity by 25 percent or more in 10 years, which aligns with the U.S. Department of Energy's *Save Energy Now* program³.

Case Study: Basic American Foods

Four years ago, NEEA, through the NWFPA partnership, introduced Basic American Foods to CEI. At the time Basic American had a process to identify energy saving capital improvement projects, but struggled to change employee behavior.

“Our operators concentrated on whether a product met its specification, without considering how much energy was used in making the product,” said Todd Peretti, Basic American Foods' vice president of supply chain. “Implementing CEI meant changing the way our employees think about energy use—it had to become business as usual.”

In partnership with Northwest utilities, NEEA helped Basic American pilot CEI, from benchmarking business practices to creating an action plan, timeline, staff training procedures and measuring success.

Basic American's commitment, from corporate level to plant floor, led to energy savings of five percent per year⁴ compared to four years ago. CEI's rigorous management review process shows companies energy saving opportunities, leading to reduced operating costs and improved production and safety. Basic American saw another benefit: employee morale.

“Our employees can now see the day-to-day energy impacts of their behavior and the money we are saving,” Peretti said. “As a result, they share their ideas for how we could save more energy and understand how their individual actions impact the company's bottom line.”

Northwest Influences Increased Global Standards For Industrial Energy Efficiency

Northwest businesses were among the first to sign the U.S. Department of Energy's *Save Energy Now* Compact, a commitment to reduce industrial energy intensity by 25 percent in 10 years, and now they will be among the first to take action toward certification for an international energy management standard that will document those savings. In October 2009, the U.S. DOE and NEEA launched the Northwest Energy Management Demonstration Project to help provide industrial facilities with a roadmap to achieve continuous improvement in energy efficiency on an international scale.

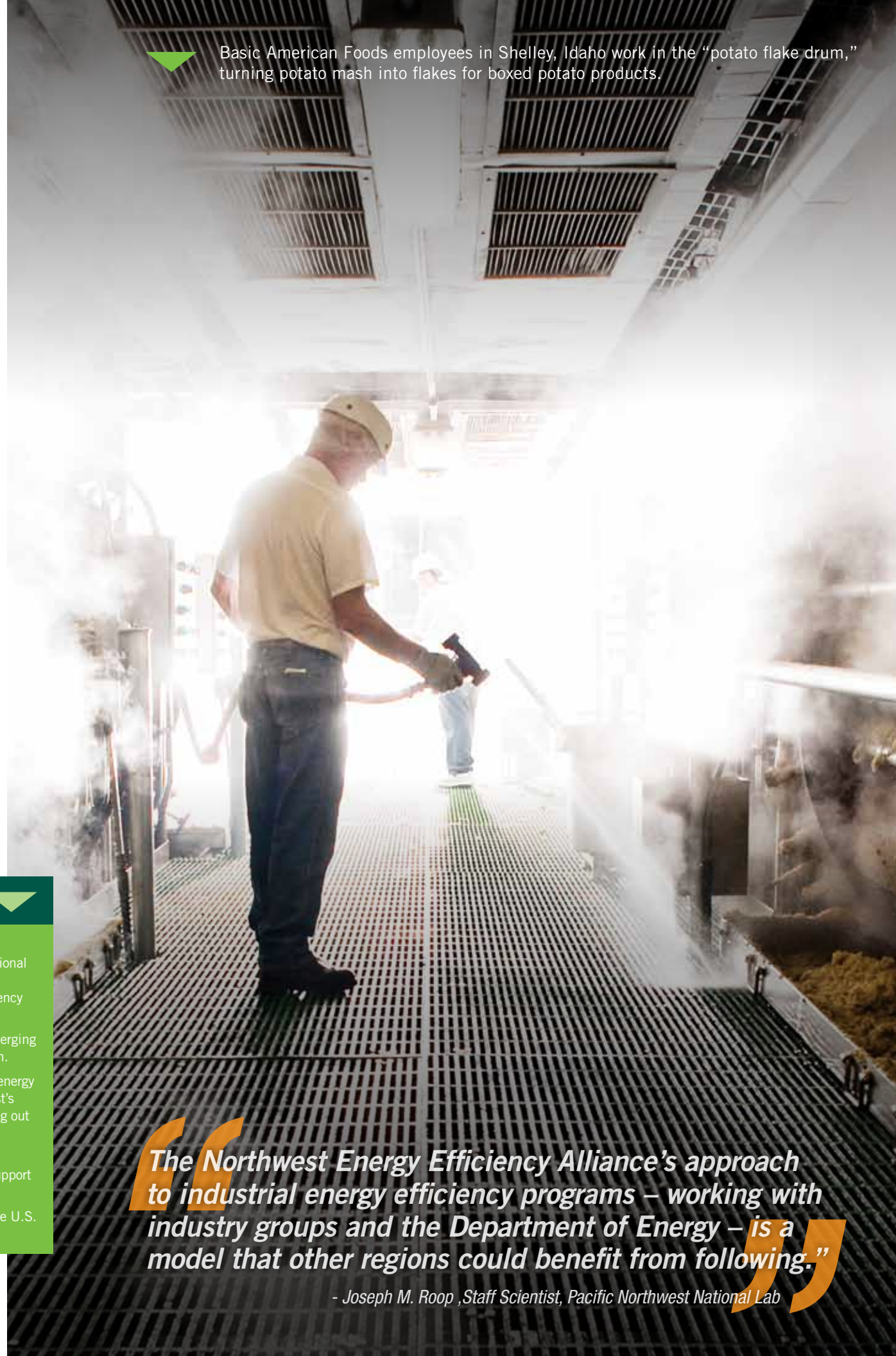
Companies participating in the project, with the support of their local utilities, are providing input for the practical deployment of an emerging international energy management standard, ISO 50001⁵, currently being developed by the International Organization for Standardization.

In order to address the growing demand for strategic energy management, NEEA took a unique approach to this project by partnering with energy management field advisors and matching them to companies to provide mentored training and to expand the qualifications of the Northwest's base of energy consultants. This approach has since become the model for upcoming demonstration projects around the country, now rolling out in 10 markets.

For participating Northwest businesses, NEEA provides strategy and technology support, as well as utility coordination efforts. NEEA field advisors work with each company to embed energy efficiency into industrial business plans — from leadership to operational levels — to support long-term energy savings.

The four participating companies span industries as diverse as paper mills and trucking manufacturers, and will be among the first in the U.S. ready to pursue ISO 50001 certification.

Basic American Foods employees in Shelley, Idaho work in the “potato flake drum,” turning potato mash into flakes for boxed potato products.



Industrial Highlights

11%

of the region's large food processors have adopted self-sustaining energy management practices; more than 21% committed resources to energy management

2.1 aMW

validated energy savings achieved by food processing and pulp and paper companies implementing CEI this year, and roughly 8 aMW cumulatively since 2005

550

facility managers and operators attended 27 industrial technical training classes teaching them how to optimize their industrial systems to be more energy efficient



Nelson Rovig, director of Idaho operations for Basic American Foods, oversees the Shelley facility's energy team.

“The Northwest Energy Efficiency Alliance's approach to industrial energy efficiency programs – working with industry groups and the Department of Energy – is a model that other regions could benefit from following.”

- Joseph M. Roop, Staff Scientist, Pacific Northwest National Lab

¹ Evaluation Perspective on Impact of Continuous Energy Improvement, The Cadmus Group, Inc., 09/28/2009

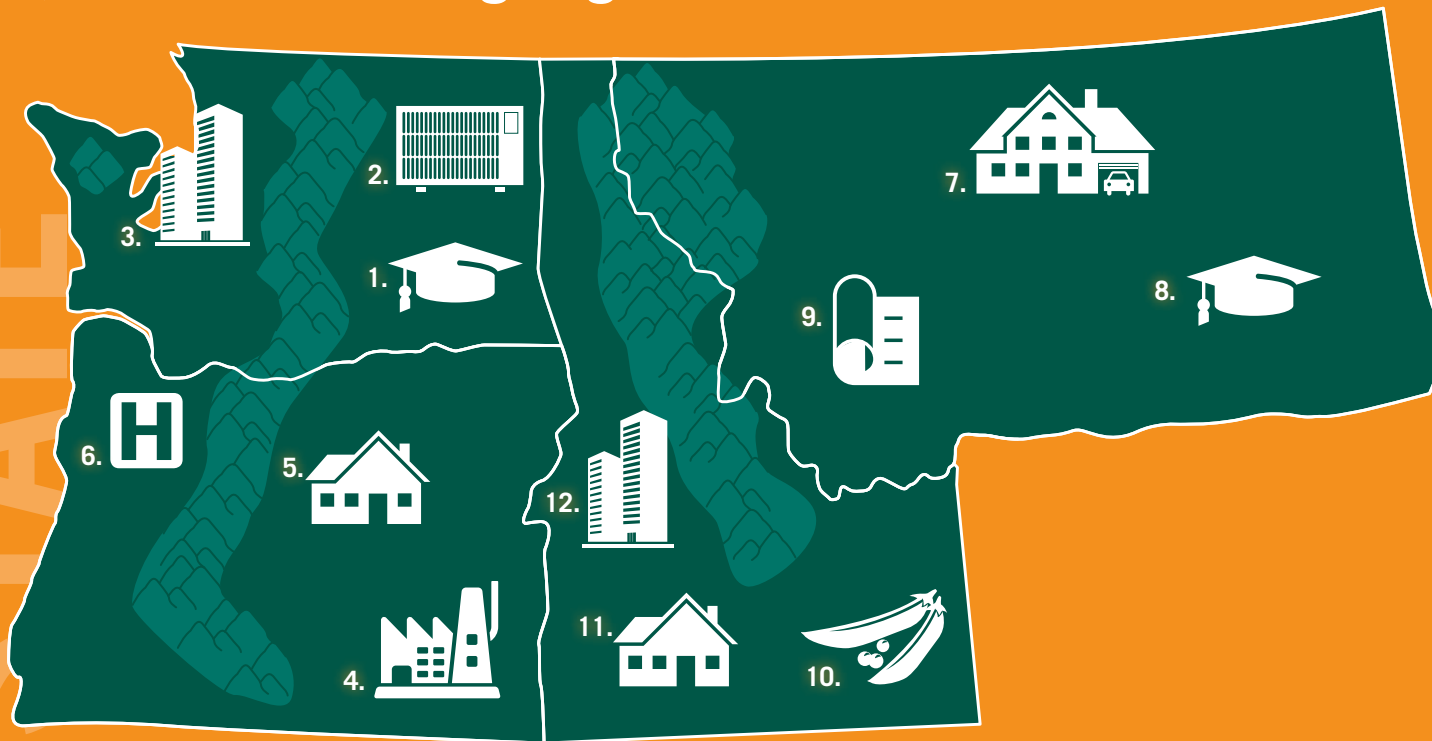
² NEEA follows rigorous guidelines and protocols, and works with professional engineers and evaluators to determine the energy savings impact of our work.

³ www1.eere.energy.gov/industry/saveenergynow

⁴ Savings data provided by Basic American Foods

⁵ <http://www.iso.org/iso/home.html>

2009 State Highlights



Washington

Washington savings = 197.5 aMW*

1. NEEA conducts eight industrial technical training sessions for 117 attendees from 41 Washington facilities, expanding the number of operations and maintenance personnel trained in energy efficiency practices.
2. NEEA expanded the Washington ductless heat pump market to support 1,943 installations in the state, representing nearly 50% of the total installs through the Northwest Ductless Heat Pump Pilot Project.
3. NEEA's BetterBricks commercial building initiative conducts 70 technical training sessions for 2,596 design, building operations, healthcare and office real estate building professionals, covering best practices in energy efficiency design, building operations and business practices.

Oregon

Oregon savings = 111.7 aMW*

4. Four industrial facilities integrate NEEA's CEI system into their operations, leading to approximately 1 aMW of savings.
5. NEEA plays an important role in establishing more stringent Oregon housing codes. In addition to the code increase, Northwest ENERGY STAR Homes market share reaches 12.1% of homes constructed in 2009 that are 15% more energy efficient than code.
6. One of the largest healthcare organizations in the state, Legacy Health System, continues to make progress on implementing their Strategic Energy Management Plan that identifies energy savings of 1.6 aMW, saving them more than \$1.3 million per year.

Montana

Montana savings = 20.8 aMW*

7. Northwest ENERGY STAR® Homes market share reaches 11% in 2009, up from 3.8% in 2008.
8. 138 contractors are trained through the Northwest Ductless Heat Pump Pilot Project, expanding the region's contractor base and helping ensure quality installations.
9. The largest design firm in Idaho and Montana, CTA, adopts the 2030 Challenge – with assistance from NEEA and its Integrated Design Lab – committing the design firm to energy savings targets for all its projects.

Idaho

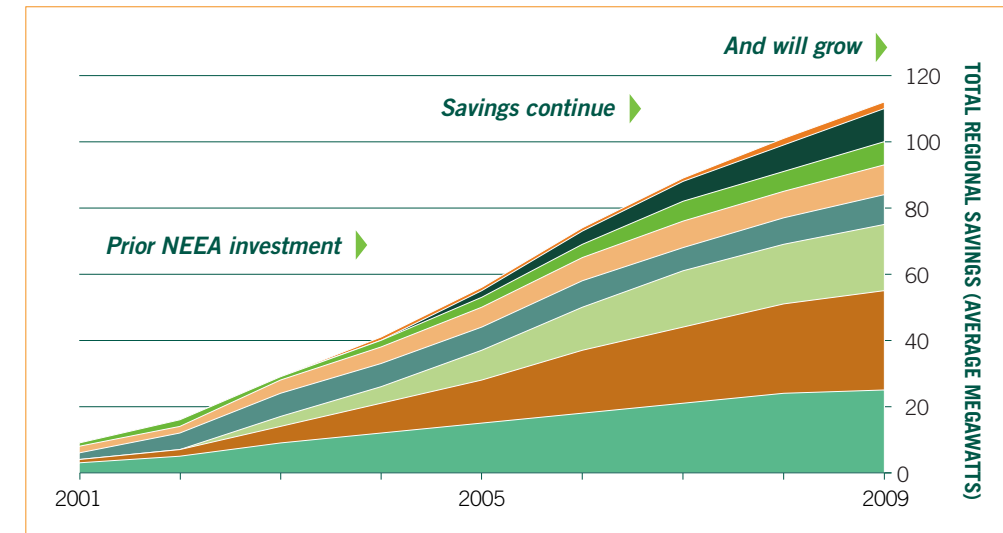
Idaho savings = 53.8 aMW*

10. NEEA works in partnership with the U.S. Department of Energy on obtaining participation from J.R. Simplot Company (one of the largest food companies in the world) in the Northwest Energy Management Demonstration Project, which demonstrates the value of systematically managing energy, and informs the upcoming international energy management standard.
11. Northwest ENERGY STAR Homes market share reaches 11.5% in 2009 – up from 5.7% in 2008 – representing 2,796 homes.
12. Through NEEA's work in the office real estate market, Idaho's Office of Energy Resources (OER) recognized the value of NEEA's building energy tune-up approach—which typically generates 10-15% energy savings through operational improvements in buildings. Adopting the tune-up concept, OER launched the \$18 million Idaho K-12 Energy Efficiency Project, applying tune-ups to all 715 of Idaho's public schools, and enhancing the skills and capabilities of 22 local engineering firms tasked with implementing the program.

Impact of Sustainable Market Change

One of the most telling signs of a successful market transformation initiative is when energy savings continue long after NEEA and its funding partners deliberately “exit” a market. That's what happened for the eight initiatives highlighted below, which continue to generate *new savings each year* with little or no further investment. The region's continued support of NEEA's market transformation work helps maintain a vibrant, sustainable Northwest. And our 2010-2014 Business Plan commits to filling the energy efficiency pipeline for the next decade and beyond.

Cumulative Total Regional Savings from Selected Previously Funded Initiatives



ENERGY STAR Windows

Funded: 1998-2001 Accumulated savings to date: 25 aMW

To build market share for high-efficiency ENERGY STAR® residential windows, NEEA influenced trade allies so that, by the end of 2001, all major Northwest window manufacturers had become ENERGY STAR partners and contributed almost \$1M in matching marketing funds. Now ENERGY STAR-qualified windows are the residential building standard in the region with 95 percent market share in 2009—the highest in the nation.

Commissioning in Public Buildings

Funded: 1998-2004 Accumulated savings to date: 20 aMW

NEEA sought to make commissioning standard practice in public buildings in the Northwest. Projects launched in 1998 and 2000 delivered professional education and awareness-building, support of the Building Commissioning Association, and help in projects such as commissioning certification.

Industrial Evaporator Fan VFDs

Funded: 1998-2004 Accumulated savings to date: 9 aMW

By funding pilot research and market adoption efforts for variable frequency drives (VFDs), which allow evaporator fan motors to run at slower speeds, NEEA helped increase market adoption of this energy-saving technology by food storage companies from five percent in 1997 to 69 percent (for controlled atmospheric storage) today.

Industrial Drive Power Initiative

Funded: 1998-2004 Accumulated savings to date: 10 aMW

A market transformation initiative funded by NEEA and administered by the Electric League of the Pacific Northwest, the initiative aimed to increase the region's motor fleet efficiency; encourage use of life-cycle costing in investment decisions; and help motor service centers improve repair and motor management services.

ENERGY STAR Home Products

Funded: 2001-Q1 2004 Accumulated savings to date: 30 aMW

NEEA helped raise efficiency standards for clothes washers and increased consumer awareness about available ENERGY STAR Home Products through targeted public outreach and partnerships with manufacturers, utilities and retailers. Now these clothes washers, dishwashers, refrigerators and room air conditioners continue to gain market share and deliver savings.

Building Operator Certification

Funded: 1997-2003 Accumulated savings to date: 9 aMW

Building awareness and professional skills helped create the market today for energy-savvy commercial building managers. NEEA developed this certification program to teach professionals how to manage commercial building controls to reduce energy and resource consumption.

MagnaDrive Adjustable-Speed Drive

Funded: 1999-2004 Accumulated savings to date: 7 aMW

Through initial funding, NEEA supported development and commercialization of a technology that allows older motors to operate more efficiently through a magnetic industrial adjustable speed drive. Cutting energy consumption by 60 percent, MagnaDrive technology operates in nearly 7,000 industrial installations today.

Verdiem Energy Management Software

Funded: 2001-2003 Accumulated savings to date: 2 aMW

NEEA provided funding to help create market availability of this software that enables IT administrators to effectively control power management settings of desktop computers through network controls. The company recently doubled its customer base in 12 months and announced its one millionth license in 2009.

Note: Values in the chart are cumulative savings and represent the most up to date estimations of savings from each of the initiatives shown. These initiatives account for only a portion of total regional savings from investments made prior to 2005. Cumulative total regional savings from all investments made prior to 2005 are estimated to be 181 average megawatts (see page 13 for total incremental savings each year).

*2009 State contribution towards 384 aMW total regional savings
 ** These aMW numbers are based on each state's percentage of 2006 EIA Energy Sales data, which is the most current available to NEEA.

WORK BY STATE

LOOKING BACK

Savings Snapshot

A brief look at savings achieved from prior and current investments

Now in its thirteenth year, NEEA has been maximizing energy efficiency through collaboration to help ensure that together we can meet our region's future energy needs. The energy savings below are testament to the unique value of regional energy efficiency initiatives through collaboration.

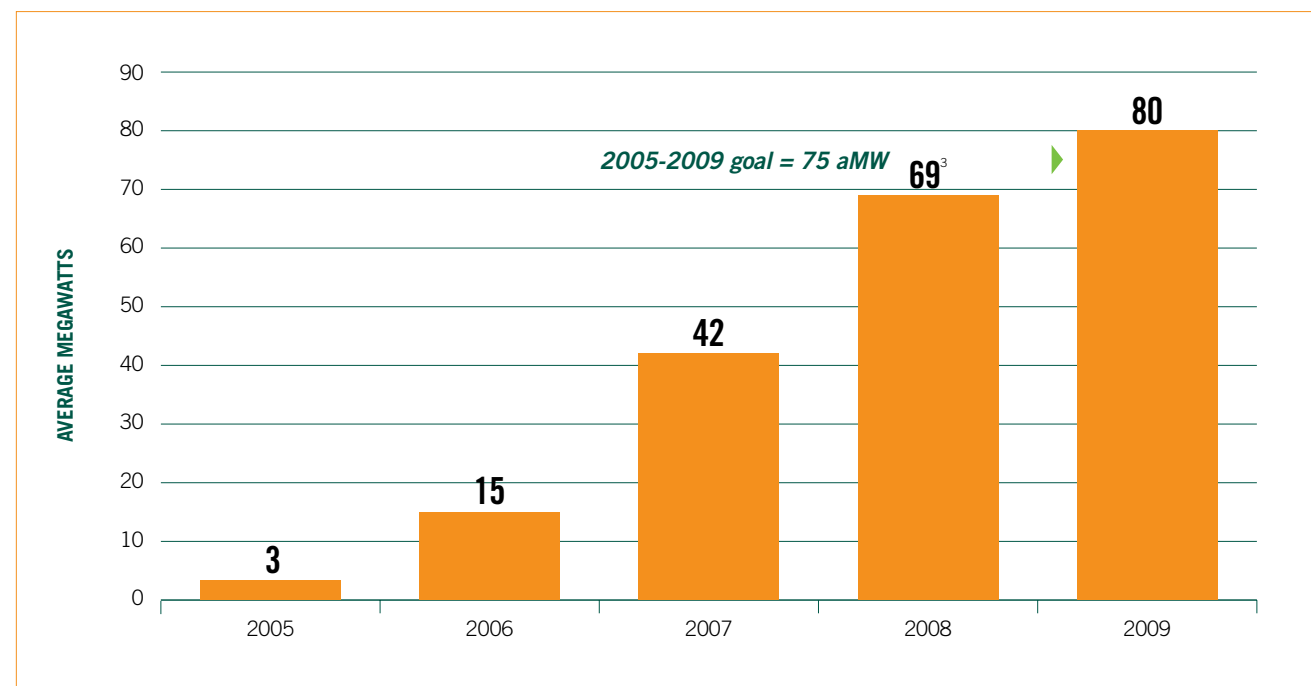
During 2005-2009, the region has achieved an estimated 218 aMW regional savings¹ through NEEA, of which 80 aMW are from net market effects², exceeding our five-year business plan savings goal by six percent. These savings, which result from NEEA's 2005-2009 business plan initiatives within the residential, commercial and industrial sectors, provide a positive impact to both our region's economy and environment.

When we include continued savings resulting from prior investments through NEEA during this timeframe, the region has achieved an estimated total regional savings of 399 aMW, of which 146 aMW are from net market effects.

From 1997 through 2009, the region has accumulated 601 aMW total regional energy savings, of which 264 aMW are net market effects. 264 aMW powers nearly 200,000 homes each year—savings that will help ensure a vibrant, sustainable future for the Northwest.

Cumulative Net Market Effects: 2005-2009

Initiatives funded in 2005-2009



¹ Total Regional Savings are savings associated with all market changes.

² These savings are based on key assumptions and the latest market data available to NEEA. These savings calculations are subject to change.

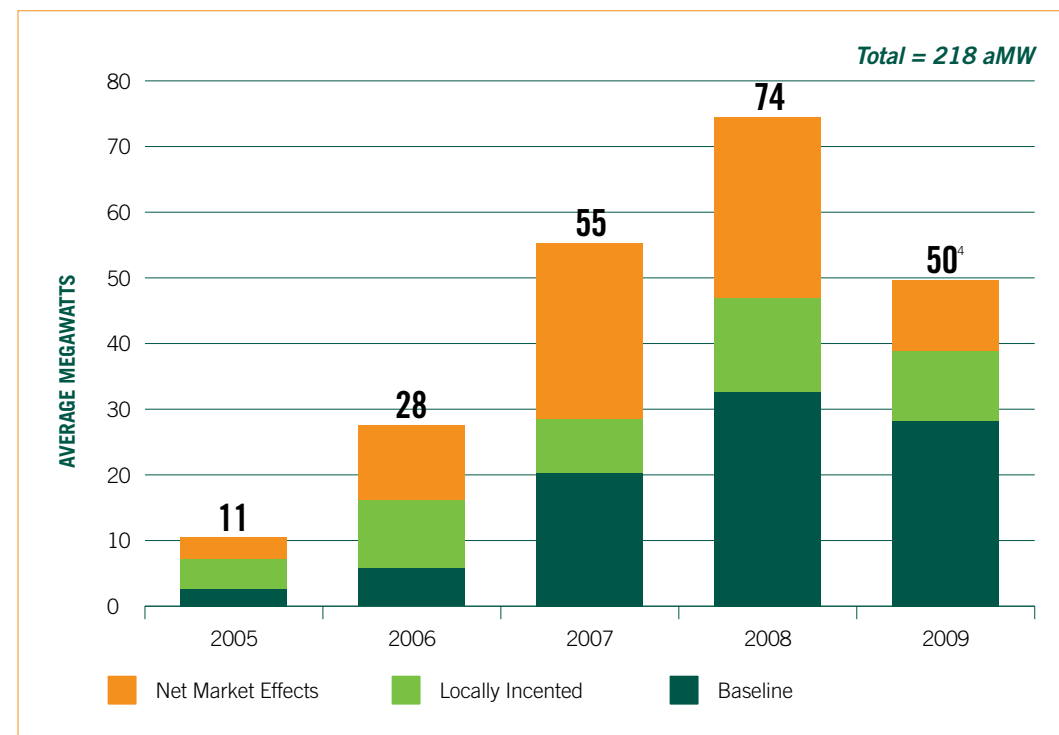
³ NEEA trues up annual savings numbers every year to ensure data accuracy. These savings may appear different from previous reports due to changes in assumptions and given the most recent market data available.

⁴ CFL gross sales dropped from 21 million in 2008 to 15 million in 2009.

⁵ CO₂ emissions and energy equivalencies based on weighted regional average for CO₂/aMW derived from current values and US EPA Greenhouse Gas Equivalencies Calculator.

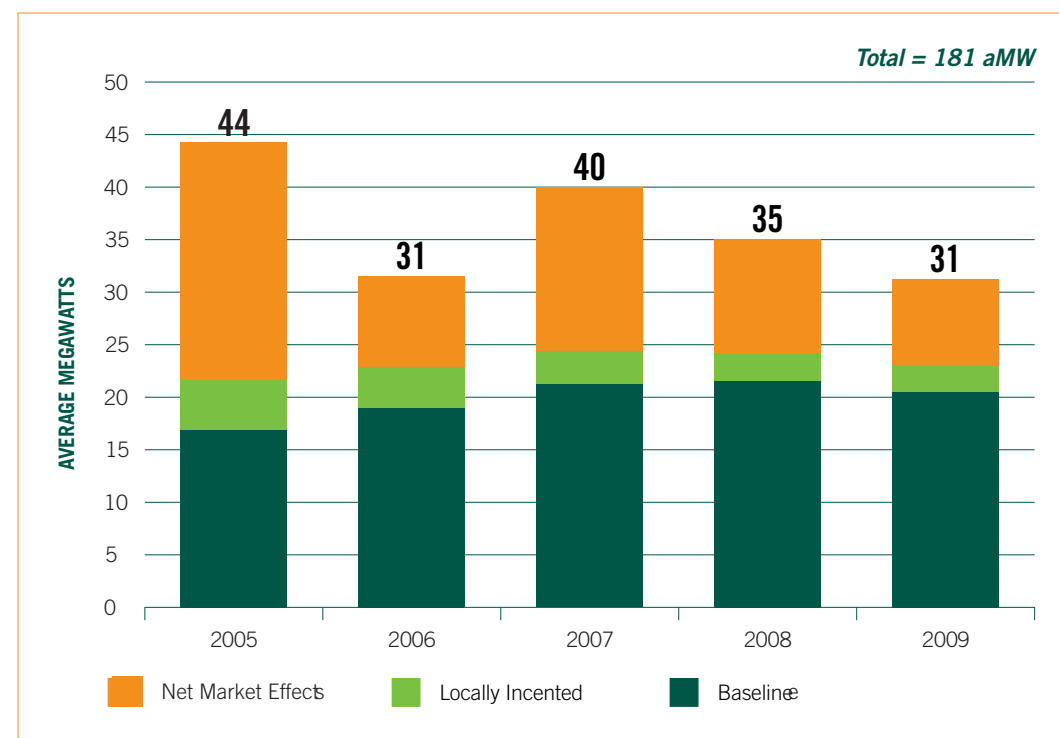
Incremental Annual Total Regional Savings: 2005-2009

Initiatives funded in 2005-2009



Incremental Annual Total Regional Savings from Prior Investments: 2005-2009

Initiatives funded in 1997-2004



Baseline: Savings from naturally occurring market change without utility, NEEA, Bonneville Power Administration, and Energy Trust of Oregon funded intervention.

Locally Incented: Savings claimed through local utility, Energy Trust of Oregon, or Bonneville Power Administration activities (e.g. incentives).

Net Market Effects: Savings associated with market change and not counted as Baseline or Locally Incented.

Total Regional Savings: Savings associated with all market changes.

Energy Savings

80 aMW

of cumulative net market effects achieved from 2005-2009. This exceeds NEEA's 5-year business plan goal of 75 aMW by 6%.

399 aMW

of total regional savings (2005-2009) from both previously funded and current initiatives, of which 146 aMW are net market effects.

601 aMW

of total cumulative regional savings from 1997-2009, of which 264 aMW are net market effects.

Other Benefits

These non-energy benefits are based on 264 aMW of cumulative net market effects for 1997 - 2009. These energy savings avoided greenhouse gas emissions equal to⁵:

949,872

tons of CO₂

OR

164,763

cars driven for one year

2005-2009: Celebrating Five Years of Regional Partnership

75 aMW goal

The region kicks off NEEA's five-year business plan with a bold goal of 75 aMW saved through market transformation initiatives

29 aMW*

The region's market transformation efforts result in 29 aMW in energy savings in 2005

The region celebrates NEEA's 10th anniversary focused on market transformation



NEEA focuses on strategic energy management as a way to change behavior in the commercial sector. As measured by 'hospital beds', one third of the region's beds now have adopted strategic energy management plans

45 aMW*

The region's market transformation efforts result in 45 aMW in energy savings in 2007

A NEEA-sponsored study finds the region can save 200 aMW for about \$0.02 cents/kWh by improving electric distribution efficiency through voltage regulation



38 aMW*

The region exceeds its goal of 20 aMW of net market effects by 18 aMW, 90% better than goal in 2008



500 contractors trained in the region within the first three months of the Northwest Ductless Heat Pump Pilot Project, resulting in the first 100 DHP installations in the pilot



Claire Fulenwider, a national leader in energy efficiency, joins NEEA in 2008 as its new Executive Director



Nearly 25 million CFLs sold in the Northwest, representing a 35% market share, or 82 aMW of regional savings



EPA recognizes NEEA with 2010 ENERGY STAR Sustained Excellence award for its accomplishments in both the Commercial and Residential sectors

NEEA begins to target Consumer Electronics as an emerging technology with significant potential savings for the region

2005

2006

2007

2008

2009



In 2003, NEEA led negotiations with U.S. EPA to establish an ENERGY STAR® specification for homes that was unique to the Northwest—exceeding state building codes by 15%. In just the second year of the Northwest ENERGY STAR Homes program, 988 homes are certified and 337 builders have signed on (101 of them building 100% ENERGY STAR)



Computer giant HP becomes the first major manufacturer to join 80 PLUS, a NEEA- and utility-funded incentive program to integrate more energy-efficient power supplies into desktop computers and servers



Named ENERGY STAR Partner of the Year for its promotion of ultra high-efficiency clothes washers

30 aMW*

The region's market transformation efforts result in 30 aMW in energy savings for the region in 2006



30 facilities are implementing the NEEA CEI system, exceeding NEEA's 2009 goal



Nearly one million tons of CO₂ avoided through energy savings from 1997- 2009, equal to 164,763 cars driven for a year or 73,337 homes' annual energy use

80 aMW

Final year of the five-year funding cycle; NEEA initiatives exceed the goal of 75 aMW by 6%

NEEA's Board of Directors re-affirms and increases its commitment to NEEA's mission, approving NEEA's 2010-2014 Business Plan



29 million square feet of buildings benchmarked as part of the Building Owners and Managers Association contest in the Portland and Seattle metro areas leading to actions that resulted in nearly 1 aMW of energy savings

FIVE YEAR HISTORY

*NEEA trues up annual savings numbers every year to ensure data accuracy. These savings may appear different from previous reports due to changes in assumptions and given the most recent market data available.

FUTURE FORWARD

Charting The Course For The Future Of Energy Efficiency In The Northwest

In 2009, NEEA's funders reaffirmed that energy efficiency is a cornerstone of a vibrant and sustainable Northwest, and approved a five-year business plan with an expanded role for NEEA that supports the success of its stakeholders' energy efficiency goals. With the approval of this new business plan Northwest utilities and regional organizations have committed to taking regional collaboration to a new level.

The NEEA 2010-2014 Business Plan builds on current successful market transformation efforts in the commercial, industrial and residential sectors, while increasing the region's focus on filling the energy efficiency pipeline. NEEA's new business plan outlines how NEEA will work to increase the market adoption of energy-efficient products and services through collaboration, and to increase the availability of new energy-efficient technologies. In addition, NEEA's work will focus on improving both knowledge and capabilities in the market through education and training.

The Plan also focuses on regional collaboration and coordination as part of the critical path in achieving aggressive energy savings goals for the region and for

individual utilities. NEEA has now begun to enhance the region's ability to collaborate through a jointly funded project with Bonneville Power Administration to create an online energy efficiency community in our region.

As a regional entity for energy efficiency, NEEA will continue to bring stakeholders together to achieve greater energy efficiency than any of us can individually.

Ultimately, NEEA's 2010-2014 Business Plan is about helping the Northwest meet its energy savings goals in the most effective manner possible. The cost of securing energy efficiency through this plan is projected to be less than half the cost of developing new sources such as coal, natural gas or wind. The Plan lays out a clear path for the Northwest to achieve 200 aMW of total regional energy savings, 100 of which are net market effects, over the next five years—at a cost of roughly three cents per kilowatt hour. What's more, meeting the goals of the business plan will prevent nearly 720,000 tons of CO₂ from entering the atmosphere, or the annual emissions of nearly 125,000 cars driven each year.

The Plan outlines the most efficient ways for NEEA to maximize energy efficiency for the region. To be most successful, its market transformation work must be coordinated with all energy efficiency efforts planned in the region. Working together, the Northwest can meet the challenges and opportunities of the next five years while building the foundation for a more energy-efficient future.

Photographer Brian Lee pulls off Highway 195 between Spokane and Pullman to capture the beauty of Washington farmland.

The 2010-2014 Business Plan Has Six Interdependent Goals:

- 1 Increase market adoption** of energy-efficient technologies, business practices and behaviors among Northwest businesses, industry and consumers.
- 2 Help Northwest utilities and other energy efficiency organizations achieve their energy efficiency goals** by facilitating regional information-sharing through easily accessible resources, collaboration tools and events.
- 3 Build regional market knowledge and capability through education and training** among businesses, industry and consumers.
- 4 Increase regional market availability of emerging technologies** by building a pipeline of new commercially available energy efficiency technologies and practices.
- 5 Support the region's efforts to promote energy efficiency** as an actionable solution to energy supply and climate change by supporting the region's existing marketing activities.
- 6 Facilitate regional energy efficiency planning and implementation** by coordinating the development of regional market transformation strategies.

2009 Financials

Assets

Cash and cash equivalents	\$6,959,745
Funder and other receivables	\$562,677
Prepaid expenses	\$61,607
Property and equipment	\$35,798

TOTAL ASSETS \$7,619,827

Liabilities & Net Assets

Accounts payable and other liabilities	\$4,040,539
Advances from funders	\$2,171,124
Net assets	\$1,408,164

TOTAL LIABILITIES & NET ASSETS \$7,619,827

Statement of Activities

Year ending December 31, 2009

Revenues

Contributions	\$23,980,975
Interest income	\$50,576
Contract and other revenues	\$33,350

TOTAL REVENUE \$24,064,901

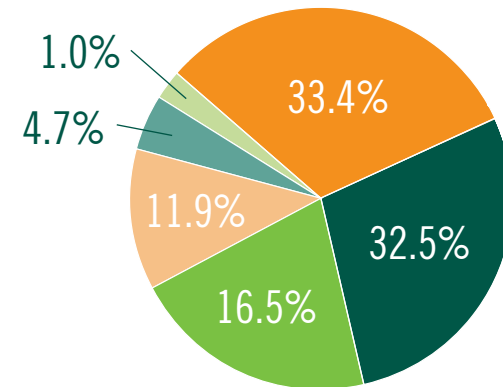
Expenses

Project costs	\$21,365,625
General operations	\$2,894,145

TOTAL EXPENSES \$24,259,770

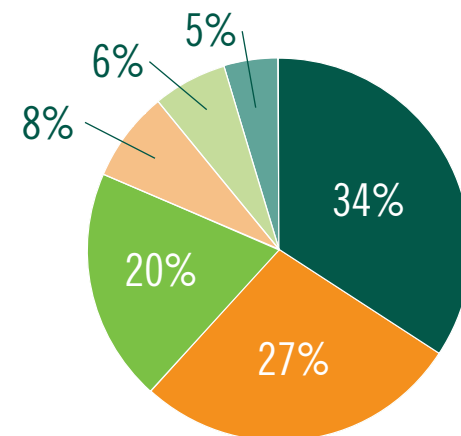
CHANGE IN NET ASSETS (\$194,869)

2009 Expenses By Sector & Function



- Residential sector, \$8.1 million
- Commercial sector, \$7.9 million
- Industrial and agriculture sector, \$4.0 million
- General operations, \$2.9 million
- Codes, \$1.1 million
- Information resources and other, \$0.3 million

2005-2009 Total Expenses



- Commercial sector, \$37.3 million
- Residential sector, \$29.9 million
- Industrial and agriculture sector, \$21.8 million
- General operations, \$8.6 million
- Information resources and other, \$6.7 million
- Codes, \$5.1 million

2009 NEEA Board



Robert Balzar
Director Conservation Resources
Seattle City Light



Ted Coates*
Superintendent
Tacoma Power



Pat Egan
Vice President, Customer and
Community Affairs
Pacific Power



Kathy Hadley*
Executive Director
National Center for Appropriate
Technology



Margie Harris
VICE CHAIR
Executive Director
Energy Trust of Oregon



Warren Kline
TREASURER
Vice President, Customer Service
and Regional Operations
Idaho Power Company



Betty Merrill*
Oregon Governor Representative
Assistant Director of Conservation
Oregon Department of Energy



Sara Patton*
Executive Director
Northwest Energy Coalition



Cal Shirley
Vice President, Energy Efficiency
Puget Sound Energy



Brian Skeahan
General Manager
Cowlitz County PUD



Craig Smith
CHAIR (through October 2009), currently
ex-officio member
Assistant General Manager
Snohomish County PUD



Mike Weedall*
Vice President, Energy Efficiency
Bonneville Power Administration



Roger Woodworth
CHAIR (as of October 2009)
Vice President, Sustainable Energy Solutions
Avista Utilities



Deb Young
Program Consultant
NorthWestern Energy

In October 2009 the following members
joined the NEEA Board:



Anita Decker
SECRETARY
Chief Operating Officer
Bonneville Power Administration



Bill Drummond
Representing the Indirect Funders
Manager
Western Montana Electric
G&T Cooperative



Melinda Eden
Oregon Governor Representative
Council Member
Northwest Power and
Conservation Council



David Hawk
Idaho Governor Representative
E2A Energy Analysis
and Answers



Rhys Roth
Representing the Public Interest
Director of Strategic Innovation
Climate Solutions

The NEEA Board is made up of representatives from a diverse group of organizations. Every year the Board includes representation from NEEA's direct funders, indirect funders, the Governor of Idaho or Montana, the Governor of Oregon or Washington, and one member elected to represent the public interest.

*This member transitioned out of the Board in October 2009

Resource Savings of this Report*

6

Fully Grown Trees

2997

Gallons of Water

1.7

Millions of BTUs

182

Pounds of Solid Waste

622

Pounds of Greenhouse Gasses

* Northwest Energy Efficiency Alliance (NEEA) saved the following resources by using Reincarnation Matte (FSC), made with an average of 100% recycled fiber and an average of 60% post-consumer waste, processed chlorine free, designated Ancient Forest Friendly™ and manufactured with electricity that is offset with Green-e® certified renewable energy certificates.



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