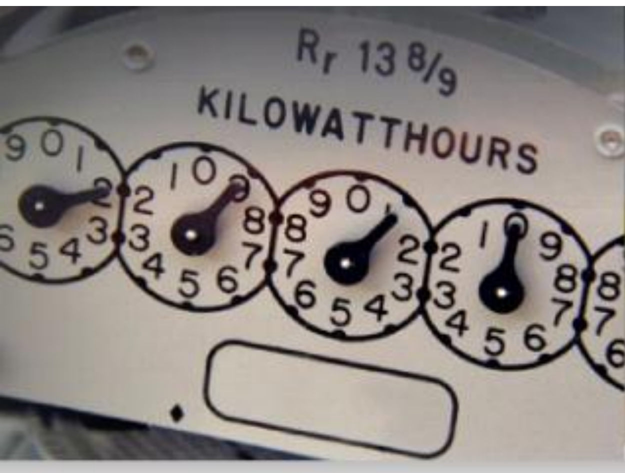



NEEA Quarterly Performance Report

Executive Summary*

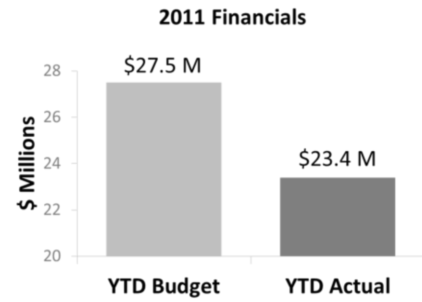
Third Quarter 2011

*See *'Progress Towards Objectives Q3 2011'* for detailed information about NEEA's progress toward operations plan objectives

NEEA Quarterly Performance Report Q3 2011
Executive Summary

Financial Summary

2011 YTD spending was 85% of budget. Slower than anticipated hiring has delayed some project implementation. Compensation and benefits are anticipated to be under budget for the fiscal year. Cash position remains strong; excess cash is invested in interest-bearing Certificates.



Business Plan and Management Highlights

Market Adoption

- Began regional campaign. Promoting adoption of Ductless Heat Pumps and educating consumers on benefits of going ductless to influence 4000 more installations in Northwest by year end (2011).
- Co-founded *Seattle 2030 District*, a high-performance building district aimed at dramatically reducing environmental impacts of facility operations and construction. Goal is 50% reduction in energy consumption by 2030.
- Completed field work for first residential code compliance study in Montana in last 15 years. Results will lead to increased code compliance.

Filling the Pipeline

- Partnered with national Refrigeration Engineers and Technicians Assoc. (RETA) to develop energy efficiency certification for refrigerator operators. Certification will directly result in energy savings through hands-on training.
- Completed design of 100-home Residential Test Bed study, first of its kind in the NW in 25 years. Results will provide detailed data on home energy use and from in-home trials of emerging technologies.

Total validated regional savings since NEEA inception: 707 aMW[1]

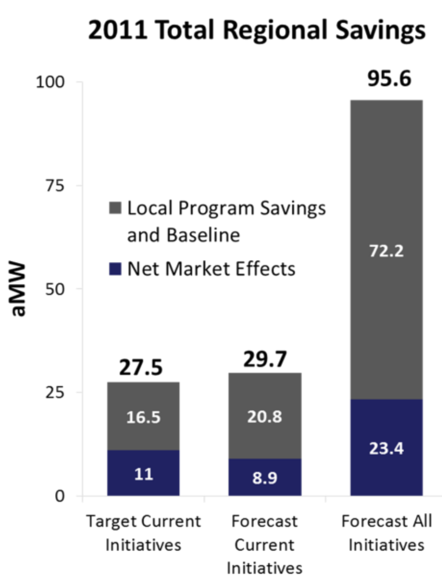
[1] As reported in 2010 NEEA Annual report

Regional Advantage

- Contacted by Walmart for TV purchasing guidance, underlying success of regional awareness campaign and market transformation efforts.
- Supported regional implementation of ISO 50001 standard for Strategic Energy Management by developing tools to overcome barriers to adoption.
- Launched research-based effort to develop energy efficiency messaging platform and toolkit for the region (handoff from NEET).

Savings Outlook

NEEA expects to meet 2011 total regional savings target for currently funded initiatives. Net market savings from currently funded initiatives are forecast to be 81% of target due to increased baseline for TVs and shortfall in commercial sector. When including initiatives from previous funding cycles, NEEA expects to meet its net market effects savings target.



Business Operations

- Filled 15 staff positions
- Launched project to improve process and tools for vendor/project management.

Market Operations

- With improved forecasting, identified a potential 2011 Net Markets Effects shortfall and implemented actions to address short-term energy savings results, including accelerating Building Operator Certification and Ductless Heat Pump efforts in manufactured housing.

Long-term Value

- Previously funded initiatives continue to pay dividends. Forecasting 65.9 aMW of total regional savings in 2011 (up from 65.5 in Q2) from 34 previously funded initiatives (14.5 aMW are net market).
- Forecasting year-end total regional savings to be 137% of target from current and previously funded initiatives

2011 Financials – *shown in thousands*

Business Unit	Annual Budget	YTD Budget (9/30)	YTD Actual (9/30)	YTD Actual as % of Budget	2011 Full Year Forecast [2]	Reason for Variance
Market Planning and Operations	23,143	16,454	13,827	84%	22,373	Slower than anticipated hiring and planning variations. Commercial sector underspend in Business IT (initiative discontinued based on market data)
Emerging Technologies [1]	3,765	2,613	2,265	87%	3,737	Industrial underspend for Green Pumps (slower than anticipated spec approval) and Refrigeration (key personnel not in place until Q3)
Stakeholder Services	7,066	5,456	4,731	87%	6,815	Slower than anticipated hiring and delayed project evaluation due to slower than anticipated project implementation
Business Operations	2,971	2,228	1,954	88%	2,683	Savings in wages & benefits and professional services due to staff turnover and slower than anticipated SharePoint implementation
Executive	990	763	666	87%	845	Budgeted new position not needed (position transferred to HR)
Total Organization	**37,935**	**27,514**	**23,443**	**85%**	**36, 453**	

[1] Emerging Technologies represents direct expenses for the business unit. Total spending on emerging technologies over 2010-2014 is roughly $32M or 16% of 5-year Business Plan. Stakeholder Services includes Evaluation and Market Research, Partner Services and Corporate Communications.

[2] Includes funding from all sources

Expense Category	Annual Budget	YTD Budget (9/30)	YTD Actual (9/30)	YTD Actual as % of Budget	2011 Full Year Forecast [2]	Reason for Variance	Anticipated Impact on Full Year
Salaries and Benefits	8,100	6,023	4,813	80%	6,642	Slower than anticipated hiring	$1M savings
General and Administrative	3,718	2,897	2,661	92%	3,613	Variance due to timing of expenses for consulting, equipment, etc.	None
Project Expenditures	26,117	18,594	15,969	86%	26,198	Commercial underspend by $1M primarily in Business-IT and Building Lifecycle Management.	None
Total Organization	**37,935**	**27,514**	**23,443**	**85%**	**36,453**		

2011 Net Cash Flow – *shown in thousands*

	Q1 Actual	Q2 Actual	Q3 Actual	Comments
Cash on Hand – beginning of period	11,295	12,204	10,032	
Net Cash Flow	**909**	**-2,172**	**755**	
Cash on Hand – end of period	12,204	10,032	10,787	Cash on hand includes $8.0M in unearned funder advances and $0.8M in royalty payment funds; Current liabilities payable against cash total $3.9M

2011 Forecast – Total

	Net Market (aMW)			Total Regional (aMW)		
	Target	Forecast	% to Target	Target	Forecast	% to Target
Current Initiatives	11.0[1]	8.9	80.6%	27.5	29.7	108%
Previously Funded Initiatives	9.9	14.5	146%	42.1	65.9	157%
Total	20.9	23.4	112%	69.6	95.6	137%

[1]This is 0.1aMW different from target reported in Q2 because Industrial targets were rounded

2011 Forecast – Current Initiatives

	Net Market (aMW)			Total Regional (aMW)			Reasons for Variance
	Target	Forecast	% to Target	Target	Forecast	% to Target	
Residential							
Desktop PCs	0.2	0.0	0%	0.8	0.0	0%	Delayed implementation until 2012 (Q2).
Televisions	5.8	4.7	81.0%	10.9	20.3	186%	Revised baseline information incorporated in Q1 resulted in lower forecast for net market effects. Actions pending. (Q1).
Heat Pump Water Heaters	0.1	0.0	0%	0.1	0.0	0%	Product solution not yet to market (Q1).
Ductless Heat Pumps	0.2	0.8	400.0%	3.6	2.8	77.8%	A recent evaluation enabled NEEA to estimate savings from non-incented units (i.e. market effects) for the first time.
Efficient Homes (2010-14)	0.4	0.3	75.0%	1.7	0.6	35.3%	Lagging effective date for codes to 6 months[2].
Residential Total	**6.7**	**5.8**	**85.3%**	**17.1**	**23.7**	**138.6%**	
Commercial							
Commercial Lighting Solutions	0.0	0.0	0%	1.3	0.3	23.1%	Will not meet anticipated launch of pilot projects.
Existing Building Renewal	0.2	0.0	0%	0.4	0.0	0%	Planned to initiate four pilots in 2012. Market conditions are difficult. One or two more likely by year end.
Commercial Real Estate	1.6	1.4	87.5%	3.2	2.8	87.5%	Absence of initiative manager and slower activity in Q3 affects forecast. Expect additional reported savings for 2011 in Q1 2012 from implementation of scoping study recommendations.
Healthcare	0.2	0.2	100%	0.8	0.4	50.0%	Data capture challenges leading to lower than anticipated results.
Business IT	1.1	0.1	9.1%	2.2	0.2	9.1%	The forecast was based on the assumption of a new initiative launching in 2011, which did not occur.
Commercial Total	**3.1**	**1.7**	**54.8%**	**7.9**	**3.7**	**46.8%**	
Industrial							
Small/Medium Businesses	0.2	0.0	0%	0.4	0.0	0%	Variance results from need to field test CEI v2 which is still under development.
Food Processors (formerly CEI and IEA)	1.0	1.4	140.0%	2.1	2.3	109.5%	
Industrial Total	**1.2**	**1.4**	**116.7%**	**2.5**	**2.3**	**92.0%**	
Total	**11.0**	**8.9**	**80.6%**	**27.5**	**29.7**	**108%**	

[2] Variance results from an assumption change in the ACE model that applies a 6 month lag (construction time) in application of code savings

Current Initiatives – State[1]

	Net Market (aMW)	Total Regional (aMW)
	Forecast [2]	Forecast [2]
Idaho	1.2	4.1
Montana	0.7	2.3
Oregon	3.0	10.0
Washington	4.0	13.3
Total	**8.9**	**29.7**

Previously Funded Initiatives – State

	Net Market (aMW)	Total Regional (aMW)
	Forecast [2]	Forecast [2]
Idaho	2.0	9.2
Montana	1.1	5.1
Oregon	4.9	22.1
Washington	6.5	29.5
Total	**14.5**	**65.9**

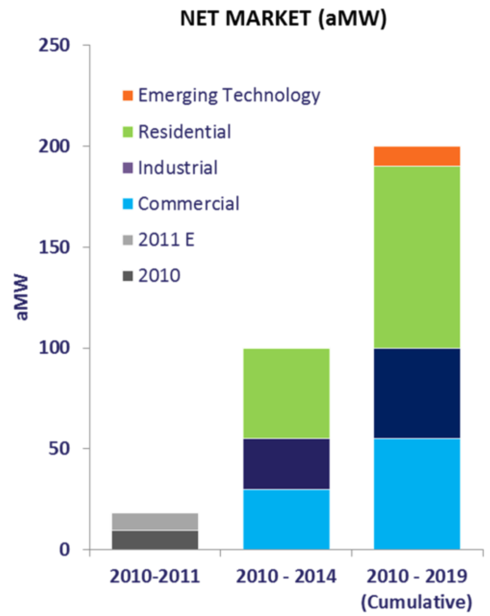
Current and Previously Funded Initiatives – State

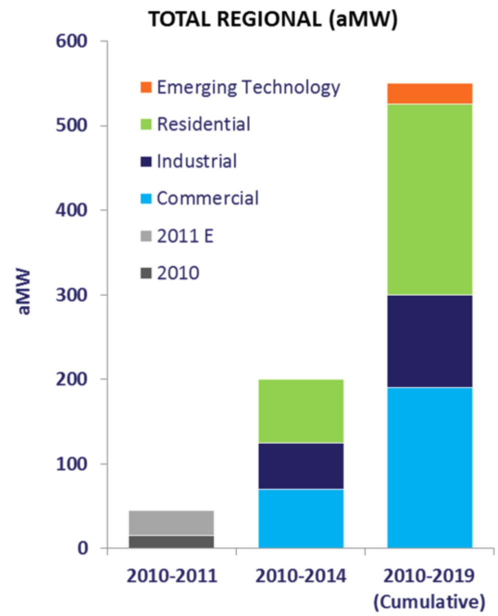
	Net Market (aMW)	Total Regional (aMW)
	Forecast [2]	Forecast [2]
Idaho	3.3	13.3
Montana	1.8	7.5
Oregon	7.9	32.1
Washington	10.5	42.7
Grand Total	**23.4**	**95.6**

[1] - NEEA does not have state-specific savings targets in the 2010-2014 Operations Plan.
[2] - NEEA forecasts savings at the initiative level. Savings forecasts are trued-up annually. The state savings numbers shown are calculated based

Reference

Savings Goals – 2010-2014 Business Plan





Reference

Business Plan	A five-year Board-approved plan running from 2010-2014, based on NEEA's Strategic Plan
Operations Plan	NEEA's Board-approved annual plan of operations
Total Regional Savings	Referred to in report as "Total Regional," energy savings associated with all market changes. Total regional energy savings equals Net Market Effects plus Locally Incented and Baseline energy savings
Net Market Effects	Referred to in report as "Net Market," savings associated with market change and not counted as Locally Incented or Baseline
Local Program Savings	Energy savings claimed through local utility, Energy Trust of Oregon or Bonneville Power Administration (BPA) energy efficiency programs
Baseline	Energy savings from naturally occurring market change without utility, NEEA, BPA or Energy Trust of Oregon-funded intervention
Currently Funded Initiatives	Represents energy savings based on the 2010-2014 NEEA Business Plan
Previously Funded Initiatives	Represents energy savings continuing from prior NEEA business plans
Annual Target	Annual Operations energy savings target toward five-year business plan goal
Savings Forecast	Energy savings forecasts are based on key assumptions and the latest market data available to NEEA. Savings calculations are subject to change. Forecasts are not reviewed by NEEA's Cost-Effectiveness Advisory Committee
Alliance Cost-Effectiveness (ACE) Model	Methodology used to calculate energy savings forecasts and cost-effectiveness metrics for NEEA initiatives
Logic Model	Model that identifies how NEEA applies resources and implements activities to create desired outcomes for an initiative

NEEA Performance Reports can be found on-line: http://neea.org/research/performancereports.aspx