



NEEA Quarterly Performance Report

Executive Summary

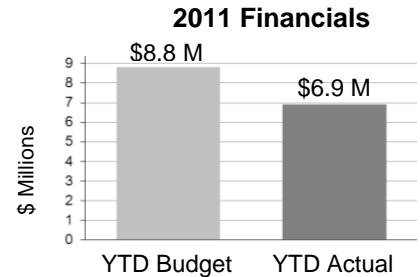
First Quarter 2011



NEEA Quarterly Performance Report Q1 2011 Executive Summary

Financial

2011 YTD actuals were 78% of YTD budget. Slower than anticipated hiring delayed project implementation. Compensation and benefits are anticipated to be under budget for the fiscal year. Cash flow remains strong; excess cash is invested in interest-bearing Certificate of Deposit Account Registry Service.



Business Plan and Management

Market Adoption

- On track to meet 2011 goal of 28% of televisions sold by participating retailers meet or exceed ENERGY STAR® Version 5 specification through NEEA's Energy Forward campaign.
- Launched new benchmarking competition with BOMA Portland, "Carbon4Square." Helps commercial property owners achieve competitive advantage through energy-efficient building management. Exceeded registration goal with 85 large commercial property owners participating.

Filling the Pipeline

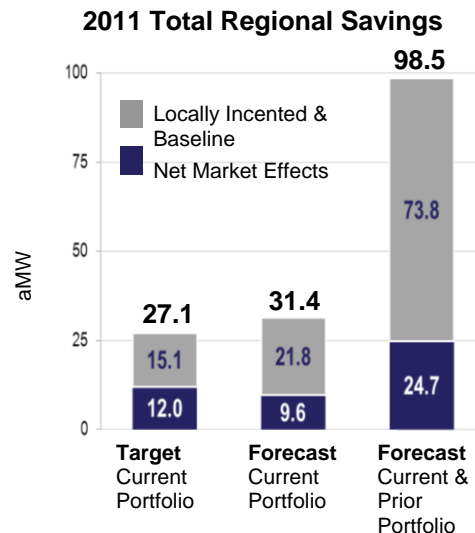
- Thirty-nine emerging technologies identified with estimated energy savings potential of ~1,000 aMW over next 20 years—more than triple NEEA's goal of 300 aMW.
- NEEA's lab testing and regional influence resulted in first Northern Climate heat pump water heater in U.S. Product soon ready to market. Represents potential regional savings of 500 aMW by 2029.

Regional Advantage

- Hosted 80 industrial decision makers at 3rd *Industrial Energy Efficiency Summit* to advance Strategic Energy Management practices by manufacturing leaders.
- Convened Regional Marketing Coordinating Council. Facilitating regional effort to develop messaging and toolkit to motivate energy efficiency behaviors.

Savings Outlook

Current portfolio forecast: 116% of total regional savings target; 80% of net market effects target.



Business Operations

- NEEA Initiative Lifecycle Management system refined. Results in stronger and more disciplined initiative management.
- Challenges include new staff orientation, on-boarding and cultural vitality during organizational growth and change.

Long-Term Value

- Previously funded initiatives continue to achieve long-term savings. Forecasting 67.1 aMW of total regional savings in 2011 from 34 previously funded initiatives (15.1 aMW are net market effects). 85% from residential, 11% from commercial and 4% from industrial initiatives.
- Forecasting 691 aMW total regional savings since 1997, including 2010 savings.

Total validated regional savings since NEEA inception: 601 aMW



NEEA Quarterly Performance Report Q1 2011

Financials

2011 Financials – shown in thousands

| Business Unit | Annual Budget | YTD Budget (3/31) | YTD Actual (3/31) | Variance | YTD Actual as % of Budget | Reason for Variance | Impact on Full Year |
|----------------------------------|---------------|-------------------|-------------------|--------------|---------------------------|---|---------------------|
| Market Planning and Operations | 22,278 | 4,996 | 4,148 | 848 | 83% | Hiring slower than anticipated; slow start to Business IT and one quarter delay in Agriculture initiatives | None |
| Emerging Technologies | 3,765 | 720 | 492 | 228 | 68% | Longer than anticipated planning for commercial projects, anticipated to be over budget Q2-Q4. Other projects moving slower than anticipated, for completion Q2 | |
| Stakeholder Services | 7,066 | 1,799 | 1,197 | 602 | 67% | Hiring slower than budgeted; communications work occurring later in the year than forecast. Slower Evaluation implementation in Small/Medium Businesses and Agriculture | |
| Business Operations and Planning | 3,836 | 928 | 799 | 129 | 86% | Lower-than-budgeted professional services (SharePoint and financial systems). Lower small equipment needs | |
| Executive | 990 | 320 | 295 | 25 | 92% | Professional services budgeted Q1 expended Q2 | |
| Total Organization | 37,935 | 8,763 | 6,931 | 1,832 | 79% | | |

Note: Emerging Technologies allocation represents direct expenses for the business unit. Total spending on emerging technologies over 2010-2014 is roughly \$32M or 16% of annual budget. Stakeholder Services includes Evaluation and Market Research, Partner Services and Corporate Communications.

| Expense Category | Annual Budget | YTD Budget (3/31) | YTD Actual (3/31) | Variance | YTD Actual as % of Budget | Reason for Variance | Impact on Full Year |
|----------------------------|---------------|-------------------|-------------------|--------------|---------------------------|--|---------------------|
| Salaries and Benefits | 8,100 | 1,905 | 1,589 | 316 | 83% | Hiring delayed; over-budgeted health insurance | None |
| General and Administrative | 2,851 | 780 | 624 | 156 | 80% | Lower-than-budgeted professional services, travel, small equipment | |
| Communications | 867 | 288 | 144 | 144 | 50% | Projects budgeted in Q1 delayed until Q2-Q3 | |
| Project Expenditures | 26,117 | 5,790 | 4,574 | 1,216 | 79% | Delayed project implementation in Business IT and Agriculture, and other initiatives from delayed hiring | |
| Total Organization | 37,935 | 8,763 | 6,931 | 1,832 | 79% | No anticipated impacts to full-year forecast. | |



NEEA Quarterly Performance Report Q1 2011

Financials

2011 Net Cash Flow – shown in thousands

| | Q1 Actual | Comments |
|------------------------------------|------------|--|
| Cash on Hand – beginning of period | 11,295 | |
| Income - Cash Receipts | 10,110 | Cash flow remains strong with excess cash invested in CDARS certificates of deposit laddered between 4 week and 12 month maturities. Projections do not include Rocky Mountain Power. |
| Expenses | - 9,191 | |
| Capitalized Expenditures | -10 | |
| Net Cash Flow | 909 | |
| Cash on Hand – end of period | 12,204 | <p>Of cash on hand, \$831K is from royalty payments available as a component of reserves. \$3.5M represents current liabilities. Remainder is a result of both “fixed” and incurred funder payments received in advance. Fixed funder payments are equalized amounts received quarterly through the business cycle regardless of the budget for that year. Eight funders pay on a fixed rather than incurred basis.</p> <p>\$7.4M in funder advances have been received, representing \$1.8M in advances from fixed funders and \$5.6M from incurred funders that have provided advances against Q2. The fixed funder advances represent “early” payments that funders will recoup in later years of the business plan cycle when their fixed amounts are lower than budgeted amounts.</p> <p>Remainder is temporarily-restricted grants for which NEEA has not yet incurred expenses.</p> |



NEEA Quarterly Performance Report Q1 2011 Savings

2011 Forecast – Total

| | Net Market (aMW) | | | Total Regional (aMW) | | |
|--------------------------------------|---------------------|-------------|-------------|----------------------|-------------|-------------|
| | Target ¹ | Forecast | % to Target | Target ¹ | Forecast | % to Target |
| Current Initiatives | 12.0 | 9.6 | 80% | 27.1 | 31.4 | 116% |
| Previously Funded Initiatives | 10.0 | 15.1 | 151% | 42.0 | 67.1 | 160% |
| Total | 22.0 | 24.7 | 112% | 69.1 | 98.5 | 143% |

2011 Forecast - Current Initiatives

| | Net Market (aMW) | | | Total Regional (aMW) | | | Comments |
|---|---------------------|------------|-------------|----------------------|-------------|-------------|--|
| | Target ¹ | Forecast | % to Target | Target ¹ | Forecast | % to Target | |
| Residential | | | | | | | |
| Desktop PCs | 0.3 | 0.0 | 0% | 0.8 | 0.0 | 0% | Delayed implementation 2012 |
| Televisions | 5.8 | 4.4 | 77% | 10.9 | 18.9 | 174% | Revised baseline information incorporated in Q1 resulted in lower forecast for net market effects. Actions pending |
| Heat Pump Water Heaters | 0.1 | 0.0 | 0% | 0.1 | 0.0 | 0% | Product solution not yet to market |
| Ductless Heat Pumps | 0.2 | 0.0 | 0% | 3.6 | 2.8 | 78% | Net market effects expected pending results of market progress evaluation |
| Efficient Homes (2010-14) | 0.4 | 0.0 | 0% | 1.8 | 0.1 | 7% | Data source adjustments and code changes have affected forecast |
| Energy Codes-Single Family (2010-14) | 0.0 | 0.6 | NA | 0.0 | 0.8 | NA | Add to Efficient Homes forecast for more accurate total Efficient Homes results |
| Other Residential Codes-Multifamily (2010-14) | 0.0 | 0.0 | NA | 0.0 | 0.0 | NA | |
| Other Residential Standards (2010-14) | 0.0 | 0.0 | NA | 0.0 | 0.0 | NA | |
| Unallocated Target ² | 2.0 | NA | NA | -0.3 | NA | NA | Sector adjustment to target (100% 5-year plan target) |
| Residential Total³ | 8.7 | 5.0 | 58% | 16.8 | 22.7 | 135% | |
| Commercial | | | | | | | |
| Commercial Lighting Solutions | 0.0 | 0.0 | NA | 1.3 | 1.3 | 104% | |
| Existing Building Renewal | 0.2 | 0.0 | 0% | 0.4 | 0.0 | 0% | Will not meet anticipated launch of pilot projects |



NEEA Quarterly Performance Report Q1 2011

Savings

2011 Forecast – Current Initiatives (Cont'd)

| | Net Market (aMW) | | | Total Regional (aMW) | | | Comments |
|--|---------------------|------------|-------------|----------------------|-------------|-------------|---|
| | Target ¹ | Forecast | % to Target | Target ¹ | Forecast | % to Target | |
| Commercial (cont'd) | | | | | | | |
| Commercial Real Estate ¹ | 1.6 | 1.6 | 100% | 3.2 | 3.2 | 100% | |
| Healthcare | 0.2 | 0.2 | 100% | 0.8 | 0.4 | 49% | Data capture challenges leading to lower than anticipated results |
| Business IT | 1.1 | 0.0 | 0% | 2.2 | 0.0 | 0% | Initial research suggests lower than anticipated potential |
| Other Commercial Standards (2010-14) | 0.0 | 0.0 | NA | 0.0 | 0.0 | NA | |
| Other Residential Codes (2010-14) | 0.0 | 0.0 | NA | 0.0 | 0.0 | NA | |
| Idaho Commercial Codes (2010-14) | 0.0 | 0.0 | NA | 0.0 | 0.0 | NA | |
| Montana Commercial Codes (2010-14) | 0.0 | NA | NA | 0.0 | NA | NA | |
| Oregon Commercial Codes (2010-14) | 0.0 | 0.0 | NA | 0.0 | 0.0 | NA | |
| Washington Commercial Codes (2010-14) | 0.0 | 0.0 | NA | 0.0 | 0.0 | NA | |
| Unallocated Target ² | -1.1 | NA | NA | -0.1 | NA | NA | Sector adjustment to target (100% 5-year plan target) |
| Commercial Total | 2.0 | 1.8 | 90% | 7.8 | 4.9 | 63% | |
| Industrial | | | | | | | |
| Small/Medium Businesses | 0.2 | 0.0 | | 0.4 | 0.0 | 0% | Initiative formal launch second half of 2011 |
| Food Processors (formerly CEI and IEA) | 1.0 | 2.8 | 271% | 2.1 | 3.9 | 189% | Cost-effectiveness model exceeds forecast, showing higher diffusion of Strategic Energy Management in marketplace |
| Unallocated Target ² | 0.1 | NA | NA | 0.1 | NA | NA | |
| Industrial Total | 1.3 | 2.8 | 215% | 2.5 | 3.9 | 156% | |
| Total | 12.0 | 9.6 | 80% | 27.1 | 31.4 | 116% | |

2011 Forecast – Previously Funded Initiatives

| | Net Market (aMW) | | | Total Regional (aMW) | | |
|--------------|---------------------|-------------|-------------|----------------------|-------------|-------------|
| | Target ¹ | Forecast | % to Target | Target ¹ | Forecast | % to Target |
| Total | 10.0 | 15.1 | 151% | 42.0 | 67.1 | 160% |

¹ Targets per 2011 Operations Plan.

² Sector adjustments to annual targets, responding to market conditions while holding overall totals to 5-year Business Plan targets.

³ Numbers may not sum due to rounding.



Current Initiatives – State

| | Net Market (aMW) | Total Regional (aMW) |
|--------------|-----------------------|-----------------------|
| | Forecast ¹ | Forecast ¹ |
| Idaho | 1.5 | 4.8 |
| Montana | 0.7 | 2.4 |
| Oregon | 3.2 | 10.4 |
| Washington | 4.2 | 13.7 |
| Total | 9.6 | 31.4 |

Previously Funded Initiatives – State

| | Net Market (aMW) | Total Regional (aMW) |
|--------------|-----------------------|-----------------------|
| | Forecast ¹ | Forecast ¹ |
| Idaho | 2.1 | 9.2 |
| Montana | 1.2 | 5.2 |
| Oregon | 5.1 | 22.6 |
| Washington | 6.8 | 30.1 |
| Total | 15.1 | 67.1 |

Both Current and Previously Funded Initiatives – State

| | Net Market (aMW) | Total Regional (aMW) |
|--------------------|-----------------------|-----------------------|
| | Forecast ¹ | Forecast ¹ |
| Idaho | 3.5 | 14.0 |
| Montana | 1.9 | 7.5 |
| Oregon | 8.3 | 33.1 |
| Washington | 11.0 | 43.8 |
| Grand Total | 24.7 | 98.5 |

¹ NEEA forecasts savings at the initiative level. Savings forecasts are trued-up annually. The state savings numbers shown are calculated based on funding share.

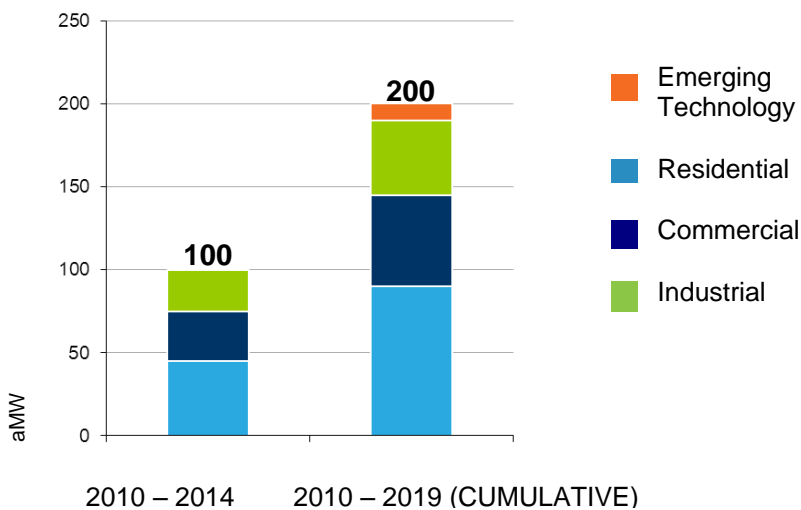


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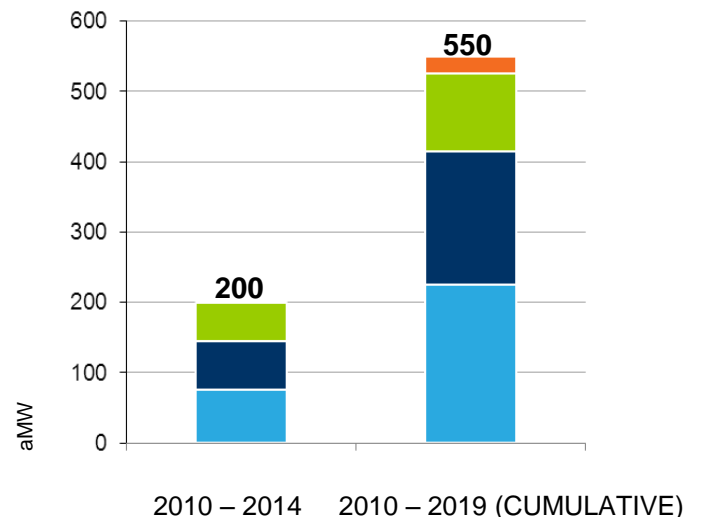
Reference

Savings Goals – 2010-2014 Business Plan

NET MARKET (aMW)



TOTAL REGIONAL (aMW)



NEEA Definitions

| | |
|---|---|
| Business Plan | A five-year plan running from 2010-2014, based on NEEA's Strategic Plan |
| Operations Plan | NEEA's annual plan of operations |
| Total Regional Savings | Referred to in report as "Total Regional," savings associated with all market changes. Total regional savings equals Net Market Effects plus Locally Incented and Baseline savings |
| Net Market Effects | Referred to in report as "Net Market," savings associated with market change and not counted as Locally Incented or Baseline |
| Locally Incented | Savings claimed through local utility, Energy Trust of Oregon or Bonneville Power Administration (BPA) programs |
| Baseline | Savings from naturally occurring market change without utility, NEEA, BPA or Energy Trust of Oregon-funded intervention |
| Currently Funded Initiatives | Represents savings based on the 2010-2014 NEEA Business Plan |
| Previously Funded Initiatives | Represents savings continuing from prior NEEA business plans |
| Annual Target | Annual Operations Plan target toward five-year business plan savings goal |
| Savings Forecast | 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 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 |