

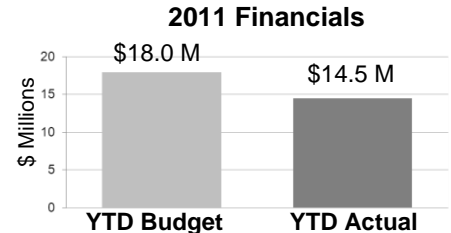


NEEA Quarterly Performance Report

Executive Summary
Second Quarter 2011

Financial Summary

2011 YTD actuals were 81% of YTD 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 Certificate of Deposit Account Registry Service.



Business Plan and Management Highlights

Market Adoption

- Supported a more stringent ENERGY STAR® television specification planned for 2012 to achieve savings from future TVs, working with California utilities.
- Launched *25inTENSity Challenge* to industries region-wide to promote market adoption of energy-efficient business practices. The Challenge will encourage industries to adopt a unified energy efficiency goal—reducing energy intensity by 25 percent in 10 years.
- Advanced Strategic Energy Management for commercial building owners and managers. Conducted scoping studies in 31 Northwest buildings with 7.9 million square feet in Q2. Results support operational tune-ups, improved practices and capital investments.

Filling the Pipeline

- Completed 2012 natural gas market transformation pilot prospectus. Dual-fuel funders Energy Trust of Oregon, Puget Sound Energy, Avista and NorthWestern Energy invited to participate.
- Obtained funding of \$588K from Pacific Northwest National Lab to expand regional “test bed” to allow researchers to test new residential technologies.

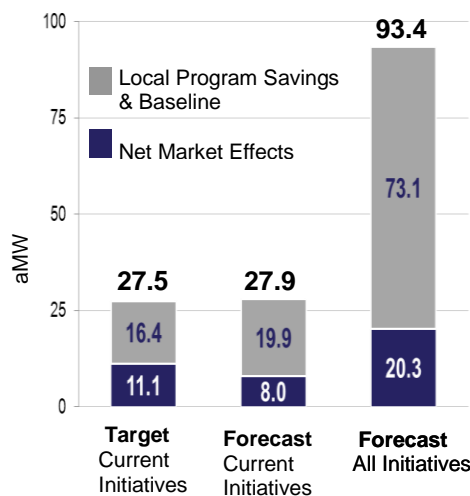
Regional Advantage

- Launched ConduitNW.org online community to promote information-sharing by regional energy efficiency professionals; 785+ registered members.
- Received ACEEE *Industrial Energy Efficiency Champions of 2011* award for NEEA’s Continuous Energy Improvement platform.

Savings Outlook

As of July, expect to meet 2011 total regional savings target. Net market effects savings are forecast to be 73% of target due to increased baseline for televisions initiative and shortfall in commercial sector.

2011 Total Regional Savings



Business Operations

- Strengthened portfolio management by reorganizing Planning function within Market Operations.
- Rolled out 2012 Operations Planning, aligning work with Board and Business Plan priorities.
- Integrated Emerging Technology into Initiative Lifecycle process.

Long-Term Value

- Previously funded initiatives continue to achieve long-term savings. Forecasting 65.5 aMW of total regional savings in 2011 from 34 previously funded initiatives (12.3 aMW are net market effects).
- Forecasting year-end total regional savings to be 134% of target, including current and previously funded initiatives.
- Validated savings of 2.9 aMW in 2010 from five prior initiatives—Building Operator Certification, BacGen, Drive Power, Windows and SAV-Air.

Total validated regional savings since NEEA inception: 707 aMW



NEEA Quarterly Performance Report Q2 2011 Financials

2011 Financials – shown in thousands

Business Unit	Annual Budget	YTD Budget (6/30)	YTD Actual (6/30)	YTD Actual as % of Budget	Reason for Variance
Market Planning and Operations	23,143	10,602	8,739	82%	Hiring slower than anticipated; slow starts for Commercial Business IT and Agriculture initiatives
Emerging Technologies	3,765	1,594	1,266	79%	Slower progress on Commercial and other projects. Expect to be over budget 15-20% in Q3-Q4. No year-end impact
Stakeholder Services	7,066	3,745	2,678	72%	Slower hiring has resulted in delayed Partner Services programs. Evaluation delayed for Commercial and Agriculture initiatives
Business Operations	2,971	1,483	1,296	87%	Slower hiring has resulted in delayed small equipment purchases; Professional Services below budget (Sharepoint and financial system delays)
Executive	990	529	496	94%	
Total Organization	37,935	17,953	14,475	81%	

Note: 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.

Expense Category	Annual Budget	YTD Budget (6/30)	YTD Actual (6/30)	YTD Actual as % of Budget	Reason for Variance	Anticipated Impact on Full Year
Salaries and Benefits	8,100	3,939	3,139	80%	Hiring delays and overbudgeted health insurance	Up to \$100,000 under budget for health insurance
General and Administrative	3,718	2,024	1,575	78%	Lower than budgeted professional services, travel and small equipment	
Project Expenditures	26,117	11,990	9,761	81%	Delayed project implementation in Commercial, Business IT, Agriculture and other initiatives due to slower than anticipated hiring	
Total Organization	37,935	17,953	14,475	81%		

2011 Net Cash Flow – shown in thousands

	Q1 Actual	Q2 Actual	Comments
Cash on Hand – beginning of period	11,295	12,204	
Net Cash Flow	909	-2,172	
Cash on Hand – end of period	12,204	10,032	Includes \$6.4M in unearned funder advances and \$.8M in royalty payment funds; Current liabilities payable against cash total \$3.7M



NEEA Quarterly Performance Report Q2 2011

Savings

2011 Forecast – Total

	Net Market (aMW)			Total Regional (aMW)		
	Target ¹	Forecast	% to Target	Target ¹	Forecast	% to Target
Current Initiatives	11.1	8.0	72.3%	27.5	27.9	101.3%
Previously Funded Initiatives	9.9	12.3	123.5%	42.0	65.5	155.9%
Total	21.0	20.3	96.7%	69.6	93.4	134.2%

2011 Forecast – Current Initiatives

	Net Market (aMW)			Total Regional (aMW)			Reasons for Variance
	Target ¹	Forecast	% to Target	Target ¹	Forecast	% to Target	
Residential							
Desktop PCs	0.3	0.0	0%	0.84	0.0	0%	Delayed implementation until 2012
Televisions	5.8	4.2	72.4%	10.85	17.9	165.0%	Revised baseline information incorporated 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 available in market
Ductless Heat Pumps	0.2	0.0	0%	3.6	2.8	77.8%	Net market effects expected pending results of market progress evaluation
Efficient Homes (2010-14)	0.4	0.6	150.0%	1.75	0.9	51.4%	Market size has been adjusted downward due to utilizing HUD data
Residential Total	6.7	4.8	71.4%	17.1	21.7	126.5%	
Commercial							
Commercial Lighting Solutions	0.0	0.0	0%	1.3	0.3	23.1%	Delayed launch of pilot projects
Existing Building Renewal	0.2	0.0	0%	0.4	0.0	0%	Delayed launch of pilot projects
Commercial Real Estate	1.6	1.6	100.0%	3.2	3.2	100.0%	
Healthcare	0.2	0.2	100.0%	0.8	0.4	50.0%	Data capture challenges leading to lower than anticipated results (Q1)
Business IT	1.1	0.0	0%	2.2	0.1	4.5%	Initial research suggests lower than anticipated potential
Commercial Total	3.1	1.8	59.0%	7.9	4.0	51.0%	
Industrial							
Small/Medium Businesses	0.2	0.0	0%	0.4	0.0	0%	Delayed initiative launch second half of 2011
Food Processors (formerly CEI and IEA)	1.0	1.4	140.0%	2.1	2.3	109.5%	Cost-effectiveness model exceeds forecast, showing higher diffusion of Strategic Energy Management in marketplace (Q1)
Industrial Total	1.3	1.4	108.3%	2.5	2.3	90.0%	
Total	11.1	8.0	72.3%	27.5	27.9	101.3%	



Current Initiatives – State

Net Market (aMW)		Total Regional (aMW)
	Forecast ¹	Forecast ¹
Idaho	1.1	3.9
Montana	0.6	2.2
Oregon	2.7	9.4
Washington	3.6	12.5
Total	8.0	27.9

Previously Funded Initiatives – State

Net Market (aMW)		Total Regional (aMW)
	Forecast ¹	Forecast ¹
Idaho	1.7	9.1
Montana	1.0	5.1
Oregon	4.1	22.0
Washington	5.5	29.3
Total	12.3	65.5

Current and Previously Funded Initiatives – State

Net Market (aMW)		Total Regional (aMW)
	Forecast ¹	Forecast ¹
Idaho	2.8	13.0
Montana	1.6	7.3
Oregon	6.8	31.4
Washington	9.1	41.7
Grand Total	20.3	93.4

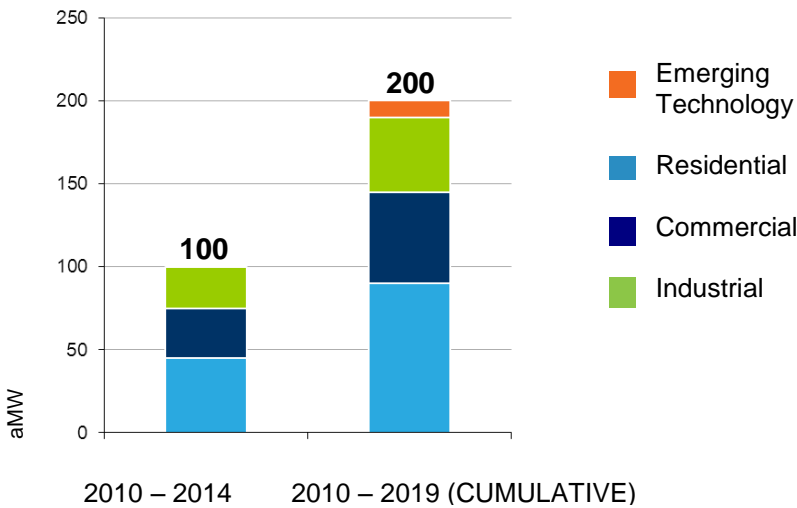
¹ NEEA forecasts savings at the initiative level. Savings forecasts are trued-up annually. The state savings numbers shown are calculated based on funding share.



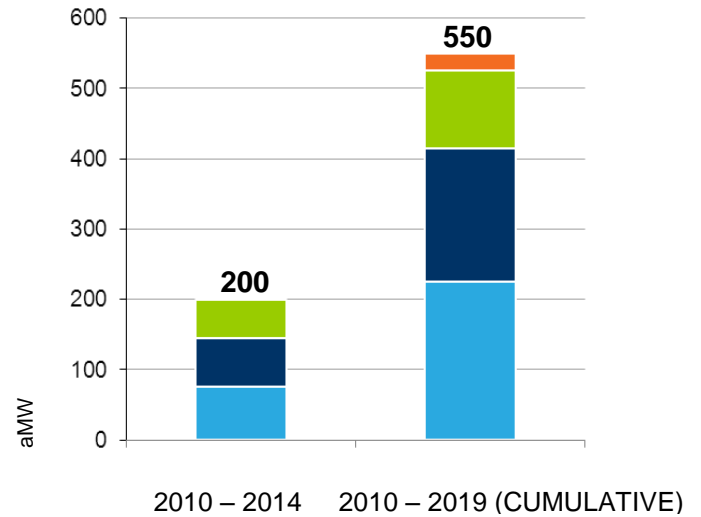
Reference

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
Local Program Savings	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