



## NEEA 2016 Operations Plan Summary

# NEEA 2016 OPERATIONS PLAN

## Executive Summary

This document summarizes the NEEA Electric and Natural Gas Operations Plans for 2016, the second year of the five-year Business Plan for 2015 – 2019. The 2016 Natural Gas Operations Plan is the first full-year Plan for Natural Gas. These plans include goals and objectives as well as resource plans by functional area. Additionally, the Electric Operations Plan for 2016 includes some statistics of performance against the Business Plan.

NEEA's key focus areas and commitments for 2016 include:

- Continue to fill the energy efficiency market transformation pipeline with new products/services/practices and create market conditions that will accelerate and sustain the market adoption of emerging energy efficiency products, services and practices
- Develop and implement regional Strategic Market Plans through implementation of the Commercial and Industrial Lighting Plan and development and implementation of the Consumer Products Plan
- Launch Phase I of the Residential Building Stock Assessment (RBSA)
- Coordinate the third party evaluation of initiative advancement process revamp (RPAC voting) and the third party evaluation on costs and benefits of optional programs and act on the recommendations
- Finish the Financial/Business system implementation (NetSuite)
- Pursue excellence in stakeholder collaboration and coordination
- Advance Natural Gas Initiatives while building a high functioning team
- Prepare Workforce Evolution foundation (workforce, technological, and process improvements to meet future business needs)

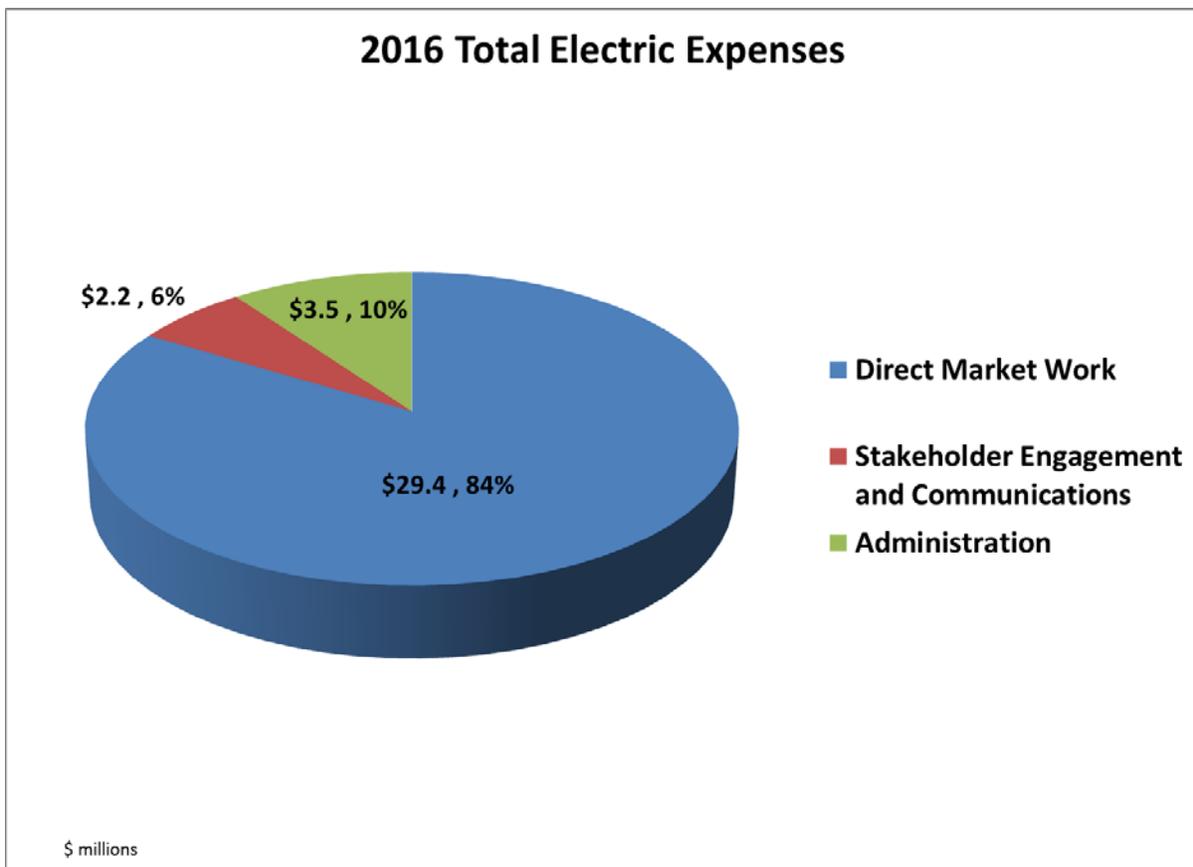
Key challenges or risks in executing the 2016 Operations Plan as well as associated mitigation plans are detailed in the slides for each department in

the Department Summary sections of both the Electric and Natural Gas Plans.

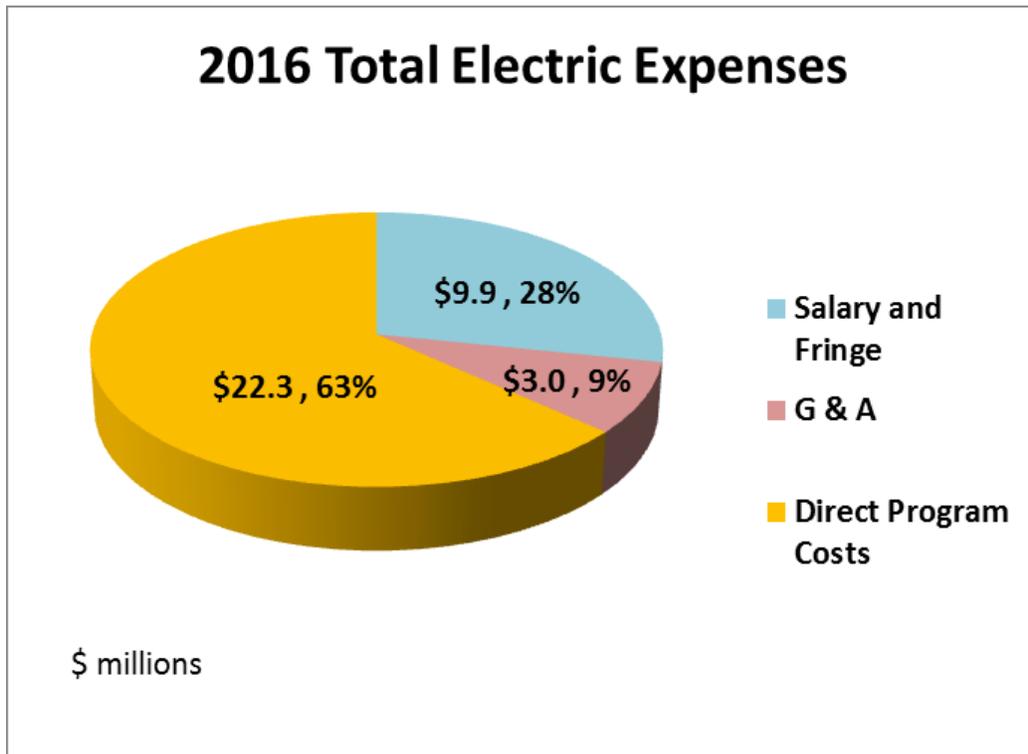
### 2016 Electric Budget

NEEA's 2016 electric operating budget is \$35.1 million, a 6% increase from the 2015 Operations Plan budget. We estimate that the 2015 expenditures will be approximately \$32.7 million. Together, the total for 2015 (forecast) and 2016 (budget) equal \$67.8 million, which is very close to the \$67.75 million spending level that the Business Plan anticipates by the end of 2016. This budget does not include any special funds for activities which could be driven by other funding sources.

The charts below summarizing electric program and project expenditures illustrate 84% of NEEA's expenses are for direct market work, with 6% for Stakeholder Relations and 10% for Administration.

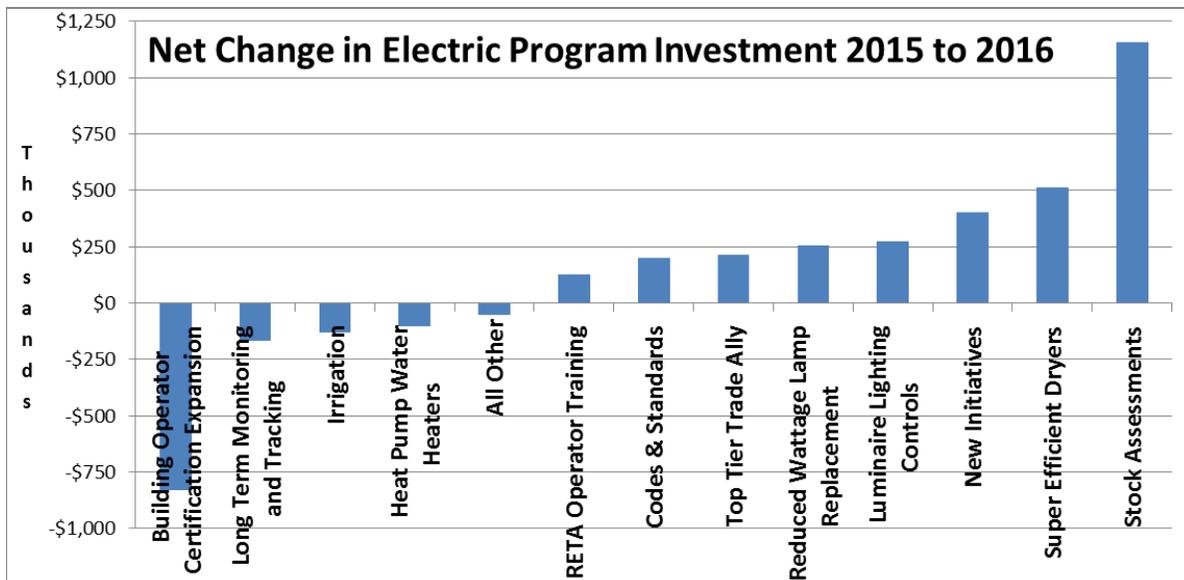


Direct contract expenses represent 63% of the 2016 budget. Expenses associated with personnel and employee benefits are 28% and G&A expenses are 9% of the budget.



Total program investment will remain largely flat when compared to 2015 expenditures. As the Building Operations Certification Program reaches Transition Complete in 2015 funds will be moved to prioritized programs such as Reduced Watt Lamp Replacement. Budgets for programs with high potential, including Super-Efficient Dryers, will also increase. Budgets for maturing programs (Heat Pump Water Heaters and Ductless Heat Pumps) will remain flat as these gather their own market momentum.

Planned investment in the Residential Stock Assessment will increase significantly as Phase I fully launches. Additionally, the Market Intelligence department (responsible for the Business Plan data services) will gain momentum as the value proposition for this work increases. Programs with a net change greater than \$100,000 are illustrated below.



Although most of the expenses for the new financial and business system (NetSuite) will begin in 2016, reductions in cost due to efficiencies will cause the administrative budget to remain stable at around 10% of NEEA's total expenses.

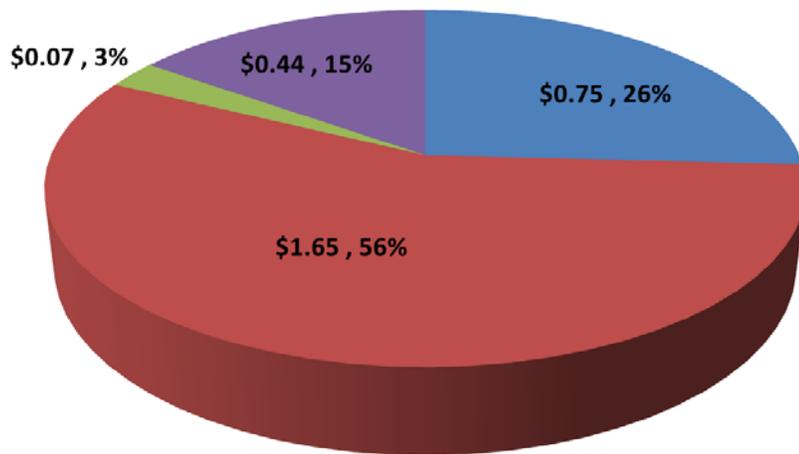
In addition to regional energy savings, this plan supports the delivery of value to funders through research, training and education, codes and standards support and the leveraging of investment by market participants. NEEA's 2016 organizational scorecard includes value delivery metrics and targets for energy savings as well as these additional elements (next page):

NEEA 2016 PERFORMANCE SCORECARD TARGETS	
Value Delivery Metrics	
Emerging Technology 20-Year Pipeline (aMW)	Target
Scanning Pipeline	1400
Regional Potential in Process	1000
Readied for Market 2015-2019	175
Accelerating Market Adoption/Regional Advantage	Target
Additional Annual Marketing Value Secured (\$millions) YTD	\$3
Energy Savings (aMW)	
<i>2016 Energy Savings from Current Investments</i>	Target
Total Regional	26
Net Market	4
Co-Created	8
<i>2016 Energy Savings from All Investments</i>	Target
Total Regional	132
Net Market	30
Co-Created	36

## 2016 Natural Gas Budget

NEEA's 2016 natural gas operating budget is \$2.9 million which is a 10% increase from the 2015-2019 Natural Gas Business Plan estimate of \$2.6 million. We estimate that the 2015 forecast will be approximately \$1.1 million, which is \$329 thousand under the Business Plan. Together, the budgets for 2015 and 2016 are estimated to be \$4.1 million – slightly below the amount specified in the Natural Gas Business Plan. The chart below summarizes the 2016 Natural Gas budget illustrating the 56% allotted to direct program expenses, 26% to program staff salary and fringe, 15% allocated from shared electric resources for Executive, Business Administration, Corporate Communications and Stakeholder Relations. The remaining 3% represents direct G & A costs such as travel, conferences and professional development.

## 2016 Total Natural Gas Expenses



- Direct Salary/Fringe
- Direct Program Costs
- G & A
- Cost Share for Business Administration and Stakeholder Relations

\$ millions