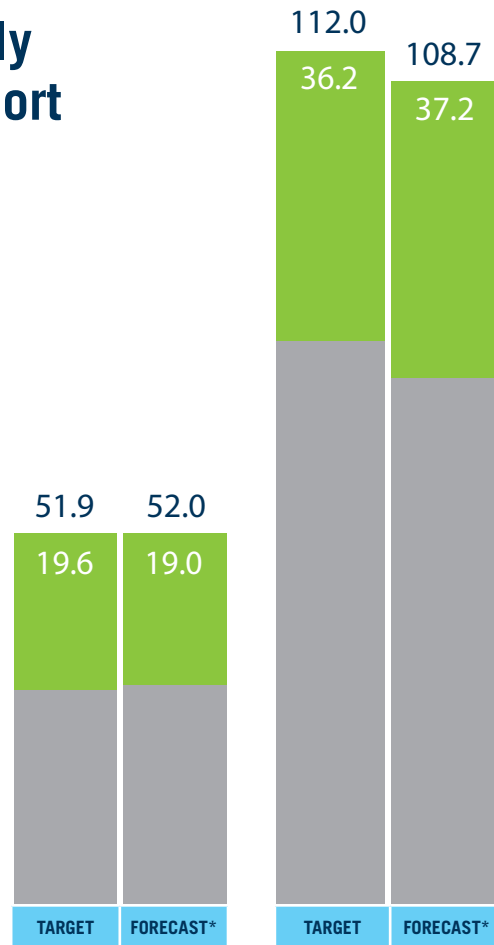




## Q2 2014 Quarterly Performance Report

### 2014 Total Regional Savings (aMW)

- Co-Created Savings
- Baseline



	Current Investments		All Investments	
	TARGET	FORECAST*	TARGET	FORECAST*
Net Market Effects	16.3	15.9	25.1	25.5
Local Programs	3.3	3.1	11.1	11.7
Baseline	32.3	33.0	75.8	71.5**

\* NEEA updates its energy savings forecast in Q1 and Q3

\*\* General purpose Compact Fluorescent Light sales continue to decline; baseline has been adjusted to reflect this trend

## Quarterly Performance Highlights

### Filling the Pipeline

- Continued collaboration with BPA to address the barriers and demonstrate the benefits of high performance manufactured homes. By providing valuable data collected from four prototype homes, NEEA is influencing the federal rulemaking on a new manufactured homes standard. The new standard, the first in 18 years, represents 125 aMW of Technical Potential savings for the region.
- Conducted lab testing on the first two heat pump clothes dryers developed for the U.S. market. Both units performed well to the DOE test method and NEEA's real-world test method. Production-ready versions will be ready for additional lab and field testing in September. Heat pump dryers represent 180 aMW of Technical Potential savings for the Northwest.

### Accelerating Market Adoption

- Designed and implemented retail and wholesale promotions of Tier 1 heat pump water heaters, leveraging more than \$600,000 in additional funds from manufacturers to reduce cost barriers and increase consumer awareness. These activities resulted in sales of 1,289 HPWHs, more than double the amount from similar promotions in 2013.
- Partnered with five leading commercial lighting distributors to test strategies for shifting the market to more efficient lighting products. Two of the participating distributors are consistently demonstrating a shift to low wattage lamps. The remaining three are capitalizing on lessons learned by increasing efforts to engage sales staff. Based

on feedback from distributors the market test has been extended through December 31, 2014.

- Published Market Progress Evaluation Report No. 8 for NEEA Food Processors initiative. Report found that NEEA has contributed to the food processing industry adopting Strategic Energy Management (SEM). About one-third of food processors exhibit some evidence of SEM practices.
- Achieved unanimous NEEA Board approval of 2015-2019 Business and Strategic Plans.

### Leveraging Regional Advantage

- Identified (through the Workgroup) an additional product for the Retail Product Portfolio Pilot - ENERGY STAR v. 6.0 dishwashers. Expanding the pilot portfolio beyond consumer electronics is critical to secure participation from Home Depot and Lowe's, a key metric for evaluating the success of the pilot.
- Released year one of end-use load data from the Residential Test Bed. The study provides a great deal of insight into hourly energy use in single-family homes and is the first time this information has been updated in 25 years.

### Long-term Value Delivery

- Previously funded initiatives, i.e. those that NEEA no longer actively manages but which continue to deliver savings, are forecast to deliver 18.2 aMW of Co-Created Savings in 2014.

## Q2 2014 NEEA Quarterly Performance Scorecard



### Value Delivery Metrics

Emerging Technology 20-Year Pipeline (aMW)	TARGET	FORECAST	ACTUAL	STATUS	% CHANGE SINCE Q1'
Regional Potential in Process	1200	1000	676	●	N/A
Readied for Market 2010 - 2014	300	224	208	●	N/A
Accelerating Market Adoption/Regional Advantage	TARGET	ACTUAL		STATUS	
Expanding Market Knowledge and Capability <sup>ii</sup>					
Education/Knowledge Transfer (people trained YTD)	TBD	1747		N/A	N/A
Skills Training (people trained YTD)	TBD	482		N/A	N/A
Additional Regional Investment Secured (\$millions) YTD	N/A	\$0.9		N/A	N/A
Energy Savings (aMW)	TARGET	FORECAST	ACTUAL	STATUS	
2014 Energy Savings from Current Investments					
Total Regional	52	52	June 2015	●	N/A
Net Market	16	16	June 2015	●	N/A
Co-created	20	19	June 2015	▲	N/A
2010- 2014 Business Plan - Current Investments	TARGET	FORECAST	ACTUAL <sup>iii</sup>	STATUS	
5-year aMW savings (2010-2014)					
Total Regional	200	229	164	●	N/A
Net Market	100	79	63	●	N/A
Co-created	N/A	109	89	N/A	N/A
10-year Total Regional Savings aMW (2010-2019)	550	490	164	▲	N/A
Operational Metrics					
YTD Financial Metrics (General Funds Only <sup>iv</sup> )	TARGET	FORECAST	ACTUAL	STATUS	
Levelized Total Resource Cost (\$/kWh)	\$0.035	\$0.020	\$0.020	●	0%
Current Quarter Expenses (\$millions)	\$11.2	\$9.9	\$8.8	●	N/A
Full Year Expenses (\$millions)	\$39.8	\$38.5	\$16.7	●	↑ 1%
Emerging Tech/Development Expenses (% of total exp)	N/A	N/A	19%	N/A	↓ 30%
Business Administration Expenses (% of total exp)	<11%	10.6%	10.8%	●	↓ 5%
Other Operational Metrics	TARGET	FORECAST	ACTUAL	STATUS	
Carbon Impact Per Employee, MT (2010-2014)	2.0	2.8	1.42	●	0%
Employee Turnover (trailing 12 months %)	<10%	N/A	11.84%	▲	↑ 10 %

*i* - NEEA updates its energy savings forecast in Q1 and Q3  
*ii* - Refined metric that measures outcomes is under development  
*iii* - Validated energy savings for 2010-2013 only  
*iv* - YTD excludes \$249K in Special Funds

## Quarterly Performance Scorecard

NEEA's quarterly scorecard reports performance toward long-term value delivery targets and other key metrics. Please see 'NEEA Definitions' on page 6 for descriptions of individual metrics.

### Reasons for Target Variance:

#### Emerging Technology Pipeline Potential

- As reported in Q1, Regional Potential in Process is below target.
- Readied for Market forecast decreased from Q4 due to assessment that Commercial Lighting Upstream Program will require additional market testing before full-scale market development.

*Note: Regional Potential in Process red status indicates actual is less than 90% of target; Readied for Market red status indicates forecast is less than 80% of target*

#### Energy Savings

- As previously reported, NEEA will not meet its Net Market Effects Business Plan target due a decision to prioritize long-term market transformation goals and collaborative market development with utilities.
- ▲ 2014 Co-Created forecast is 3% below target.

▲ As previously reported, NEEA's 10-year Total Regional Savings forecast is 11% below target. NEEA will continue to monitor and make adjustments as needed.

*Note: Red indicates forecast is less than 80% of target; yellow indicates forecast is greater than 80%, less than 100% of target*

#### Financial Metrics

- Second quarter expenses were 88% of forecast. Lower expenses are primarily related to residential incentive delays and Efficient Homes seasonality, as detailed on pg.3.

*Note: Red indicates actual is less than 90% or greater than 110% of forecast*

#### Other Operational Metrics

- Carbon impact per employee forecast is higher than target. NEEA is reviewing carbon tracking model assumptions to address the gap between forecast and target.

▲ Employee turnover in Q2 exceeded 10% target.

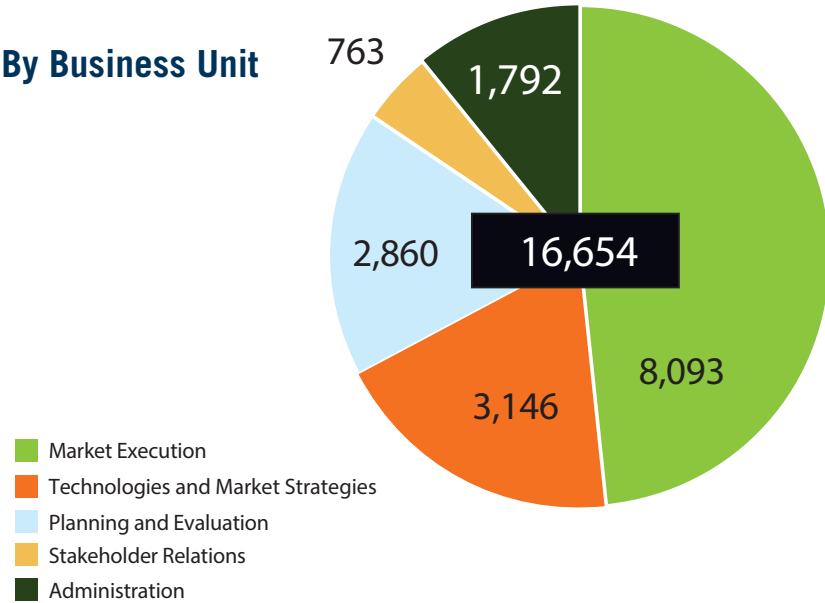
*Note: Carbon Impact red status indicates actual is more than 20% above target; Employee Turnover yellow status indicates actual is more than 10% above target.*

## Q2 2014 Actual Expenses (YTD)

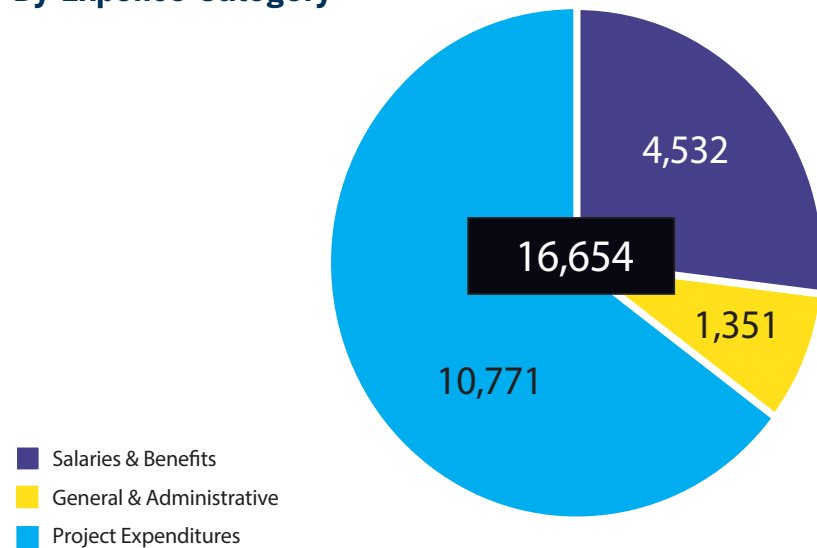
(in \$1000s)

\$16,654

### By Business Unit



### By Expense Category



## Financial Summary

Q2 2014 actual expenses are 79% percent of budget primarily due to shifting of Heat Pump Water Heater promotions and incentives to later in the year, RPP Pilot incentive delays and seasonality of Efficient Homes.



### 2014 Expenses (in \$1,000s)

BY BUSINESS UNIT	ANNUAL BUDGET	BUDGET 6/30	ACTUAL* 6/30	ACTUAL AS % OF BUDGET	Reason for Budget Variance
Market Execution	20,897	10,732	8,093	75%	HPWH promotions and incentives shifted to later in the year; RPP pilot identified data reporting anomalies, resulting in incentive delays - corrective action in place; Efficient Homes seasonality.
Technologies and Market Strategies	6,451	3,260	3,146	97%	
Planning and Evaluation	6,475	3,942	2,860	73%	Codes and Commercial Lighting evaluations delayed; Stakeholder survey cancelled.
Stakeholder Relations	1,845	945	763	81%	CRM system upgrade deferred due to reprioritized organizational improvement projects; insourcing professional services
Administration	4,162	2,152	1,792	83%	Data Knowledge Management project delay according to reprioritized organizational improvement projects.
<b>Total Organization</b>	<b>39,830</b>	<b>21,031</b>	<b>16,654</b>	<b>79%</b>	

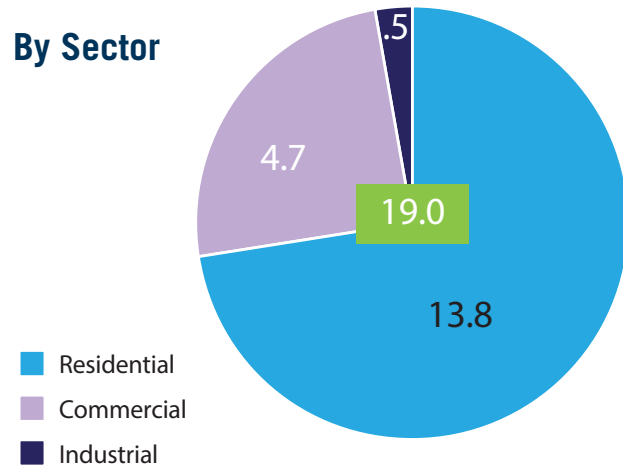
  

BY EXPENSE CATEGORY	ANNUAL BUDGET	BUDGET 6/30	ACTUAL* 6/30	ACTUAL AS % OF BUDGET	Reason for Budget Variance
Salaries and Benefits	9,849	4,830	4,532	94%	Hiring deferrals for open positions and additional turnover.
General and Administrative	3,716	1,979	1,351	68%	Professional services deferrals due to reprioritized organizational improvement projects.
Project Expenditures	26,265	14,222	10,771	76%	Residential programs and planning and evaluation project delays as referenced above.
<b>Total Organization</b>	<b>39,830</b>	<b>21,031</b>	<b>16,654</b>	<b>79%</b>	

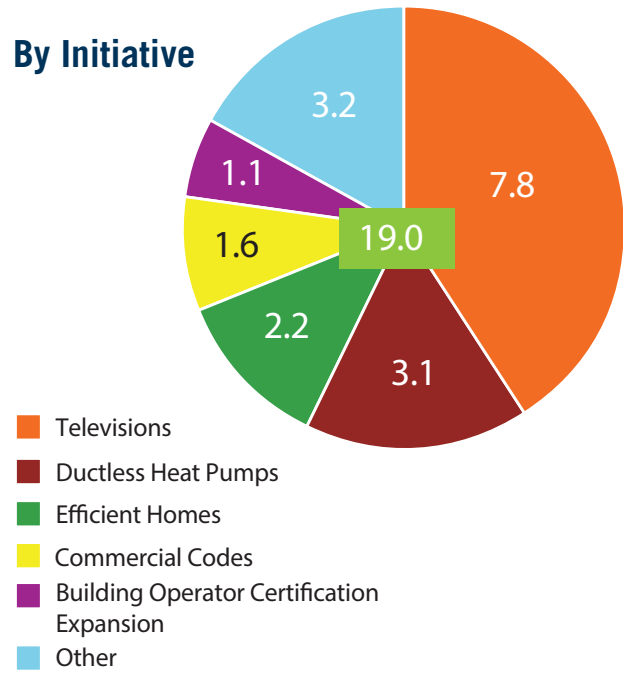
\*Excludes Special Funds of \$249K

## 2014 Co-Created Savings Forecast (aMW) Current Investments

### By Sector



### By Initiative



## 2014 Energy Savings Forecast (aMW) from Current Investments

	Net Market Effects			Co-Created			Total Regional Savings			Reason for Forecast Variance from Target
	Target	Forecast	% Target	Target	Forecast	% Target	Target	Forecast	% Target	
<b>RESIDENTIAL TOTAL</b>	<b>13.1</b>	<b>12.0</b>	<b>92%</b>	<b>15.3</b>	<b>13.8</b>	<b>90%</b>	<b>45.6</b>	<b>44.4</b>	<b>97%</b>	<b>Residential Variance Comments</b>
Televisions	8.6	7.8	91%	8.6	7.8	91%	36.6	36.4	99%	Residential savings forecast has been reduced based on: <ul style="list-style-type: none"> <li>2013 actuals for TV sales</li> <li>Reduced new single family construction starts</li> <li>Updated Regional Technical Forum savings rate for ductless heat pumps</li> </ul>
Ductless Heat Pumps	1.8	1.8	100%	3.3	3.1	94%	4.4	4.0	91%	
Efficient Homes	2.4	2.1	87%	2.6	2.2	83%	3.6	3.0	83%	
Heat Pump Water Heaters	0.2	0.2	98%	0.6	0.6	98%	0.7	0.7	100%	
Other Codes (Multifamily)	0.1	0.1	100%	0.1	0.1	100%	0.2	0.3	103%	
<b>COMMERCIAL TOTAL</b>	<b>3.0</b>	<b>3.9</b>	<b>127%</b>	<b>3.9</b>	<b>4.7</b>	<b>122%</b>	<b>5.7</b>	<b>7.0</b>	<b>124%</b>	<b>Commercial Variance Comments</b>
BOC Expansion	0.7	0.8	119%	0.9	1.1	123%	0.9	1.1	125%	2014 Commercial savings forecast has been increased due to an increase in forecasted new commercial construction starts  Additional pilot savings in Commercial Lighting Upstream initiative pending inclusion in Q3 report once they are finalized, estimated 0.3-0.7 aMW in Total Regional Savings
Other Codes (Commercial)	1.0	1.6	156%	1.0	1.6	156%	1.8	2.8	153%	
Desktop Power Supplies	0.4	0.5	115%	0.4	0.5	114%	1.2	1.3	114%	
Healthcare	0.1	0.1	100%	0.3	0.3	100%	0.3	0.3	100%	
Commercial Real Estate	0.8	0.8	100%	1.0	1.0	100%	1.3	1.3	100%	
Existing Building Renewal	0.1	0.1	100%	0.2	0.2	100%	0.2	0.2	100%	
<b>INDUSTRIAL TOTAL</b>	<b>0.2</b>	<b>0.1</b>	<b>46%</b>	<b>0.5</b>	<b>0.5</b>	<b>100%</b>	<b>0.5</b>	<b>0.5</b>	<b>100%</b>	<b>Industrial Variance Comments</b>
Food Processors SEM	0.1	0.0	8%	0.4	0.4	100%	0.4	0.4	100%	Food Processors forecast includes Northwest Food Processors Association energy savings; Net Market Effects forecast to be finalized in Q3.
RETA CRES Certification	0.1	0.1	100%	0.1	0.1	100%	0.1	0.1	100%	
<b>TOTAL</b>	<b>16.3</b>	<b>15.9</b>	<b>98%</b>	<b>19.6</b>	<b>19.0</b>	<b>97%</b>	<b>51.9</b>	<b>52.0</b>	<b>100%</b>	

Market Development      Assessment and Testing

**Note:** NEEA updates its energy savings forecast in Q1 and Q3; figures are rounded to one decimal place. Energy savings above do not reflect an additional 12 aMW for 2014 Total Regional Savings for battery charger standards in the Residential sector.

## 2014 Energy Savings Forecast by State (aMW)

	NET MARKET EFFECTS		CO-CREATED SAVINGS		TOTAL REGIONAL SAVINGS	
	TARGET	FORECAST	TARGET	FORECAST	TARGET	FORECAST
<b>CURRENT INVESTMENTS</b>						
Washington (45%)	7.3	7.1	8.8	8.5	23.2	23.3
Oregon (33%)	5.4	5.3	6.5	6.3	17.3	17.3
Idaho (14%)	2.3	2.3	2.8	2.7	7.4	7.4
Montana (8%)	1.3	1.2	1.5	1.5	4.0	4.0
<b>Total</b>	<b>16.3</b>	<b>15.9</b>	<b>19.6</b>	<b>19.0</b>	<b>51.9</b>	<b>52.0</b>
<b>ALL INVESTMENTS</b>						
Washington (45%)	11.2	11.4	16.2	16.7	50.1	48.6
Oregon (33%)	8.4	8.5	12.1	12.4	37.4	36.3
Idaho (14%)	3.6	3.6	5.2	5.3	15.9	15.5
Montana (8%)	1.9	2.0	2.8	2.9	8.6	8.3
<b>Total</b>	<b>25.1</b>	<b>25.5</b>	<b>36.2</b>	<b>37.2</b>	<b>112.0</b>	<b>108.7</b>

**Note: State-level forecast is derived based on funder share percent at a total portfolio level. Energy savings above do not reflect an additional 12 aMW for 2014 Total Regional Savings for battery charger standards in the Residential sector.**

## Other Quarterly Highlights

- Executed successful All-Advisory Committee Summit to identify opportunities for better coordination with funding utilities and overall process improvement.
- Marked certification of the first Certified Refrigeration Energy Specialist (CRES) operator in the nation, based at National Frozen Foods in WA. NEEA is working with utility and industry partners to build awareness and drive demand for CRES certification, which is estimated to result in 3-12% refrigeration energy savings.
- Promoted energy efficiency best practices and recognized market leadership through the Kilowatt Crackdown building energy competition. A total of 64 property teams in Portland/Vancouver, and 41 property teams in Boise, Idaho finished the program. Teams represented a total of 18.5 million square feet of office space, over 20 percent of the office market in each metro area.
- Transitioned Televisions initiative into Long-term Monitoring and Tracking having determined that desired market conditions have been met. NEEA will no longer invest in market transformation activities, but will continue to monitor market progress and report the resulting energy savings.
- Convened, along with the City of Portland and BOMA, inaugural Utility Data Benchmarking Forum. Event brought together utility, market and government stakeholders to address market barrier of access to commercial whole-building energy performance data, and advance discussion of automated benchmarking services.
- Co-hosted annual Efficiency Exchange conference in collaboration with the Bonneville Power Administration and the Northwest Power and Conservation Council. Conference provides a forum for energy efficiency professionals to share knowledge, explore emerging innovations in technology and program design and discuss the direction of utility efficiency programs.



## NEEA Definitions

<b>All Investments</b>	All NEEA investment since 1997
<b>Annual Savings Target</b>	Annual Operations Plan energy savings target toward five-year business plan goal
<b>Baseline Savings</b>	Energy savings from naturally occurring market change without utility, NEEA, BPA or Energy Trust of Oregon intervention
<b>Business Plan</b>	Board-approved 5-year Business Plan based on NEEA's Strategic Plan
<b>Co-Created Savings</b>	Energy savings resulting from the region working together to transform markets: Net Market Effects plus Local Program Savings
<b>Cost-Effectiveness</b>	Levelized Total Resource Cost (\$/kWh) of NEEA's current portfolio of initiatives
<b>Current Investments</b>	Investments made during the current 2010-2014 NEEA Business Plan
<b>Education/ Knowledge Transfer Activities</b>	Activities that NEEA conducts with the goal of sharing knowledge to improve understanding, increase motivation and encourage specific actions
<b>Initiative</b>	A set of interdependent (or strategically related) interventions that achieve market transformation goals managed in a coordinated way through a single logic model and NEEA's cost-effectiveness model
<b>Local Program Savings</b>	Energy savings claimed through utility, Energy Trust of Oregon or Bonneville Power Administration (BPA) energy efficiency programs
<b>Net Market Effects</b>	Savings associated with market change and not locally incented programs or baseline changes
<b>Operations Plan</b>	NEEA's Board-approved annual plan of operations
<b>Platform</b>	A flexible mechanism that supports multiple market transformation programs and speeds the time to market for new efficiency opportunities
<b>RPAC</b>	Regional Portfolio Advisory Committee
<b>Savings Forecast</b>	Energy savings forecasts based on key assumptions and the latest available market data
<b>Skills Training</b>	Training that NEEA conducts with the goal of increasing motivation, developing specific skills, and encouraging application of skills
<b>Total Regional Savings</b>	Energy savings associated with all market changes: Net Market Effects plus Local Program and Baseline Savings
<b>Validated Savings</b>	Energy savings that have been reviewed and validated by NEEA's Cost-Effectiveness Committee

All NEEA performance reports are available on [neea.org](http://neea.org)

If you have questions about this report, please contact:

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**Correction:** NEEA's Q1 Quarterly Report misreported aMW energy savings for 2014.

The correct numbers are:

2014 ENERGY SAVINGS FROM CURRENT INVESTMENTS (aMW)		
	TARGET	FORECAST
Total Regional	51.9	52
Net Market	16.3	15.9
Co-Created	19.6	19

The numbers reported were:

	TARGET	FORECAST
Total Regional	42	51
Net Market	14	19
Co-Created	18	24