

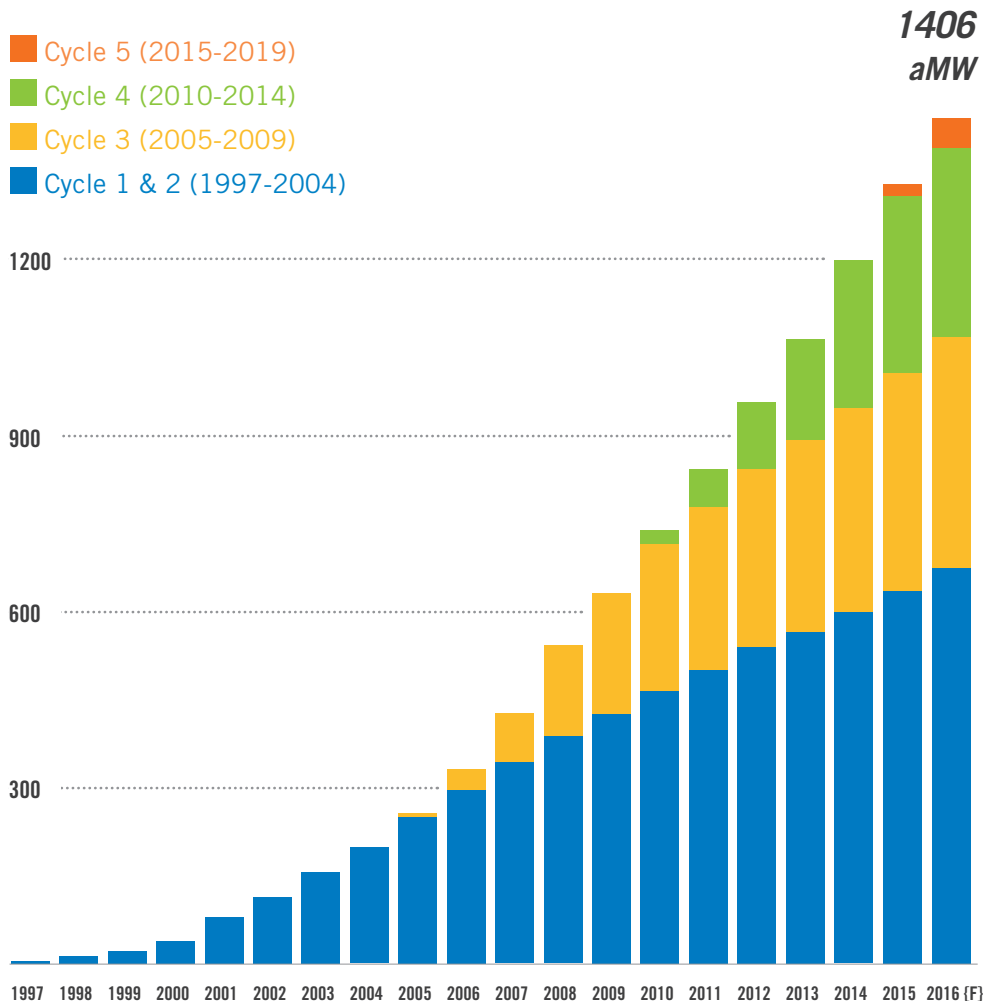


# Quarterly Performance Report » Q2 2016

## Cumulative Total Regional aMW Savings

All Electric Investments

- Cycle 5 (2015-2019)
- Cycle 4 (2010-2014)
- Cycle 3 (2005-2009)
- Cycle 1 & 2 (1997-2004)



## A Note from the Executive Director

The second quarter of 2016 saw three new initiatives added to NEEA’s electric portfolio. In May, the Regional Portfolio Advisory Committee (RPAC) voted to advance the Commercial Windows Attachments (formerly Secondary Glazing Systems) and Manufactured Homes programs. And, in June, RPAC approved the addition of the Commercial Code Enhancement (formerly Commercial New Construction) program to the portfolio. Our thanks to RPAC members and the entire teams reviewing these programs for your time and attention to these important votes. Together these new programs represent between 130-400 aMW of 20-year potential for the region.

### Also in this quarter, the alliance:

- Achieved approval from the Regional Portfolio Advisory Committee for the Consumer Products Regional Market Strategy
- Launched the 2015 Annual Report, highlighting regional success stories and results from the previous year, including 37 aMW in co-created savings
- Continued to fill the region’s energy efficiency pipeline, testing and investigating more than a dozen emerging opportunities

Susan E. Stratton  
Executive Director



## Electric Quarterly Performance Scorecard

			Target	Forecast/ Actual	Status Q1/ Q2
<b>STRATEGIC GOALS</b> <i>(Updated quarterly)</i>	<b>Goal 1: Fill the Energy Efficiency Pipeline</b>	Scanning portfolio health (aMW)	1400	1392	
		Pipeline health (aMW)	1000	875	
		Program advancement (aMW)	175	175	
	<b>Goal 2: Create Market Conditions for Efficiency</b>	Program milestones on-track	90%	94%	

			Target	Forecast/ Actual	Status Q1/Q2
<b>CO-CREATED ENERGY SAVINGS (aMW)</b> <i>(Updated in Q1 and Q3)</i>	<b>Current Business Plan Investments (2015-19)</b>	1-yr Forecast (2016)	7.5	<b>6.9</b> (pg. 3)	
		5-yr Forecast (2015-2019)	75	60-70	
		10-yr Forecast (2015-2024)	180	180-220	
	<b>All Investments (1997-today)</b>	1-yr Forecast (2016)	36	32	
		5-yr Forecast (2015-2019)	150	150-180	
	Strategic Goal and Energy Savings Metrics:  = Within 20% of target  = Within 1% of target or better				

			Budget	Forecast	Actual <sup>i</sup>	Status
<b>COST-EFFECTIVENESS FINANCE AND OPERATIONS</b> <i>(Updated quarterly)</i>	<b>Cost-Effectiveness</b>	Levelized Total Resource Cost <sup>ii</sup> (\$/kWh)	\$0.035	\$0.028	N/A	
	<b>Finance</b>	Current Quarter Expenses (\$M)	\$8.9	\$9.0	\$9.0	
		Full Year Expenses (\$M)	\$35.2	\$35.2	\$16.9	
		Business Admin Expenses (%)	<13%	N/A	10.4%	
	<b>Staffing</b>	Employee Retention (%)	>90%	N/A	88%	
Finance Metrics:  = Within 5% of budget; Staffing Metric:  = Turnover exceeds target by more than 10%						

<sup>i</sup> Excludes Special Funds and Natural Gas Funds

<sup>ii</sup> Current investments (2015-2019)

### Need to Know

- **Pipeline Health:** In Q2, four new opportunities were added to the pipeline (see pg. 4). The combined 20-year savings potential of these programs will not be assessed until Q4, but should bring Pipeline Health above target.
- **Co-Created Energy Savings:** As reported in Q1, both the 1- and 5-year co-created savings forecasts are being affected by projected savings shortfalls in the heat pump water heater and reduced wattage lamp replacement programs. NEEA has rebalanced investment in both programs to accelerate savings.
- **Employee Retention:** Employee retention decreased slightly in Q2 due in part to an active marketplace. No specific trends have been identified and we are monitoring closely.

### Definitions:

*Scanning portfolio health - 20-year aMW potential of opportunities that NEEA is investigating.*

*Pipeline health - 20-year aMW potential of opportunities for which NEEA is developing programs.*
























































*Program advancement - 20-year aMW potential of opportunities expected to move from program development into the market during this business cycle (2015-2019).*

*Co-Created Energy Savings - Energy savings that the region and local programs achieve by working together.*

*Business Administration Expenses - % of total budget dedicated to business administration, including executive office, overhead, shared expenses, etc. Does not include program administration expenses.*



## Electric Portfolio Scorecard: Current Investments, Co-Created Savings

Program	2016 aMW forecast	% of total 2016 aMW forecast	Program milestones on track (Q1/Q2)	1-yr aMW forecast status (Q1 only)	5-yr aMW forecast status (Q1 only)
 Ductless Heat Pumps	2.7	39%			
 Heat Pump Water Heaters	1.4	20%			
 Reduced Wattage Lamp Replacement	0.9	13%			
 Standards not associated with programs	0.6	9%			
 Next Step Homes/ Efficient Homes	0.3	4%			
 Codes not associated with programs	0.3	4%			
 Building Operator Certification	0.3	4%			
 Certified Refrigeration Energy Specialist	0.2	3%			
 Super-Efficient Dryers	0.1	1%			N/A
 Retail Product Portfolio	0.1	1%			
 Manufactured Homes	N/A	N/A		N/A	N/A
 Luminaire Level Lighting Controls	0.0	0%		N/A	
 Top-Tier Trade Ally Advanced Training	N/A	N/A		N/A	N/A
 Commercial Real Estate	N/A	N/A		N/A	N/A
 Industrial Technical Training	N/A	N/A		N/A	N/A
 Strategic Energy Management	N/A	N/A		N/A	N/A
<b>TOTAL</b>	<b>6.9</b>	<b>100%</b>			

● = More than 20% below target   ● = Within 20% of target   ● = On target or better

### Need to Know

NEEA's 1- and 5-year aMW forecasts are below target, in part, because anticipated savings from the new federal standard on large-tank (i.e. greater than 55 gallon) water heaters have yet to materialize. It is possible that record-sales of small-tank heat pump water heaters will help overcome the forecasted savings shortfall, but this will not be known until more sales data is available later in the year. Additional reasons for the forecast shortfall are:

- Slower market progress in the Reduced Wattage Lamp Replacement program,
- A smaller number of products in the Retail Product Portfolio than originally anticipated,
- Delayed savings from the Luminaire Level Lighting Controls program; and
- Accounting for Efficient Homes program savings allocated to NEEA's previous business cycle after the target was set.



## Electric Quarterly Highlights

### GOAL 1 » Fill the Energy Efficiency Pipeline



**Filling the Pipeline** – Advanced four energy efficiency opportunities within NEEA's pipeline: split-system heat pump water heaters, residential window attachments, extended motor products, and air nozzles. These technologies show promise for both energy savings and market transformation potential. NEEA staff will continue to assess and refine each one before recommending formal inclusion in the portfolio.



**Testing and validating emerging technologies** - Launched a ten location field study of very high efficiency dedicated outdoor air systems. These systems, which separate ventilation control from building heating and cooling, are an efficient alternative to existing rooftop HVAC units. NEEA is on-track to have all field installations complete by November. Results are expected mid-2017.



**Collaborating with the region** - Created interactive map to increase awareness and understanding of alliance emerging technology activity around the region. Map pin-points pilot project locations and provides additional information on projects and participants. Visit [neea.org/about-neea/filling-the-pipeline](http://neea.org/about-neea/filling-the-pipeline) to learn more.

### GOAL 2 » Create Market Conditions



**Launching New Programs** – Began initial assessment for three new market transformation programs following successful votes by the Regional Portfolio Advisory Committee. Programs are Manufactured Homes, Commercial Window Attachments, and Commercial Code Enhancement. Combined estimated energy savings for the region ranges from 130 to 400 aMW over 20 years.



**Building regional capacity for ductless heat pumps** - Developed and delivered best practices technical training for ductless and ducted mini-split systems in new and existing single-family homes. The training, which was delivered to installers, sales staff, builders, manufacturers and utility staff, focused on key decision points during the sizing and system selection process that will lead to better performing equipment in new and existing homes.

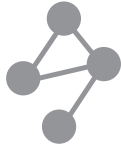


**Growing the number of Certified Refrigeration Energy Specialists** – Partnered with Pacific Power to provide a Certified Refrigeration Energy Specialist (CRES) review course in Yakima, Washington. Broadening the number of review course opportunities in the Northwest is critical to growing the total number of certified operators. The goal is 30 or more by the end of 2017, with 14 certifications to date.



## Quarterly Highlights

### Regional Collaboration



**Facilitating Regional Strategic Market Planning** - Completed the Consumer Products Regional Strategic Market Plan, which was approved by the Regional Portfolio Advisory Committee in May. The Plan was developed through a collaborative process and aligns the region on long-term vision, goals and strategies for how we improve coordination and maximize energy efficiency in this important, fast-changing market.



**Supporting Regional Collaboration** - Collaborated with Bonneville Power Administration and the Northwest Power and Conservation Council to deliver the 2016 Efficiency Exchange Conference. The sold-out conference drew a crowd of over 400 participants, 90% of whom were satisfied or very satisfied with the annual event, according to survey results.



**Conducting Regional Stock Assessments** - Commenced data collection for the 2016 Residential Building Stock Assessment, a comprehensive inventory of existing residential buildings in the Northwest. To-date, over 300 site visits have been completed of single family, multifamily and manufactured homes. Results will inform future power planning efforts, as well as utility energy efficiency programs.

### Codes and Standards



**Improving Code Implementation** - Established scope and recruited municipalities and builders in Idaho for the first regional quality assurance program to inform code implementation strategies such as education, training and technical assistance. The pilot program is set to launch in Q3, and is a potential model for the region.



**Communicating Code Change** - Created a critical path for communicating code changes to regional utility program managers and stakeholders, through quarterly updates to NEEA's Regional Portfolio Advisory Committee and connecting funder representatives directly with code developers to help avoid surprises in the code development process. Learn more at [neea.org/codes](http://neea.org/codes).



**Evaluating Commercial Codes** - Piloted a study to develop and test the first-ever methodology for commercial energy code evaluation in Northwest. The findings will inform a four-state commercial code evaluation in Q3, to directly track code impact on commercial energy use. See the results at [neea.org/reports](http://neea.org/reports).



## Electric Expenses

### Need to Know

In Q2, higher-than-forecast heat pump water heater incentives, and, to a lesser degree, Reduced Wattage Lamp Replacement expenses, were mitigated through reallocation of funds from other programs.

**YTD Budget: \$16,934K**

- **\$760K** - HPWH product sales driving higher-than-forecast incentives.
- **\$295K** - RWLR market channel development
- **\$77K** - Others
- **(\$308K)** - Super Efficient Dryer product delay
- **(\$265K)** - Budget allocated to new initiatives
- **(\$256K)** - Retail Product Portfolio program delays
- **(\$239K)** - General and Admin

**YTD Actual Expenses: \$16,998K**

## YTD Electric Expenses = \$16.9 Million

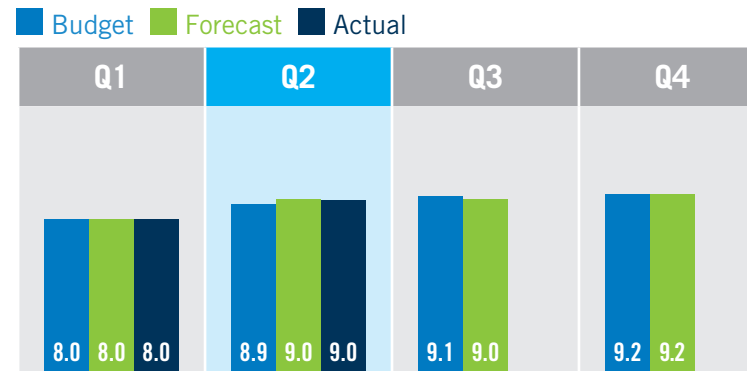
To accelerate market transformation and capitalize on current market momentum, NEEA increased its YTD investment in both the heat pump water heater and reduced wattage lamp replacement programs. The full year electric forecast is 100% of budget.

### Annual Budget vs. Forecast and YTD Actual



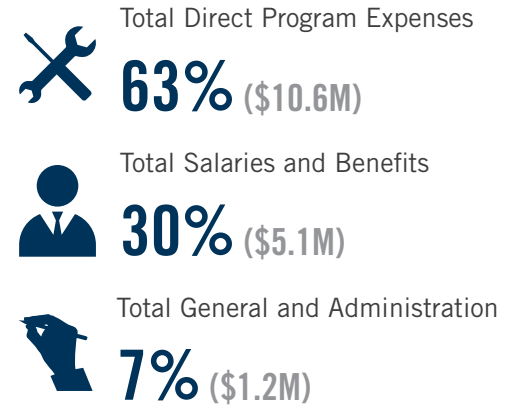
\$Millions

### Quarterly Budget vs. Forecast

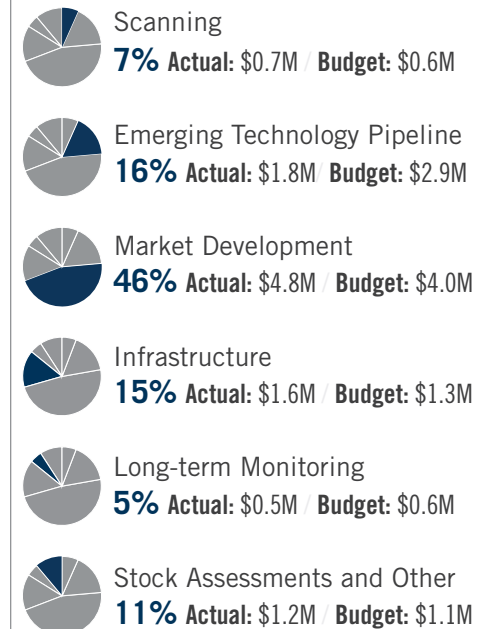


\$Millions

### YTD Electric Expense Detail



### YTD Direct Program Expenses by Pipeline Phase





## Natural Gas Expenses and Quarterly Highlights

### Need to Know

Program delays (gas-fired heat pump water heaters), deferred expenses (hearth products) and lower-than-budgeted staffing costs resulted in a year-to-date underspend of \$242K. This is despite additional investments in gas rooftop HVAC and combination space and water heating products.

### YTD Budget: \$1,560K

- **\$71K** - Gas Rooftop HVAC
- **\$54K** - Combo Space and Water Heating
- **(\$129K)** - Heat Pump Water Heaters
- **(\$108K)** - Hearth Products
- **(\$94K)** - Salaries and Benefits
- **(\$36K)** - Others

### YTD Actual Expenses: \$1,318K

## YTD Natural Gas Expenses = \$1.32 Million

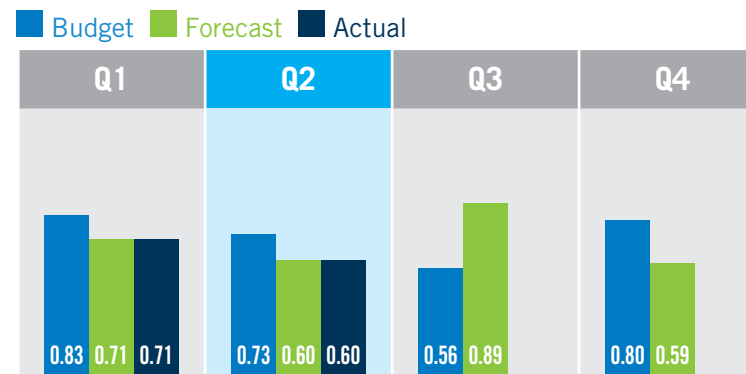
YTD Natural Gas expenses are 85% of budget. Full year forecast is 96% of budget.

### Annual Budget vs. Forecast and YTD Actual



\$Millions

### Quarterly Budget vs. Forecast and Actual



\$Millions

## YTD Natural Gas Expense Detail



Total Direct Program Expenses

**58%** (\$0.76M)



Total Compensation and Benefits

**21%** (\$0.28M)



Total General and Administration

**21%** (\$0.28M)

### Quarterly Highlights



**Gas-fired Heat Pump Water Heaters:** Met with three major manufacturers to discuss next steps for accelerating this technology in the market.



**Market Research:** Launched market segmentation study to improve regional understanding and inform future market transformation strategies.



**Gas Rooftop HVAC** Kicked off market characterization study to identify how NEEA can best influence change in this market.

## TOGETHER *We Are Transforming the Northwest*



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