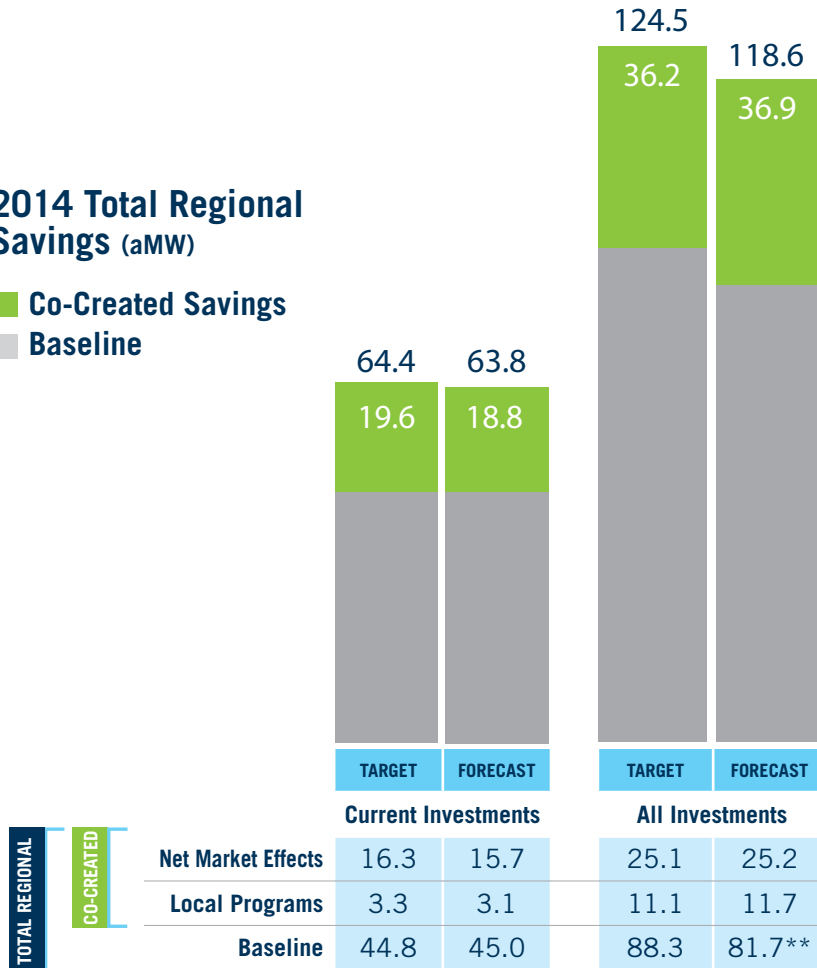




# Q3 2014 Quarterly Performance Report

## 2014 Total Regional Savings (aMW)

- Co-Created Savings
- Baseline



\* Target and forecast for Total Regional Savings have been updated to include 12.6 aMW in residential sector standards influenced by NEEA.

\*\* General purpose CFL sales continue to decline. Baseline forecast has been adjusted to reflect this trend.

## Quarterly Performance Highlights

### Filling the Pipeline

- Released inventory of industrial energy management information systems (EMIS). EMIS are software tools that store, analyze, and display energy consumption data. Used in industrial applications, EMIS are powerful tools for supporting utility programs and energy management practices through streamlined measurement and verification. However, a lack of public information limits broader EMIS adoption. NEEA's report addresses this information gap.
- Supported Whirlpool and LG in developing Northwest-specific market launch strategies for their heat pump clothes dryers. These are the first super-efficient dryers that meet ENERGY STAR's 2014 Emerging Technology Award criteria with energy savings estimated at over 40% compared to conventional dryers. Products are expected to enter the Northwest market in late 2014/ early 2015.

### Accelerating Market Adoption

- Achieved designation as a General Services Administration (GSA)-aligned training for Building Operator Certification (BOC) program. This designation provides increased opportunities for government sector building operators to earn the BOC credential, leading to increased market penetration across the region.
- Facilitated and supported implementation of two heat pump water heater manufacturer promotions, including a first-time partnership with A.O. Smith. Manufacturer promotions help to increase product availability in the market and

overcome upfront cost barriers for consumers. Sales of more than 2000 units are projected during these two promotional periods.

### Leveraging Regional Advantage

- Influenced new proposed federal standard for electric pumps by participating in the Department of Energy's working group. In June, the working group recommended a test procedure and standard level that will eliminate the bottom 25% of least-efficient pumps. Pump systems, which account for the highest share of industrial electricity consumption, have never been federally regulated. The new standard will allow NEEA and its partners to develop future initiatives and incentive programs.
- Hosted the 3rd Annual Northwest Industrial Strategic Energy Management (SEM) Collaborative Workshop. The SEM collaborative is a regional group, led by BPA, Energy Trust, and NEEA among others, that helps energy efficiency program administrators accelerate the adoption of industrial SEM. Building and leveraging strategic partnerships, such as the SEM collaborative, is a cost-effective way for NEEA to support regional industrial efficiency delivery capability.

### Long-term Value Delivery

- Previously funded initiatives are forecast to deliver 18 aMW of Co-Created Savings in 2014 exceeding target of 16.6 aMW. Previously funded initiatives are those that NEEA no longer actively manages but continue to deliver savings.

# Q3 2014 NEEA Quarterly Performance Scorecard



## Value Delivery Metrics

Emerging Technology 20-Year Pipeline (aMW)	TARGET	FORECAST	ACTUAL	STATUS	% CHANGE <sup>i</sup>
Regional Potential in Process	1200	470	470	●	↓ 44%
Readied for Market 2010 - 2014	300	274	214	▲	↑ 22%
Accelerating Market Adoption/Regional Advantage	TARGET	ACTUAL		STATUS	
Expanding Market Knowledge and Capability <sup>ii</sup>					
Education/Knowledge Transfer (people trained YTD)	TBD	3320		N/A	N/A
Skills Training (people trained YTD)	TBD	769		N/A	N/A
Additional Regional Investment Secured (\$millions) YTD	N/A	\$1.3		N/A	N/A
Energy Savings (aMW)	TARGET	FORECAST	ACTUAL	STATUS	
2014 Energy Savings from Current Investments					
Total Regional <sup>iii</sup>	64	64	June 2015	●	↑ 23%
Net Market	16	16	June 2015	●	0%
Co-created	20	19	June 2015	▲	0%
2010- 2014 Business Plan - Current Investments	TARGET	FORECAST	ACTUAL <sup>iv</sup>	STATUS	
5-year aMW savings (2010-2014)					
Total Regional	200	231	167	●	↑ 1%
Net Market	100	82	66	▲	↑ 4%
Co-created	N/A	112	93	N/A	↑ 3%
10-year Total Regional Savings aMW (2010-2019)	550	473	167	▲	↓ 4%

## Operational Metrics

YTD Financial Metrics (General Funds Only <sup>v</sup> )	TARGET	FORECAST	ACTUAL	STATUS	
Levelized Total Resource Cost (\$/kWh)	\$0.035	\$0.020	\$0.020	●	0%
Current Quarter Expenses (\$millions)	\$9.8	\$10.4	\$9.6	▲	N/A
Full Year Expenses (\$millions)	\$39.8	\$39.0	\$26.2	●	↑ 1%
Emerging Tech/Development Expenses (% of total exp)	N/A	N/A	22.6%	N/A	↑ 16%
Business Administration Expenses (% of total exp)	<11%	9.1%	10.3%	●	↓ 5%
Other Operational Metrics	TARGET	FORECAST	ACTUAL	STATUS	
Carbon Impact Per Employee, MT (2010-2014)	2.0	2.6	1.89	●	↓ 8%
Employee Turnover (trailing 12 months %)	<10%	N/A	8.3%	●	↓ 30%

<sup>i</sup> - NEEA updates its energy savings forecast in Q1 and Q3

<sup>ii</sup> - Refined metric that measures outcomes is under development

<sup>iii</sup> - Target and forecast for Total Regional Savings have been updated to include 12.6 aMW in residential sector standards influenced by NEEA

<sup>iv</sup> - Validated energy savings for 2010-2013 only

<sup>v</sup> - YTD excludes \$372K 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

● Regional Potential in Process is below target due to transition of three commercial initiatives into infrastructure programs. NEEA is considering alternative metrics for infrastructure programs that reflect their benefit to the regional pipeline for energy efficiency.

▲ 5-year Readied for Market forecast is within 10% of target. Reported value represents low end of forecast range (274 – 294 aMW). Final business plan results will be reported in NEEA's 2014 Annual Report.

*Note: Regional Potential in Process red status indicates actual is less than 80% of target; Readied for Market yellow status indicates forecast is greater than 80% of target but less than 100%.*

#### Energy Savings

▲ As previously reported, NEEA will not meet its current Net Market Effects Business Plan target in order to prioritize long-term market transformation savings.

▲ 2014 Co-Created forecast is 4% below target.

▲ 10-year Total Regional Savings forecast is 14% below target, primarily due to a conservative reforecast of TV sales. NEEA is currently projecting to meet the target of 550 aMW by 2022.

*Note: Yellow indicates forecast is greater than 80%, less than 100% of target*

#### Financial Metrics

▲ Third quarter expenses were 92% of forecast. Lower expenses are primarily related to lower than expected HPWH sales, delays in Next Step Homes and deferred consulting expenses, as detailed on pg.3.

*Note: Yellow indicates actual is 90-95% or 105-110% of forecast*

#### Other Operational Metrics

● As previously reported, Carbon impact per employee forecast is higher than target. NEEA is reviewing carbon tracking model assumptions to address the gap between forecast and target.

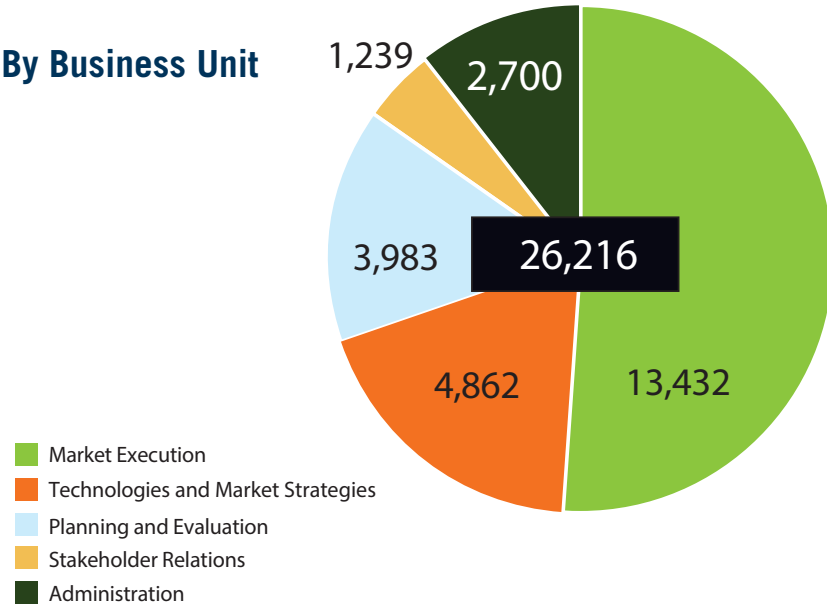
*Note: Red status indicates actual is more than 20% above target*

## Q3 2014 Actual Expenses (YTD)

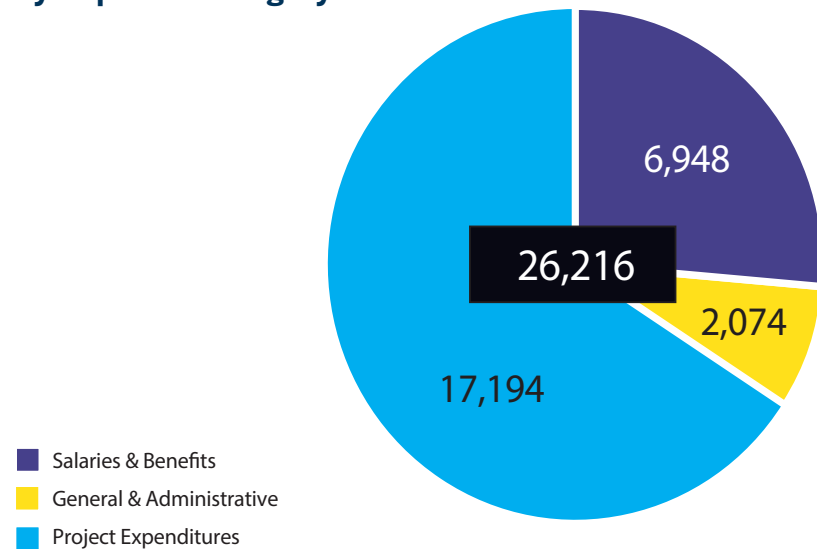
(in \$1000s)

\$26,216

### By Business Unit



### By Expense Category



## Financial Summary

Third quarter expenses were 85% of budget primarily due to lower than expected Tier 2 heat pump water heater sales and incentives, Next Step Homes implementation delays and deferred consulting.



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

BY BUSINESS UNIT	ANNUAL BUDGET	BUDGET 9/30	ACTUAL* 9/30	ACTUAL AS % OF BUDGET	Reason for Budget Variance
Market Execution	20,897	15,997	13,432	84%	HPWH Tier 2 sales lower than expected; Slower implementation of Next Step Homes program, expected to increase in Q4; Reduced focus on irrigation and Existing Building Renewal.
Technologies and Market Strategies	6,451	4,886	4,862	99%	
Planning and Evaluation	6,475	5,444	3,983	73%	Codes and Commercial Lighting evaluations delayed; Stakeholder survey cancelled.
Stakeholder Relations	1,845	1,392	1,239	89%	CRM system upgrade deferred due to reprioritized organizational improvement projects; insourcing professional services
Administration	4,162	3,154	2,700	86%	Data Knowledge Management project delay due to reprioritized organizational improvement projects.
<b>Total Organization</b>	<b>39,830</b>	<b>30,873</b>	<b>26,216</b>	<b>85%</b>	

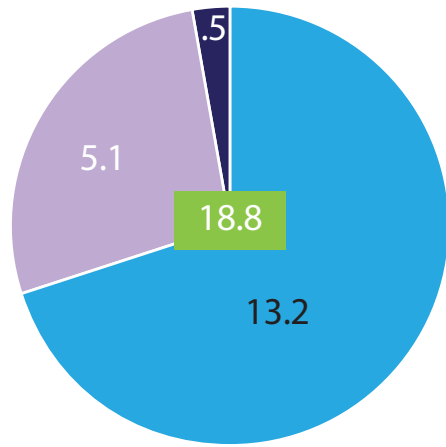
  

BY EXPENSE CATEGORY	ANNUAL BUDGET	BUDGET 9/30	ACTUAL* 9/30	ACTUAL AS % OF BUDGET	Reason for Budget Variance
Salaries and Benefits	9,849	7,340	6,948	95%	Hiring deferrals for open positions and additional turnover.
General and Administrative	3,716	2,838	2,074	73%	Professional services deferred due to reprioritized organizational improvement projects.
Project Expenditures	26,265	20,695	17,194	83%	Residential programs and evaluation project delays as referenced above.
<b>Total Organization</b>	<b>39,830</b>	<b>30,873</b>	<b>26,216</b>	<b>85%</b>	

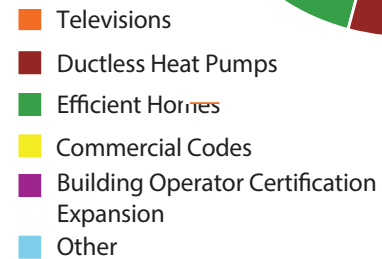
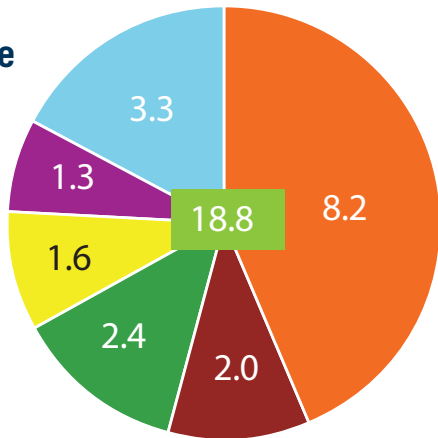
\*Excludes Special Funds of \$372K

## 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>	13.1	11.4	87%	15.2	13.2	87%	58.2	55.7	96%	<b>Residential Variance Comments</b>
Televisions	8.6	8.2	96%	8.6	8.2	96%	36.6	35.7	98%	Decrease in residential sector forecast due to: <ul style="list-style-type: none"> <li>• Lower than expected ductless heat pump installations</li> <li>• Lower HPWH installations due to removal of Tier 2 unit from qualified products list (new qualifying product expected in early 2015)</li> </ul>
Ductless Heat Pumps	1.8	0.4	21%	3.3	2.0	91%	4.4	3.0	68%	
Efficient Homes	2.4	2.3	96%	2.6	2.4	91%	3.6	3.6	99%	
Heat Pump Water Heaters	0.2	0.0	20%	0.6	0.1	19%	0.7	0.6	86%	
Other Residential Standards	0.0	0.4	N/A	0.0	0.4	N/A	12.6	12.6	100%	
Other Codes (Multifamily)	0.1	0.1	100%	0.1	0.1	100%	0.2	0.3	103%	
<b>COMMERCIAL TOTAL</b>	3.0	4.2	138%	3.9	5.1	131%	5.7	7.5	132%	<b>Commercial Variance Comments</b>
BOC Expansion	0.7	1.1	150%	0.9	1.3	154%	0.9	1.4	156%	Increase in commercial sector forecast due to: <ul style="list-style-type: none"> <li>• Increase in BOCE savings rate based on new Market Progress Evaluation Report</li> <li>• New Washington code savings</li> </ul>
Other Codes (Commercial)	1.0	1.7	166%	1.0	1.6	166%	1.8	3.0	164%	
Desktop Power Supplies	0.4	0.5	119%	0.5	0.5	100%	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%	0.3	0.3	100%	
<b>INDUSTRIAL TOTAL</b>	0.2	0.1	44%	0.5	0.5	100%	0.5	0.5	98%	<b>Industrial Variance Comments</b>
Food Processors SEM	0.1	0.0	8%	0.4	0.4	100%	0.4	0.4	100%	• Food Processor NME reduced because NEEA is no longer tracking Continuous Energy Improvement facilities directly
RETA CRES Certification	0.1	0.1	100%	0.1	0.1	100%	0.1	0.1	100%	
<b>TOTAL</b>	16.3	15.7	96%	19.6	18.8	96%	64.4	63.8	99%	

■ Market Development ■ Pre-Market Development

**Note:** NEEA updates its energy savings forecast in Q1 and Q3; figures are rounded to one decimal place; Target and forecast for Total Regional Savings have been updated to include 12.6 aMW in residential sector standards influenced by NEEA.

## 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	7.0	8.8	8.4	28.8	28.5
Oregon (33%)	5.4	5.2	6.5	6.3	21.5	21.3
Idaho (14%)	2.3	2.2	2.8	2.7	9.2	9.1
Montana (8%)	1.3	1.2	1.5	1.4	4.9	4.9
<b>Total</b>	<b>16.3</b>	<b>15.7</b>	<b>19.6</b>	<b>18.8</b>	<b>64.4</b>	<b>63.8</b>
<b>ALL INVESTMENTS</b>						
Washington (45%)	11.2	11.3	16.2	16.5	55.7	53.1
Oregon (33%)	8.4	8.4	12.1	12.3	41.5	39.6
Idaho (14%)	3.6	3.6	5.2	5.3	17.7	16.9
Montana (8%)	1.9	1.9	2.8	2.8	9.6	9.1
<b>Total</b>	<b>25.1</b>	<b>25.2</b>	<b>36.2</b>	<b>36.9</b>	<b>124.5</b>	<b>118.6</b>

**Note: State-level forecast is derived based on funder share percent at a total portfolio level.**

## Other Quarterly Highlights

- Solicited and secured The Home Depot's participation in the Retail Product Portfolio pilot. Securing participation from retailers other than those focused on consumer electronics is critical for the success of the pilot.
- Partnered with the New Buildings Institute and the City of Boise on the first Community Building Renewal pilot project. Funded in part by the U.S. Department of Energy, the pilot will identify the poorest performing city buildings and develop a suite of tools, including policy mechanisms, to specifically target these buildings. Studies have shown that by targeting the worst 1 percent of buildings cities can have a large impact on total energy use. Outcome based codes are an area of focus for NEEA's codes and standards group.
- Completed drafts of Commercial Building Stock Assessment (CBSA) and Industrial Facility Assessment (IFSA) reports and provided to stakeholders for review. NEEA's large-scale building and facility stock assessments provide critical information about energy use in the Northwest and inform energy efficiency planning and programming around the region. Final reports will be completed by the end of the year.
- Launched Super-Efficient Dryer initiative following full-consensus vote by Regional Portfolio Advisory Committee (RPAC). Improving stakeholder coordination, including formally soliciting RPAC input prior to launching new initiatives, is a major goal of NEEA's 2015-2019 Business Plan.
- Transitioned Food Processors initiative into Long-term Monitoring and Tracking. NEEA will no longer invest in market transformation activities, but will continue to monitor market progress and report the resulting energy savings. Legacy initiative tools and resources will become part of NEEA's Strategic Energy Management infrastructure.



## 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)

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