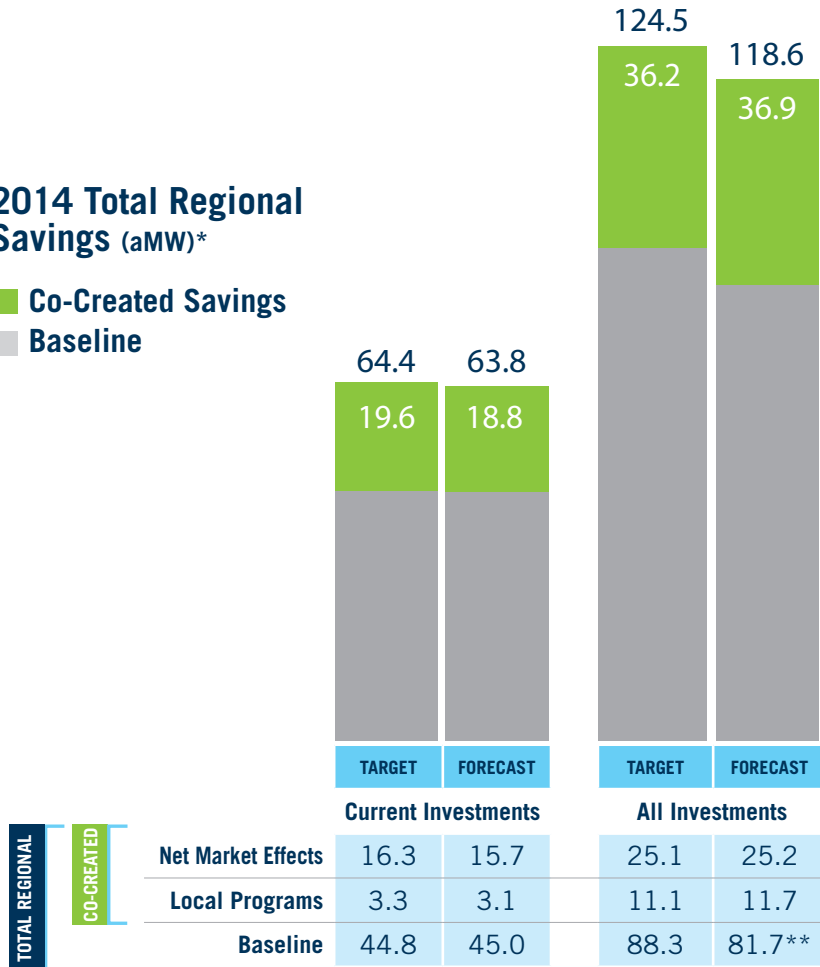




# Q4 2014 Quarterly Performance Report

## 2014 Total Regional Savings (aMW)\*

- Co-Created Savings
- Baseline



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

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

## Quarterly Performance Highlights

### Filling the Pipeline

- Continued field testing of the first combined space and water heaters developed for the U.S. market. A combined appliance offers the efficiency of a heat pump water heater (HPWH) and ductless heat pump in a single product, overcoming certain HPWH barriers such as indoor space limitations. NEEA is providing test data and customer feedback directly to the manufacturer and informing product development in real-time. The first commercially available product is expected to enter the market in late 2015.
- Completed product testing of Secondary Glazing Systems at Lawrence Berkeley National Laboratory. Secondary Glazing Systems (SGS) are commercial grade high-performance windows installed on the inside of buildings without replacing the existing windows. Total installed costs are roughly half of the full existing window replacement alternative. As a next step, NEEA will work with national partners to adopt a new standardized test methodology and develop a specification to become an industry standard.
- Completed laboratory testing, in collaboration with PG&E, of 11 electric dryer models to establish a performance baseline for NEEA's Dryers Initiative. Results indicate that a typical electric dryer is more efficient than previously thought. NEEA will use this information to update savings estimates for heat pump dryers, and continue to work with manufacturers to improve energy performance and ENERGY STAR to increase its qualifying specification.

### Accelerating Market Adoption

- Accelerated the development of the first Tier 3 Heat Pump Water Heater by providing an upstream incentive to GE Appliances. As a result, the Tier 3-compliant GE GeoSpring is expected to enter the market in March 2015 – two years ahead of the compliance schedule. The GeoSpring is up to 69% more efficient than a standard water heater and was designed with features added specifically for cooler climates.
- Recognized four property management firms in Boise, ID and Spokane, WA for successfully adopting strategic energy management through NEEA's Commercial Real Estate program. Together, the firms manage more than 13 million square feet of commercial real estate space. Two of the firms have secured new property management contracts as a result of showcasing the value of energy efficiency to building owners.
- Partnered with the region to successfully influence the federal standards proceeding for manufactured homes. In October, the Department of Energy working group reached a consensus recommendation in favor of a 20-25% increase in the efficiency standard for new manufactured homes. More than two decades of Northwest support for manufactured home voluntary efficiency measures plus a recent push by NEEA to provide data and analysis were vital to establishing the new efficiency standard.

# Q4 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	375	375	●	↓ 20%
Readied for Market 2010 - 2014	300	290	290	▲	↑ 5%
Accelerating Market Adoption/Regional Advantage	TARGET	ACTUAL		STATUS	
Expanding Market Knowledge and Capability					
Education/Knowledge Transfer (people trained YTD)	TBD	3430		N/A	N/A
Skills Training (people trained YTD)	TBD	852		N/A	N/A
Additional Regional Investment Secured (\$millions) YTD	N/A	\$2.8		N/A	N/A
Energy Savings (aMW)	TARGET	FORECAST	ACTUAL	STATUS	
2014 Energy Savings from Current Investments					
Total Regional <sup>ii</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>iii</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>iv</sup> )	TARGET	FORECAST	ACTUAL	STATUS	
Levelized Total Resource Cost (\$/kWh)	\$0.035	\$0.020	\$0.020	●	0%
Current Quarter Expenses (\$millions)	\$9.0	\$12.8	\$12.3	●	N/A
Full Year Expenses (\$millions)	\$39.8	\$39.1	\$38.6	●	↓ 1%
Emerging Tech/Development Expenses (% of total exp)	N/A	N/A	%23	N/A	0%
Business Administration Expenses (% of total exp)	<11%	%9.3	%9.5	●	↑ 4%
Other Operational Metrics	TARGET	FORECAST	ACTUAL	STATUS	
Carbon Impact Per Employee, MT (2010-2014)	2.0	2.7	2.8	●	↑ 7%
Employee Turnover (trailing 12 months %)	<10%	N/A	18%	●	↑ 54%

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

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

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

<sup>iv</sup> - YTD excludes \$662 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 previously reported, 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 3% of target. 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.

▲ As previously reported, 2014 Co-Created forecast is 4% below target.

▲ As previously reported, 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*

#### Operational Metrics

● As previously reported, Carbon Impact metric is higher than target.

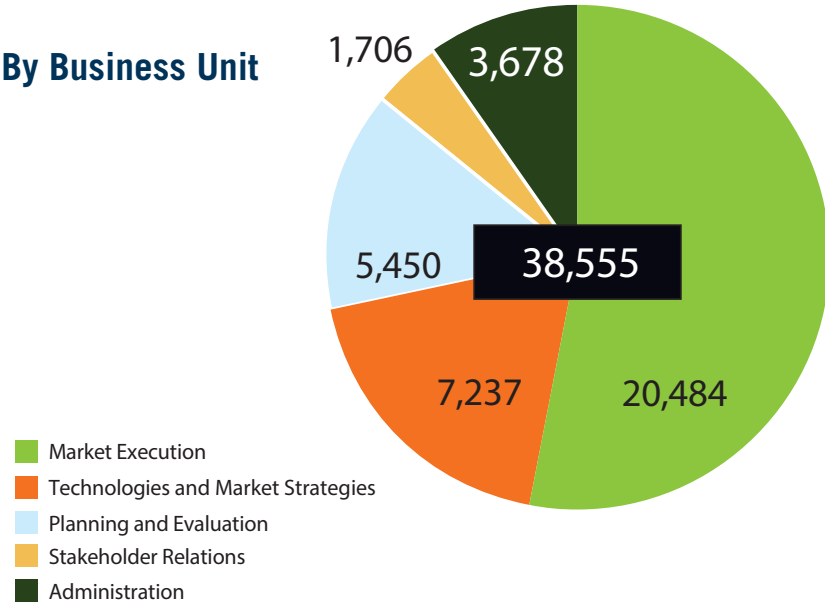
● Employee turnover was 18% in Q4 as a result of personnel decisions made to align the organization with 2015-2019 Business Plan goals. Employee turnover not including intentional layoffs was 11.6%.

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

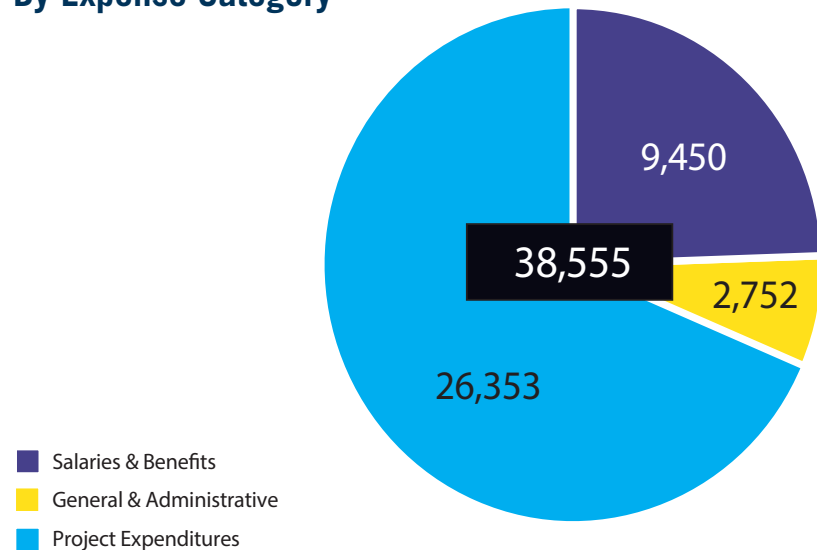
## 2014 Actual Expenses

(in \$1000s)  
\$38,555

### By Business Unit

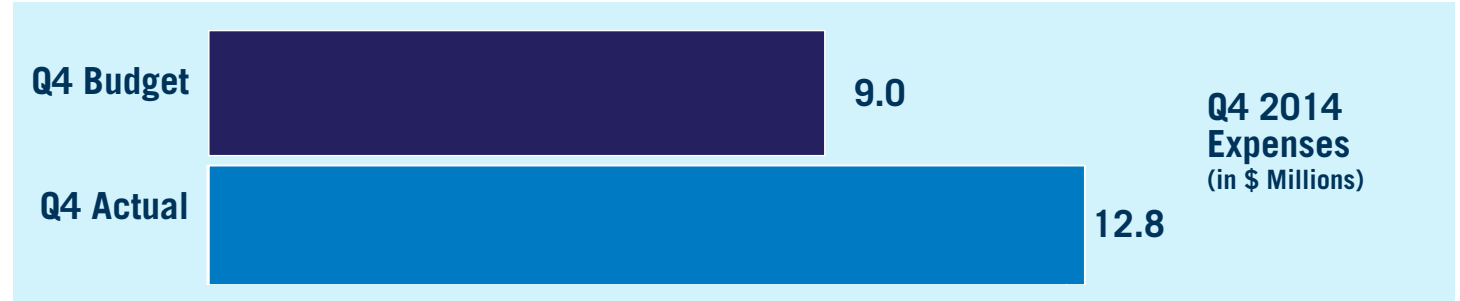


### By Expense Category



## Financial Summary

Fourth quarter expenses were 142% of budget primarily due to deferred expenses from earlier in the year. Year to date NEEA's expenses are 97% of budget.



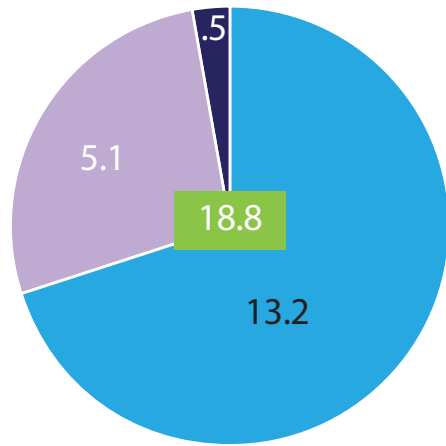
### 2014 Expenses (in \$1,000s)

BY BUSINESS UNIT	ANNUAL BUDGET	BUDGET 12/31	ACTUAL* 12/31	ACTUAL AS % OF BUDGET	Reason for Budget Variance
Market Execution	20,897	20,897	20,484	98%	
Technologies and Market Strategies	6,451	6,451	7,237	112%	Additional funds allocated to scanning projects in the commercial sector.
Planning and Evaluation	6,475	6,475	5,450	84%	Codes and Commercial Lighting evaluations delayed.
Stakeholder Relations	1,845	1,845	1,706	93%	Professional services insourced.
Administration	4,162	4,162	3,678	88%	Data Knowledge Management project postponed due to reprioritized organizational improvement projects.
<b>Total Organization</b>	<b>39,830</b>	<b>39,830</b>	<b>38,555</b>	<b>97%</b>	
BY EXPENSE CATEGORY					
Salaries and Benefits	9,849	9,849	9,450	96%	Hiring deferrals for open positions and additional turnover.
General and Administrative	3,716	3,716	2,752	74%	Professional services deferred due to reprioritized organizational improvement projects.
Project Expenditures	26,265	26,265	26,353	100%	
<b>Total Organization</b>	<b>39,830</b>	<b>39,830</b>	<b>38,555</b>	<b>97%</b>	

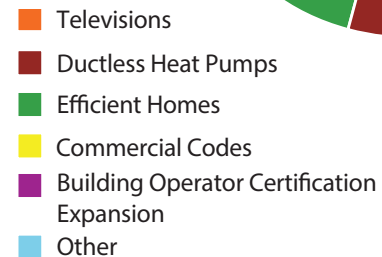
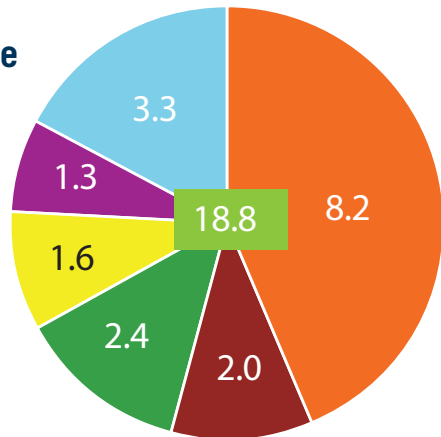
\*Excludes Special Funds of \$662K

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

### By Sector



### By Initiative



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

Note: Savings forecast was previously reported in Q3. NEEA updates its energy savings forecast twice a year in Q1 and Q3; figures are rounded to one decimal place.

	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; Reduced ductless heat pump savings rate in alignment with RTF decision</li> <li>Lower HPWH installations due to removal of Tier 2 unit from qualified products list</li> </ul>
Ductless Heat Pumps	1.8	0.4	21%	3.3	2.0	61%	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	1.7	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

\* 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: NEEA updates its energy savings forecast in Q1 and Q3. State-level forecasts are derived based on funder share percent at a total portfolio level.**

## Leveraging Regional Advantage

- Initiated agreement with NEEP's (Northeast Energy Efficiency Partnership) Design Lights Consortium to lay the foundation for a shared product specification for luminaire-level lighting controls. By collaborating beyond our region, NEEA can demonstrate broader utility support for an advanced lighting specification and exert greater influence on manufacturers to build products to the future specification.
- Published the final Commercial Building Stock Assessment report for buildings other than hospitals and universities. The report represents the culmination of nearly three years of data collection from nearly 1000 commercial buildings region-wide. This research would not have been possible without the strong support of NEEA's utility partners and other stakeholders, including the Northwest Power and Conservation Council.

## Other Quarterly Highlights

- Achieved Board approval of NEEA's first Natural Gas Market Transformation Business Plan. The five-year, \$18.3 million plan will work in parallel with NEEA's recently launched 2015-2019 Strategic and Business Plan for electric efficiency, but with a single focus on natural gas opportunities. NEEA expects that this comprehensive approach will result in significant enhancements to the cost-effectiveness and efficacy of both electric and gas initiatives in the Northwest.
- Welcomed Grant County PUD as a returning member of the Alliance for 2015-2019. Grant PUD was a funding member of NEEA from 2001-2009 and was instrumental in several NEEA initiatives, including Ductless Heat Pumps, Evaporator Fan Variable Frequency Drives, Drive Power and Northwest Energy Star Homes.

## 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.

## 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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