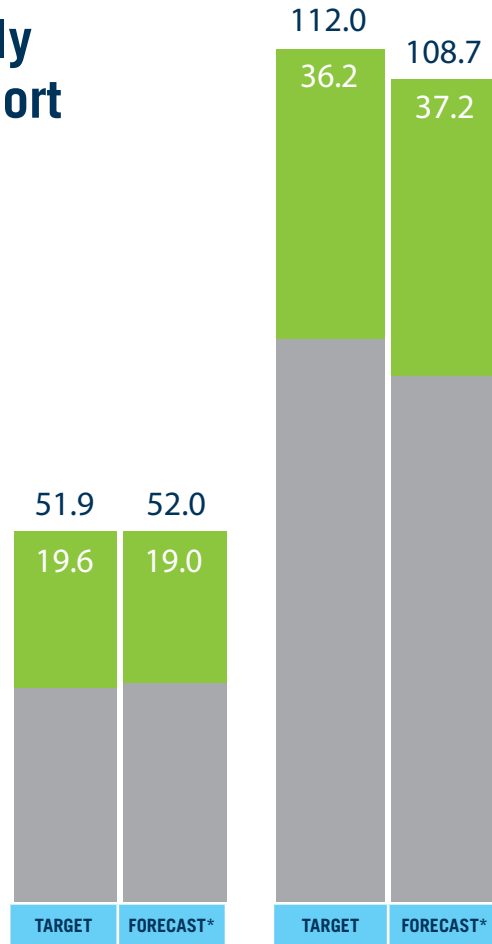




# Q1 2014 Quarterly Performance Report

## 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

- Achieved new milestone with Mitsubishi toward bringing a combination Ductless Heat Pump (DHP)/ Heat Pump Water Heater (HPWH) to the Northwest market. The latest prototype product passed lab tests and NEEA began a limited 12-month field study to observe performance during all seasons.
- Determined a firmware upgrade was needed to address a DHP cycling issue. In response, Fujitsu implemented a global, product-wide DHP firmware update to boost energy savings and extend system lifetime. The firmware change may deliver about 300 to 500 kWh in additional annual savings from each DHP system.
- In partnership with NEEA, New Buildings Institute (NBI) developed and released the Advanced Buildings New Construction Guide, a building efficiency specification representing the next step toward net-zero energy buildings. A NEEA-supported study confirmed the Guide will help building owners/designers achieve new construction project efficiencies with up to 40% energy savings over code-compliant buildings.

### Accelerating Market Adoption

- Recruited HPWH manufacturers to improve product demand and consumer awareness in the Northwest. Deeper manufacturer engagement resulted in 11 manufacturer/retailer promotions scheduled throughout 2014, increasing manufacturer funds toward product mark-downs and promotional activities.
- Launched development of the Existing Building Renewal (EBR) online integrated technical and

financial analysis tool, which will quantify the benefits of implementing deep energy retrofits. In Q4, this innovative tool will meet a market need by allowing commercial building owners to estimate retrofit cost and resulting energy savings, as well as evaluate real estate market value improvements.

### Leveraging Regional Advantage

- With RPAC full consent, launched the Retail Product Portfolio (RPP) initiative, which intends to leverage NEEA's retail partnerships from its Efficient TVs initiative, and expand energy-efficient retail product availability and drive efficient product manufacturing and standards.
- Recruited five national retailers to participate in RPP, including new buying groups outside of those involved in the TVs initiative. This was a critical success factor illustrating retailer interest in scaling their participation beyond consumer electronics product groups.
- Confirmed product reliability of Enlighted's lighting control solution with Cascade Engineering. This is the first product to meet NEEA's Luminaire Level Lighting Controls (LLLC) specification, promising easy installation, end user satisfaction and significant potential energy savings compared to traditional lighting control systems. NEEA's research will boost market confidence in this new product and allow NEEA to develop a strategy to increase market adoption of the product and LLLC systems.

### Long-term Value Delivery

- Changes in market adoption of efficient technologies from previously funded initiatives are forecasted to deliver 18.2 aMW of Co-Created Savings in 2014.

# Q1 2014 NEEA Quarterly Performance Scorecard



## Value Delivery Metrics

Emerging Technology 20-Year Pipeline (aMW)	TARGET	FORECAST	ACTUAL	STATUS	% CHANGE FROM Q4
Regional Potential in Process	1200	1000	676	●	
Readied for Market 2010 - 2014	300	224	208	●	↓ 20%
Accelerating Market Adoption/Regional Advantage	TARGET	ACTUAL		STATUS	
Expanding Market Knowledge and Capability <sup>i</sup>					
Education/Knowledge Transfer (people trained YTD)	TBD	772		N/A	
Skills Training (people trained YTD)	TBD	255		N/A	
Additional Regional Investment Secured (\$millions) YTD	N/A	\$.06		N/A	
Energy Savings (aMW)	TARGET	FORECAST	ACTUAL	STATUS	
2014 Energy Savings from Current Investments					
Total Regional	42	51	June 2015	●	
Net Market	14	19	June 2015	●	
Co-created	18	24	June 2015	●	
2010- 2014 Business Plan - Current Investments	TARGET	FORECAST	ACTUAL <sup>ii</sup>	STATUS	
5-year aMW savings (2010-2014)					
Total Regional	200	229	164	●	
Net Market	100	79	63	●	
Co-created	N/A	109	89	N/A	NA
10-year Total Regional Savings aMW (2010-2019)	550	490	154	▲	

## Operational Metrics

YTD Financial Metrics (General Funds Only <sup>iii</sup> )	TARGET	FORECAST	ACTUAL	STATUS	
Levelized Total Resource Cost (\$/kWh)	\$0.035	\$0.020	\$0.020	●	NA
Current Quarter Expenses (\$millions)	\$9.9	\$9.9	\$7.9	●	
Full Year Expenses (\$millions)	\$39.8	\$38.0	\$7.9	●	NA
Emerging Tech/Development Expenses (% of total exp)	N/A	N/A	27%	N/A	↑ 9%
Business Administration Expenses (% of total exp)	<11%	10.3%	11.3%	▲	↑ 1.9%
Other Operational Metrics	TARGET	FORECAST	ACTUAL	STATUS	
Carbon Impact Per Employee, MT (2010-2014)	2.0	2.8	0.7	●	NA
Employee Turnover (trailing 12 months %)	10%	10.6%	10.6%	▲	↑ 2.2%

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

<sup>ii</sup> - Validated Savings for 2010-2013 only

<sup>iii</sup> - YTD excludes \$112K in Special Funds

NOTE: NEEA updates its energy savings forecast in Q1 and Q3

## 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

● NEEA's Regional Potential in Process pipeline capacity is below target, but projects in opportunity scanning will help achieve the 1,000 aMW forecast by the end of 2014. Other projects in 2015 should bring capacity back to target.

● NEEA is unlikely to meet this business plan's Readied for Market target. Decreased forecast primarily reflects a more recent assessment that the Commercial Lighting Upstream Program will require additional market testing before it is ready for full-scale market development - most likely in 2015.

Note: Regional Potential in Process red status indicates actual is less than 90% or greater than 110% of target; Readied for Market red status indicates forecast is less than 80% of target

#### Energy Savings

● NEEA will likely not meet its original goal of 100 aMW of Net Market Effects savings for this business plan due to focus on collaborative market development with utilities. NEEA does expect to exceed its 5-year Total Regional Savings target of 200 aMW.

▲ As reported in Q4, the 10-year Total Regional Savings forecast has been under target since 2012, but NEEA expects to meet the target in 2021.

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

#### Financial Metrics

● First quarter expenses were 80% of forecast. Lower expenses primarily related to slower Tier 2 Heat Pump Water Heater uptake, Efficient Homes seasonality and Retail Product Portfolio launch delay.

▲ Business Administration expenses higher than forecasted due to additional Board and Committee meetings to discuss the 2015-2019 Business Plan.

Note: Red indicates actual is less than 90% or greater than 110% of forecast; yellow indicates forecast is between 90-95% or 105-110% of target

#### Other Operational Metrics

● Carbon impact per employee forecast is higher than target. The current target is a stretch goal and NEEA is reviewing carbon tracking model assumptions to address the gap between forecast and target.

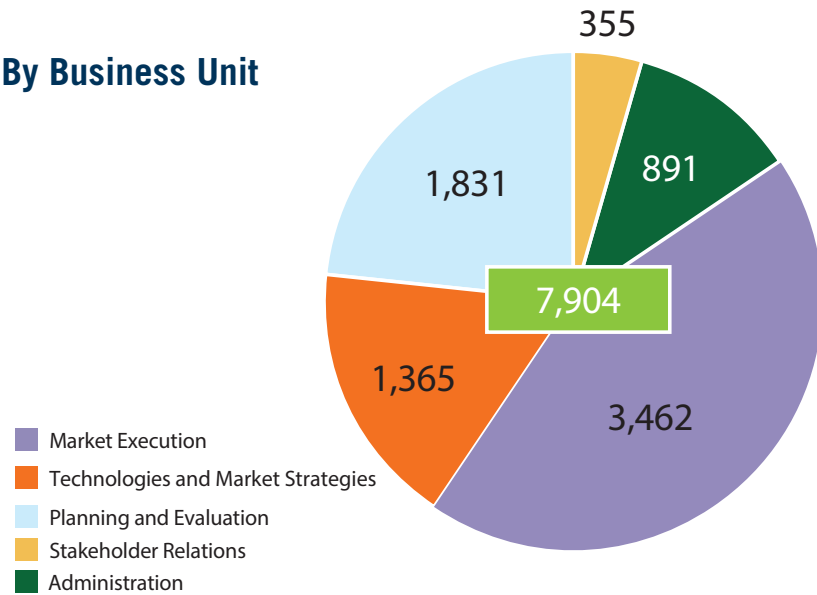
Note: Red indicates actual is equal to or less than 79% of target

## Q1 2014 Actual Expenses

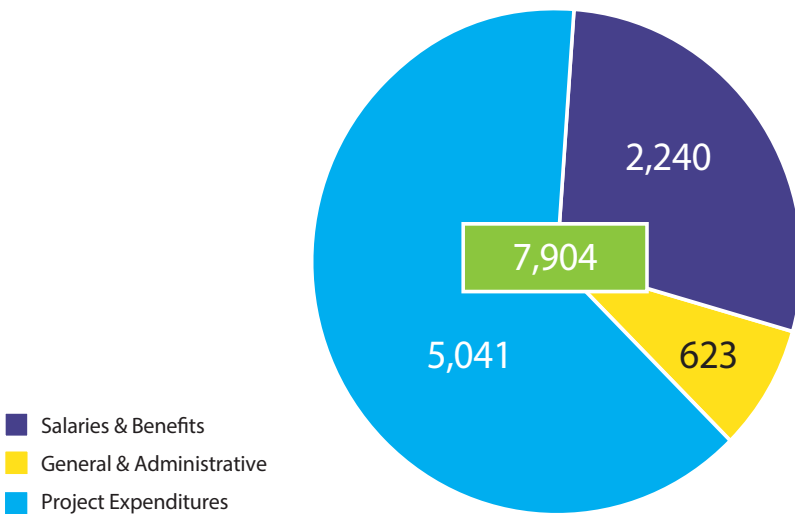
(in \$1000s)

\$7,904

### By Business Unit

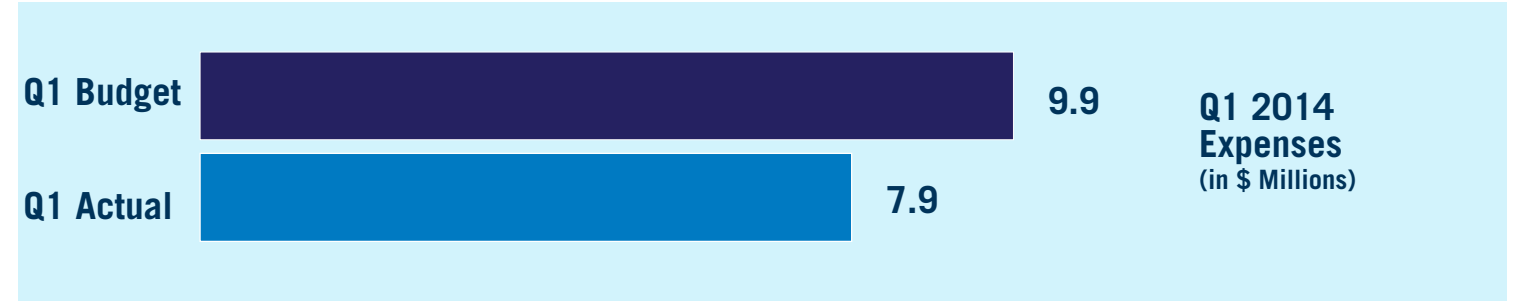


### By Expense Category



## Financial Summary

Q1 2014 actual expenses are 80% percent of budget. Lower expenses due to slower Tier 2 Heat Pump Water Heater uptake, Efficient Homes seasonality and Retail Product Portfolio launch delay.



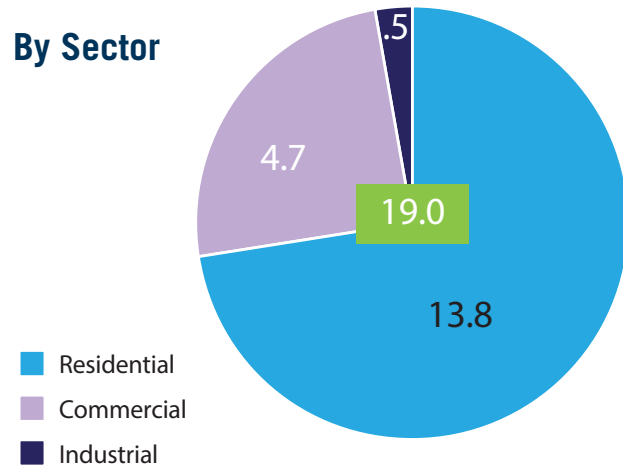
2014 Expenses (in \$1,000s)	ANNUAL BUDGET	BUDGET 3/31	ACTUAL* 3/31	ACTUAL AS % OF BUDGET	Reason for Budget Variance
<b>BY BUSINESS UNIT</b>					
Market Execution	20,897	4,845	3,462	72%	Slower Tier 2 Heat Pump Water Heater uptake and Efficient Homes seasonality.
Technologies and Market Strategies	6,451	1,557	1,365	88%	Longer than anticipated codes and standards project negotiations; forecast to catch up by Q4.
Planning and Evaluation	6,475	1,987	1,831	92%	Heat Pump Water Heater customer satisfaction survey delay and Commercial Real Estate program participant survey delay.
Stakeholder Relations	1,845	492	355	72%	CRM system upgrade deferral due to reprioritized organizational improvement projects.
Administration	4,162	980	891	91%	Data Knowledge Management project delay according to reprioritized organizational improvement projects.
<b>Total Organization</b>	<b>39,830</b>	<b>9,861</b>	<b>7,904</b>	<b>80%</b>	

BY EXPENSE CATEGORY					
Salaries and Benefits	9,849	2,372	2,240	94%	Hiring deferrals for open positions and additional turnover.
General and Administrative	3,716	826	623	75%	Professional services deferrals due to reprioritized organizational improvement projects.
Project Expenditures	26,265	6,663	5,041	76%	Residential, codes and standards and planning and evaluation project delays as referenced above.
<b>Total Organization</b>	<b>39,830</b>	<b>9,861</b>	<b>7,904</b>	<b>80%</b>	

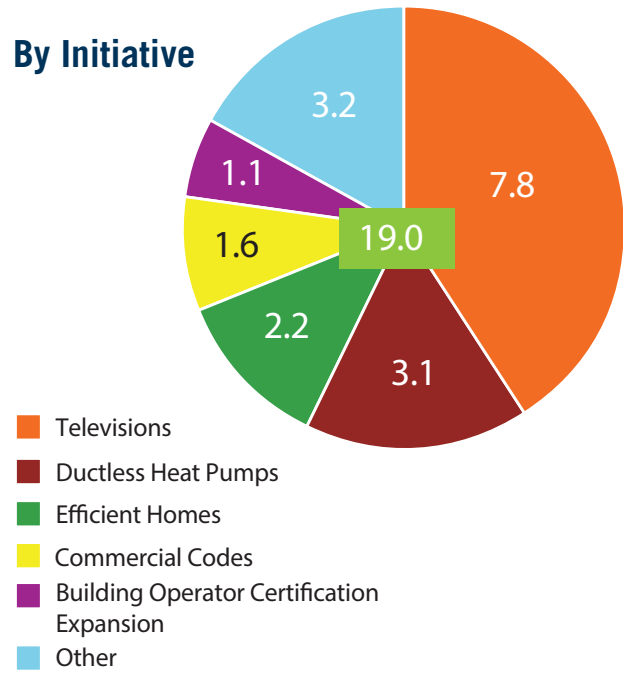
\*Excludes Special Funds of \$112K

## 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%	<ul style="list-style-type: none"> <li>Reduced Residential savings forecast based on 2013 actuals for TV sales and new single family construction starts</li> <li>Reduced Ductless Heat Pump forecast according to updated Regional Technical Forum savings rate</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%	<ul style="list-style-type: none"> <li>Increased 2014 Commercial savings forecast due to an increase in forecasted new commercial construction starts</li> <li>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</li> </ul>
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%	<ul style="list-style-type: none"> <li>Food Processors forecast includes Northwest Food Processors Association energy savings; Net Market Effects forecast to be finalized in Q3.</li> </ul>
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

## 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

- Conducted analysis of 2013 data to verify continued Northwest market momentum towards 95 percent penetration of the ENERGY STAR 5.3 TV standard, in preparation for NEEA's Q2 Efficient TVs initiative market exit.
- Obtained commitments from 14 builders across the region to build Next Step Pilot Phase II Homes, in addition to the 12 Phase I Homes built previously. Phase II Homes will continue to inform the Next Step Home specification and determine its associated challenges, best practices and energy savings performance. These learnings will guide implementation strategy and encourage builder adoption of higher performance building measures.
- Organized six energy code webinar trainings with the Oregon Home Builders Association to educate home builders on a range of topics including thermodynamics and air sealing; building exterior shells; understanding the energy code; and moisture management. With more than 600 participants, these trainings will better position home builders to effectively implement Oregon's residential code and build durable homes that save energy.
- Evaluated market size and savings potential of DIN mounted industrial power supplies, which are less energy efficient when partially loaded to their rated capacities. NEEA determined the supplies are typically only 20 percent loaded to capacity, but existing technology could improve efficiency by more than 80 percent. With nearly one million of these power supplies installed in the Northwest, market transformation could yield 25 aMW for the region. NEEA is investigating a possible industry rating for this market segment similar to its 80 PLUS initiative.
- Continued to incorporate Board and regional stakeholder feedback into NEEA's revised strategic and business plans for 2015-2019. Both plans to be submitted to the NEEA Board for consideration in Q2.

## 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>	2010-2014 Board-approved 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 ACE 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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