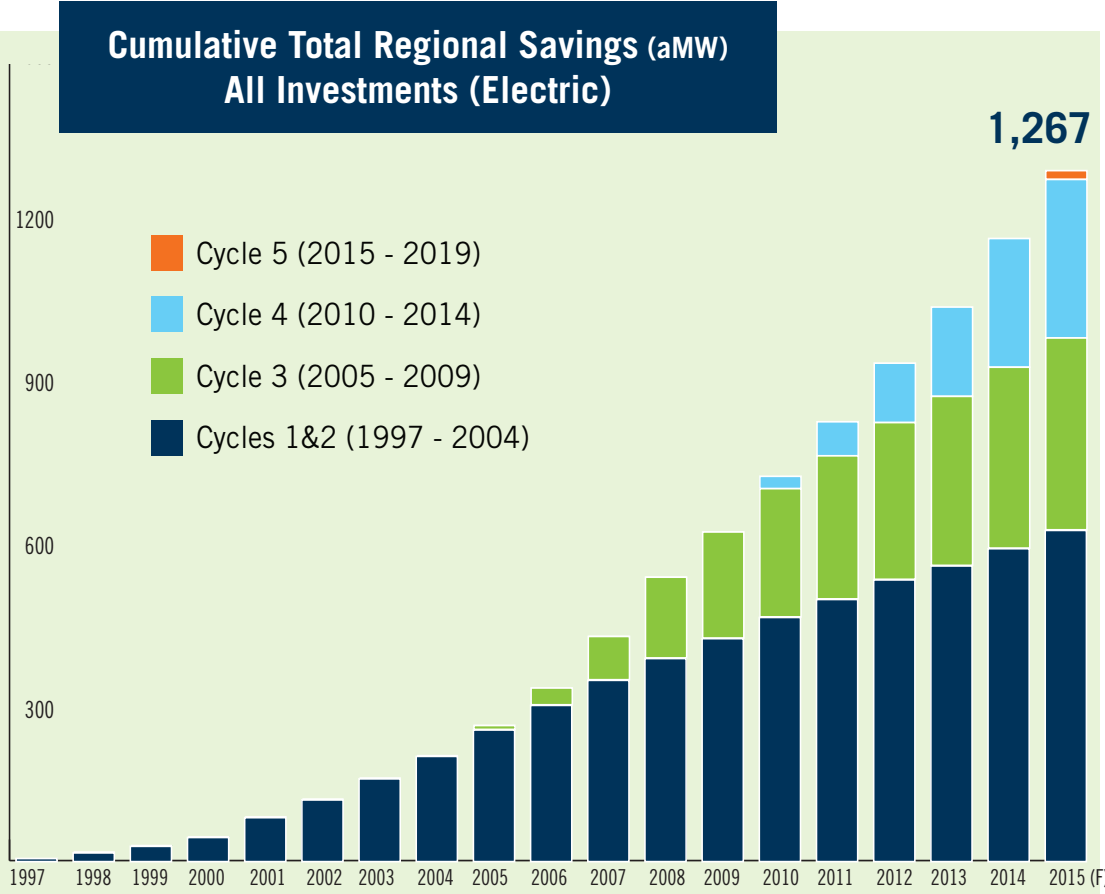




# Q1 2015 Quarterly Performance Report



## Electric Quarterly Performance Highlights

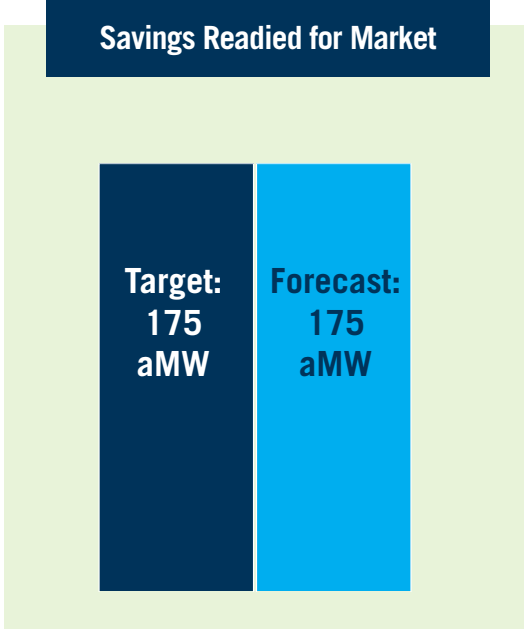
### GOAL 1: Filling the Energy Efficiency Pipeline

- Partnered with Bonneville Power Administration to determine market transformation potential for irrigation pivot commissioning tools. NEEA and BPA are coordinating research projects to identify new efficiency opportunities in this market.
- Secured a seat on the first Board of Directors of the Attachments Energy Ratings Council (AERC). AERC is working to establish the first test standards and ratings for window attachments, creating a new category of products for future utility incentive programs. NEEA's position on the Board will allow the region to influence which products are prioritized.
- Launched effort with Pacific Northwest National Laboratory to test the energy efficiency of residential window attachments (e.g. blinds, storm windows, etc.). Test results will feed into AERC efforts (see above).

### GOAL 2: Creating Market Conditions

- Partnered with Whirlpool Corporation to provide incentives for the first residential heat pump clothes dryer available in the United States. A rebate is available at more than 400 participating locations in all four Northwest states through June 30.
- Launched GE GeoSpring Hybrid Water Heater promotion, with participation from 32 Northwest utilities.
- Documented increase in market demand for building operator certification (BOC) in all four Northwest states including sold-out classes and six new continuing education opportunities. Additionally, five new employers in the region are recommending or requiring BOC certification, including Kidder-Mathews, one of the West Coast's large real estate firms.

## 2015-2019 Electric Business Plan Targets



## Quarterly Performance Scorecard (Electric Only)

### Value Delivery Metrics

Emerging Technology 20-Year Pipeline (aMW)	TARGET	FORECAST	ACTUAL	STATUS
Scanning Portfolio Potential	1400	N/A	1250	Yellow
Regional Potential in Process	1000	N/A	397	Red
Readied for Market 2015 - 2019	175	175	0	Green
Accelerating Market Adoption/Regional Advantage	TARGET	ACTUAL		STATUS
Additional Value Secured (\$millions YTD)	\$1M	\$.09M		Red
2015 Energy Savings from Current Investments	TARGET	FORECAST	ACTUAL <sup>i</sup>	STATUS
Total Regional	19	16	N/A	Yellow
Net Market	5	1	N/A	Red
Co-Created	8	4	N/A	Red
2015 Energy Savings – All Investments	TARGET	FORECAST	ACTUAL <sup>i</sup>	STATUS
Total Regional	124	125	N/A	Green
Co-Created	33	32	N/A	Yellow
2015-2019 Business Plan – Current Investments	TARGET	FORECAST	ACTUAL <sup>i</sup>	STATUS
5-year aMW savings (2015-2019)				
Total Regional	145	145	N/A	Green
Net Market	N/A	55	N/A	Green
Co-Created	75	75	N/A	Green
10-year aMW savings (2015-2024)				
Total Regional	365	365	N/A	Green
Co-Created	180	180	N/A	Green

### Operational Metrics

Financial Metrics (General Funds Only <sup>ii</sup> )	TARGET	FORECAST	ACTUAL	STATUS
Levelized Total Resource Cost (\$/kWh)	\$0.035	\$0.03	N/A	Green
Current Quarter Expenses (\$millions)	\$8.0	\$8.0	\$7.1	Red
Full Year Expenses (\$millions)	\$33.1	\$33.1	\$7.1	Green
Business Administration Expenses (% of total expenses)	<13%	12.2%	11.6%	Green
Other Operational Metrics	TARGET	FORECAST	ACTUAL	STATUS
Metric ton of Carbon per employee	2.75	2.65	0.66	Green
Employee Turnover (trailing 12 months %)	<10%	N/A	14.3%	Red

<sup>i</sup> Actual 2015 savings will be validated by NEEA's Cost-Effectiveness Advisory Committee in 2016

<sup>ii</sup> Excludes \$204K in Special Funds

## Scorecard Comments

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

Yellow Scanning Portfolio Potential: Actual is 10% below target. NEEA will continue to scan the market for promising energy efficiency opportunities and review unsolicited proposals.

Red Regional Potential in Process: NEEA is accelerating the advancement of four opportunities into the pipeline in 2015 - commercial secondary glazing, combo hot water and space heating, manufactured homes, and integrated design for new construction.

### Additional Value Secured

Red Limited market facing activities in Q1.

### Energy Savings

Yellow 2015 Total Regional Savings: Forecast is less than target due to slower than anticipated product uptake of reduced wattage lamps. Incorporation of additional energy savings from federal standards later in the year is anticipated to increase 2015 forecast.

Red 2015 Net Market and Co-Created Savings: See variance comment for Total Regional Savings.

*Note: Red status indicates that actual is less than 80% of target; Yellow status indicates that actual is greater than 80% of target but less than 100%.*

### Operational Metrics

Red Current quarter expenses were 89% of target. See pg. 3 for details.

Red Employee Turnover exceeds target due to Q4 2014 reduction in force. Turnover without intentional layoffs (trailing 12 months) is 8.1%.

*Note: Current quarter expenses red indicates that actual is < 90 or >110% of target; Employee Turnover red status indicates that turnover exceeds target by more than 10%.*

# 2015 Financials Electric Only

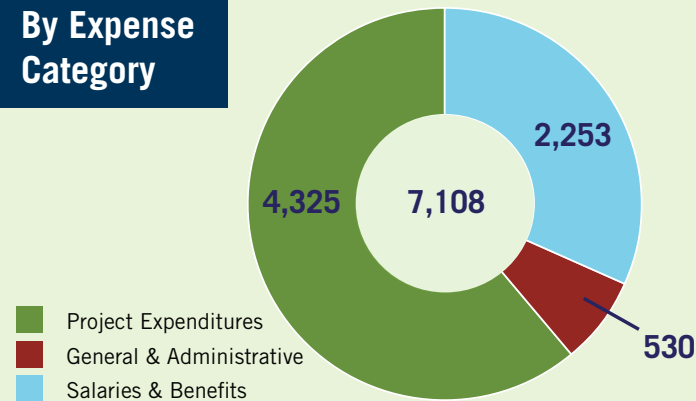
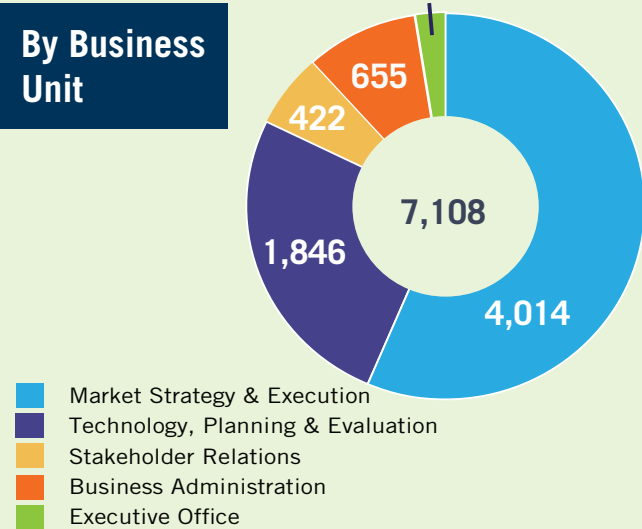
## Financial Summary

2015 YTD spending was 89% of budget primarily due to delays in commercial lighting contracts until second quarter and a slower than anticipated ramp-up for the Reduced Wattage Lamp Replacement initiative. Lower expenses for data and validation work also contributed to decreased expenses in Q1.

## Q1 2015 Electric Expenses (in \$ Millions)



## Q1 2015 Actual Electric Expenses (in \$ 1000s)



## 2015 Electric Expenses (in \$1,000s)

	ANNUAL BUDGET	YTD BUDGET 3/31	YTD ACTUAL 3/31	YTD ACTUAL AS % OF BUDGET
<b>BY BUSINESS UNIT</b>				
Market Strategy & Execution	19,555	4,403	4,014	91%
Technology, Planning & Evaluation	7,635	2,186	1,846	84%
Stakeholder Relations	2,046	514	422	82%
Business Administration	3,035	723	655	91%
Executive Office	804	207	171	83%
<b>TOTAL ORGANIZATION</b>	<b>33,075</b>	<b>8,033</b>	<b>7,108</b>	<b>89%</b>

### Reason for Budget Variance:

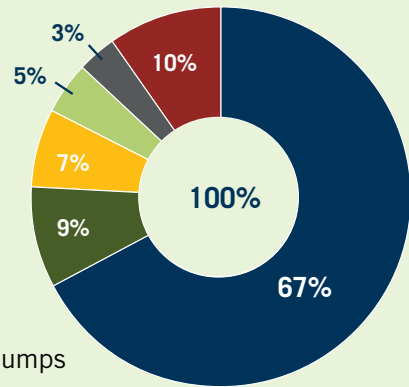
- Commercial lighting contracts delayed to Q2 for RFP due diligence; Slow start to Reduced Wattage Lamp Replacement initiative
- Staff vacancies caused delays in long term monitoring work and fewer data purchases
- Deferral of some Corporate Communications activities until later in 2015
- Staff vacancy and reduced need for IT consulting services
- Staff vacancy and reduced need for consulting services

	ANNUAL BUDGET	YTD BUDGET 3/31	YTD ACTUAL 3/31	YTD ACTUAL AS % OF BUDGET
<b>BY EXPENSE CATEGORY</b>				
Salaries & Benefits	9,825	2,364	2,253	95.3%
General & Administrative	3,099	812	530	65.3%
Project Expenditures	20,151	4,857	4,325	89.0%
<b>TOTAL ORGANIZATION</b>	<b>33,075</b>	<b>8,033</b>	<b>7,108</b>	<b>89%</b>

- Six vacant positions in Q1; All vacancies have been filled in Q2
- Lower than anticipated consulting and temporary help, insourcing of professional services
- Contract delays and postponement of long-term monitoring work

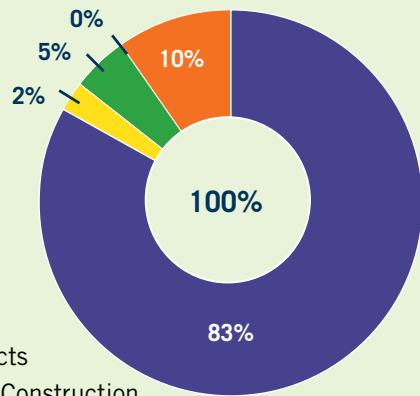
## 2015 Co-Created Savings Forecast (aMW) Current Investments (Electric Only)

### By Initiative



- Ductless Heat Pumps
- Retail Product Portfolio
- Heat Pump Water Heaters
- Reduced Wattage Lamp Replacement
- Certified Refrigeration Energy Specialist Certification
- Others

### By Strategic Market



- Consumer Products
- Residential New Construction
- Commercial Lighting
- Commercial New Construction
- Other Markets

## Electric Market Transformation Portfolio



### Scanning

NEEA is currently investigating 12 emerging opportunities that have energy savings potential for the region. Four are expected to become initiatives in 2015.



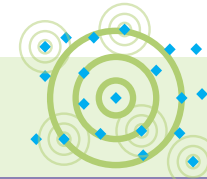
### Concept Opportunity Assessment

- Commercial and Industrial Strategic Energy Management infrastructure



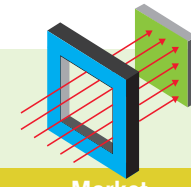
### Market and Product Assessment

- Super-Efficient Dryers
- Retail Product Portfolio
- Luminaire-level Lighting Controls



### Strategy, Testing & Finalization

- Next Step Homes
- Industrial Refrigeration Operators Certification
- Commercial Real Estate infrastructure



### Market Development

- Reduced Wattage Lamp Replacement
- HPWH
- DHPs
- Homes
- Building Operator Certification Expansion
- Other Codes & Standards\*
- Infrastructure Programs\*\*



### Long-term Monitoring

NEEA is continuing to monitor and track energy savings from 13 previously funded initiatives.

\* Standards that are not associated with a voluntary initiative

\*\*Includes industrial technical training and commercial lighting training as well as Integrated Design Labs

## 2015-2019 Energy Savings by Strategic Market (aMW) Current Investments (Electric Only)

	Co-Created		Total Regional Savings		Net Market Effects	
	2015 TARGET	2015 FORECAST	2015 TARGET	2015 FORECAST	2015 TARGET	2015 FORECAST
<span style="color: #333399;">■</span> Consumer Products	3.0	3.5	5.3	5.9	0.7	0.8
<span style="color: #FFCC00;">■</span> Residential New Construction	0.1	0.1	0.2	0.1	0.1	0.1
<span style="color: #339933;">■</span> Commercial Lighting	3.6	0.2	4.0	0.9	3.6	0.1
<span style="color: #0099CC;">■</span> Commercial New Construction	0.0	0.0	0.1	0.0	0.0	0.0
<span style="color: #FF6600;">■</span> Other Markets	1.0	0.4	9.8	9.2	0.7	0.4
<b>Total All Markets</b>	<b>7.7</b>	<b>4.2</b>	<b>19.4</b>	<b>16.2</b>	<b>5.2</b>	<b>1.3</b>

## Creating Market Conditions (Cont.)

- Launched Lighting Basics, a free online training that provides a comprehensive overview of lighting fundamentals for the commercial lighting retrofit market. Lighting Basics can be found on the Northwest Lighting Network site: [www.nwlightingnetwork.com/training](http://www.nwlightingnetwork.com/training).
- Recognized leading commercial property management firms in the Puget Sound region for successfully adopting strategic energy management through NEEA's Commercial Real Estate program. Firms managing 48 million sqft of leased space achieved average annual electric savings of 4.5 percent and used utility incentives where available for 75% of implemented measures.

## Regional Collaboration

- Worked with Regional Portfolio Advisory Committee (RPAC) to establish a collaborative process for regional strategic market planning and develop a timeline for the first plan - Commercial Lighting. Regional Strategic Market Plans are expected to benefit the region, through better alignment on long-term goals and improved coordination, and maximize cost-effective energy efficiency opportunities.
- Developed Conduit ED, a new web-based educational program for the Conduit community, and partnered with Bonneville Power Administration to develop the first series on Emerging Technology.
- Initiated process with the Regional Technical Forum to develop a new residential construction standard protocol. The protocol will define a new savings methodology for residential new construction programs and open up greater savings opportunities for utilities.

## Codes and Standards

- Collaborated with Washington State University, the Washington Clean Air Agency, and others, to produce a ventilation system video aimed at homeowners and home builders. The video builds awareness and understanding of the operation and care of home ventilation systems, an issue that comes up frequently in code requirement discussions.
- Welcomed final Department of Energy rule updating the energy conservation standard for General Service Fluorescent Lamps. On behalf of the region, NEEA participated in the rulemaking process and submitted comments in support. The new standard will save approximately 2.5 quads of energy and result in \$627 million per year in net financial savings.

## Natural Gas Market Transformation

- Finalized all contracts and completed funding process for 2015-2019 Natural Gas Market Transformation Business Plan.
- Hired Alexis Allan as Senior Manager of Natural Gas to manage and develop the Natural Gas Business Unit.
- Negotiated participation agreement with the Gas Technology Institute creating opportunities for product testing and validation.
- Developed shared industry press release with Natural Gas Advisory Committee to announce the region's natural gas market transformation efforts. Press release generated stories in Natural Gas Institute's *Daily Price Index*, *Oregon Business Magazine*, *Portland Business Journal*, *Clearing Up*, *Seattle P-I*, *SNL Financial* and *SNL Energy*, *Energy Priorities* and *Sustainable Business Oregon*.

## 2015 YTD Expenses vs. Annual Budget (in \$ Thousands)

<b>2015 BUDGET</b>	<b>\$1,076</b>
<b>YTD</b>	<b>\$129</b>

## 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>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 2015-2019 Business Plan
<b>Infrastructure</b>	A holistic and integrated set of resources that NEEA helps develop to support utilities and the market in building market capability, awareness and demand for energy-efficient products and practices.
<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>Platform</b>	A flexible mechanism that supports multiple market transformation programs and speeds the time to market for new efficiency opportunities
<b>Savings Forecast</b>	Energy savings forecasts based on key assumptions and the latest available market data
<b>Strategic Market</b>	The markets for which NEEA sees a long-term opportunity to help the region achieve its energy efficiency goals through market transformation work and regional leverage.
<b>Total Regional Savings</b>	Energy savings associated with all market changes: Net Market Effects plus Local Program and Baseline Savings

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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