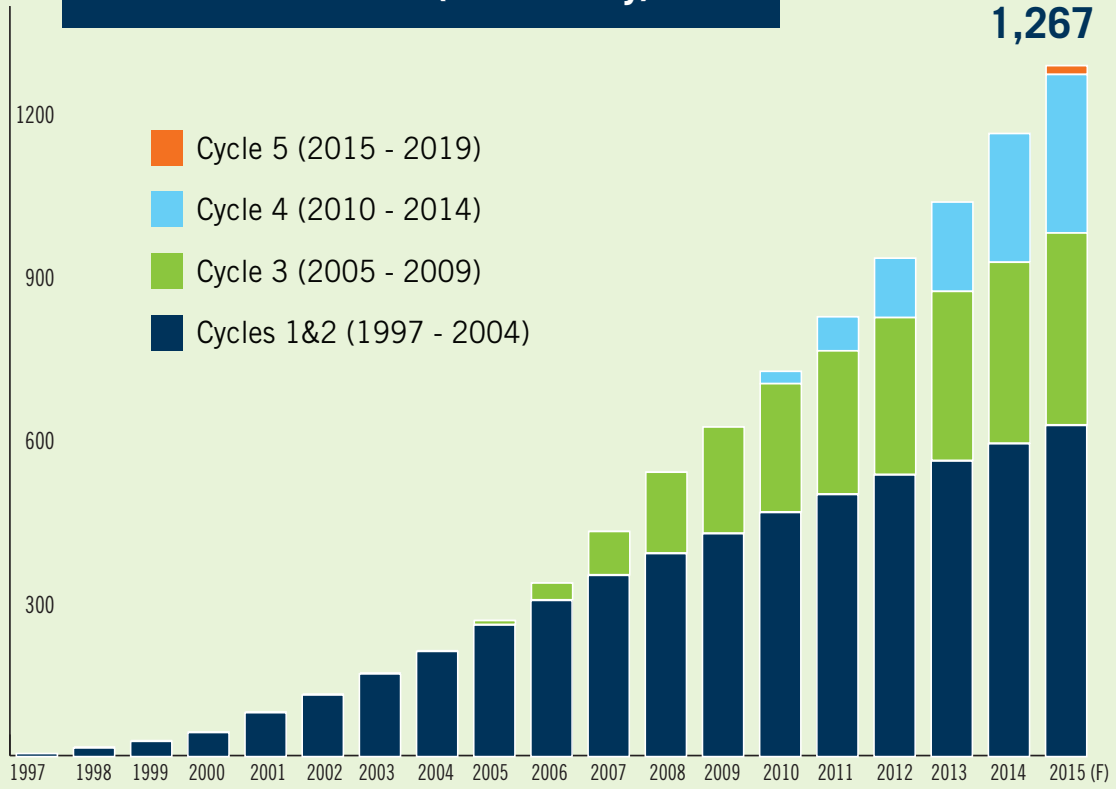




# Q2 2015 Quarterly Performance Report

**Cumulative Total Regional Savings (aMW)  
All Investments (Electric only)**



## ELECTRIC BUSINESS PLAN GOALS

### Goal 1: Fill the Energy Efficiency Pipeline

In Q2, NEEA staff continued to test and investigate 20 emerging opportunities in the energy efficiency pipeline, including:

- **Advanced Commercial Rooftop Units:** Completed successful lab test of a high-efficiency heat recovery ventilation (HRV) system for small commercial applications. As a next step, NEEA staff will begin field-testing in Q3 2015.
- **Multiple Technologies:** Advanced the development of three programs in the energy efficiency pipeline: Manufactured Homes, Commercial Secondary Window Glazing and Enhanced Code Path for Commercial Construction.

### Goal 2: Creating Market Conditions for Energy-Efficient Products, Services and Practices

NEEA's current portfolio consists of 16 market transformation programs (see page 4 for a complete list). Second quarter highlights:

- **Heat Pump Water Heaters:** Recruited 30 utility partners (highest involvement to date) to participate in a GE promotional campaign aimed at driving sales by building customer awareness of utility rebates. The promotion extends through 2015.
- **Reduced Wattage Lamp Replacement:** Expanded program beyond electrical distributors by signing Grainger, one of the country's largest supply houses serving the lamp maintenance market. Grainger's addition to the program will move the lamp maintenance more quickly to reduced wattage replacement lamps.

(Continued on page 5)

## ELECTRIC BUSINESS PLAN TARGETS

### Savings Readied for Market



Note: NEEA updates its savings forecast in Q1 and Q3.

### Co-Created Savings



## 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	N/A	Green
Accelerating Market Adoption/Regional Advantage	TARGET	ACTUAL		STATUS
Additional Value Secured (\$millions YTD)	\$2	\$.02		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)	\$8.6	\$8.3	\$7.2	Red
Full Year Expenses (\$millions)	\$33.1	\$32.6	\$14.3	Green
Business Administration Expenses (% of total expenses)	<13%	11.6%	12%	Green
Other Operational Metrics	TARGET	FORECAST	ACTUAL	STATUS
Metric Ton of Carbon Per Employee	2.75	2.98	1.57	Yellow
Employee Turnover (trailing 12 months %)	<10%	N/A	12%	Yellow

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

<sup>ii</sup> Excludes \$418K in Special Funds and Natural Gas Funds

## Scorecard Comments

NEEA's quarterly scorecard reports performance toward long-term value delivery targets and other key metrics. See 'NEEA Definitions' on page 6 for descriptions of individual metrics.

### Emerging Technology Pipeline

**Scanning Portfolio Potential:** As reported in Q1, actual is 10% below target. NEEA continues to scan the market for promising energy efficiency opportunities and review unsolicited proposals.

**Regional Potential in Process:** NEEA is accelerating the advancement of three opportunities into the pipeline next year, see page 1 for details.

### Additional Value Secured

Market-facing activities were limited due to an increased focus on upstream marketing efforts.

### Energy Savings

**Current Investments:** As reported in Q1, 2015 forecast is below target due to slower-than-anticipated product uptake of reduced wattage lamps. Staff anticipate that the incorporation of additional energy savings from federal standards will increase the 2015 forecast.

**All Investments:** Co-Created savings forecast is 97% of target.

*Value Delivery Metrics: Red status indicates that forecast is less than 80% of target; yellow status indicates that forecast is greater than 80% of target but less than 100%.*

### Operational Metrics

Current quarter expenses were 86% of forecast. See page 3 for details.

Carbon emissions per employee exceeded target due to a spike in business travel.

Employee turnover exceeded target due to Q4 2014 reduction in force. Turnover without intentional layoffs (trailing 12 months) is 5.7%.

*Operational Metrics: Current quarter expenses red status indicates that actual is less than 90% of forecast; Carbon emissions yellow status indicates that forecast exceeds target by greater than 10%; Employee turnover yellow status indicates that turnover exceeds target by greater than 10%.*

## 2015 Financials (Electric Only)

### Financial Summary

2015 YTD spending was 86% of budget primarily due to product delays in the dryers program, slower than expected heat pump water heater sales (expected to increase in Q3-Q4 with additional Tier 3 product availability), and a slower-than-anticipated start for the Top-tier Trade Ally Advanced Training program.

### Q2 2015 Electric Expenses (in \$ millions)

Q2 BUDGET

8.6

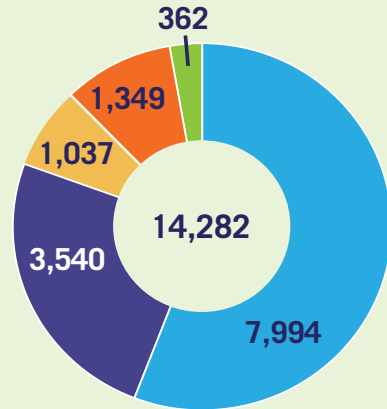
Q2 ACTUAL

7.2

### Q2 2015 Actual Electric Expenses

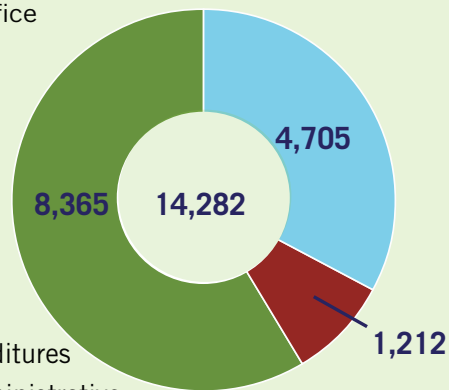
(in \$ thousands)

#### By Business Unit



- Market Strategy & Execution
- Technology, Planning & Evaluation
- Stakeholder Relations
- Business Administration
- Executive Office

#### By Expense Category



- Project Expenditures
- General & Administrative
- Salaries & Benefits

### 2015 Electric Expenses

(in \$ thousands)

#### BY BUSINESS UNIT

	ANNUAL BUDGET	YTD BUDGET 6/30	YTD ACTUAL 6/30	YTD ACTUAL AS % OF BUDGET
Market Strategy & Execution	19,555	9,429	7,994	85%
Technology, Planning & Evaluation	7,635	4,232	3,540	84%
Stakeholder Relations	2,046	1,064	1,037	98%
Business Administration	3,035	1,504	1,349	90%
Executive Office	804	413	362	88%
<b>TOTAL ORGANIZATION</b>	<b>33,075</b>	<b>16,642</b>	<b>14,282</b>	<b>86%</b>

#### Reason for Budget Variance:

Slow HPWH sales; Dryers product delays; slow start for Top-tier Trade Ally Advanced Training; Luminaire Lighting evaluation delays

Delays in research for Codes & Standards and Lighting evaluation due to staff vacancies

Lower salary/fringe related to Director position transition

Lower-than-anticipated consulting fees

#### BY EXPENSE CATEGORY

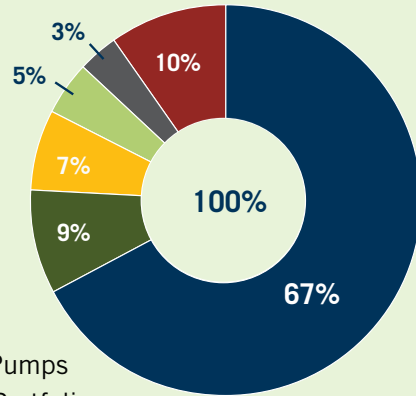
	ANNUAL BUDGET	YTD BUDGET 6/30	YTD ACTUAL 6/30	YTD ACTUAL AS % OF BUDGET
Salaries & Benefits	9,825	4,824	4,705	98%
General & Administrative	3,099	1,607	1,212	75%
Project Expenditures	20,151	10,211	8,365	82%
<b>TOTAL ORGANIZATION</b>	<b>33,075</b>	<b>16,642</b>	<b>14,282</b>	<b>86%</b>

Lower-than-anticipated temporary help, consulting and sponsorship expenditures

Slow sales (HPWH); Product delays (Dryers); Slower-than-anticipated initiative start (Training)

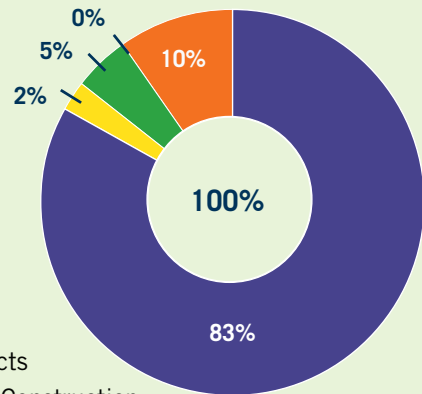
## 2015 Co-Created Savings Forecast (aMW) Current Investments (Electric Only)

### 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 20 emerging opportunities that have energy savings potential for the region.



### Concept Opportunity Assessment



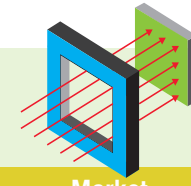
### Market and Product Assessment

- Super-Efficient Dryers
- Retail Product Portfolio
- Luminaire-level Lighting Controls
- Commercial and Industrial Strategic Energy Management



### Strategy, Testing & Finalization

- Next Step Homes
- Certified Refrigeration Energy Specialist Certification



### Market Development

- Reduced Wattage Lamp Replacement
- Heat Pump Water Heaters
- Ductless Heat Pumps
- 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 Commercial Real Estate, Industrial Technical Training, Top-Tier Trade Ally Advanced Training and the Integrated Design Labs

## 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
Consumer Products	3.0	3.5	5.3	5.9	0.7	0.8
Residential New Construction	0.1	0.1	0.2	0.1	0.1	0.1
Commercial Lighting	3.6	0.2	4.0	0.9	3.6	0.1
Commercial New Construction	0.0	0.0	0.1	0.0	0.0	0.0
Other Markets	1.0	0.4	9.8	9.2	0.7	0.4
<b>Total for 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>

Note: NEEA updates its savings forecast in Q1 and Q3

## Goal 2: Creating Market Conditions (Continued from Page 1)

- **Certified Refrigeration Energy Specialist (CRES) Certification:** Developed and delivered a customized database to streamline the management of RETA's (Refrigeration Engineers and Technicians Association) certification process. In exchange, RETA will provide quarterly data reports, which will allow NEEA staff to quantify program savings.
- **Heat Pump Water Heaters:** Developed remediation strategy to support utilities, supply chain and consumers with AirGenerate product and warranty discontinuation.
- **Super-Efficient Dryers:** Provided data and analysis to the Regional Technical Forum to achieve Planning Unit Energy Savings for six tiers of electric residential clothes dryers, creating future pathway for utilities to run their own dryer programs.

## Regional Collaboration

- **Regional Market Strategies:** Completed three regional planning workshops with participation from more than 40 stakeholders, resulting in a draft commercial & industrial lighting strategic market plan for the region. In Q3, the plan will be refined and presented to NEEA's Regional Portfolio Advisory Committee for approval.
- **Efficiency Exchange:** Collaborated with Bonneville Power Administration and the Northwest Power and Conservation Council to deliver the 2015 Efficiency Exchange Conference. The conference, which provides a forum for energy efficiency professionals to share knowledge, explore emerging innovations and discuss the direction of utility efficiency programs, drew a sold-out crowd of 500 attendees.
- **Commercial Lighting Regional Resources:** Held seventh annual Summer Summit event for utility lighting staff and other regional lighting experts to discuss new technologies and trends, and provide updates on their work.

## Codes and Standards

- Delivered code compliance training to 1,264 homebuilders, Realtors and building officials (YTD) across all four Northwest states.
- Supported the Washington State energy code development process for the 2016 Energy Code, including proposals for: a first-time options path for the commercial code; luminaire-level lighting controls as an alternative to other control strategies; lower lighting power densities; building type requirements for dedicated outside air systems; enhanced air leakage control, and others.

## Natural Gas Market Transformation Update

- Launched effort to accelerate the advancement of gas-fired heat pump water heaters. Work includes reliability testing, safety review and component modifications leveraging lessons learned from Northwest field tests.
- Engaged laboratory partner to assess baseline energy consumption and energy savings of efficient gas dryers. Testing will be complete Q3 2015.
- Welcomed participation from Fortis BC and the Northwest Gas Association to serve on NEEA's Natural Gas Advisory Committee.
- Engaged with Gas Technology Institute to explore expanding on-going Rooftop HVAC field test to the Northwest.
- Hired dedicated program manager to support NEEA's natural gas portfolio.

### 2015 YTD Budget vs. Actual (in \$ thousands)



NEEA's original Natural Gas Business Plan assumed a full year of activity, whereas work didn't ramp up until April.

## 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 Program</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:

**Virginia Mersereau**  
 COMMUNICATIONS MANAGER  
[vmersereau@neea.org](mailto:vmersereau@neea.org)  
**503.688.5491**