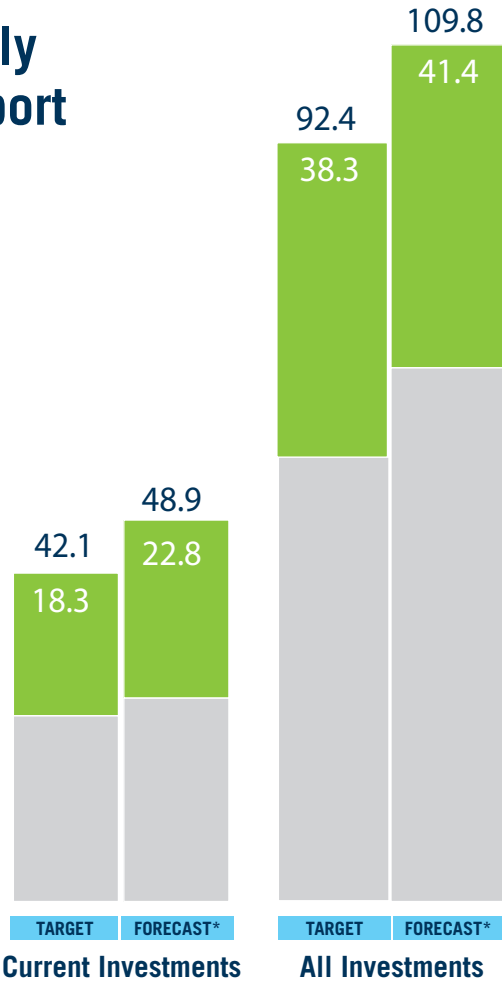




Q3 2013 Quarterly Performance Report

2013 Total Regional Savings (aMW)

- Co-Created Savings
- Baseline



TOTAL REGIONAL	CO-CREATED	Current Investments		All Investments	
		Target	Forecast*	Target	Forecast*
		13.6	18.9	25.2	28.6
		4.7	3.9	13.1	12.9
		23.8	26.1	54.1	68.4

* NEEA updates its energy savings forecast in Q1 and Q3

Quarterly Performance Highlights

Filling the Pipeline

- Influenced manufacturer to develop first ever dual-purpose (space and water heating) ductless heat pump. NEEA provided field data and worked with manufacturer to develop test-methodology. Results indicate that product is not yet ready for market introduction and NEEA is working with the manufacturer to improve performance.
- Conducted independent performance testing of manufacturer Rheem’s new Tier 1 heat pump water heater to ensure compliance with the Northern Climate Specification. Rheem’s exclusive agreement with The Home Depot means Tier 1 HPWHs will be available for the first time through this large market channel.
- Completed and published lab-test of manufacturer Sanden’s CO₂ integrated heat pump water heater unit, which promises energy savings in cool climates (down to 5 degrees F). Results found that integrated CO₂ HPWH unit meets the Tier 3 (the most stringent) Northern Climate Specification and is well-suited for all Northwest climates.

Accelerating Market Adoption

- Influenced Washington Department of Labor and Industries to classify heat pump water heaters as a household appliance. New code interpretation allows HPWHs to qualify for permitting exemptions, removing a critical barrier to market adoption, and will lead to a streamlined installation process.
- Partnered with Energy Trust of Oregon, Clark Public Utilities, Idaho Power, Building Owners and Managers Association, and others, on the 2013

“Kilowatt Crackdown” in Portland/ Vancouver and Boise. NEEA supported building teams representing 19 million square feet by delivering tools and technical scoping reports. Building energy competitions increase market awareness and knowledge of commercial real estate energy management best practices.

Regional Advantage

- Collected sales data in partnership with Bonneville Power Administration from 12 regional electrical distributors. This was a first step in building a regional upstream platform that will increase stocking and sales of efficient lighting. Analysis of the data revealed new opportunities in the lamp maintenance market. Moreover, the data collection process itself was valuable as it provided an opportunity to build relationships with leading distributors and set the stage for upstream regional market intervention.
- Conducted 439 Commercial Building Stock Assessments (CBSA) in Q3. NEEA is scheduled to complete 908 assessments by year-end, despite challenges with low response rates. The CBSA, scheduled for release mid-2014, will provide a robust database of commercial building energy-use characteristics. CBSA findings will support regional power planning, inform conservation targets and help identify conservation program opportunities.

Long-term Value Delivery

- Previously funded initiatives, i.e. those that NEEA no longer actively manages, are forecast to deliver 61 aMW of Total Regional Savings in 2013.

Q3 2013 NEEA Quarterly Performance Scorecard



Value Delivery Metrics

Emerging Technology 20-Year Pipeline (aMW)	TARGET	FORECAST	ACTUAL	STATUS
Regional Potential in Process	1200	1082	N/A	▲ ↓ 16%
Readied for Market 2010 - 2014	300	275	18.4	▲ ↓ 8%
Accelerating Market Adoption/Regional Advantage	TARGET	ACTUAL		STATUS
Expanding Market Knowledge and Capability ⁱ				
Education/Knowledge Transfer (people trained YTD)	TBD	3279		N/A
Skills Training (people trained YTD)	TBD	1480		N/A
Additional Regional Investment Secured (\$millions) YTD	N/A	\$3.7		N/A
Energy Savings (aMW)	TARGET	FORECAST	ACTUAL	STATUS
2013 Energy Savings from Current Investments				
Total Regional	42	49	June 2014	● NA
Net Market	14	19	June 2014	● NA
Co-created	18	23	June 2014	● NA
2010- 2014 Business Plan - Current Investments	TARGET	FORECAST	ACTUAL ⁱⁱ	STATUS
<i>5-year aMW savings (2010-2014)</i>				
Total Regional	200	217	103	● ↑ 1%
Net Market	100	79	44	● ↑ 4%
Co-created	N/A	99	56	N/A ↓ 2%
<i>10-year Total Regional Savings aMW (2010-2019)</i>	550	475	103	▲ ↓ 2%

Operational Metrics

YTD Financial Metrics (General Funds Only ⁱⁱⁱ)	TARGET	FORECAST	ACTUAL	STATUS
Levelized Total Resource Cost (\$/kWh)	\$0.035	N/A	\$0.021	● NA
Current Quarter Expenses (\$millions)	\$10.5	\$11.0	\$9.3	● NA
Full Year Expenses (\$millions)	\$41.4	\$40.4	\$27.8	● NA
Emerging Tech/Development Expenses (% of total exp)	N/A	N/A	24.5%	N/A ↓ 6%
Business Administration Expenses (% of total exp)	<11%	9.5%	9.9%	● ↑ 4%
Other Operational Metrics	TARGET	FORECAST	ACTUAL	STATUS
Carbon impact per employee, MT (2010-2014)	2.75	4.02	2.01	● NA
Employee Turnover (trailing 12 months %)	<10%	N/A	8.7%	● 0%

↑ ↓ Arrows Represent Change from Q2 2013

ⁱ - Refined metric that measures outcomes is under development

ⁱⁱ - Validated Savings for 2010-2012 only

ⁱⁱⁱ - YTD excludes \$107K 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 has 1,082 aMW of potential energy savings in its efficiency pipeline and is forecasting to deliver 275 aMW in market-ready savings potential by 2014. Q3 pipeline shortfall reflects discontinuation of Comprehensive Lighting Initiative. NEEA is planning to advance several new initiatives in Q4 and 2014 helping ensure NEEA meets its pipeline commitment. However, NEEA expects to be 25 aMW short of its Readied for Market target at the end of 2014.

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

Energy Savings

● In accordance with direction from RPAC, NEEA remains focused on its long-term market transformation goals as well as collaborative market development with utilities. This will ultimately yield Net Market Effects savings over the long run, but in the near term means that NEEA will not likely meet its original goal of 100 aMW for this business plan. NEEA will meet its 5-year Total Regional Savings target of 200 aMW.

▲ NEEA's 10-year forecast for Total Regional Savings is down slightly from 483 aMW in Q1 2013.

Note: Yellow indicates forecast is greater than 80% but less than 100% of target; red indicates forecast is less than 80% of target

YTD Financial Metrics

● Third quarter expenses were 85% of forecast. Shortfall is primarily related to Commercial and Industrial initiative delays, Codes & Standards timing and deferred/ reduced TV incentives.

Note: Red indicates actual expenses are less than 90% of forecast or greater than 110%

Other Operational Metrics

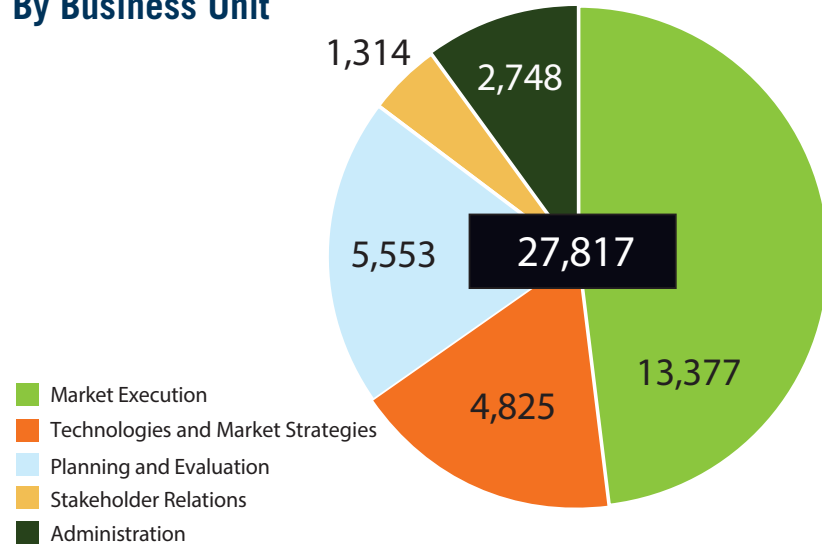
● Carbon impact per employee grew in 2013. Carbon impact is down from second quarter due to decreased business travel and seasonal natural gas usage.

Note: Red indicates actual is less than 80% of target

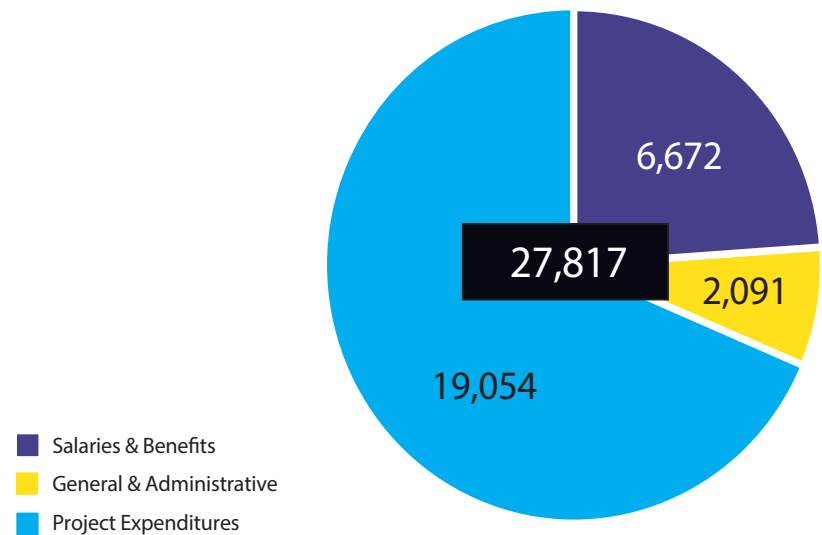
2013 YTD Actual Expenses

(in \$1000s)
\$27,817

By Business Unit



By Expense Category



Financial Summary

2013 YTD actual expenses are 89 percent of budget. Shortfall is primarily related to Commercial & Industrial initiative delays, Codes & Standards timing and deferred/ reduced TV incentives.



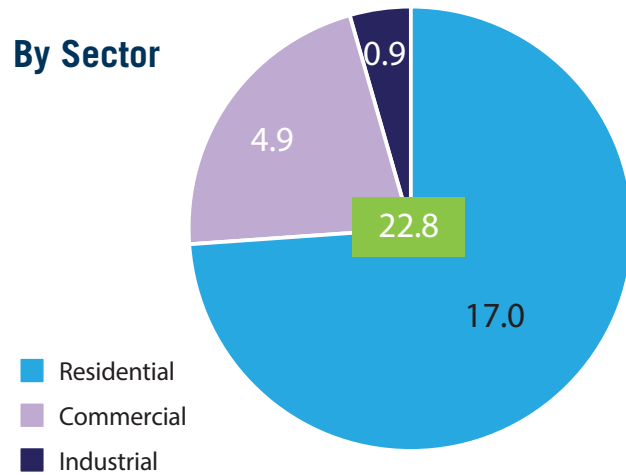
2013 Expenses (in \$1,000s)

	ANNUAL BUDGET	YTD BUDGET 09/30	YTD ACTUAL* 09/30	YTD ACTUAL AS % OF BUDGET	Reason for YTD Budget Variance
BY BUSINESS UNIT					
Market Execution	21,158	15,837	13,377	85%	Commercial & Industrial initiative delays and deferred/ reduced TV incentives
Technologies and Market Strategies	6,232	4,462	4,825	108%	Increased scanning activities responsible for YTD budget variance; Q3 expenses consistent with most recent forecast
Planning and Evaluation	8,596	6,954	5,553	80%	Slow start to Industrial Facility Stock Assessment; delays in codes & standards evaluation and residential market research
Stakeholder Relations	1,917	1,456	1,314	90%	Reduced reliance on contractors; delays in implementing customer relations management system
Administration	3,537	2,696	2,748	102%	5% vacancy rate budgeted for organization v.s. 2% actual vacancy rate
Total Organization	41,440	31,405	27,817	89%	
BY EXPENSE CATEGORY					
Salaries and Benefits	8,849	6,604	6,672	101%	
General and Administrative	3,254	2,529	2,091	83%	Lower than anticipated professional services, professional development, travel and conferences
Project Expenditures	29,337	22,272	19,054	86%	Slow start to IFSA; Commercial & Industrial initiative delays; codes & standards timing
Total Organization	41,440	31,405	27,817	89%	

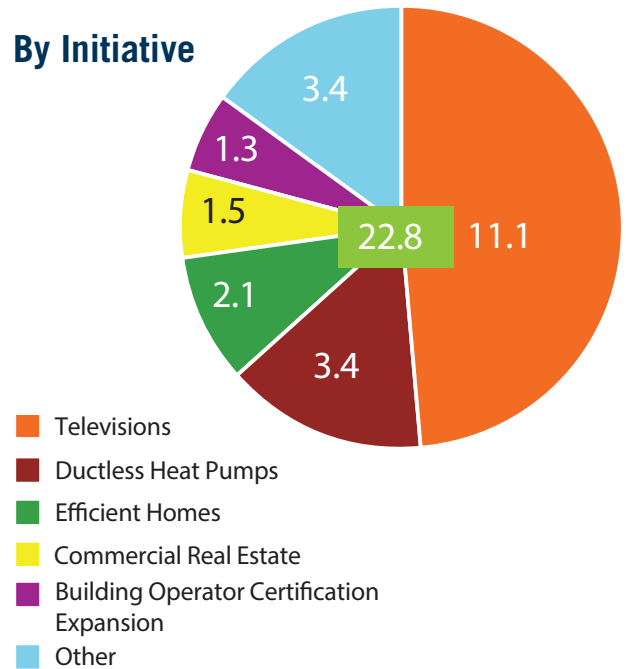
*Excludes Special Funds of \$107K

2013 Co-Created Savings Forecast (aMW) Current Investments

By Sector



By Initiative



2013 Energy Savings Forecast (aMW) from Current Investments

	NET MARKET EFFECTS			CO-CREATED SAVINGS			TOTAL REGIONAL SAVINGS			Reason for Forecast Variance from Target
	TARGET	FORECAST	%/TARGET	TARGET	FORECAST	%/TARGET	TARGET	FORECAST	%/TARGET	
Residential	9.4	14.6	155%	11.3	17.0	151%	32.5	41.1	126%	Residential Variance Comments
Televisions	7.1	11.1	156%	7.1	11.1	156%	27.7	34.3	124%	<ul style="list-style-type: none"> Higher than expected TV sales and new construction starts are driving increases in 2013 savings forecasts Q3 DHP forecast does not yet reflect new, lower savings rate from RTF. Revised estimate is expected to be on target HPWH forecast is below target due to a reduced sales forecast for large tank units
Ductless Heat Pumps	0.8	1.4	189%	2.4	3.4	145%	2.5	3.5	143%	
Efficient Homes	1.2	1.9	154%	1.4	2.1	149%	1.8	2.7	148%	
Heat Pump Water Heaters	0.3	0.1	26%	0.4	0.3	74%	0.4	0.3	78%	
Residential Codes (multifamily)	0.1	0.1	211%	0.1	0.1	100%	0.1	0.2	200%	
Commercial	3.3	4.1	122%	5.3	4.9	94%	7.7	6.8	89%	Commercial Variance Comments
Commercial Lighting	NA	0.0	NA	1.0	0.0	NA	1.1	0.0	0%	Decreases in forecasted activities in 2013: <ul style="list-style-type: none"> Commercial Lighting discontinued, to be replaced by two new initiatives in 2014 EBR experienced delays in demonstration projects Commercial Real Estate savings to be confirmed pending third party methodology validation BOC - Expansion forecast down due to fewer than expected qualified participants 80 PLUS forecast down due to fewer than expected sales Luminaire-level lighting controls is in pilot stage, 2013 sales data pending
Existing Building Renewal	0.0	0.0	0%	0.2	0.0	0%	0.2	0.0	0%	
Commercial Real Estate	NA	1.1	NA	NA	1.5	NA	NA	1.8	NA	
Healthcare	0.1	0.1	100%	0.3	0.3	100%	0.3	0.3	100%	
BOC Expansion	1.3	1.0	79%	1.6	1.3	70%	1.6	1.3	79%	
80 PLUS Power Supplies	0.6	0.8	132%	0.6	0.8	132%	1.9	1.4	75%	
Luminaire Lighting Controls	NA	0.0	NA	0.2	0.1	50%	0.2	0.2	100%	
Commercial Codes	1.3	1.0	75%	1.3	1.0	75%	2.4	1.8	72%	
Industrial/Agriculture	0.9	0.3	30%	1.8	0.9	50%	1.9	1.0	52%	Industrial Variance Comments
Small/Medium Businesses	0.2	0.0	0%	0.5	0.0	0%	0.5	0.0	0%	<ul style="list-style-type: none"> Small/ Medium initiative discontinued Food processor forecast to change pending data from Northwest Food Processors Association
Food Processors	0.6	0.2	36%	1.2	0.8	73%	1.3	0.9	73%	
RETA Certification	0.1	0.05	50%	0.1	0.0	50%	0.1	0.05	50%	
Totals	13.6	18.9	139%	18.3	22.8	125%	42.1	48.9	116%	

2013 Energy Savings Forecast by State (aMW)

	NET MARKET EFFECTS		CO-CREATED SAVINGS		TOTAL REGIONAL SAVINGS	
	TARGET	FORECAST	TARGET	FORECAST	TARGET	FORECAST
CURRENT INVESTMENTS						
Washington (45%)	6.1	8.4	8.2	10.2	18.8	21.9
Oregon (33%)	4.5	6.3	6.1	7.6	14.1	16.3
Idaho (14%)	1.9	2.7	2.6	3.2	6.0	7.0
Montana (8%)	1.0	1.4	1.4	1.8	3.2	3.8
Total	13.6	18.9	18.3	22.8	42.1	48.9
ALL INVESTMENTS						
Washington (45%)	11.3	12.8	17.2	18.5	41.3	49.1
Oregon (33%)	8.4	9.5	12.8	13.8	30.8	36.6
Idaho (14%)	3.6	4.1	5.5	5.9	13.2	15.6
Montana (8%)	1.9	2.2	2.9	3.2	7.1	8.4
Total	25.2	28.6	38.3	41.4	92.4	109.8

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

Other Quarterly Highlights

- Initiated development of an e-learning platform for commercial lighting trade allies, and continued support for the Northwest Trade Ally website. These activities provide commercial lighting market actors with the tools and knowledge necessary to further integrate efficient lighting solutions into their own business models, and increase adoption and use of utility lighting programs.
- Led regional efforts to update the Northern Climate Heat Pump Water Heater Specification to reflect regional findings and experience over the last 1.5 years. The updated Specification will support manufacturers to maximize product performance and benefit Northwest consumers by continuing to ensure that HPWH technology meets the needs of homeowners in cooler, northern climates.
- Collaborated with Architectural Energy Corporation on behalf of the region to develop a Northwest version of its REM/Rate new home modeling software. The software, which analyzes residential energy use, will provide greater flexibility to Northwest builders to become Northwest ENERGY STAR Homes (NWESH) compliant and support NEEA's transition of the NWESH program to the market.
- Conducted regional outreach to stakeholders to inform NEEA's strategic and business plans. NEEA's next strategic plan will serve as a roadmap for the 2015-2019 Business Plan. Both plans will be submitted to the NEEA Board for consideration in early 2014.

NEEA Definitions

All Investments	All NEEA investment since 1997
Annual Savings Target	Annual Operations Plan energy savings target toward five-year business plan goal
Baseline Savings	Energy savings from naturally occurring market change without utility, NEEA, BPA or Energy Trust of Oregon intervention
Business Plan	2010-2014 Board-approved Business Plan based on NEEA's Strategic Plan
Co-Created Savings	Energy savings resulting from the region working together to transform markets: Net Market Effects plus Local Program Savings
Cost-Effectiveness	Levelized Total Resource Cost (\$/kWh) of NEEA's current portfolio of initiatives
Current Investments	Investments made during the current 2010-2014 NEEA Business Plan
Education/ Knowledge Transfer Activities	Activities that NEEA conducts with the goal of sharing knowledge to improve understanding, increase motivation and encourage specific actions
Initiative	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
Local Program Savings	Energy savings claimed through utility, Energy Trust of Oregon or Bonneville Power Administration (BPA) energy efficiency programs
Net Market Effects	Savings associated with market change and not locally incented programs or baseline changes
Operations Plan	NEEA's Board-approved annual plan of operations
Platform	A flexible mechanism that supports multiple market transformation programs and speeds the time to market for new efficiency opportunities
Savings Forecast	Energy savings forecasts based on key assumptions and the latest available market data
Skills Training	Training that NEEA conducts with the goal of increasing motivation, developing specific skills, and encouraging application of skills
Total Regional Savings	Energy savings associated with all market changes: Net Market Effects plus Local Program and Baseline Savings
Validated Savings	Energy savings that have been reviewed and validated by NEEA's Cost-Effectiveness Committee

All NEEA performance reports are available on neea.org

If you have questions about this report, please contact:

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