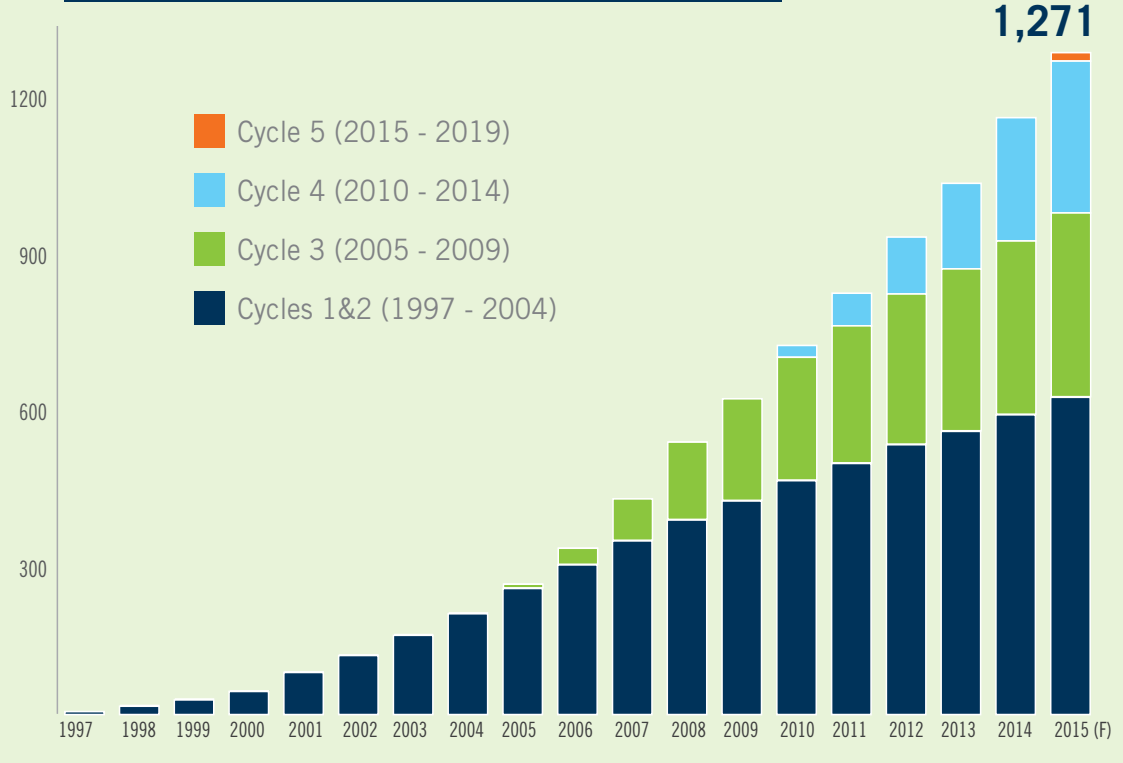




# Q3 2015 Quarterly Performance Report

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



## ELECTRIC BUSINESS PLAN GOALS

The following are third-quarter program highlights organized by NEEA's two strategic goals. See page four for a complete overview of NEEA's portfolio.

### Goal 1: Fill the Energy Efficiency Pipeline

- Reviewed five unsolicited proposals for emerging technologies, identifying three that show promise for the region: a more efficient fuel pumping station; a controller for air conditioning and refrigeration; and a device that lowers the need for compressed air in factories.
- Concluded field-testing of three Mitsubishi combination space and water heating systems (built off of a ductless heat pump platform). Testing showed promising results in terms of energy efficiency and cold weather capacity, but revealed a number of issues that still need to be addressed before the technology is ready for the Northwest. Mitsubishi is using the research to inform the next generation product design and improve overall product performance.
- Convened technical and market experts to identify and characterize the landscape of products and markets for residential water heating and space conditioning solutions. The resulting road map will inform the regional market strategy for consumer products planned for 2016.

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

- **Heat Pump Water Heaters:** Partnered with General Electric to drive sales of its highly efficient (Tier 3) heat pump water heaters and to raise awareness of available utility rebate programs. Over 30 utilities participated in the direct mail campaign, which is expected to have a significant impact on promotion sales. The campaign continues through the end of 2015.
- **Retail Product Portfolio:** Agreed to participate in the national ENERGY STAR Retail Product Platform pending positive pilot evaluation results in December 2015. Participating in the ENERGY STAR Retail Product Platform is an important step in gaining the scale necessary to influence the market and maximize savings.
- **Luminaire-Level Lighting Controls:** Collaborated with Design Lights Consortium, including national experts and utility program managers, to create a draft specification for advanced lighting controls. The draft was released to the public in September and is attracting the attention of large manufacturers. The final specification will be completed in January 2016.

(Continued on page 5)

## Quarterly Performance Scorecard (Electric Only)

### Value Delivery Metrics

Emerging Technology 20-year Pipeline (aMW)	TARGET	FORECAST	ACTUAL	STATUS
Scanning Portfolio Potential	1400	N/A	1085	Red
Regional Potential in Process	1000	N/A	520	Red
Readied for Market 2015 - 2019	175	175	N/A	Yellow
Accelerating Market Adoption/Regional Advantage	TARGET	ACTUAL		STATUS
Additional Value Secured (\$millions YTD)	\$3	\$0.8		Red
2015 Energy Savings from Current Investments	TARGET	FORECAST	ACTUAL <sup>i</sup>	STATUS
Total Regional	19	14	N/A	Red
Net Market	5	2	N/A	Red
Co-Created	8	5	N/A	Red
2015 Energy Savings – All Investments	TARGET	FORECAST	ACTUAL <sup>i</sup>	STATUS
Total Regional	124	125	N/A	Yellow
Co-Created	33	40	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	Yellow
Net Market	N/A	55	N/A	Yellow
Co-Created	75	75	N/A	Yellow
10-year aMW savings (2015 - 2024)				
Total Regional	365	365	N/A	Yellow
Co-Created	180	180	N/A	Yellow

### 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	Yellow
Current Quarter Expenses (\$millions)	\$8.4	\$8.2	\$7.6	Yellow
Full Year Expenses (\$millions)	\$33.1	\$31.5	\$21.9	Yellow
Business Administration Expenses (% of total expenses)	<13%	10.7%	11.8%	Yellow
Other Operational Metrics	TARGET	FORECAST	ACTUAL	STATUS
Metric Ton of Carbon Per Employee	2.75	3.02	2.2	Yellow
Employee Turnover (trailing 12 months %)	<10%	N/A	13%	Red

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

<sup>ii</sup> Excludes \$702K 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:** Actual is 22% 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: Manufactured Homes, Commercial Secondary Window Glazing and Commercial New Construction.

### Additional Value Secured

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

### Energy Savings

**Current Investments:** As reported in Q2, 2015 forecast is below target primarily due to slower-than-anticipated product uptake of reduced wattage lamps.

*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 93% 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 7%.

*Operational Metrics: Current quarter expenses yellow status indicates that actual is 90-95% of forecast; Carbon emissions yellow status indicates that forecast exceeds target by more than 10%; Employee turnover red status indicates that turnover exceeds target by more than 25%.*

## 2015 Financials (Electric Only)

### Financial Summary

2015 YTD spending was 88% of budget primarily due to product delays in the Dryers program, research and program delays for the Luminaire-level Lighting Controls program, and lower-than-anticipated upstream incentives and data collection for the Retail Products Portfolio program.

### Q3 2015 Electric Expenses (in \$ millions)

Q3 BUDGET

8.4

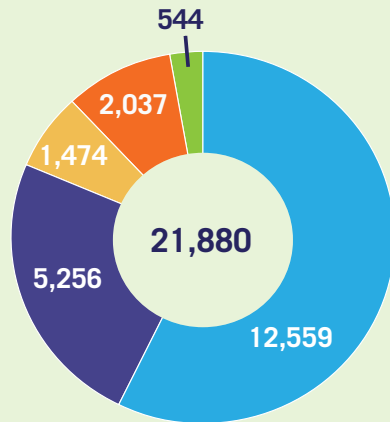
Q3 ACTUAL

7.6

### Q3 2015 Actual Electric Expenses

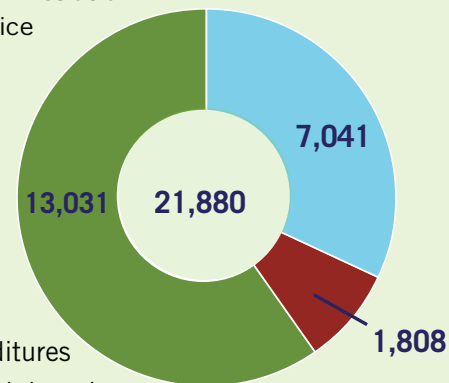
(in \$ thousands)

#### 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 9/30	YTD ACTUAL 9/30	YTD ACTUAL AS % OF BUDGET
Market Strategy & Execution	19,555	14,664	12,559	86%
Technology, Planning & Evaluation	7,635	5,930	5,256	89%
Stakeholder Relations	2,046	1,560	1,474	95%
Business Administration	3,035	2,271	2,037	90%
Executive Office	804	610	554	91%
<b>TOTAL ORGANIZATION</b>	<b>33,075</b>	<b>25,035</b>	<b>21,880</b>	<b>88%</b>

#### Reason for Budget Variance:

Product delays (dryers); Staff vacancies and lower consulting fees; Fewer upstream incentives (Retail Product Portfolio); Program delays (luminaire lighting)

Deferred research for luminaire lighting; Lower than anticipated long-term monitoring.

Lower salary related to staff turnover; In-sourcing of Professional Services.

Lower salary related to staff transition; Deferred consulting.

Lower-than-anticipated consulting fees.

#### BY EXPENSE CATEGORY

	ANNUAL BUDGET	YTD BUDGET 9/30	YTD ACTUAL 9/30	YTD ACTUAL AS % OF BUDGET
Salaries & Benefits	9,825	7,326	7,041	96%
General & Administrative	3,099	2,349	1,808	77%
Project Expenditures	20,151	15,360	13,031	85%
<b>TOTAL ORGANIZATION</b>	<b>33,075</b>	<b>25,035</b>	<b>21,880</b>	<b>88%</b>

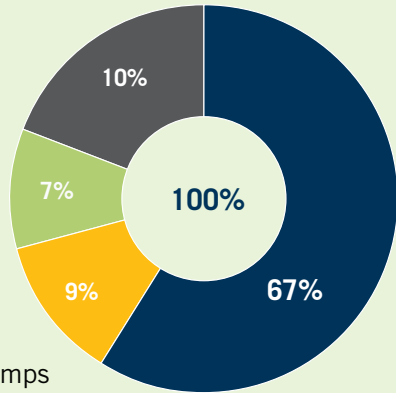
Vacancy rate higher than budgeted.

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

Program and product delays (dryers, luminaire lighting, advanced lighting training); Slower progress in advancing budgeted new initiatives into the portfolio.

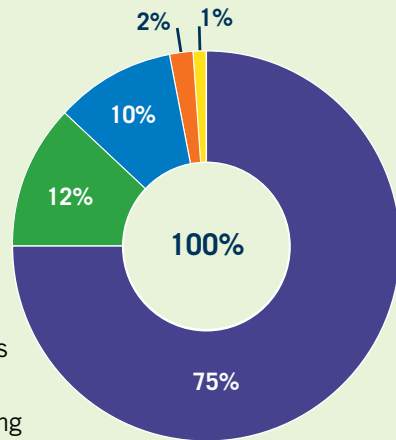
## 2015 Co-Created Savings Forecast (aMW) Current Investments (Electric Only)

### By Initiative



- Ductless Heat Pumps
- Heat Pump Water Heaters
- Reduced Wattage Lamp Replacement
- Others

### By Strategic Market



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

## Electric Market Transformation Portfolio



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

\* Standards that are not associated with a market transformation program

	Co-Created		Total Regional Savings		Net Market Effects	
	2015 TARGET	2015 FORECAST	2015 TARGET	2015 FORECAST	2015 TARGET	2015 FORECAST
Consumer Products	3.0	3.7	5.3	5.6	0.7	0.8
Residential New Construction	0.1	0.1	0.2	0.2	0.1	0.1
Commercial Lighting	3.6	0.5	4.0	0.6	3.6	0.3
Commercial New Construction	0.0	0.0	0.1	0.0	0.0	0.0
Other Markets	1.0	0.6	9.8	8.0	0.7	0.5
<b>Total for All Markets</b>	<b>7.7</b>	<b>4.9</b>	<b>19.4</b>	<b>14.3</b>	<b>5.2</b>	<b>1.8</b>

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

- **Heat Pump Water Heaters and Ductless Heat Pumps:** Launched updated Ductless Heat Pump and Heat Pump Water Heater regional websites ([GoingDuctless.com](http://GoingDuctless.com) and [hotwatersolutionsnw.org](http://hotwatersolutionsnw.org)). The sites provide enhanced and customizable integration with funder partner websites. Specific features include: funder-specific program information; manufacturer promotions; product information; and, resources for utilities, the supply chain and consumers to purchase, promote, sell or install the products.
- **Commercial Real Estate:** Launched Spark Building Renewal Tool ([buildingrenewal.org](http://buildingrenewal.org)), an online resource for commercial building owners that provides a pathway for deep energy retrofits and supports decision-making. Building renewal is a real estate strategy for building modernization that significantly improves energy performance, increases competitive advantage and raises the value of the building.
- **Next Step Homes:** Completed a variability study with home energy raters in Oregon, Idaho and Washington to measure the variability between energy rating protocols. Results will inform the guidelines for NEEA’s residential new construction standard modeling protocol, which is being developed to create consistent energy ratings with validated energy savings in the Northwest.
- **Commercial Lighting Regional Resources:** Updated the Lighting Layout Guide series, a best-practice tool for lighting professionals in the Northwest. The guides, twenty-one in total, provide an overview of energy- efficient lighting technologies in a variety of commercial applications. The Lighting Layout Guide series can be found on the Northwest Lighting Network ([nwlightingnetwork.com/tools](http://nwlightingnetwork.com/tools)).

## Regional Market Strategies

- **Commercial and Industrial Lighting:** Completed Regional Strategic Market Plan with regional stakeholders, including funders and market partners. The plan, which was approved by NEEA’s Regional Portfolio Advisory Committee, includes a shared vision, mission, goals, strategies as well as lead and support roles. Also in Q3, NEEA staff began forming strategy-level planning and implementation groups and a Steering Committee to oversee and manage plan implementation.

## Codes and Standards

- Delivered code compliance training to 1,987 homebuilders, real estate agents and building officials (YTD) across all four Northwest states.

## Natural Gas Market Transformation Update

- **Gas-fired Heat Pump Water Heaters:** Executed contract with Gas Technology Institute to accelerate commercialization of gas-fired heat pump water heaters, focusing on component performance, system reliability and customer safety and satisfaction.
- **Rooftop HVAC:** Initiated negotiations with Gas Technology Institute (since finalized) to implement a four-unit demonstration project over the 2015/2016 heating season. Demonstration project is anticipated to result in a better understanding of market economics, as well as best practices for installation, operation and maintenance.
- **Efficient Dryers:** Procured and tested five gas dryers in the lab to determine differences in incremental energy savings between Energy Star and non-Energy Star products. Results of this testing will inform market transformation strategy and business case.

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

YTD Budget	\$996
YTD Actual	\$282

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>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>Levelized Cost</b>	Levelized Total Resource Cost (\$/kWh) is the net present value of all the costs annualized over 20 years and divided by the annual electricity savings in kWh
<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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