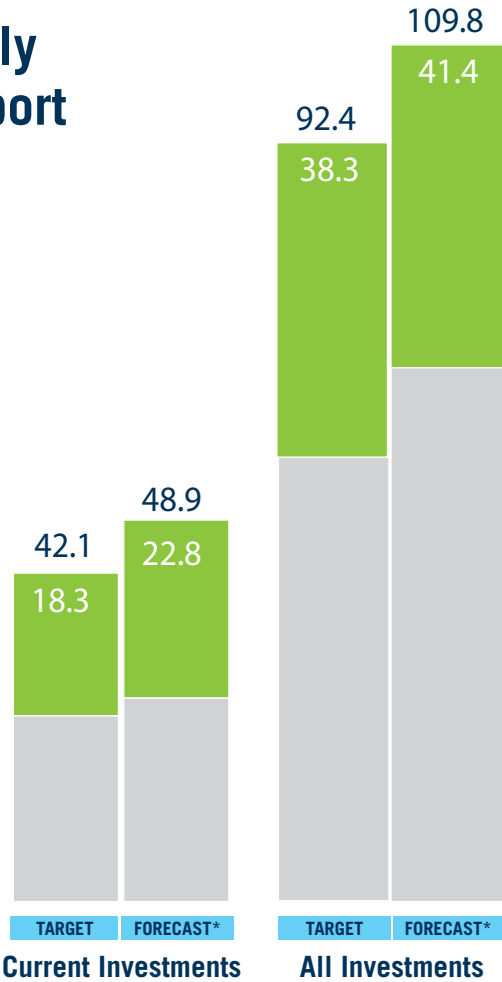




Q4 2013 Quarterly Performance Report

2013 Total Regional Savings (aMW)

- Co-Created Savings
- Baseline



	Current Investments		All Investments	
	Target	Forecast*	Target	Forecast*
TOTAL REGIONAL	42.1	48.9	92.4	109.8
CO-CREATED	18.3	22.8	38.3	41.4
Baseline	23.8	26.1	54.1	68.4

* NEEA updates its energy savings forecast in Q1 and Q3

Quarterly Performance Highlights

Filling the Pipeline

- NEEA's largest emerging technology project, Heat Pump Water Heaters (HPWH), transitioned to full-scale market deployment after successful product and market tests. This milestone culminates four years of work to influence manufacturer and supply chain investment in HPWHs, and bring high-performance products for northern climates to the Northwest market. This achieves two-thirds of NEEA's savings goal for technologies transitioning from the pipeline into full-scale market development.

Accelerating Market Adoption

- Hosted joint trainings with GE and utilities to grow the HPWH installer network and help overcome lack of qualified contractors. Trained 80 rural and urban installation contractors on HPWHs and Northern Climate Specification products/best practices to enable them to better promote the products to customers.
- Completed pilot to test a revised commercial real estate Strategic Energy Management (SEM) process that addresses consumer acceptance barrier, and reduces time commitment associated with adopting SEM. With NEEA's support, two property management firms successfully demonstrated deployment in half the calendar time of previous engagements. One firm plans to increase utility program participation across its 10 million square foot portfolio in Seattle City Light and Puget Sound Energy territories.
- Recruited the International Building Operators Association (IBOA) as a licensed Building Operator

Certification (BOC) provider to deliver the new BOC courses in Idaho and Montana. The new BOC courses are now accessible in rural markets. The increase in BOC-certified building operators encourages the adoption of high performance, energy-efficient operation and maintenance of Northwest commercial buildings.

Leveraging Regional Advantage

- NEEA is positioned to meet 2013 savings targets from current investments across Net Market Effects, Co-Created Savings and Total Regional Savings. By utilizing increased market leverage, NEEA and its partners achieved significant savings, due to residential portfolio momentum.
- In collaboration with utilities, obtained \$400,000 in supply chain partner funds for HPWH promotions to address cost and consumer awareness barriers. NEEA and its partners helped drive HPWH sales through all distribution channels by leveraging national and regional relationships, and a platform to coordinate promotions from across the region.
- Began the Industrial Facility Site Assessment (IFSA), the first study of its kind on the Northwest industrial sector. Study will provide valuable information on industrial building energy-use characteristics to support regional and local power planning. Enlisted stakeholder feedback to shape process and engagement. Targeting Q2 report release.

Long-term Value Delivery

- Previously funded initiatives, i.e. those that have been transitioned to market, are forecasted to deliver 18.6 aMW of Co-Created Savings in 2013.

Q4 2013 NEEA Quarterly Performance Scorecard



Value Delivery Metrics

Emerging Technology 20-Year Pipeline (aMW)	TARGET	FORECAST	ACTUAL	STATUS
Regional Potential in Process	1200	1000	676	● ↓ 1%
Readied for Market 2010 - 2014	300	278	208	▲ ↑ 1%
Accelerating Market Adoption/Regional Advantage	TARGET	ACTUAL		STATUS
Expanding Market Knowledge and Capability ⁱ				
Education/Knowledge Transfer (people trained YTD)	TBD	3715		N/A
Skills Training (people trained YTD)	TBD	2024		N/A
Additional Regional Investment Secured (\$millions) YTD	N/A	\$4.3		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	205	103	● ↓ 1%
Net Market	100	79	44	● NA
Co-Created	N/A	99	56	N/A NA
<i>10-year Total Regional Savings aMW (2010-2019)</i>	550	475	103	▲ NA
Operational Metrics				
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)	\$10.0	\$12.6	\$11.9	▲ NA
Full Year Expenses (\$millions)	\$41.4	\$40.4	\$39.7	● NA
Emerging Tech/Development Expenses (% of total exp)	N/A	N/A	16%	N/A ↓ 7%
Business Administration Expenses (% of total exp)	<11%	9.4%	9.4%	● ↓ 1%
Other Operational Metrics	TARGET	FORECAST	ACTUAL	STATUS
Carbon impact per employee, MT (2010-2014)	2.75	4.02	3.3	● ↑ 2%
Employee Turnover (trailing 12 months %)	<10%	8.4%	8.4%	● N/A

↑ ↓ Arrows Represent Change from Q3 2013

ⁱ - Refined metric that measures outcomes is under development
ⁱⁱ - Validated Savings for 2010-2012 only
ⁱⁱⁱ - YTD excludes \$495K 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

● The shortfall in Potential in Process is largely due to the transition of the Heat Pump Water Heater (HPWH) initiative out of the pipeline and into full-scale market development.

▲ NEEA forecasts its Readied for Market savings to land within 90% of the 300 aMW goal by 2014 due to the HPWH transition to market.

Note: Red indicates actual expenses are less than 90% of forecast or greater than 110%; yellow indicates forecast is greater than 80% but less than 100% of target

Energy Savings

● As reported in Q3, 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, NEEA may not meet its original goal of 100 aMW of Net Market Effects savings for this business plan. NEEA will meet its 5-year Total Regional Savings target of 200 aMW, but the forecast was adjusted from 213 aMW in Q3 to remove Other Codes & Standards from the report.

▲ 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% but less than 100% of target

Financial Metrics

▲ Fourth quarter expenses were 94% of forecast. Shortfall is primarily related to industrial site assessment delays due to additional field work preparation and holidays; delayed commercial lighting incentives due to difficulty determining distributor sales baseline methodology.

Note: Yellow indicates forecast is between 90-95% or 105-110% of target

Other Operational Metrics

● Carbon impact per employee came in below forecast but increased from Q3 due to seasonal natural gas usage.

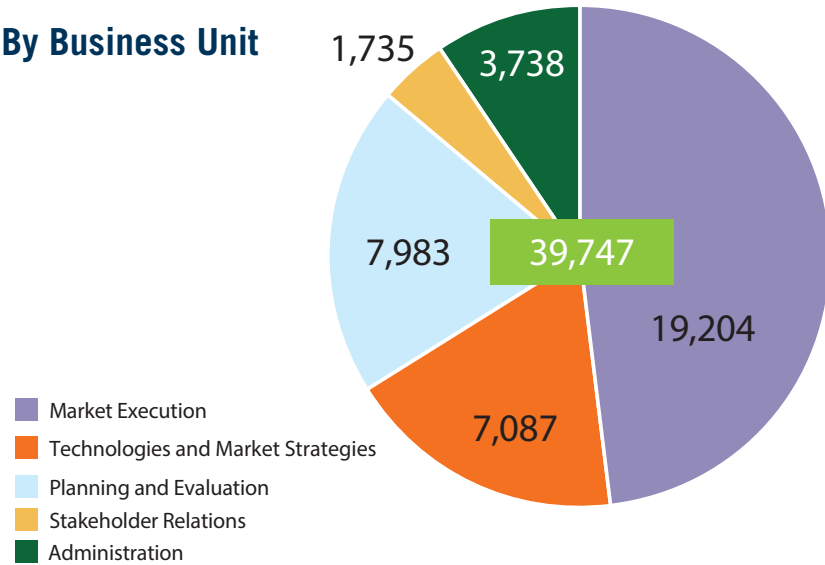
Note: Red indicates actual is equal to or less than 79% of target

2013 Actual Expenses

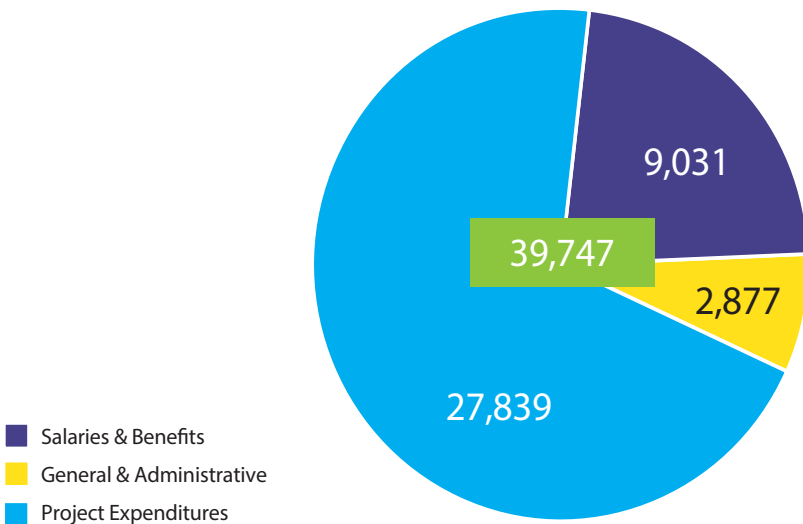
(in \$1000s)

\$39,747

By Business Unit



By Expense Category



Financial Summary

2013 actual expenses are 96% percent of budget. Shortfall is primarily due to industrial site assessment and commercial lighting incentive delays for the reasons mentioned on previous page.



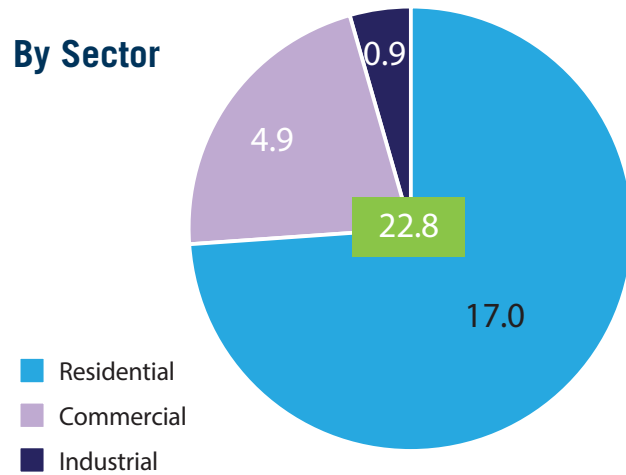
2013 Expenses (in \$1,000s)

	ANNUAL BUDGET	BUDGET 12/31	ACTUAL* 12/31	ACTUAL AS % OF BUDGET	Reason for Budget Variance
BY BUSINESS UNIT					
Market Execution	21,158	21,158	19,204	91%	Industrial Small/Medium SEM initiative discontinuation; Commercial lighting initiative delays due to needed prep work
Technologies and Market Strategies	6,232	6,232	7,087	114%	Additional and expedited product testing
Planning and Evaluation	8,596	8,596	7,983	93%	IFSA delays due to field work preparation; residential lighting long-term monitoring survey cost shift from Q4 to Q1
Stakeholder Relations	1,917	1,917	1,735	91%	In-house vs. contractor efficiencies and reduced outbound communications
Administration	3,537	3,537	3,738	106%	Fewer staff vacancies than budgeted
Total Organization	41,440	41,440	39,747	96%	
BY EXPENSE CATEGORY					
Salaries and Benefits	8,849	8,849	9,031	102%	Staff vacancy budgeting as noted above
General and Administrative	3,254	3,254	2,877	88%	Less than anticipated professional services, professional development, travel and conferences.
Project Expenditures	29,337	29,337	27,839	95%	Industrial, Commercial and Planning and Evaluation delays as referenced above
Total Organization	41,440	41,440	39,747	96%	

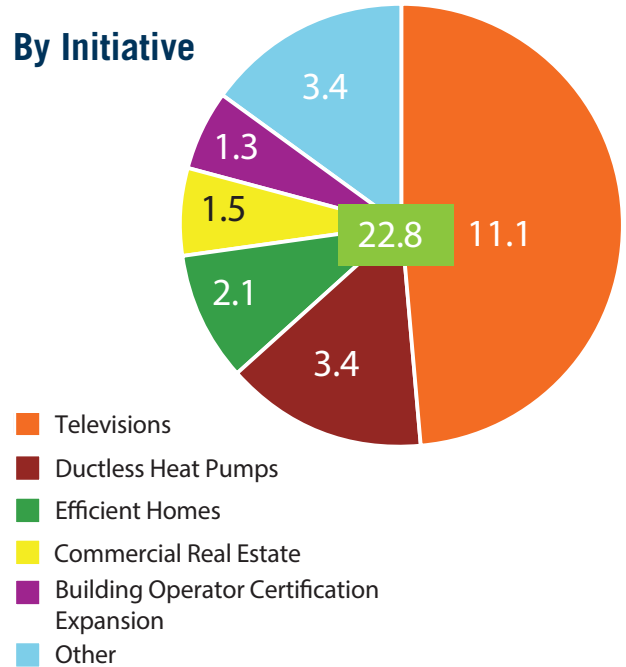
*Excludes Special Funds of \$495K

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 single family construction starts are driving increases in 2013 savings forecasts 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	0.2	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	0.0	50%	0.1	0.0	50%	0.1	0.1	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

- Delivered Verifier Boot Camp in Boise; trained third-party raters, verifiers and providers on Northwest ENERGY STAR and Next Step Home (NSH) requirements. By providing raters and verifiers with technical skills to build homes beyond code, they are equipped to boost builder participation in NEEA's new construction initiatives. This results in an increase in energy-efficient homes that are built, which positively influences future code adoption.
- Montana Building Industry Association consulted with NEEA on mandatory residential air leakage requirements to support implementation of the newly adopted International Energy Conservation Code (IECC) in Montana. Requirements go into effect as voluntary measure in April 2014; mandatory measure in April 2015. NEEA to fund Q2/Q3 statewide trainings to certify Montana blower door installers on how to effectively show air leakage requirements compliance.
- Finalized and completed 2014 operations plan and achieved budget approval from the NEEA Board. Incorporated regional stakeholder feedback into NEEA's strategic and business plans. NEEA's next strategic plan will serve as a foundation for the 2015-2019 Business Plan. Both plans to be submitted to the NEEA Board for consideration in 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:

[Aaron Cohen](#)

SENIOR MANAGER, CORPORATE MARKETING AND COMMUNICATIONS

acohen@neea.org

503.688.5400