NEEA QUARTERLY REPORT

Q1 2026 // Performance Highlights

A Note from the Executive Director

In the first quarter, NEEA advanced several foundational efforts to support the region's long-term energy needs in ways that increase system value and help advance product performance, energy savings and affordability for Northwest utilities and customers. This included launching the first Motor System Stock Assessment since 1999, which will refresh critical data on one of the Northwest's largest sources of industrial energy use and informing future efficiency opportunities. NEEA also initiated key research and planning activities to ensure that efficiency investments continue to deliver sustained value and long-term savings across all four Northwest states.

This work reflects a deliberate balance between near-term impact and long-term market readiness. In the electric portfolio, NEEA is expediting market interventions while advancing a pipeline of emerging technologies with greater emphasis on peak load reduction and grid connectivity. The alliance's gas and dual-fuel efforts similarly focused on advancing technologies, fuel-neutral approaches, and codes and standards that lock in performance and savings over time. For example, in Q1, NEEA launched new field demonstrations of advanced commercial water heating systems, including gas heat pumps and dual-fuel configurations, to validate real-world performance and savings. The alliance also continued to strengthen performance-based market signals through the Advanced Heat Pump work, using new research to better reflect how products operate under Northwest conditions.

At the March Board Meeting, the Board continued discussions about how energy efficiency and end-use load flexibility are a critical part of meeting the region's growing energy needs. This quarter, the End-Use Load Flexibility steering committee approved the project's 2026-2027 workplan, positioning the work as a strategic system resource that can help manage demand and support reliability.

More details on NEEA's work are available in the quarterly newsletters linked below, and in the 2025 Annual Report, which is now available on neea.org. It highlights how the alliance continues to deliver value throughout the Northwest including steps to make efficient smart pumps the industry standard, advancing practical, more efficient natural gas solutions for commercial buildings, and how NEEA's data-driven approach, combined with market research and evaluation, helps accelerate efficient products' path to market. Please reach out to NEEA staff directly with questions.

Becca Yates, Executive Director

ADDITIONAL RESOURCES:

> *Quarterly NEEA Newsletters*

> *Quarterly Market Progress Report*

Delivering on Cycle 7 Mission + Purpose

NEEA is an alliance of utilities and energy efficiency organizations whose purpose is to pool resources and share risks to transform the market for energy efficiency to the benefit of all consumers in the Northwest. NEEA works with all parts of the market to deliver energy efficiency to Northwest consumers by:

- Gathering and analyzing data to inform NEEA's Market Transformation programs as well as regional power planning and utility programs.
- Leveraging its relationships with mid and upstream market actors like manufacturers and retailers to influence their business practices by making the case for efficiency.
- Improving how products are tested and perform in real life applications.

These long-term efforts transform the market by making more efficient products and options available to consumers and businesses across the Northwest. Highlights of NEEA's Market Transformation progress achieved over the last quarter are documented below.

Portfolio Priorities	*Q1 Updates*
Portfolio Goal: Maintain progress in key electric portfolio programs driving NEEA's Cycle 7 energy savings, while exploring opportunities that align with evolving regional needs.	
Heat Pump Water Heaters (HPWH)	• *Concluded Market Progress Evaluation Report #8 for the Heat Pump Water Heater program, highlighting NEEA's contributions to setting the groundwork for ongoing and widespread adoption. Heat pump water heater owner satisfaction remains high, hovering around 90% among purchasers surveyed in past research. The report also found that HPWH market share in the Northwest increased 27% between 2021 and 2024, from 14.6% to 18.6% of all electric water heater installations.* • *Kicked off a HPWH work group in Q1, convening the region to identify opportunities to focus and amplify our collective efforts to increase the adoption of HPWHs. One early outcome of the workgroup is retailer training offered by Energy Trust of Oregon that equipped sales specialists to better address common product questions to support the sales process.* • *Engaged as presenters and moderators at the 2026 ACEEE Hot Air & Hot Water Forums to promote awareness and alignment with Northwest Market Transformation effort. Presentations focused on innovations in natural gas and electric energy-efficient technologies and Market Transformation best practices including residential HVAC connected commissioning, advancing central heat pump water heaters, and new business opportunities for installers.*
Retail Product Portfolio (RPP)	• *Concluded Market Progress Evaluation Report #3. Findings indicate the RPP program is influencing how retailers assort and promote energy efficient products, especially clothes washers and clothes dryers. It also found that supporting the development of manufacturers' agreements regarding product efficiency and the revision of federal efficiency standards has led to energy efficiency advancements in televisions, clothes dryers, clothes washers, and refrigerators. ENERGY STAR® Most Efficient room air conditioner market share almost doubled between 2022 – 23, from 10% to 18%.*

Portfolio Priorities	Q1 Updates
Portfolio Goal: Continue development of the natural gas portfolio and dual-fuel systems.	
Natural Gas/Dual-Fuel Portfolio	• *Completed installation of a dual-fuel space and water heating system for a year-long field demonstration at a low-income multifamily site in Portland, served by Pacific Power and NW Natural. Testing will determine the optimal balance between heat pump and gas systems to maximize energy and cost savings while ensuring reliable hot water. A second site is planned.* • *Conducted lab tests of a new dual-fuel residential water heating product with preliminary results showing positive efficiency performance. Manufacturer control modes are being developed to optimize the condensing gas heater usage and electric heat pump for energy efficiency or operating costs based on energy price.*
Portfolio Goal: Collaboratively develop End-Use Load Flexibility and Whole Building special projects.	
End-Use Load Flexibility	• *Secured Steering Committee approval of 2026-27 workplan to build a diversified end-use portfolio that prioritizes residential batteries, storage water heaters, and small-to-medium commercial opportunities, while leveraging existing alliance HVAC efforts.*
Whole Building	• *Completed draft proposal for Phase 2 of project and provided to steering committee members for review. Feedback from steering committees will be incorporated into the proposal in Q2.* • *Produced and launched 'Northwest Commercial Building and Market Insights', a five-part regional webinar series that highlights market research and data analysis findings from the Whole Building Special Project.*
Additional Priorities	**Q1 Updates**
Other notable highlights.	
Codes + Standards	• *Idaho's Building Code Board completed a comprehensive update to residential and commercial building codes after a multi-year, highly collaborative process, with broad support from the building industry and energy industry participants. The final code stalled in Idaho state's Legislature and will be delayed until the next legislative session, when it will be considered again.*
Regional Studies	• *Selected two contractors to lead the 2027 Residential Building Stock Assessment (RBSA) study. NEEA will continue working with the RBSA workgroup to review and prioritize RBSA data elements.* • *Launched the first Motor System Stock Assessment in the region, since 1999.* • *Wrapped up the Commercial Building Stock Assessment, with results on track to be shared with the region in Q3.*

Market Transformation Metrics (Q1 2026)

	Business Plan Estimate	Current Forecast	Status
Electric Portfolio Energy Savings			
5-year (2025–2029) Co-Created Energy Savings (aMW)	195 - 225	170 - 200	
Natural Gas Portfolio Energy Savings			
5-year (2025–2029) Co-Created Energy Savings (MM Therms)	6 - 17	4 - 8	

Within 1% of target *Within 20% of target* *More than 20% from target*

Current Energy Savings Forecast: *The current 5-year forecast for both electric and natural gas spans the low end of NEEA's business plan estimates and there is some risk to meeting Business Plan goals in this cycle. However, NEEA is still early in the business cycle, and the current estimate is intentionally conservative. To mitigate the risk in NEEA's five-year co-created savings, the organization is pursuing several strategies to accelerate near-term market change and increase data visibility. There is no indication of risk in NEEA's 10-year energy savings forecast.*

Co-Created Energy Savings Definition*: Energy savings that the regional Market Transformation efforts and local programs achieve by working together. These savings reflect the gains above a forecasted market baseline.*

Operational Metrics (Q1 2026)

	Actual	Forecast	Budget / Target	Status
Electric Portfolio				
YTD Investment ($M)	$ 8.1	$ 10.0	$10.0	
Natural Gas Portfolio				
YTD Investment ($M)	$ 1.4	$1.8	$1.8	
Administrative Budget				
Administrative Expenses (%)	19.0%	N/A	<18.0%	

Within 5% of target *Within 5-10% of target* *More than 10% from target*

Electric Portfolio: *The YTD variance reflects vacancy and delays in program spend driven primarily by record volume of contracting as well as lower than expected midstream and upstream incentives.* ***Natural Gas Portfolio:*** *The main drivers of the YTD variance are related to lower than anticipated labor costs and delays in program work that staff expect to be completed in 2026.* ***Administrative Expenses****: Percent of total budget dedicated to business administration and executive cost centers. The YTD overage is a result of lower than budgeted program costs through Q1. This is expected to finish at target for 2026.*

2025 Cycle 7 Business Plan Annual Scorecard

Executive Summary: NEEA's Cycle 7 Business Plan includes a robust scorecard of value metrics that are tracked and reported to the Board on an annual basis. This scorecard reflects progress to the Cycle 7 goals through the end of 2025 and includes Market Transformation Development indicators, for which NEEA has established five- and ten-year targets. More information about 2025 - 2029 Business Plan metrics, including definitions, is available on neea.org.

2025 Market Transformation Indicators

	Business Plan Estimate	Cycle 7 Forecast	Status
Electric Portfolio			
5-year (2025–2029) Co-Created Energy Savings (aMW)	195 - 225	170 - 200	
10-year (2025–2029) Co-Created Energy Savings (aMW)	365 - 470	365 - 470	
5-year Carbon Reduction (thousand tons)	780 - 900	700 - 800	
5-year Winter Peak Load Savings[1] (MW)	410 - 475	350 - 410	
5-year Summer Peak Load Savings[2] (MW)	350 - 400	270 - 320	
Natural Gas Portfolio			
5-year (2025–2029) Co-Created Energy Savings (MM Therms)	6 - 17	4 - 8	
10-year (2025–2029) Co-Created Energy Savings (MM Therms)	10 - 51	10 - 51	
5-year Carbon Reduction (thousand tons)	70 - 200	50 - 100	

Within 1% of target *Within 20% of target* *More than 20% from target*

***Cycle 7 Forecast**: The current 5-year forecast for both electric and natural gas spans the low end of NEEA's business plan estimates and there is some risk to meeting Business Plan goals in this cycle. However, NEEA is still early in the business cycle, and the current estimate is intentionally conservative. To mitigate the risk in NEEA's five-year co-created savings, the organization is pursuing several strategies to accelerate near-term market change and increase data visibility. There is no indication of risk in NEEA's 10-year energy savings forecast.*

[1] Based on winter peak hours, 6:00 p.m. weekdays in December, January and February.
[2] Based on summer peak hours, 6:00 p.m. weekdays July and August.

2025 Operational Metrics

	Target	Actual	Status
Electric Portfolio			
2025 Annual Budget ($)	$38.7M	$36.4M	
2025 Administrative Expenses (% of total)	< 18%	15.6%	
20-year Portfolio Benefit-Cost Ratio	≥ 1	2	
Natural Gas Portfolio			
2025 Annual Budget ($)	$5.9M	$5.3M	
20-year Portfolio Benefit-Cost Ratio	≥ 1	1.1	
Organizational			
2025 Employee Net Promoter Score[3] (eNPS)	64%	73%	

Within 5% of target *Within 5-10% of target* *More than 10% from target*

[3] Employee Net Promotor Score (eNPS) score based on responses related to employee satisfaction on annual engagement survey. The score is typically measured using three core questions that aim to gauge employee loyalty, satisfaction, and likelihood to recommend the organization.