NEEA QUARTERLY REPORT

Q2 2026 // Performance Highlights

A Note from the Executive Director

This quarter, we are taking a minute to recognize the alliance's 30-year history of success, released as part of the NEEA 2025 Annual Report. Working together, regional utilities and energy efficiency organizations have created permanent market change leading to 1,046 average megawatts (aMW) of co-created electric savings since 1997, and 5 million (MM) Therms of natural gas savings since 2019. These efforts have benefited consumers while supporting a more reliable, affordable and efficient energy future for the Northwest.

At the American Council for an Energy-Efficient Economy (ACEEE) Summer Study last month, I had the honor of announcing Midea as the winner of the Hot Water Innovation Prize, a national competition led by NEEA in partnership with ACEEE and a national coalition of energy efficiency organizations. The contest was designed to catalyze the development of a low-cost water heater designed to fit into smaller or space-constrained homes, making efficient water heating available to a wider range of households in an accelerated timeframe. These water heaters are intended for people living in apartments, condos or manufactured homes that might rely on electric resistance water heaters instead.

This competition is a classic example of Market Transformation in action and accelerating innovation with manufacturers. Since NEEA announced the Hot Water Innovation Prize, other manufacturers have brought to market compact heat pump water heaters that have similar product requirements as specified in the prize.

Throughout the conference, it was inspiring to see the alliance's work represented in important national efficiency conversations through Market Transformation presentations, panels, and showcasing Northwest research.

For more than 30 years, these partnerships and conversations have helped advance energy efficiency across the Northwest and the nation. While significant progress has been made, important work remains ahead.

More details are available in the quarterly newsletters linked below. Please reach out to NEEA staff directly with questions.

Becca Yates

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	*Q2 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)	• *Announced Midea as the winner of the Hot Water Innovation Prize. The winning solution has the potential to save households $5.6 billion in energy costs while addressing one of the largest barriers to adoption of heat pump water heaters: space. Midea's new split-system heat pump water heater is designed to provide families in apartments, condominiums, manufactured homes and other spaces with the option of installing an energy-saving heat pump water heater.*
Extended Motor Products (XMP)	• *Partnered with the Hydraulic Institute to establish a new smart pump product labeling system and to develop an educational website with a qualifying product database. These efforts increase market awareness and alignment in support of broader smart pumps adoption.*
Retail Product Portfolio (RPP)	• *Provided extensive testing methods, product testing, market research and development to inform the European Commission's proposed update to electronic display regulations and common test framework for TVs, monitors, and digital signage. The Commission has advanced these concepts into its Ecodesign revision process, with adoption targeted for 2028, to help align global test methods for products sold in international markets. This effort influences potential updates to the U.S. Department of Energy and ENERGY STAR® work to set efficiency levels for products and influence manufacturers of products purchased by Northwest consumers.* *Additionally, this creates a potential for 63 TWh of global energy savings while reducing energy costs and carbon emissions, as these technologies are largely developed and manufactured for worldwide markets. These changes are expected to drive ongoing voluntary efficiency improvements that will benefit Northwest consumers and utilities through lower energy use and sustained Market Transformation without additional, region-specific product requirements.*

Portfolio Priorities	Q2 Updates
Portfolio Goal: Continue development of the natural gas portfolio and dual-fuel systems.	
Natural Gas/Dual-Fuel Portfolio	• *Partnered with the North American Gas Heat Pump Collaborative to assess the commercial water heating market, providing the Northwest with insight into efficiency opportunities in existing buildings including multifamily, lodging, schools, universities, and other central domestic hot water applications. In addition to the regional market assessment, utility-specific opportunity analyses were developed for participating Northwest utilities to support local program planning and market development efforts.*
Portfolio Goal: Collaboratively develop End-Use Load Flexibility and Whole Building special projects.	
End-Use Load Flexibility	• *Finalized agreements with eight Northwest utilities to launch Phase II of the Regional End-Use Load Flexibility portfolio. Began building the end-use load flexibility portfolio with the Steering Committee, with an initial focus on connected water heating.*
Whole Building	• *Finalized proposal for Phase II of the Whole Building special project, which will focus on program concept refinements along with workforce, technology and resource development activities.* • *Identified more than 100 technology products through the Whole Building Special Project technology scan and began working with utility stakeholders to prioritize solutions that best support regional Market Transformation objectives and utility program goals.*

Additional Priorities	Q2 Updates
Other notable highlights.	
Emerging Tech	• *Published report on current clothes dryer test procedures to investigate their accuracy in predicting dryer energy use under real-world operating conditions. The report provides insights into how dryer energy performance varies across different load sizes and operating conditions and identifies opportunities to better align laboratory test results with common household usage patterns. These findings will help inform future discussions on dryer performance.*
Research and Regional Studies	• *Analyzed the End-Use Load Research Project data to derive insights from the study's foundational dataset of more than 3.1 billion commercial data points and more than 14 billion residential data points across the Northwest. These analyses will inform energy planning, programs and policy as well as create visibility into peak-load scenarios showing how demand will shift and where risks and opportunities lie.* • *Provided the foundational data to Bonneville Power Administration's 2022–2024 Northwest HVAC Sales Insights Report, which shows continued market movement toward efficient heat pumps and helps the region better identify opportunities for energy savings to support the adoption of high-efficiency HVAC technologies.*
Regional Collaboration	• *Hosted 2026 Efficiency Exchange Conference in Boise, Idaho in partnership with Bonneville Power Administration, the Northwest Power and Conservation Council, and host utility Idaho Power. Almost 500 energy efficiency professionals attended the event, which was keynoted by Idaho Power President and CEO Lisa Grow.*
Program Update	• *Updated names for NEEA's commercial HVAC to better reflect industry terminology and the full range of efficiency benefits that these technologies provide. Advanced Performance RTUs was formerly Efficient Rooftop Units and Advanced Performance DOAS was formerly High-Performance HVAC.*

Market Transformation Metrics (Q2 2026)

	Business Plan Estimate	Current Forecast[1]	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 (Q2 2026)

	Actual	Forecast	Budget / Target	Status
Electric Portfolio				
YTD Investment ($M)	$16.9	$18.5	$20.6	
Natural Gas Portfolio				
YTD Investment ($M)	$3.0	$3.3	$3.6	
Administrative Budget				
Administrative Expenses (%)	18.5%	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. The program spend is driven primarily by record volume of contracting, lower than expected midstream and upstream incentives, and market delays.* ***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*: Defined as the percent of total budget dedicated to business administration and executive cost centers.*

[1] NEEA adjusts its savings forecasts twice a year. The next updated forecast will be shared in the Q3 Quarterly Report, which the Board will receive in December.