



Business Planning Board Workshop

DATE: July 30, 2018

TIME: 9:30 am – 3:30 pm (PST)

LOCATION: SeaTac Airport Conference Center

INVITEES: NEEA Board of Directors, Facilitator Julie Ryan, and NEEA Staff: Jeremy Litow, Julia Harper, Susan Hermenet, Jeff Harris, Becca Yates and Jane Waian

Webinar link: <http://neea.adobeconnect.com/julyworkshop/>

To participate via teleconference: 866-398-2885 dial in; 5588327621 participant code

Desired Outcomes for the Meeting

1. Follow-up on action items from June 6 Board Workshop
2. Review the draft Business Plan budget and decisions on budget
3. Decisions on optional
4. Decision marketing scope and activities
5. Discussion and decision on proposed metrics
6. Board guidance and revisions on the 2nd Draft of the Business Plan in preparation for an outreach version

AGENDA

Page

9:30 – 9:40	Welcome Invitation for Public Comment	Board Chair	--
9:40 – 10:00	Agenda Review Summary from June 6 workshop - Discussion highlights - Action items Motion: Approve minutes from the Board of Directors Business Planning Workshop on June 6, 2018. Outcome: Set the stage for the July 30 Board workshop	Larry Blaufus Julie Ryan Board Chair	5

10:00 – 10:45	<p>Updates since the June 6 meeting to provide context</p> <ul style="list-style-type: none"> - BPC discussion of the revised business plan - Natural gas business plan update <p>Outcome: Provide context for the Board for the 2nd draft of the Business Plan</p>	<p>Becca Yates</p> <p>Bob Stolarski</p> <p>Larry Blaufus</p>	9
10:45 – 11:00	BREAK		
11:00 – 12:15	<p>Budget and Energy Savings discussion</p> <ul style="list-style-type: none"> - Actions to meet the target budget and the savings - Proposed optional activities <p>Outcome: Budget decision</p>	<p>NEEA staff</p> <p>Julie Ryan</p>	11
12:15 – 12:45	BREAK – Lunch		
12:45 – 1:15	<p>Budget and Energy Savings Discussion (continued)</p>	<p>NEEA staff</p> <p>Julie Ryan</p>	--
1:15 – 2:30	<p>Marketing and Branding</p> <p>Outcome: Board agreement on branding approach and marketing activity. Confirm that the memo titled: <u>How NEEA Uses Brands in the Market</u> satisfies Board's request from Strategic Planning for a "Branding Plan"</p>	<p>Stacy Blumberg</p> <p>Julie Ryan</p>	
2:30 – 2:45	BREAK		

2:45 – 3:00	<p>Metrics</p> <ul style="list-style-type: none"> - Value Metrics - Success Metrics <p>Outcome: Board guidance on the proposed metrics</p>	<p>Susan Stratton</p> <p>Julie Ryan</p>	14
3:00 – 3:15	<p>Other Business Plan related topics</p> <ul style="list-style-type: none"> - NEEA’s Extra-Regional Activity - Outreach plan - Other <p>Outcome: Board guidance on other related Business Plan topics.</p>	<p>NEEA Staff</p> <p>Julie Ryan</p>	18
3:15 – 3:30	<p>Wrap Up & Next Steps</p> <ul style="list-style-type: none"> - Discussion of the September workshop to finalize the 2020-2024 Business Plan and the outreach plan - Other items - Invitation for Public Comment <p>Outcome: Summary of what has been accomplished in the meeting. Discussion of deliverables for the next Board workshop and approval of the draft Business Plan for public outreach.</p>	<p>Larry Blaufus</p> <p>Julie Ryan</p> <p>Becca Yates</p> <p>Board Chair</p>	--

Attachments:

1. Minutes from the June 6, 2018 Board workshop
2. Memo: Key Changes Between the First and Second Business Plan Drafts
3. Memo: Opportunities for Optionality in the Draft 2020 – 2024 NEEA Business Plan
4. Memo: Cycle 6 Value and Success Metrics
5. Memo: Role of Extra-Regional Engagement in Northwest Market Transformation
6. Key Terms for NEEA Strategic and Business Planning

Separate Attachments:

1. 2nd Draft of 2020-2024 NEEA Business Plan and Budget
7. 2nd Draft of 2020-2024 NEEA Business Plan and Budget - Redline



Minutes

NEEA Board Business Planning Workshop

June 6, 2018

Portland Office, Cedar Conference Room

Member Attendance:

In person: Dan Johnson, Larry Blaufus, Michael Colgrove, Cory Scott, Bob Stolarski, George Pohndorf, Steve Bicker, Scott Pugrud, Bonnie Rouse, Jason Eisdorfer, Ben Otto, Theresa Drake, Andrew Grassell, Deb Young

By phone: Tom Karier

Alternates: Craig Smith for Jim Baggs, Brent Barclay for Dan James

Absent: Jim Baggs, Dan James

NEEA Staff:

In person: Susan Stratton, Jeremy Litow, Julia Harper, Jeff Harris, Suelynn Callahan, Becca Yates, Jane Waian (note taker)

Guests:

Amy Wheelless, NW Energy Coalition; Julie Ryan, facilitator

Welcome

Cory Scott opened the public workshop at 10:00 am and reviewed the logistics details for the day. Scott invited comments from public attendees. Amy Wheelless, NW Energy Coalition asked when it will be time for external stakeholder input into the Strategic Plan and Business Plan and said that her organization looks to NEEA as a critical model for convening, coordinating and collaboration.

Scott then turned the workshop over to Larry Blaufus, Business Planning Committee Chair.

Motion: George Pohndorf moved to approve the meeting minutes from the Board Workshop on May 9, 2018 with noted changes to the attendee list; Ben Otto seconded. The minutes were unanimously approved by voice vote.

Agenda Review

Blaufus provided an overview of the agenda and said that the proposed budget and estimated savings will be presented in the second draft of the plan. He added that the Business Plan will need 80% approval from the Board. He then turned the meeting over to Julie Ryan, facilitator.

Follow up from the May 9, 2018 Board Workshop

Ryan provided an overview of the Business Planning Roadmap and then asked George Pohndorf, Strategic Planning Committee Chair, to provide an update on the draft Strategic Plan.

Pohndorf provided a brief status update and said there would be additional time to discuss the details during the Board Meeting the following day.

Ryan reviewed the topics identified during the strategic planning process that were handed off to business planning. She said that those not addressed during business planning would be covered somewhere else. The Board identified issues for further consideration and clarification including the interaction between the Regional Portfolio Advisory Committee and the Initiative Lifecycle process and the Regional Portfolio Advisory Committee's process for providing business planning input to the Board. The Board discussed the operations planning process and how it links to business planning, the definition for materiality and the branding plan.

The Board agreed that the draft Key Terms is a living document and will apply to both the strategic plan and business plan.

There were no additional Board decisions or actions.

2020 – 2024 Draft Business Plan and Polling

NEEA staff provided an overview for how the draft Business Plan was developed and said that the current draft business plan includes what's currently in core and optional. The Board discussed that optional, or voluntary initiatives are those that fall outside of the draft boundary conditions and if they don't have enough consensus to be part of the core activities, then the Board can decide if they have enough support for special funding.

Ryan provided an overview of the polling objectives and process. The Board agreed it was not necessary to know who provided what answer and that the answers were indicative only and to show trends. The Board conducted polling for the following categories: Emerging Technology, Effective Portfolio Execution (Building Envelopes, Consumer Products, Drives and Motors, HVAC, Lighting, New Construction, Water Heating), Effective Portfolio Execution/Enabling Infrastructure (Midstream Channel Platform, Market Resources, Marketing, Training), Codes and Standards, Convene and Collaborate, Market Intelligence and additional value delivery areas (Market Research Online Community, Regional Building Stock Assessments and Code Compliance Evaluations). NEEA staff first provided an overview of each of these sections, Ryan instructed Board Members to vote their preferences using the polling, the input was reviewed and clarifying questions asked and answered.

Action: NEEA staff will provide a budget at the July Board workshop in the form as presented to the Board in the draft BP outline on May 9th, plus additional value adds as line items, plus some build up (how we got to the top line numbers)

Action: NEEA staff will provide energy savings at the July workshop including the themes of what's driving these savings

Action: The BPC will determine scope for a branding plan to guide staff developing a draft for Board discussion

Action: NEEA staff will provide materials to support a Board deep dive on marketing, starting with a first cut of what appears to be controversial (calls to action, which needs definition) and not (providing marketing materials, educational resources, etc.). Address both the what and the how.

Action: NEEA staff will provide materials to support a Board discussion on metrics with some NEEA staff thoughts on starting points for the discussion

Action: NEEA staff will prepare a 1 pager clarification or incorporate into the Business Plan on roles in Extra-Regional Collaboration between NEEA and other entities

Action: NEEA staff will work with RPAC to provide a consensus recommendation on how to improve the advisory committee coordination process to the Board for discussion

Action: NEEA staff will circulate a link to a Funder Coordination Plan reference

Action: NEEA staff will look into adding more discussion about marketing activities and associated metrics to Susan's ED Update during Board meetings

Action: In the Business Plan, NEEA staff will indicate what is the same as the current cycle and what is changing. This applies to initiatives (new opportunities), processes and procedures

Action: In the Business Plan, NEEA staff will clarify what is a technology example and what is an actual initiative. Move examples to fall under Emerging Technology

Action: NEEA staff will email the Board with the funder portals on neea.org when they are live

Action: NEEA staff will reach out to funder staff to gather more information on the value of Stock Assessments, how they are being used and the desire to have additional studies (commercial, residential, multi-family)

Actions specific to the draft Business Plan:

Action: NEEA staff will ensure there's a way to track what's changed between current and future plan. i.e opportunities, processes, procedures & scope.

Action: NEEA staff will ensure the Business Plan includes language and clarity for what is handled in the Annual Operations Plan and other existing governance structures and policies.

Action: NEEA staff will ensure the Business Plan provides a deep dive on alliance processes, including the ILC stage gate and clarify decision-making processes to evaluate opportunities, how programs are continued, expanded, wound down (what are those reasons) and how staging of wind down occurs for regional equity, who makes those decisions and how

Action: Ensure the language is clear in the BP to clearly articulate between alliance, NEEA and NEEA staff

There were no additional Board decisions or actions.

Budget Discussion

Ryan opened the budget discussion and asked the Board if there were any resource constraints for staff to be aware of as the proposed budget is developed. NEEA staff said they are building three budget scenarios – one that delivers the same level of service as what exists currently (business as usual), a flat budget, and an increased budget that provides a few other value-added items.

The Board decided not to proceed with the budget polling questions until more details are provided during the second draft. The Board agreed in the next business plan draft they would like to see detailed budgets, estimated savings, historical trend information and anticipated future trends.

The Board agreed they are directionally comfortable with the details presented during this meeting.

Action: NEEA staff will provide trending details for initiatives in the current portfolio and what's proposed for the next cycle

There were no additional Board decisions or actions.

Closing Remarks and Adjourn

Cory Scott adjourned the Board Workshop at 5:00 pm.

Memorandum



DATE: July 19, 2018

TO: NEEA Board of Directors

FROM: NEEA Staff

SUBJECT: Key Changes Between the First and Second 2020-2024 Business Plan Drafts

.....

This memo identifies key changes to the Business Plan draft in this packet.

Key Changes to Note:

New Content:

1. Key new content includes: The Executive Summary, Operational Efficiency and Regional Collaboration (Strategies 6 and 7), Value and Success Metrics, and Budget.
2. Estimates of electric energy savings, regional peak capacity and avoided carbon emissions are included in this Business Plan.
3. The Plan contains a new section called Alliance Value and Success Metrics. The 5-year alliance value metrics measure the alliance's effectiveness in delivering on the two main transformation and operations goals. These value metrics will be consolidated into a single scorecard in this section. An illustrative scorecard was included to illustrate how this will be applied.
4. Staff added a "Portfolio (Gas)" section as a placeholder in the document to illustrate where Natural Gas-specific content would be added. The rest of the sections in the Business Plan are intended to cover both Electric and Natural Gas work.
5. The Appendix contains a draft NEEA Branding Plan to address the request from the Strategic Planning process.

Deletions:

1. The Additional Value Delivery portions of the Market Intelligence section are deleted as they have either been identified as budget reductions or optional. Please see Memo - Opportunities for Optionality in the Draft 2020-2024 NEEA Business Plan. Throughout the Plan those items that have been moved to optional are labeled OPTIONAL.
2. References to the Integrated Design Lab and Conduit have been deleted from the Business Plan as they have been identified as budget reductions.

Content Changes and Formatting:

1. Details about the Cross-Sector Products and Cross-Cutting Enabling Infrastructure were moved to the appendix. Summaries of this detail were added to main body of the Business Plan to streamline the reading experience.
2. The Marketing Section is now its own activity under Strategy 2: Effective Portfolio Execution versus a line in the Cross-Cutting Enabling Infrastructure as it is a core activity embedded throughout the Cross-Sector Product market transformation work and not an infrastructure element.
3. Goals in each of the 7 Strategy sections were changed to objectives since they represent progress toward the overall Business Plan goals. The Success Metrics associated with these

objectives describe how staff will measure whether the objectives will be met, but did not include specific metrics since many of these will be handled in annual planning and evaluation efforts.

4. "The Opportunity: Continued Value of the Alliance" section was absorbed into the Executive Summary.
5. An additional assumption was added to the Convene and Collaborate section that states stakeholder coordination will be sized to align with available resources to reflect budget reductions.

Optional:

1. References to SEM work in the Portfolio section have been labeled "OPTIONAL".

Name Changes:

1. The "Operational Efficiency and Regional Collaboration" section is now called "Operations Efficiency" to better align with the Draft Strategic Plan.
2. The "New Business Opportunities: Special Funding" was changed to "Emerging Business Opportunities: Special Funding".
3. The "Budget" Section of the Plan was changed to "Operations and Budget" to incorporate administrative activities.
4. "Drives and Motors" Cross-Sector Product category was renamed to "Motor-Driven Products".



Memorandum

DATE: July 19, 2018

TO: NEEA Board of Directors

FROM: Susan E. Stratton, Executive Director

SUBJECT: Opportunities for Optionality in the Draft 2020 – 2024 NEEA Business Plan

Background: This memo identifies portions of the draft 2020-2024 NEEA portfolio which funders may wish to fund on an optional basis. Staff has identified optional opportunities totaling \$6,950,000. The associated allocation of administrative and staff salary and benefits costs are not fully included in this number at this time.

In the current 2015-2019 cycle (cycle 5), optional programs were budgeted at approximately \$22M. Those programs and their proposed disposition going forward is as follows:

1. Commercial Real Estate, 2015-2019 budget \$7.0M – scaled down and combined with BetterBricks which has a 2020-2024 total budget of \$2.5M. BetterBricks is not considered suitable for optional funding as it supports multiple local and regional utility programs and alliance programs.
2. Top Tier Trade Ally, budget 2015-2019 budget \$4.9M – scaled down with a 2020-2024 budget of \$1.3M, scheduled for transition to the market and out of NEEA's budget in 2022. This program—which one funder has opted out of—supports multiple local and regional utility programs and alliance programs and is not considered suitable for optional funding.
3. Industrial Technical Training, 2015-2019 budget of \$1.3M – no budget in 2020-2024, transition to market and out of NEEA's budget by end of cycle 5
4. Optional Marketing, 2015-2019 budget \$9M – expected expenditures in optional marketing forecast to be \$2.5M or less in cycle 5. Optional marketing has proved difficult to implement, administratively expensive, and ineffective in driving regional programs. Optional marketing not considered suitable in major markets.

Cycle 6 Optional Opportunities for 2020-2024

[Opportunity one: Stock Assessments](#)

The primary objective of the alliance's Stock Assessments is to characterize the existing building stock in the Northwest region based on data from a large-scale representative sample of buildings. Stock Assessments are designed to account for regional differences, such as climate, building practices, and fuel choices. The sample size and make-up allows benchmarking of energy use at a sufficient detail to assess the progress of changes in energy efficiency and building stock characteristics within the region. The assessments include the principal characteristics of the

Northwest Energy Efficiency Alliance
421 SW Sixth Avenue, Suite 600, Portland, OR 97204
503.688.5400 | Fax 503.688.5447
neea.org | info@neea.org

buildings (e.g., square footage, insulation level, and heating systems), and their end-use equipment (e.g., lighting, appliances, electronics, and water heating). These studies are designed and implemented through high-input collaborative work groups that ensure the region gets the most value out of its research dollars.

The proposed Business Plan recommends the following optional large-scale data collection and analysis studies, in addition to what was included in the 2015-19 and 2020-2024 Business Plans

- **A Multi-Family Dwelling Stock Assessment Study** – Budget: \$3.5M
NEEA staff are proposing an assessment in 2020-24 designed to characterize the Multi-Family Dwelling Unit building stock and increase understanding of new energy efficiency opportunities within that market. The multi-family sector is heterogeneous, sharing some characteristics with both the commercial sector and the residential sector. This mix has made multi-family historically difficult to reach - it is a distinct market that has not been comprehensively covered by either the Residential or Commercial Building Stock assessments.

An effective, multi-family stock study would help the alliance identify program opportunities by understanding the potential in the multi-family sector, as well as the best methods to reach the owners and occupants of these buildings. The first step in designing more effective interventions in this market is to understand the opportunity in energy efficiency potential through a region-wide assessment.

Large multi-family buildings are more prevalent in some funder territories and therefore this study is potentially more relevant for some funders than for others and could be funded on an optional basis. Should there be adequate interest, a more detailed budget could be developed based on the scope and scale of the study.

- **An Industrial Equipment Stock Assessment** — Budget: \$1.2M
NEEA staff are proposing an assessment in 2020-24 that characterizes energy consuming equipment in industrial facilities, such as pumps, fans, and motors. The NEEA Board agreed not to pursue this during the alliance's Cycle 5 Business Plan. This assessment was last done late in Cycle 4 (2010-2014).

The primary value of this study would be to bring a systematic approach to the industrial sector. The scope and intensity of this project would be heavily influenced by a work group of regional stakeholders, and would be designed to fill critical gaps in information. Rather than approaching this as a facility assessment, NEEA staff recommends a more targeted study capable of collecting analogous data information on common systems that are used across a diverse set of industries.

The significance of industrial equipment may vary across funder territories and therefore this study is potentially more relevant for some funders than for others and could be offered on an optional funding basis. Should there be adequate interest, a more detailed budget could be developed based on the scope and scale of the study.

Implications of these opportunities:

- **Benefits to including in Business Plan:** While not directly producing energy savings, these studies and research update older or incomplete data that tracks compliance,

increases understanding of market trends and energy usage across the entire region, and helps the alliance identify future energy savings opportunities.

- **Risks to not addressing in Business Plan:** Not continuing to update and gather new regional data could adversely impact the region's ability to identify planning and program opportunities, as well as its evaluation efforts moving forward which could impact savings reporting. Additionally, alliance programs prior to Market Development may face higher risk of failure due to reduced market intelligence during the design phase.

[Opportunity two: Market Transformation Infrastructure](#)

Commercial and Industrial Strategic Energy Management Infrastructure – Budget: \$1.75M

Strategic Energy Management (SEM) is recognized as a pathway to energy efficiency within commercial and industrial programs, and is a foundation for deeper and more enduring customer relationships. Existing SEM infrastructure is the result of several years of regional investment and collaboration. The previous cycle's work established valuable SEM tools and resources on the online SEM Hub knowledge center, increased consensus on common SEM standards, and improved regional and national collaboration on SEM initiatives. These resources:

1. Enable Commercial and industrial customers to see value in SEM as a strategy for meeting their sustainability and energy performance goals.
2. Provide a resource for utilities in promoting and utilizing SEM as a fundamental customer engagement tool through the SEM Hub (SEMHub.com). Customized portals can be used directly for SEM program implementation.
3. Enable greater development and use of high-value SEM tools and resources by regional stakeholders to launch, grow, and sustain regional SEM programs.
4. Leverage the SEM Hub Energy Management Assessment (EMA) tool to measure baseline SEM practices and identify targeted savings opportunities.
5. Build regional and national consensus on SEM as a best practice or de facto standard.

New opportunities for SEM infrastructure could include:

- Small-medium company SEM
- Supporting the nascent North American SEM Collaborative
- Creating new white-label online tools for SEM savings tracking
- Supporting next generation manufacturing clusters and energy efficiency opportunities within the American Jobs Project.

Needs for SEM infrastructure and support vary by customer and utility and could be offered on an optional funding basis. Should there be adequate interest, a more detailed budget could be developed based on the scope and scale of the study.

Memorandum

DATE: July 19, 2018

TO: NEEA Board of Directors

FROM: Susan E. Stratton, Executive Director

SUBJECT: Cycle 6 Value and Success Metrics



Our Request: Review the proposed metrics and come prepared to discuss the value of each for the alliance. Consider if any of the success metrics warrant promotion to the short list of value metrics as a measure of the value the alliance delivers to the region.

Background

Value Metrics: Value metrics measure a portion of the value that the alliance delivers to the region as a result of the work outlined in the 2020-2024 Business Plan. The proposed value metrics scorecard includes measurable metrics that are a balanced reflection of the value delivery achieved from the Business Plan's Transformation and Operations goals and associated seven strategies. Business planning is an opportune time to consider the virtues of each metric and if there are other approaches to measuring the value of the alliance's work.

Success Metrics: In contrast to the value metrics, success metrics are used by NEEA staff to track progress toward market or business objectives and help the alliance prioritize activities for each annual operations plan. This memo includes a table of success metrics that are included in the Proposed Business Plan that may be used in cycle 6 to show progress on the goals associated with each of the business plan strategies.

Alliance Value Metrics

Category	Name	Description	Cumulative Target ¹ /Reported Only
Portfolio Metrics			
	Portfolio Advancement	Total market potential (aMW) of emerging technologies advanced into the alliance's market transformation portfolio over the 5-year business cycle.	Cumulative Target
	Market Advancement	Total market potential (aMW) of emerging technologies readied for market development over the 5-year business cycle.	Cumulative Target
	Energy Savings	Estimated Total Regional Savings (aMW) and Co-Created Savings (aMW) forecasts	Cumulative Target

¹ All Targets will be reported.

Category	Name	Description	Cumulative Target ¹ /Reported Only
Portfolio Metrics			
		for the Alliance Portfolio. Five (2020-2024) and 10 (2020-2029) year forecasts of the initiative investment portfolio will be provided.	
	Capacity Savings	Annual achieved and five-year estimated regional capacity savings forecast as a result of the total Co-Created savings forecast.	Reported Only
	Avoided Carbon	Annual achieved and five-year estimated regional avoided carbon emissions as a result of the total Co-Created savings forecast.	Reported Only
	Benefit – Cost Ratio	The Council no longer provides guidance on threshold for levelized cost, so NEEA will shift to estimating and reporting a portfolio benefit-cost ratio that reflects the 20-year value of the regional investment in market transformation efforts.	Target
	Supply Chain Engagement (SCE)	The number of new ² manufacturers, distributors and retailers partnering in each of the alliance's market transformation programs.	Reported Only
	Whole Building EUI	The change in site-based, weather normalized, metered Energy Use Intensity (EUI) for commercial and residential buildings as measured by regional stock assessments.	Reported Only
Operations Efficiency			
	Financial Metrics	Current Quarter Expenses – Target is budget Full Year Expenses - Target is budget	Target
	Financial Metrics	Administrative Percentage of Expenses - Target is less than 20% of total expenses	Target
	Employee Retention	Annual average of employee turnover - Target is less than 12%.	Target

Note: Shaded cells indicate metrics that are new metrics or those whose calculation methodology has changed from current scorecard.

Alliance Success Metrics

Strategy	Grouping	Metric
Emerging Technology		New products added to pipeline
		Quantity of assessments completed

² New is defined as supply chain partners who begin working with the alliance on a program they weren't previously but doesn't have to mean an entity who is new to working with the alliance.

Strategy	Grouping	Metric
		Advancement in readiness levels
		Pipeline savings potential
Effective Portfolio Execution	Window Attachments	Adoption rates of attachment products
		Number of attachment products in funder programs
	Consumer Products	ENERGY STAR specifications changes
		Federal standard changes
	HVAC	Adoption of 1:1 displacement in zonal homes
		Conversions of single family ducted furnaces to heat pumps
		Heat pump market share
		Supply chain awareness and capability
	Lighting	Adoption of LLLC
		Average Luminaire Efficacy
		Number of trade allies installing advanced lighting control systems
		Data and market intelligence supporting lighting program decisions
	Motor Driven Products	Adoption rates of packaged pumps
		New program additions for other extended motor products
		Federal standard changes
		Market share of extended motor products
	New Construction	Advancement of code proposals
		Utility alignment with code road maps
		Utility participation
		Market share of above code specifications
	Water Heating	Utility participation in HPWH programs
		Sustainable communities promoting HPWH technology
		Market share of demand response ready HPWH
		ENERGY STAR alignment with Advanced Water Heater Specification (AWHS)
	Marketing	Website traffic and engagement
		Newsletter opens and clicks
		Case study placement with market partners or in publications
	Campaign specific metrics such as impressions, clicks or downloads	
	Attendees at promoted trainings	
	Number of events where materials are distributed	
Midstream Channel Platform	Platform utilization by the alliance	
	Market share of enrolled distributors	
	Number of product categories covered by received sales data	
	Market share of efficient products delivered through enrolled distributors	
	Codes and standard changes influenced by the platform	
Retail Platform	Platform utilization by the alliance	
	Program changes influenced by knowledge gain through the platform.	
Market Resources	Web traffic, resource downloads, newsletter engagement, and survey feedback	

Strategy	Grouping	Metric
		Program market progress indicators demonstrate use of market resources
	Strategic Energy Management (SEM)	Adoption of SEM in NW region
		Demonstrated use of SEM Hub tools and resources
		Participation in NW SEM Collaborative and other hosted events
	Integrated Design Labs (IDL)	Buildings and individuals influenced through IDL support
		Alliance engagement of IDLs
	Training	Trends in trade ally promotion of efficient technologies
Codes and Standards	Codes	Number of new adopted code proposals that reduce energy intensity
	Standards	Number of new adopted standards that reduce regional energy intensity
Convene and Collaborate	Board and Funders	Level of funder and stakeholder satisfaction
		Number of board, committee and workgroup meetings
	Conference	Attendee satisfaction survey
	Conduit	Utilization of Conduit by the alliance
Market Intelligence		Utilization by programs for planning and execution
		Satisfaction of funders and Council
		Scope of data available
Optimized Resource Allocation		TBD
Prioritization Standards		Staff Engagement and Satisfaction survey



Memorandum

DATE: July 19, 2018

TO: NEEA Business Planning Committee

FROM: Susan E. Stratton, Executive Director

SUBJECT: Role of Extra-Regional Engagement in Northwest Market Transformation

Background: Most markets for energy efficiency extend well beyond the geographic borders of the Northwest. Consumer products and most commercial building equipment are manufactured by global enterprises. Regional retailers and distributors are largely controlled by national corporate decision-makers.

Leveraging Relationships

The alliance actively seeks ways to leverage the Northwest's regional investment by effectively engaging with extra-regional organizations that can influence these important market actors. Both the alliance and these partner organizations offer very specific – and unique – value and capabilities in the broader effort to influence the market.

The alliance has worked directly with national and regional market actors, influencing efficient product designs and changing distribution and stocking strategies. NEEA staff has unique relationships with these market actors built on a long history of success in the Northwest. However, the alliance has limited ability to influence market demand for these products outside the Northwest; which national and global market actors require to fully support new, efficient technologies. To do that, the alliance works with extra-regional partners that can help build market demand outside the region.

Types of Partnerships

The alliance partners with other extra-regional organizations to extend its market influence on key market actors. These partnering efforts typically fall into the following three categories. Each can be linked directly to addressing the market transformation barriers that exist at specific points on the diffusion of innovation curve.

- **Early Adopters:** Early on, while the alliance is leveraging its unique relationships with manufacturers and market actors to increase the efficiency of their products, partnering with like-minded utilities and leading national energy efficiency organizations helps to build early market demand for the new technology on a broader national scale.

Examples of these types of partners include California utilities' emerging technology programs, the American Council for an Energy-Efficient Economy (ACEEE), and E-Source. ACEEE focuses on research and policy and facilitates convening activities that are very valuable to the alliance. E-source provides a technology assessment service that can give NEEA staff a start and a point of reference on emerging technologies. The alliance



also works closely with ENERGY STAR to advance specifications for the “most efficient” designation for specific products.

- **Early Majority:** At this stage, the alliance will have partnered directly with manufacturers distributors and retailers to identify and prove unique market interventions that can rapidly accelerate market adoption. The alliance then reaches out to partners who can take these interventions and leverage them in their own voluntary programs, to rapidly build demand for the technology in other parts of the country. These utilities often look to the program components developed by the alliance, and embed them in their own programs. The resulting increases in national market demand helps convince manufacturers and distributors/retailers to scale up their output, resulting in a more competitive national marketplace.

One example of this type of partner is the Consortium for Energy Efficiency (CEE), which plays a key role in creating minimum national utility program specifications after a new product, technology or practice has been tested and validated in the market. CEE has historically leaned heavily on specifications and program elements that were developed through the alliance’s direct relationships and efforts with manufacturers. For its part, CEE acts a forum that the alliance relies on to adopt and align on product specifications and to bring the rest of the country along. The alliance also works at this stage with voluntary rating and labeling efforts, such as ENERGY STAR, in increasing their standard specifications to encourage adoption of the new efficiency opportunity.

- **Late Majority/Laggards:** The later stages of the product adoption often require working on advancing mandatory requirements for efficiency. Here, the alliance looks to partner with other groups that are looking to work with established codes and standards groups, such as the U.S. Department of Energy and the International Code Council. The alliance is frequently one of only a few organizations to perform the due diligence necessary to collect actual field performance and cost data. Providing this expertise into the process enables other alliance partners to focus on the related policy issues.

Partners in this category include the Appliance Standards Awareness Project (ASAP), ACEEE, the Alliance to Save Energy (ASE), and others who are seeking to establish higher efficiency codes and standards. The alliance is often a critical source of real-world performance data for these products, supplying that data to the appropriate agencies that can use it effectively to guide change efforts. Given the increasingly international nature of these standards, the alliance also collaborates with Canadian Standards Association and the International Standards Organization.

Moving Forward

Each of these extra-regional partnerships enables NEEA staff to bring national resources and influence back to the region, in service of the alliance’s shared market transformation goals. The alliance will continue to evaluate new opportunities for extra-regional partnerships and leverage existing relationships that are critical to advancing market transformation in the 2020-24 business cycle.



Key Terms for NEEA Strategic and Business Planning – June 2018

NEEA's Board of Directors has defined the following set of key terms, in the context of the 2020-24 Strategic and Business Planning process:

Alliance – Regional Market Transformation collaboration, including staff and activities of all organizations that fund NEEA, as well as the direct efforts and staff of NEEA.

Basic Research – A systematic study, generally the first step in research and development, aimed at gaining more understanding of the fundamental aspects of a concept or a phenomenon, without directed applications toward products. National Labs conduct this type of research.

Business Plan – Builds on the Strategic Plan and serves as a funder prospectus that outlines value delivery activities and resources required to achieve performance metrics. The five-year Business Plan includes performance metrics (i.e. energy savings estimates), and budget guidelines. The Business Plan is reviewed on an annual basis to ensure NEEA is pursuing the optimal portfolio and other pursuits consistent with the Purpose.

Complementary Approach: The alliance supports utilities' local program activities, and in turn local program activities support regional work. NEEA recognizes the importance of the utility/customer relationships, and focuses on efforts that reduce and/or remove market barriers, primarily Upstream and Midstream and on readiness of market transforming Energy Efficiency for best overall value and sustained market change.

Energy Efficiency or Energy and Capacity Savings – reduction of energy consumption (kWh) and/or reduction of demand (kW) on the customer side of the meter.

Equity – Balance the portfolio of work to deliver value equitably across the region, recognizing the needs of stakeholders in all four states and in both rural and urban settings. Address and balance the needs of both large and small utilities and other energy efficiency organizations. The balance will include a mix of region-wide and limited geographic opportunities as well as operational differences, such as the rate of market transformation and product adoption across the region.

Funders – A organization that provides money to achieve NEEA's mission.

- Direct Funder – A utility or Public Benefits Administrator that directly funds NEEA under the terms of the Business Plan.
- Indirect Funder - A Preference Customer of BPA who is not a Direct Funder to NEEA or is an investor owned utility that funds NEEA through the Energy Trust of Oregon (ETO).

Infrastructure – An 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. Infrastructure provides resources that Funders and market partners can leverage to



address market barriers and support long-term market transformation across multiple markets and programs.

Market Intelligence – The systematic and objective identification, collection, analysis, and dissemination of data, information, and insight for assisting decision making to advance and report progress of energy efficiency and market transformation. This definition covers evaluation, research, and regional studies, as well as the functional area of market intelligence at NEEA.

Market Transformation – The strategic process of intervening in a market to create lasting change in market behavior by removing identified barriers and/or exploiting opportunities to accelerate the adoption of all cost-effective energy efficiency as a matter of standard practice.

Markets – These are actual or virtual places where forces of demand and supply operate, and where buyers and sellers interact (directly or through intermediaries) to trade goods, services or contracts or instruments, for money or barter. The specific markets for which NEEA sees a long-term opportunity to help the region achieve energy efficiency goals through market transformation work and regional leverage are identified in the Business Plan.

Material – A deviation from approved Operations Plan budget is considered “material” if it is outside of the scope of the plan or inconsistent with NEEA’s Financial Management Policy.

Northwest Energy Efficiency Alliance (NEEA) – The organization and staff employed by the organization to facilitate market transformation activities in service to the Region.

Northwest Energy Efficiency Alliance (NEEA) Staff – Those employed by the organization to facilitate market transformation activities in service to the Region.

Northwest Region (The Region) – The four states: Idaho, Montana, Oregon and Washington and those parts of California, Nevada, and Wyoming that receive electric utility services through Preference Customers of BPA.

Operational Efficiency – The ratio of service realized (work performed) to energy/resources expended.

Operations Plan – The detailed annual plan and budget based on the 5-year Business Plan. The Board of Directors approves the annual Operations Plan, which links key strategies to specific initiatives, performance metrics and milestones and provides input to management systems to ensure delivery of the annual goals and objectives.

Portfolio – The grouping of all market transformation investments including scanning energy efficient emerging technologies, concept, product and market testing, market development, evaluation, and long-term market tracking activities.

Primary Research – Techniques of original data collection or research direct from the target respondents. Primary research includes qualitative and quantitative research and can include surveys, focus groups, questionnaires, and interviews. May not have broad applicability.



Prioritization – As in the “prioritized Portfolio of initiatives” – determined by the Board in the Operations Plans and by consensus of the Regional Portfolio Advisory Committee (RPAC), who the Board has chartered to prioritize and advance market transformation programs through the Initiative Lifecycle process, using established portfolio criteria.

Rules of Engagement –

1. NEEA will jointly develop a local/regional Funder Coordination Plan and clearly defined roles and responsibilities in collaboration with funders as part of the program business case prior to each milestone decision
2. NEEA will NOT engage with market actors in a funding utilities’ territory without approval as detailed in the approved program business case
3. NEEA will NOT engage with or market directly to utility customers unless the activities are approved as part of the program business case
4. NEEA will ask local utilities to work with NEEA to identify potential areas of overlap with local market actors early in initiative planning/design to avoid conflict/surprises

Secondary Research – Involves the summary, collation and/or synthesis of existing research. Secondary research is contrasted with primary research in that primary research involves the generation of data, whereas secondary research uses primary research sources as a source of data for analysis, typically available at a lower cost than primary research. Applicability to NEEA’s region and initiatives will vary. Examples include literature reviews, E-Source inquiries and requests to other owners of research.

Strategic Plan – The Strategic Plan identifies long-term goals and objectives determined to be in NEEA’s best interest to pursue and strategies for reaching each goal or objective. The plan defines NEEA’s purpose, core values, business principles, strategic goals and key strategies. The Strategic Plan is a roadmap for achieving NEEA’s vision.

Supply Chain – A system of organizations, people, activities, information, and resources involved in making and moving a product or service from supplier to customer.

- **Upstream Channel** – Entities that are typically at least two steps removed from the end-user, decision-maker, or consumer; for example, manufacturers, standards bodies, national energy efficiency organizations, code officials, regulatory agencies (e.g. national agencies such as EPA or DOE, not utility regulators), distributors, etc.
- **Mid-Stream Channel** – Entities that are typically in direct contact with the end-user, decision-maker, or consumer; for example, trade allies or contractors, retailers, architects, engineers, etc.
- **Downstream Channel** – The end-user or end-user’s agent, or consumer of a technology or approach.

Voluntary Industry Standard – Equipment specifications that are agreed to by all or a significant share of manufacturers that enable or enhance the level of energy efficiency or reliability (i.e. communication standards to facilitate equipment self-reporting and or control).