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# Exhibit 10

## 2013 Q1 & Q2 NEEA Report

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*August 15, 2013*



## FIRST AND SECOND QUARTER 2013 REPORT FOR PUGET SOUND ENERGY

The Northwest Energy Efficiency Alliance (NEEA) is a non-profit organization working to accelerate energy efficiency to meet the future energy needs of the Northwest. NEEA is supported by, and works in collaboration with, Puget Sound Energy, the Bonneville Power Administration and more than 100 Northwest utilities on behalf of 13 million energy consumers. NEEA brings long-term value to the region by identifying and pursuing energy efficiency opportunities that can only be achieved by working regionally. On behalf of Puget Sound Energy and other funders, NEEA presents a unified voice in the market, builds relationships with 'upstream' market actors, aggregates resources to realize economies of scale, and mitigates risk.

Puget Sound Energy expects to invest \$25 million in NEEA from 2010-2014, including \$5.7 million in 2013, or approximately 14% of NEEA's total funding for the year. This report summarizes NEEA's value delivery to Puget Sound Energy for the first and second quarters of 2013. For additional information about NEEA's unique value to the region, history, structure and recent initiatives, please visit [www.neea.org](http://www.neea.org).

## FILLING THE ENERGY EFFICIENCY 'PIPELINE' FOR PUGET SOUND ENERGY

NEEA's top focus, as prioritized by its stakeholders, is to scan the market for energy efficiency opportunities and drive the acceptance and availability of promising new technologies and practices. In partnership with its funders, NEEA is now actively investigating more than 20 different technologies and practices that will have broad benefits for Puget Sound Energy and the region, including: combined space and water heating, luminaire-level lighting controls, and industrial refrigeration.

### First and Second Quarter Highlights:

- Reviewed ten unsolicited proposals for emerging technologies to ensure a continuous pipeline of energy saving opportunities for the region. NEEA is continuing to investigate three proposals that represent promising energy saving opportunities for Puget Sound Energy and the region.
- Initiated lab-testing of a combination heat pump water heater /ductless heat pump system. This emerging technology, which was developed at NEEA's request by a large manufacturer, is a direct result of NEEA's market influence and strong history of success with the DHP initiative. Combo systems have the potential to save the region 5,000 kWh/ year. For customers in Puget Sound Energy territory, this means improved comfort and reduced energy bills.
- Provided critical support to AirGenerate to re-enter the heat pump water heater market with its Tier-2 product. NEEA worked closely with the manufacturer to identify and mitigate a production issue in late 2012. NEEA's rigorous quality assurance process ensures careful product testing prior to full-scale market launch, thereby reducing emerging technology development risk for NEEA's funders including Puget Sound Energy.
- Completed feasibility study of Enlighted product line, revealing that the luminaire-level lighting controls technology with dimming ballast can deliver significant energy savings (30-60%) at relatively low cost. This study validated product viability and identified an opportunity for potential new luminaire-level lighting controls specifications, which would increase effectiveness of codes and investment across utility programs, including Puget Sound Energy.

## ACCELERATING MARKET ADOPTION

NEEA intervenes to remove barriers to the market adoption of energy-efficient products, services and practices. In partnership with Puget Sound Energy and our other funders, NEEA designs and executes strategic market interventions to create lasting change and deliver long-term savings to the region.

## Residential Highlights

- Used the combined market power of Puget Sound Energy and NEEA's other utility funders to influence retailers to stock and sell most-efficient televisions. By pooling resources, coordinating market interventions and negotiating as a region, NEEA and its partners have had a measurable and lasting impact on the television market. In Q2, 28 percent of TVs on display at participating retailers in Puget Sound Energy territory qualified as most-efficient.
- Partnered with builders across the region to build and meter 12 'test homes' featuring advanced energy-efficient building practices and technologies. Three of the test homes are located in Puget Sound Energy territory where NEEA is providing onsite technical support and building consumer awareness for the program. In Q2, NEEA launched a consumer awareness campaign across the Puget Sound area and four other markets, positioning utilities and participating builders as champions in the industry and driving consumers to explore Next Step Home pilot projects on the Northwest ENERGY STAR website.
- Coordinated a heat pump water heater (HPWH) promotion with GE to sell HPWHs through all distribution channels (retailers, distributors and contractors) in Puget Sound Energy territory. The successful promotion, carried out in collaboration with NEEA's utility partners including Puget Sound Energy, resulted in a 350% increase in regional HPWH sales for GE over the same period in 2012.
- Provided \$43,000 in consumer rebates on Tier 2 HPWHs in Puget Sound Energy territory during the first half of 2013. To ensure proper installation of HPWH technology, NEEA conducted 12 Smart Water Heat contractor orientations and 74 quality assurance inspections over the same period.
- Leveraged NEEA's relationships at Mitsubishi and Sears to facilitate and accelerate collaboration on an in-store Sears ductless heat pump (DHP) promotion. This is the first time Sears has entered the DHP market. The multinational retailer specifically chose the Northwest to pilot this program because of the opportunity to leverage NEEA's DHP initiative and history of successful DHP market transformation in the region. During the first two quarters of 2013, 255 DHP installations were achieved in Puget Sound Energy territory. Over the same period, NEEA conducted 16 site inspections to ensure installation quality, gather customer feedback and gauge consumer satisfaction.

## Commercial Highlights

- Launched new "upstream" lighting platform to provide critical regional infrastructure in support of utility commercial lighting programs and create a new savings opportunity from the untapped lamp maintenance market. By targeting distributors, manufacturers and other upstream market actors to influence product selection and price, this initiative will reduce utility program costs by lowering overhead and simplifying program policies. This initiative was identified as a priority for NEEA by the 2012 Regional Commercial Lighting Strategy Development group, in which Puget Sound Energy participated.
- Supported leading Washington commercial real estate firm Kidder Mathews to reach its energy savings goals by training nine building operations staff to conduct building scoping walkthroughs. Working with NEEA, Kidder Mathews has developed an energy-reduction goal for its portfolio of buildings that will eventually include approximately 70 properties and 3.5 million square feet of space.
- Registered 60 building operators in Building Operator Certification (BOC) courses in Puget Sound Energy territory. NEEA's BOC Expansion initiative provides skill enhancement training to improve building energy performance through operation and maintenance best-practices for HVAC, lighting, and controls systems.

## Industrial/ Agricultural Highlights

- Conducted training pilots for industrial refrigeration operators in Puget Sound Energy territory. Certified Refrigeration Energy Specialist, or CRES, training will help Puget Sound Energy's industrial refrigeration operators gain competitiveness while cutting costs. More than a dozen large industrial organizations, including Trident Seafoods, Darigold, Lineage/Seafreeze and PermaCold Engineering, participated in the training pilots. Initial results show that participating facilities can save between two and ten percent of their annual energy use by undertaking no-cost or low-cost activities and projects.
- Provided training to 34 Puget Sound Energy customers from six industrial facilities to increase energy efficiency knowledge and capability. Trainings offered in the first half of 2013 include Industrial Refrigeration Systems Energy Management, Pumping System Optimization, and Adjustable Speed Drive Applications and Energy Efficiency.

## Codes & Standards Highlights

- Delivered codes training to 150 builders, trade allies and contractors in Puget Sound Energy territory to support compliance with Washington State's new energy code, which takes effect July 2013. The new code is an improvement of approximately eight percent for homes and four percent for non-residential buildings over the 2009 energy code.
- Completed residential code compliance studies in Washington with findings of 97 percent compliance. This is one of the highest (if not the highest) compliance rates in the country. Results will help Puget Sound Energy and other Washington utilities create more accurate savings forecasts for new construction and help NEEA and its partners target training and education efforts more effectively.

## DELIVERING ON REGIONAL ADVANTAGE

NEEA is the only alliance of public and private electric utilities that represents the entire four-state Northwest region with national and global upstream market partners. NEEA aggregates resources to take advantage of economies of scale and mitigate risk to individual utilities.

### First and Second Quarter Highlights:

- Delivered the "Efficiency Exchange" conference in collaboration with Bonneville Power Administration in Portland, May 14-16. Nearly 500 registered attendees – including several from Puget Sound Energy – participated in 19 formal breakout sessions, "knowledge sharing" sessions, and three plenary sessions designed to spur discussion and exchange of ideas around utility energy efficiency programs. Presentations from the conference are available at [conduitnw.org](http://conduitnw.org).
- Launched strategic planning process with NEEA Strategic Planning Committee and Board. NEEA's Strategic Plan will provide guidance for the next 5-year business cycle (2015-2019). NEEA is actively engaging with Puget Sound Energy staff and stakeholders in the Puget Sound area to ensure that the next Business Plan meets the needs of its funders.
- NEEA's Market Research and Evaluation group issued the following third-party reports:
  - [Residential Building Stock Assessment- Manufactured Homes Characteristics and Energy Use](#)
  - [Washington Residential Energy Code Compliance](#)
  - [Comprehensive Commercial Lighting Initiative Pilot Evaluation Report](#)
  - [Current State of Lighting Retrofit Programs and Standard Project Practices in the Northwest Region](#)
  - [Northwest Agricultural Irrigation Market Characterization and Baseline Study](#)
  - [Commercial Real Estate Initiative 2012 Impact Analysis](#)
  - [Hospital and Healthcare Initiative 2012 Energy Savings Validation](#)
  - [Consumer Electronics Television Initiative Market Progress Evaluation Report #2](#)
  - [Northwest Regional Strategy for Commercial Lighting Energy Efficiency](#)
  - [Energy Savings from NEMA Premium Electric Motors in the Northwest in 2012](#)
  - [Database of Northwest Manufacturers, Nurseries, and Wineries](#)

For additional information, NEEA's [2013 Quarterly Performance Reports](#) and the [2012 Annual Report](#) are available online.

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