



# STRATEGIC PLAN 2020-24

**DRAFT**  
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## **Introduction**

More than 20 years ago, utilities<sup>1</sup> and energy efficiency stakeholders from Idaho, Montana, Oregon and Washington came together to address the challenges of a changing utility environment. They established the Northwest Energy Efficiency Alliance (NEEA) to share the costs and benefits of coordinating efforts to transform markets for efficiency. Today, NEEA is an alliance representing more than 140 Northwest utilities and efficiency organizations working on behalf of more than 13 million energy consumers.

These alliance supporters fund the activities and programs of NEEA, which is a fuel-neutral organization dedicated to accelerating both electric and gas energy efficiency in the region. Alliance activities are directed by the NEEA Board of Directors and delegated to and implemented by NEEA staff. And while NEEA is an entity consisting of all regional funders, it is a separate and unique organization established to realize the benefits of energy efficiency that individual funders are not able to as easily or as efficiently achieve on their own. Some of the benefits of this long-term value-creating relationship include access to knowledge, new ideas, expertise, improved market power, shared expenses and shared risk.

Through collaboration and pooling of resources, the region's utilities and stakeholders have harnessed their collective influence to drive market adoption of efficient products, services and practices for the benefit of utilities, consumers and the region. As a result, since 1996, the region has cost-effectively delivered more than 1,436 average Megawatts (aMW) of efficiency through market transformation -- enough energy to power more than 900,000 homes each year.

In addition, Northwest energy consumers have benefitted, from lower utility bills than otherwise might have been, and from products, services and practices that have bettered lives in many ways, including improving the:

- value and comfort of homes;
- number and meaning of family wage jobs; and
- profitability and competitiveness of businesses.

Ultimately, this commitment to energy efficiency as a preferred resource and the region's focus on long-term collaborative action through NEEA has contributed to an economically vibrant and more sustainable Northwest.

## **Situational Overview**

Through the Strategic Planning process in 2017-18, NEEA's Board of Directors worked together to identify the: i) major trends shaping the future of efficiency in the Northwest; and ii) what funders need relative to the key strengths and potential roles of NEEA. These macro trends and organizational merits form the foundation of this Strategic Plan.

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<sup>1</sup> Utilities are defined as including the region's utilities as well as the Bonneville Power Administration and the Energy Trust of Oregon.

## Macro Trends

- In some Northwest markets, electric load is flat to declining and commodity costs are relatively low and stable. Such circumstances make it more difficult to justify efficiency investments under required cost-effectiveness tests. Yet, opportunities for significantly more cost-effective efficiency have been identified in the integrated resource plans of Northwest utilities as well as the 7<sup>th</sup> Plan of the Northwest Power and Conservation Council (“Council”).
- For many utilities, managing demand peaks to relieve capacity limits – not just to reduce usage -- has become a priority. The need for operating flexibility is intensifying, particularly with the significant addition of intermittent generating resources. The Council’s analysis for its 7<sup>th</sup> Plan shows that efficiency and demand response can contribute significant capacity value.
- While the commodity cost of energy has trended down, other costs (e.g., capital replacement and operating expenses) have been on the rise. The net effect is upward pressure on rates -- a trend generally opposed by most consumers and their advocates.
- At the same time, consumer and supply chain interest in efficiency is keen, as is utilities’ interest in supporting their customers. Because efficiency expenditures reduce bills, access to utility efficiency programs is popular with consumers and their advocates.
- Dynamics related to the availability of transmission and generation capacity as well as the energy policies and practices of interconnected states (especially California) are also influencing the long-term market and localized needs for efficiency. The changing mix of generation (e.g. more solar and wind), newly announced retirements of major generating resources, and shifts in patterns of consumers’ energy are among the influencing factors.
- Uncertainty remains regarding future local, state and/or federal legislation regarding climate change, carbon regulation, and greenhouse gas (GHG) reduction. West coast states and local governments are embracing policies to decrease carbon emissions for utilities and other sectors, notably transportation. In addition, carbon reduction is increasingly a driving factor for international supply chains for products and services.
- The pace of change in technology on both the customer and utility side of the meter is increasing. On the customer side, increased use of new devices can increase energy intensity for end-uses that were thought to have been “conquered” for efficiency. On the utility side of the meter, an increasing amount of renewable electric generation on the grid poses new challenges to how generation and capacity demand are balanced to reliably and cost-effectively meet load.

In sum, new technologies, policies, and incentives are changing the balance of where and how energy demand and generation occurs. In turn, the locational value of efficiency is affected and resource planning for timely, sufficient, and cost-effective resources becomes more challenging. In response to these trends, NEEA is sharpening its focus to assure its market transformation endeavors continue to deliver meaningful, cost-effective support of regional energy needs.

## Organizational Trends

- NEEA enjoys a trusted, regional and national reputation for its expertise in transforming efficiency markets. Capable and committed board and staff coupled with processes for gathering market intelligence, discerning points of intervention, and coordinating interests across the region are notable.
- Outcomes from NEEA's efforts yield insights that can be applied in complementary ways. This self-reinforcing cycle informs and strengthens other initiatives such as work on codes, standards, market evaluation, transformation methods, and the like.
- Because of the funders' and stakeholders shared commitment, NEEA can show long-term support and the critical mass needed to influence other market actors. NEEA has also developed proven methods for moving technologies through the diffusion of innovation curve faster than would otherwise happen – and beyond what any organization could do individually as easily or efficiently.
- As an alliance, the NEEA Board and staff must balance multiple funder perspectives as well as the diverse expectations of other stakeholders. To this end, a complex system of checks-and-balances has evolved in support. But interests sometime vary significantly and can be costly to resolve. For example:
  - The cost-effectiveness of transformation initiatives is an over-arching expectation. However, the time horizon of interest and methods of evaluation differ among NEEA's stakeholders. Some focus on near-term energy savings. Others want options for new efficiency measures to be at-the-ready for later implementation. Most are interested in transforming the long-term market – something none can as easily or as efficiently do alone.
  - Regulatory treatment of efficiency investment varies across jurisdictions. For example, under Washington law, efficiency required of utilities hinges in part on the Council's Plan. Other states have no such tie. As another example, NEEA's investments in infrastructure, training, manufacturer relationships, market analysis and the like enable but don't directly yield energy savings on which the prudence of utilities' spending is determined. Also, how efficiency benefits achieved are allocated among funders also varies. Some jurisdictions allow apportionment based on percentage of funding; others demand evidence of specific results by measure or locale.

In sum, NEEA represents a unique mix of competencies and capabilities that has proven to move markets for efficiency. Continuing to leverage this asset in the face of new market dynamics requires that NEEA's Board be specific and clear about the organization's purpose and role. Standard metrics of success are also crucial for optimal alignment of efforts for all concerned.

## Strategic Direction

The Board has applied this increased clarity to refine NEEA's Strategic Direction – that is, the collection of NEEA's purpose, values and principles, priorities and strategies.

### Purpose

**“NEEA is an alliance of utilities<sup>2</sup> that pool resources and share risks to transform the market for energy efficiency to the benefit of consumers in the Northwest.”**

### Guiding Principles

As part of its commitment to the region, NEEA operates under a set of organizational values and principles of conduct that apply to how NEEA Board and staff collaborate to meet business goals, while maintaining transparency and accountability. In addition, NEEA operates under predetermined principles of planning, in order to perform a distinct yet complementary role in advancing energy efficiency in the region.

1. **Organizational Values** – Cultural qualities serving as the foundation of how things get done
  - a. Integrity as an individual and institutional priority
  - b. Innovation as a mindset for market transformation
2. **Principles of Conduct** – Commitments fundamental to effective organizational performance
  - a. Transparency in all things
  - b. Accountability for results
  - c. Careful stewardship and prudent use of organization resources.
  - d. Collaboration as standard practice
3. **Principles of Planning** – Cornerstones of organizational design and operation
  - a. Focus on long-term opportunities
  - b. Represent the region's collective voice
  - c. Strive for lasting, regionally equitable results
  - d. Complement and leverage others' efforts
  - e. Share risks in support of shared interests

### Overarching Priorities

Two overarching goals are proposed for the upcoming planning cycle. The first focuses on transformation and inter-related support functions. The other sets expectations for continuous improvement in operations.

- **Transformation Goal** – Sustain a portfolio of initiatives and support functions that enable more cost-effective efficiency to occur sooner, in larger amounts, and/or at lower cost than otherwise expected.
- **Operations Goal** – Continuously improve organizational culture and performance efficacy, ensure accountability and transparency, and strive for innovation in service to the benefit of all stakeholders.

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## Primary Strategies

The following areas of strategic emphasis (not in rank order) rely upon NEEA's established assets and competencies (e.g., market transformation and product life cycle expertise, market analytics, funder engagement, and relationships with trade allies and manufacturers). And all are inter-dependent and self-reinforcing. That is, the results from work on any one strategy informs and supports others.

1. **Codes & Standards** – Influence development and support successful implementation of building codes and equipment efficiency standards and test methods to materially improve efficiency outcomes.
2. **Emerging Technologies Identification and Assessment** – Routinely scan for, assess, and report on the potential for newly identified efficiency products, services, and practices and test the field performance of the most promising opportunities.
3. **Market Intelligence** – Research, analyze, and provide actionable insight to support identification and pursuit of efficiency opportunities and results reporting.
4. **Convene and Collaborate** – Selectively support dialogue and coordinate activities among stakeholders interested in accelerating efficiency through market transformation in the Northwest.
5. **Prioritization Standards** – Establish Board-determined policies to assure equitable allocation and appropriate prioritization of efforts.
6. **Optimized Resource Allocation** – Engage funders and other qualified advisors to identify, develop, and sustain a portfolio of efficiency-enabling initiatives and activities that are consistent with NEEA's purpose.
7. **Effective Portfolio Execution** – Implement the prioritized portfolio of initiatives, routinely evaluate progress, and adapt as necessary to achieve accelerated and sustained market adoption.

## Success Metrics

NEEA staff tracks and regularly reports to the Board and others on a variety of performance statistics. The Board believes that greater specificity in measuring the alliance's success will help prioritize efforts and align stakeholder expectations, and will determine success metrics for the 2020-24 business cycle during the Business Planning Process.

## ***Boundary Conditions***

As with any effort, a manager's adherence to promised boundaries is as important as outcomes achieved. The Board believes alignment of NEEA's resources can be improved by a more policy-driven approach to how investments in market transformation are prioritized.

Boundaries can help reduce the friction of uncertainty and improve operating focus and efficiency. Boundary Conditions also help assure clear roles and accountabilities for the: i) Board in strategy and policy; ii) staff in operational execution; and iii) advisors in technical and analytic guidance.

Boundary conditions have been established for each primary strategy and can be found in the appendix.

## ***Looking Forward***

The rapid and dramatic changes that the utility industry is experiencing will almost certainly continue beyond 2020. Facing this future, where energy efficiency opportunities are more challenging and complex, collective action is essential for the alliance to continue to deliver on its promise of cost-effective efficiency.

NEEA's five-year Strategic Plan outlines a path to boost the region's energy resilience, by accelerating the adoption of new energy-efficient technologies and practices that meet the evolving needs of the region's utilities and energy efficiency organizations.

NEEA welcomes this opportunity to rededicate its efforts to moving markets for energy efficiency - and to continue to work closely with each funding organization to shape and create the energy landscape of the Northwest.

## Appendices

### **Strategic Planning Process to Date (to be updated in final Strategic Plan)**

In preparation for the strategic planning process, the NEEA Board engaged NEEA staff to scan the business environment and draft situational assessments summarizing trends in both electric and natural gas efficiency in late 2016. These market scans helped inform the work of the Strategic Planning Committee (SPC) and the Board.

The strategic planning process continued in earnest throughout 2017, with the SPC leading discussions at quarterly Board meetings and in a series of workshops, to determine their desired strategic direction.

NEEA's Board solicited broad public input early in the process through the Conduit website after the situational assessments were published, and again after the release of the draft Strategic Direction document. In addition, SPC members and NEEA staff also met with numerous stakeholders, including advisory committees, state energy offices, manufacturers, public utility commissions, the Northwest Power and Conservation Council and energy efficiency advocates to capture their feedback.

After gathering and considering feedback from stakeholders, the SPC finalized the plan for Board consideration in December 2018. A copy of NEEA's current Strategic, Business, and Operating Plans can be found at [neea.org/plans](http://neea.org/plans).

### **Summary of 2020-2024 Strategic Planning Outreach to Date (to be updated in final Strategic Plan)**

As part of NEEA's strategic planning process, the Strategic Planning Committee and staff conducted broad outreach to regional stakeholders including more than sixty interviews with individual stakeholders. The focus of the outreach was to gather perspectives to assist NEEA's understanding of the current and future environment and identify trends and issues that could potentially impact NEEA and its stakeholders. The following groups provided input as part of an in-person interview:

- Funders (Electric and Gas)
- State Public Utility Commissions
- State Offices
- NGOs
- Trade associations
- Manufacturers
- Retailer
- Distributors

In addition, an online survey, open to any stakeholder, resulted in 41 completed surveys, with more than 200 views of the situational assessment papers. The Strategic Planning Committee incorporated this input from the initial outreach as part of a series of Board meetings and workshops.

After creating a Draft Strategic Direction Document, SPC members and NEEA staff again conducted broad outreach to regional stakeholders. The document and related survey hosted on Conduit generated 672 views of the Strategic Direction landing page and 444 downloads of the document. Additionally, the Board hosted a webinar for Bonneville Power Administration customers as well as a call with the Washington Utilities and Transportation Commission staff.

Overall, the feedback supported the Strategic Direction as proposed, but asked for greater specificity on market transformation activities and responses to potential policy changes, and for the Board to

consider including capacity and electric vehicles in the purpose or boundary conditions. The Board reviewed this input in conversations to determine boundary conditions.

### ***Overall Themes from Regional Outreach***

The following summary provides some insight into the subjects and themes most frequently discussed throughout the outreach process.

***Anticipating a New Business Model*** - Across the stakeholder types, the need for a new or evolved utility business model was a repeated theme. Customer demands for new energy products and services coupled with flat or declining energy sales and changing market demands, are creating challenges for the current model. Most stakeholders discussing the topic suggested a move toward a system allowing for the inclusion of these new products and services, while maintaining system reliability and financial viability for utilities. Several funders indicated that a rate structure tied to performance and specific outcomes (e.g. carbon reduction) held the potential to deliver more value to customers at lower cost than the current cost-based model. Many respondents discussed a potential role for NEEA in convening conversations around solutions appropriate to the Northwest, while acknowledging that whatever changes are made would likely have a significant impact on utility investment in energy efficiency.

The supply chain (manufacturers, retailers and distributors) also described a rapidly changing business environment that requires faster commercialization, more coordination nationally or globally, a greater focus on the value proposition of efficient products and difficulties recovering upfront development costs. Many describe ways utilities could support them in addressing some of these challenges through expanded national coordination, increased differentiation of the most efficient products, support driving more rapid product adoption, and changes to incentive programs, as examples.

***Customer Engagement*** - Funders, the supply chain and other regional organizations all put an emphasis on the importance of customer engagement, especially with respect to the value of energy efficiency in increasing or maintaining customer satisfaction or driving business growth. Many utilities continue to find value in energy efficiency for its customer touch point, and as an opportunity to customer or market-facing revenue-generating opportunities. Similarly, the supply chain described customer demand for energy efficiency as one of several drivers to invest in energy efficiency programs.

***Capacity*** - Many stakeholders mentioned the need for capacity as a nearer term need than their need for energy. Energy efficiency impacts capacity need and could play a role in meeting capacity needs over the long-term. However, there is a need to better understand the actual capacity delivery of energy efficiency both on the regional system as well as in local distribution systems.

***Other Themes*** - In addition to these broad themes, NEEA's direct funders referenced rapid changing technology, incorporation of renewables and electric vehicles, and all utilities expressed a growing need for IT and soft skills in a changing workforce. Commissions and regulatory bodies brought up the issue of cost-effectiveness for energy efficiency, as well as the appropriate role for NEEA. Flat or declining loads was almost universally cited as an issue of significance at some point, and was typically viewed as a looming threat to utilities' long-term financial security. Policy-related topics included the divergence of federal and state policy, the impact of new and expanded environmental policies, renewable portfolio standards, and the influence of parties outside of the regional utility network.

A key theme among the supply chain was the focus on energy efficiency solutions that could be applied across national and global markets. Market consolidation, alignment with state or national regulation, global competition and pressures for greater speed to market are key drivers most frequently noted as reasons for this national and global focus.

## ***Boundary Conditions***

### **Codes and Standards**

#### ***Purpose and Overview***

This Boundary Condition guides NEEA's engagement in developing, testing, and increasing the Energy Efficiency aspects of building codes, product and equipment standards, and applicable Voluntary Industry Standards that incorporate and enable the most energy efficient and reliable technology and practices. The Policy supports the Codes and Standards Strategy to:

Influence development and support successful implementation of building codes and equipment efficiency standards to materially improve efficiency outcomes.

#### ***Principles – to guide planning and implementation***

1. ***Geographic Scope*** – Engage with entities that develop, propose, or adopt codes and standards that impact efficiency in the region.
2. ***Types of Energy Uses*** – Influence codes and standards that impact the efficiency of building types and energy uses in the Northwest region. Also, engage in codes and standards that enable communications with connected loads and devices if doing so contributes to efficiency in our region.
3. ***Methods of Engagement*** – Engage in developing, testing, and promulgating codes and standards that address energy uses in the region by:
  - a. Offering relevant data, procedures, and analysis to support codes and standards believed to be cost effective, achievable, and applicable in the region; and
  - b. Assisting local and state authorities in training, education, and assessing compliance with officially adopted codes and standards.
4. ***Relative Allocation of Resources*** – Prioritize Codes and Standards efforts among organization-wide efforts by applying these criteria:
  - a. Cost effectiveness of the code or standard as measured by the criteria developed in consultation with NEEA's Cost Effectiveness Advisory Committee;
  - b. Potential for Energy and Capacity Savings in the Region; and
  - c. NEEA's unique contribution relative to other entities of comparable influence engaged in the effort.

#### ***Requirements – for strict adherence***

1. NEEA will not engage in the enforcement of codes and standards compliance.
2. Except as permitted by the Board or this Policy, NEEA will not lobby to adopt, or not adopt, specific codes and standards.

#### ***Monitoring and Evaluation – to assess and assure ongoing effectiveness***

The Executive Director will provide, and the Board will review, quarterly progress reports on the qualitative and quantitative effects of NEEA's efforts hereunder, summarized from performance metrics established in Business and Operation Plans.

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## **Emerging Technology**

### ***Purpose and Overview***

This Boundary Condition guides NEEA's effort to identify, test, refine, and pilot emerging technologies with the potential to increase efficiency in the Northwest. This is core work where NEEA can identify and evaluate new technology more quickly and cost effectively than Funders can likely do on their own. The Policy supports the Emerging Technology Strategy to:

Routinely scan for, assess, and report on the potential for newly identified efficiency products, services, and practices and test the field performance of the most promising opportunities.

### ***Principles – to guide planning and implementation***

1. Leverage the Regional Emerging Technology Advisory Committee (RETAC) and Regional Portfolio Advisory Committees (RPAC) to facilitate the prioritization of opportunities for joint regional action, cooperative efforts, and disseminated high priority emerging technologies and to otherwise guide implementation of this policy.
2. Focus efforts on emerging technologies with the potential to deliver energy savings to the region as the primary outcome including:
  - a. Existing commercially available product or technology that can be used in a new, more efficient manner;
  - b. Work with Supply Chain actors to accelerate the integration of new and emerging technologies into commercialized products;
  - c. Testing emerging technologies for adherence to claims by developer or manufacturer, assessing safe and durable function, recommending improvements or enhancements to suit the Northwest's diverse climate zones and sharing findings and insights with distributors and other manufacturers, when allowed; or
  - d. Emerging technology initiatives where the predominate value is capacity savings or flexibility, may be considered for separate funding by voluntary participants as approved in advance by the Board.

### ***Requirements – for strict adherence***

1. NEEA will not invest any effort in Basic Research.
2. NEEA will not assume liability or financial risk to the organization of product development such as investing in a specific company or product.

### ***Monitoring and Evaluation – to assess and assure ongoing effectiveness***

The Executive Director will provide, and the Board will review, quarterly progress reports on the qualitative and quantitative effects of NEEA's efforts hereunder, summarized from performance metrics established in Business and Operation Plans.

## **Market Intelligence**

### ***Purpose and Overview***

This Boundary Condition is to provide a clear sense of Board expectations of how the organization gathers and uses Market Intelligence. It is also to help ensure that NEEA's market research efficiently complements the research of Funders and other market actors. The Policy supports the Market Intelligence Strategy to:

Research, analyze, and provide actionable insight to support identification and pursuit of efficiency opportunities and results reporting.

### ***Principles – to guide planning and implementation***

1. Thoroughly explore and utilize less expensive Secondary Research before investing in Primary Research, taking advantage of existing bodies of research (e.g., E-Source, EPRI).
2. The research Portfolio should address the full range of regional markets, including rural markets and east of the Cascades.

### ***Requirements – for strict adherence***

1. Prepare and present regional research activities and budgets, as part of the annual Operations Plan, for Board review and approval, including activities, labor and expense budgets, and key performance metrics.
2. Establish clear purpose prior to conducting any research.
3. Make available the findings of any research to Funders and other interested parties, unless approved otherwise by the Board.
4. Seek out opportunities for collaboration with Funders and other market actors during the planning phase of regional research projects to leverage resources, add complementary value, and avoid redundancies.
5. Coordinate with utilities and Funders, especially as may be affected by Downstream research project.

### ***Monitoring and Evaluation – to assess and assure ongoing effectiveness***

The Executive Director will, as part of regular quarterly updates, provide the Board with a summary of activities pending, in progress, and research completed under the approved annual Operations Plan.

## **Convening and Collaborating**

### ***Purpose and Overview***

This Boundary Condition guides NEEA's effort to ensure the: i) scope of activities best serves the core needs and purpose of NEEA and its Funders; and ii) economy of time, money, and effort for all. The Policy supports the Convening and Collaborating Strategy to:

Selectively support dialog and coordinate activities among stakeholders interested in accelerating efficiency through Market Transformation in the Northwest.

### ***Principles – to guide planning and implementation***

1. Focus engagement activities on Energy Efficiency and Market Transformation that benefit the region.
2. Prioritize collaborative activities that support NEEA's purpose and deliver Business and Operation Plan performance, for the benefit of Funders and the region.

### ***Requirements – for strict adherence***

1. As part of the annual Operations Plan, specify the major activities, labor and expense budgets, and key performance metrics intended to support the convening and collaborating strategy.
2. Ensure that NEEA staff participating and coordinating work groups and advisory committees will serve as neutral conveners and technical subject matter experts.
3. Committees and workgroups will operate consistent with Board-approved charters.

### ***Monitoring and Evaluation – to assess and assure ongoing effectiveness***

1. The Executive Director will, as part of regular quarterly updates, provide the Board with a summary of activities pending and results achieved under the approved annual Operations Plan.
2. The Board will periodically review the charters of advisory committees for fit with NEEA Strategies, Policies, and Business and Operating Plans and annually evaluate advisory committee adherence to the charters.

## **Prioritization Standards**

### ***Purpose and Overview***

This Boundary Condition is to assure resources are equitably allocated and fairly prioritized to meet NEEA's obligations to Funders and the region. The Policy supports the Prioritization Standards Strategy to:

Establish policies to assure equitable allocation and appropriate prioritization of efforts.

### ***Principles – to guide planning and implementation***

1. All policies and related planning are to be guided by the understanding that the costs and benefits of collaborative efforts are not equal but strive to achieve many of the goals/needs of each funder over time.
2. The Board will deliberate in good faith and make all decisions by consensus if possible, and otherwise according to NEEA's Bylaws such that Board directors support Board decisions even if the outcome is not their preferred option.
3. Policies adopted and other decisions of the Board will be clearly defined and articulated so that the limits and meaning of each policy and decision are clearly understood by all.
4. NEEA's responsibility is to maintain a Portfolio that balances benefits equitably across the region.

### ***Requirements – for strict adherence***

1. Prepare and present an annual view of the Portfolio, as a part of the Operations Plan that shows conformance of Portfolio initiatives relative to Board Policies and allocation criteria developed in consultation with the Regional Portfolio Advisory Committee.
2. NEEA shall prioritize efforts that directly benefit the region, specifically the initiatives and activities for which support NEEA's purpose and benefit its Funders and the region.

### ***Monitoring and Evaluation – to assess and assure ongoing effectiveness***

As part of the annual Operations Plan process, the Executive Director will prepare and present an annual report to the Board on the organization's adherence to Policy principles and requirements and Portfolio allocation criteria including the costs and consequences of such adherence.

## **Optimized Resource Allocation**

### ***Purpose and Overview***

This Boundary Condition is to ensure: i) stewardship of Energy Efficiency Market Transformation efforts; ii) operating plans are clearly defined as to scopes and budgets; and iii) productive engagement of NEEA staff with Board, Funders, and their customers, Markets, regulators, trade allies, and others. The Policy supports the Optimized Resource Allocation Strategy to:

Engage Funders and other qualified advisors to identify, develop, and sustain a Portfolio of efficiency-enabling initiatives that support the Funders' needs and are consistent with NEEA's purpose.

### ***Principles – to guide planning and implementation***

1. Seek out opportunities for collaboration with Funders and other market actors during the planning phase of activities to leverage resources, add complementary value, and avoid redundancies.
2. Prioritize engagements that deliver direct and measurable Energy Efficiency Market Transformation value to the region and its Funders.
3. Market Transformation will focus primarily on sustained market changes resulting in Energy Efficiency.

### ***Requirements – for strict adherence***

1. Maintain systems, process, records, and reporting protocols sufficient to always demonstrate fiscal responsibility and effective risk management practices in all aspects of operations.
2. Material changes, whether anticipated or recently incurred, to the approved Business and annual Operating Plans, initiatives and activities, labor and expense budgets, and key performance metrics shall require approval by the Board.

### ***Monitoring and Evaluation – to assess and assure ongoing effectiveness***

The Executive Director will, as part of regular quarterly updates, provide the Board with a summary of activities pending, in progress and results achieved in engaging Funders and other qualified advisors under the approved annual Operations Plan.

## **Effective Portfolio Execution**

### ***Purpose and Overview***

This Boundary Condition is to maximize the market adoption achievements of the Portfolio and to demonstrate the effective use of funding and delivery of value to customers in the region. The Policy supports the Effective Portfolio Execution Strategy to:

Implement the prioritized portfolio of initiatives, routinely evaluate progress, and adapt as necessary to achieve accelerated and sustained market adoption.

### ***Principles – to guide planning and implementation***

1. Implementation practices are adaptive rather than prescriptive (i.e., data, evaluation and research findings are to be used to continuously improve Portfolio results).
2. Reports of results are to include over- and under-achievement relative to planned and expected outcomes.
3. Focus 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.

### ***Requirements – for strict adherence***

1. Ensure regular staff communication with the Regional Portfolio Advisory Committee and other Board-chartered committees, as appropriate, throughout the process of identifying, prioritizing, planning, and implementing the Portfolio.
2. NEEA must act in accordance with the Rules of Engagement for coordinating Market Transformation efforts between NEEA staff and Funders.

### ***Monitoring and Evaluation – to assess and assure ongoing effectiveness***

The Executive Director will present a quarterly scorecard of Portfolio performance based upon success metrics identified in the Business Plan.