



Northeast Energy Efficiency Partnerships

5 Militia Drive

Lexington, MA 02421

T: 781 860 9177

F: 781 860 9178

email: info@neep.org

www.neep.org



NORTHEAST ENERGY EFFICIENCY PARTNERSHIPS
ANNUAL REPORT 2008

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MISSION

Promoting the efficient use of energy in homes, buildings and industry in the Northeast U.S. through regionally coordinated programs and policies that increase the use of energy efficient products, services and practices, and that help achieve a cleaner environment and a more reliable and affordable energy system.

VISION

The Northeast region will wholly embrace energy efficiency policies and programs as a cornerstone of a sustainable energy policy, a vibrant economy, and a healthy environment for people to live and work in, as well as being a role model for energy efficiency nationally.

FACILITATING PARTNERSHIPS
TO ADVANCE ENERGY EFFICIENCY

WELCOME MESSAGE

2008 was marked by an unprecedented growth in the demand for energy efficiency programs and policies in the Northeast.

This expansion has been lead and supported by the thoughtful commitment and leadership of policy makers, business leaders and efficiency program administrators who recognize that energy efficiency is the most cost effective and widely available resource to meet the region's environmental and economic challenges.

Throughout the year, NEEP remained committed to addressing this demand by working with our sponsors, underwriters and partners across the region to increase the impacts and reduce the costs of efficiency program and policy implementation. Among the highlights of 2008:

- NEEP coordinated research and facilitated partnerships that established the first ever regional forum to develop common protocols for the evaluation, measurement and verification (EM&V) of energy efficiency and demand side resource savings. With broad support from the Northeast and Mid-Atlantic states, NEEP's EM&V Forum in 2008 engaged energy and environmental regulators along with program administrators to develop a glossary of common terms and definitions and began work on a loadshape study.

- NEEP continued to support and engage Northeast states to design and build High Performance Schools by updating the Northeast CHPS protocol, issuing a CHPS verification template and drafting a guide for high performance retrofitting. At year's end, three schools in the Northeast had been designed using the Northeast CHPS protocol, while eight more were under construction.
- NEEP facilitated partnerships between Initiative Sponsors in New England, New York and New Jersey and HVAC manufacturers, retailers and distributors to develop upstream co-promotions aimed at increasing the market adoption of high efficiency technologies and acquiring cost effective energy and demand savings. NEEP developed significant relationships with Sears and Lennox in 2008.
- NEEP and Sponsors of the Commercial Lighting Initiative successfully completed the High Performance T8 (HPT8) program, making energy efficient HPT8 fixtures and systems readily available in the Northeast market. After two years, the project secured the support and participation of all major commercial lighting market players serving the region, including manufacturers of lamps, ballasts and fixtures.

- NEEP worked with a number of national energy efficiency and environmental stakeholders to establish TopTen USA (www.toptenusa.org), to speed the market introduction of dramatically more efficient products and appliances through an Internet-based listing of the ten most efficient products in various categories. Modeled after a network of existing European websites, TopTen USA will educate and inform consumers and serve as a platform for efficiency programs to promote products with significant energy saving potential. NEEP's leadership in the process included preparation of a three-year business plan, securing start up funding for the organization, and informing and coordinating the input of Sponsors.
- NEEP played a significant role in developing improved national model energy codes and enhancing state level codes policies. Staff helped drive energy efficiency improvements in the updated International Energy Conservation Code by participating in hearings, and assisting Northeast state code officials to likewise offer their support for increased efficiency. The resulting 2009 national model code is 15 percent more efficient than the 2006 national model code. Additionally, NEEP provided technical support and training resources to Maine, Vermont, Massachusetts, Rhode Island

and Connecticut as the Northeast increasingly turned to building energy codes to address energy and environmental goals.

- On May 22, 2008 NEEP hosted its third annual Northeast Energy Efficiency Summit. Over 300 participants including policymakers, business leaders, advocates and efficiency program administrators gathered in Hartford, Connecticut to discuss the Summit's theme: *Clean, Lean and Green Growth*. This day long event featured an in depth conference, efficiency exhibits and an evening dinner celebration honoring regional business commitments to advancing efficiency.

NEEP thanks our sponsors, underwriters, funders, partners and fellow advocates who have worked tirelessly in 2008 to support the successful ramp up of efficiency in the Northeast. Our joint commitments ensure that now and going forward our region will remain a strong leader for the advancement of the efficiency use of energy.



Penni McLean-Connor
Penni McLean-Connor
President



Susan Coakley
Susan Coakley
Executive Director

REGIONAL INITIATIVES

NEEP Continues Upstream Relationships with Industry

In 2008 NEEP continued to engage Sponsors in New England, New York and New Jersey in co-promotion efforts with manufacturers, retailers and distributors, with a particular focus on the HVAC industry. NEEP connected with Sears and Lennox Industries to discuss common interests in appliance and HVAC efficiency and opportunities for partnership in the Northeast. NEEP also shared information about existing program activity in the region and suggested potential areas for increased promotional activity. Upstream co-promotions in the region continue to offer NEEP and Sponsors an important opportunity to increase market adoption of high efficiency technologies and to acquire cost effective energy and demand savings.

Commercial Lighting Efforts Transform Market

NEEP and Sponsors of the Commercial Lighting Initiative successfully completed the High Performance T8 (HPT8) program in 2008. Beginning in 2006, the project set out to make energy efficient HPT8 fixtures and systems readily available in the Northeast market. By engaging lighting manufacturers and distributors, and by developing and delivering educational materials, the HPT8 program increased the market share, product availability and competition for high efficiency commercial lighting in the Northeast,

including the wide promotion of NEMA Premium ballasts. The project secured the support and participation of all major commercial lighting market players serving the region, including manufacturers of lamps, ballasts and fixtures.

NEEP Supports Sponsors in Embracing Solid State Lighting

Throughout 2008, NEEP contributed to workshops and coordinated regional comments from Sponsors that led to the establishment by the U.S. Department of Energy (DOE) of an ENERGY STAR label for solid state lighting (SSL) products.

NEEP also continued its partnership agreement with DOE to help spread the word on SSL through its Technical Information for Solid State Lighting. Results from a NEEP survey of solid state lighting stakeholders indicate that NEEP is effectively reaching key program administrators and other stakeholders with its SSL communication strategies. Many stakeholders have expressed a need for more information on SSL product availability, price, real world performance, and market developments. Through the working group process, NEEP has steered Sponsor engagement in SSL market developments and technologies- including recommending SSL products for promotion by Sponsor programs- such that the region is positioned well to capitalize in 2009.

NEEP Leads Development of Consumer Product Efficiency Resource

NEEP worked with a number of stakeholders including Ecos Consulting, Policy Options, the American Council for an Energy-Efficient Economy, the Natural Resources Defense Council, the Midwest Energy Efficiency Alliance, the World Wildlife Fund and Pacific Gas and Electric to establish TopTen USA (www.toptenusa.org), which will provide consumers and stakeholders a web resource to identify the ten most efficient products in various categories. Modeled after a network of existing European websites, TopTen USA will educate and inform consumers and serve as a platform for efficiency programs to implement targeted consumer rebates and upstream strategies for products with significant energy saving potential. NEEP's leadership in the process included preparation of a three-year business plan, securing start up funding for the organization, and informing and coordinating the input of Sponsors.

NEEP Engages Sponsors in Discussions about Consumer Electronics

Recognizing a significant and untapped source of energy savings, NEEP actively monitored consumer electronics developments in 2008 as ENERGY STAR specifications were set to take effect. NEEP convened discussions with Sponsors on electronics opportunities- including set-

top boxes- and began engaging Sponsors on their information needs, including savings information on technologies (to screen cost effectiveness), sample messaging and program design options.

NEEP and Sponsors of the Commercial Lighting Initiative successfully completed the High Performance T8 (HPT8) program in 2008 by securing the participation of all major lamp, ballast and fixture manufacturers serving the region to make energy efficient HPT8 fixtures and systems readily available in the Northeast market.

Report on CFL Recycling/Disposal Outlines Recommendations for Region

In 2008, NEEP developed a report analyzing the merits of CFL recycling/disposal program models around the region and country, and provided recommendations for programs looking to develop new, or expand existing, activities. The document focused on recommendations for utilizing the influence of efficiency programs, leveraging and partnerships. Interim activities spawned by this effort included facilitation

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REGIONAL INITIATIVES CONTINUED

of a meeting between sponsors and Veolia Environmental Services, a CFL recycler, and sponsor introduction to the Product Stewardship Institute which is involved in a CFL recycling pilot project and national dialogue with state and local governments, environmental groups, manufacturers, retailers and energy efficiency programs.

NEEP will continue to facilitate information sharing and leveraging of regional resources to bring gas efficiency into the comprehensive High Efficiency Home Solutions Initiative.

Focus on Gas Efficiency Programming Increases

NEEP convened two daylong forums for gas efficiency program administrators in 2008 to discuss the implications, hurdles and opportunities related to the rapid ramp-up of gas program funding and the significant related policy activity. Presentations and resulting discussions highlighted energy efficiency code inspection needs; condensing rooftop HVAC unit technology; NEEP's new EM&V Forum; Department of Energy's furnace waiver; and time-of-sale code activity. NEEP will continue to facilitate information sharing and leveraging of regional resources to bring gas efficiency into the comprehensive High Efficiency Home Solutions Initiative.

Existing Buildings Forum Engages Regional Audience

NEEP developed and hosted a major daylong forum entitled "Existing Buildings: Ramping up Commercial Retrofits" in 2008. As part of the winding down of the Commercial and Industrial Information Exchange Initiative, this Forum helped capture Sponsor input into the development of the 2009 Commercial Buildings & Technologies Initiative. The event featured a facilitated discussion among representation from the U.S. Department of Energy, Environmental Protection Agency and the American Council for an Energy Efficient Economy, and leading members of the

building commissioning and ESCO communities. NEEP in 2008 also hosted Exchange Forums focused on data center efficiency and engaging customers with multiple facilities.

NEEP and Sponsors Recognized by ENERGY STAR

The Northeast ENERGY STAR Products Initiative was awarded a 2008 ENERGY STAR Sustained Excellence Award by the U.S. Environmental Protection Agency and the U.S. Department of Energy in recognition of its continued leadership in protecting our environment through energy efficiency. The Initiative was honored for its long-term commitment to energy efficiency and delivery of energy and environmental savings, in particular, the execution of a residential, customer-focused lighting and appliance efficiency program that includes consumer incentives, an innovative multi-media marketing plan, and field service retailer outreach.

Also in 2008, the U.S. Environmental Protection Agency Region 1 Office awarded the Northeast ENERGY STAR Products Initiative a 2008 Environmental Merit award for its leadership in, and commitment to, preserving the environment of New England.

The Northeast ENERGY STAR Products Initiative was awarded a 2008 ENERGY STAR Sustained Excellence Award for its long term commitment to energy efficiency and the delivery of energy and environmental savings.

NEEP Windows Initiative Celebrates Success in Market Transformation

NEEP ended its administration of the ENERGY STAR Windows Retailer Training program in 2008 due to great success in achieving high market penetration for ENERGY STAR windows in the Northeast. NEEP transferred operation of the program, which it developed and operated for the last several years, to the Efficient Windows Collaborative and the Alliance to Save Energy.

PUBLIC POLICY PROJECTS

Northeast Makes Major New Policy Commitments to Energy Efficiency

The year was marked by several major public policy commitments to energy efficiency across the region. NEEP actively participated in collaborative efforts to develop the Green Communities Act in Massachusetts; the Energy Master Plan in New Jersey; energy efficiency portfolio standards in New York; and climate change policy in New Hampshire. NEEP staff contributed significantly to these efforts, providing its expert recommendations through written and oral testimony, general advocacy, technical analyses and strategic coordination of stakeholder groups. As the year came to a close, these policies moved to the regulatory front, where challenges were being addressed in implementation.

National Model Energy Codes and State Codes in the Northeast Advance

Employing a dual-pronged approach, NEEP played a significant role in helping to both develop improved model energy codes at the national level, and see enhanced codes and code policies implemented at the state level.

Staff helped drive the effort to see energy efficiency improvements included in the updated International Energy Conservation Code (IECC), participating directly in the hearings, and working extensively with Northeast state code officials to encourage

their participation. The resulting advances in testing procedures and building envelope requirements will lead to a 2009 national mode code that represents approximately 15 percent greater energy efficiency over the 2006 national model code.

Additionally, NEEP provided support to a number of states as the Northeast increasingly turned to building energy codes to address energy and environmental goals. By providing cost benefit data; technical analyses; examples of best practices; regulatory language; recommending amendments; and coordinating stakeholder input, NEEP impacted the following energy code developments in 2008:

- Massachusetts proposed one of the most advanced energy codes in the country, which includes an amendment to adopt an informative appendix (a key feature of NEEP's model building energy codes policy);
- Maine adopted the first mandatory statewide building code including an energy provision automatically linked to the latest version of the IECC;
- Vermont passed legislation requiring the adoption of a new energy code within one year of the publication of new national model energy codes;
- Rhode Island strengthened air barrier requirements for new commercial construction.

Further, NEEP directly delivered energy code training sessions to a variety of audiences reaching more than 1,500 builders, architects, engineers, building inspectors, commissioning agents, code officials and others in Maine, Connecticut, and Massachusetts.

Northeast Fully Engaged in Federal Standards Process

This year, NEEP staff facilitated regional stakeholder input into rulemakings by the U.S. Department of Energy on a number of appliance efficiency standards, including central air conditioning equipment. To accomplish this, NEEP established multiple regional partnerships with utilities and state agencies in Connecticut, Massachusetts, Maine, and New Hampshire, and worked with national advocates such as ACEEE. During the year NEEP also provided coordinated regional input into several additional, ongoing rulemakings, including: fluorescent/reflector lamp; vending machines; refrigerator/freezers; commercial refrigeration and battery chargers/external power supplies. NEEP continues to be a part of these negotiations nationally.

Eighth Northeast State Adopts Efficiency Standards

In 2008, the state of New Hampshire adopted a new set of efficiency standards which include natural gas furnaces and

The resulting advances in testing procedures and building envelope requirements will lead to a 2009 national mode code that represents approximately 15 percent greater energy efficiency over the 2006 national model code.

furnace fans, making it the eighth Northeast state to enact new state-based appliance efficiency standards since the launch of NEEP's Standards Project in 2002. NEEP worked closely with project partners in New Hampshire to provide information, expertise and testimony that helped answer all questions and concerns during the standards approval process.

Schools Efforts Advance Regionally and Nationally

Throughout 2008, NEEP's High Performance Schools Exchange was recognized as a key resource to address this building type. NEEP's expertise in this area was recognized and rewarded by the national Collaborative for High Performance Schools (CHPS) organization when it

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PUBLIC POLICY PROJECTS CONTINUED

honored NEEP as a recipient of the Green Apple Award for its leadership in high performance schools public policy.

NEEP's efforts to support and engage states on High Performance Schools issues included updating the Northeast CHPS protocol, issuing a CHPS verification template and drafting a guide for high performance retrofitting. At year's end, three schools in the Northeast had been designed using the Northeast CHPS protocol, while eight more were under construction.

NEEP also delivered multiple workshops and presentations in New Hampshire, Maine, Rhode Island, Vermont, Connecticut and Massachusetts to expand the regional capacity for designing and building to high performance standards.

NEEP Invited to Serve on Mass. Governor's Net Zero Energy Task Force

To help meet his aggressive goal of reducing greenhouse gas emissions and developing clean energy for the Commonwealth, Massachusetts Governor Deval Patrick directed the Executive Office of Energy and Environmental Affairs to establish a Zero Net Energy Task force that is working toward reductions in energy use and emissions in state and private buildings with a goal of achieving zero net energy status by 2030. The task force consists of three working groups: residential,

commercial and public facilities. NEEP was invited to serve on the Task Force as Chair of the Public Buildings Working Group, which is charged with specifying an interim standard for state-owned construction that is significantly more stringent than the current Massachusetts LEED Plus benchmark; and developing specifications for the first state-owned zero net energy building by January 1, 2010. NEEP convened several sessions of the working group whose findings were aggregated with the full Task Force findings and prepared for presentation to the governor in early 2009.

At year's end, three schools in the Northeast had been designed using the Northeast CHPS protocol, while eight more were under construction.

REGIONAL EVALUATION, MEASUREMENT AND VERIFICATION FORUM

The year 2008 was a transitional one for NEEP in its work to advance the development of common protocols to measure, track and report savings from energy efficiency programs. NEEP's work in the first half of the year focused on continued assistance to the New England states in coordinating measurement and verification activities for the ISO New England Forward Capacity Market, in which energy efficiency resources could bid into the newly formed wholesale market. NEEP also scoped the feasibility of a regional evaluation, measurement and verification (EM&V) center serving the New England, New York and mid-Atlantic states to develop common/consistent protocols for energy efficiency and other demand resources.

This scoping project culminated in the launching of the Regional EM&V Forum with the support of policymakers through resolutions passed by the New England Conference of Public Utility Commissioners, and the Mid-Atlantic Conference of Regulatory Utilities Commissioners. The Forum is the first of its kind in the country.

Co-chaired by Paul DeCotis, Deputy Energy Secretary for New York and Sharon Reishus, Chairperson of the Maine Public Utilities Commission, the leadership of the Forum includes commissioners from participating states extending from Maine to Maryland and the District of Columbia. Participation also includes utility and air regulatory staff, efficiency program administrators and consultants.

To build Forum momentum and get results as soon as possible, NEEP began facilitating and managing the Forum's first projects at the end of 2008: 1) the development of a Glossary of EM&V Terms and Definitions (for electric and natural gas energy efficiency), which is scheduled for completion in February 2009; and 2) the issuance of an RFP and selection of a contractor for Phase 1 of a regional Loadshape Study to catalog existing/secondary end-use and savings loadshape data beginning in January 2009 (the results of which will inform where primary research is needed for Phase 2 of this project in mid-2009).

NORTHEAST ENERGY

EFFICIENCY SUMMIT

On May 22, 2008 NEEP hosted its third annual Northeast Energy Efficiency Summit. Over 300 participants including policymakers, business leaders, advocates and efficiency program administrators gathered in Hartford, Connecticut to discuss the Summit's theme: *Clean, Lean and Green Growth*. This day long event featured an in depth conference, efficiency exhibits and an evening dinner celebration honoring regional business commitments to advancing efficiency.

Keynote speaker Tom King, Executive Director of Electricity Distribution for National Grid USA opened the Summit with a discussion of his company's efforts to engage the efficiency market and deliver on the needs and demands of its customers.

Following this address, a panel of policy leaders discussed their experiences and efforts to capture cost effective energy efficiency. The panel included:

- Ann Berwick, Massachusetts Undersecretary for Energy

- Jon Wellinghoff, Commissioner of the Federal Energy Regulatory Commission
- Mary Healey, Connecticut Consumer Counsel

The Summit's second panel featured discussion about the successful, practical application of energy efficiency and its impact on technology and workforce development. Panelists included:

- Wanda Reindorf, Chief Financial Officer for Conservation Services Group
- Jim Anderson, Director of Product Marketing for Color Kinetics/Philips Solid State Lighting
- Susanne Rasmussen, Director of Environmental and Transportation Planning for the City of Cambridge, Mass.
- Ron Slember, Senior Director of Global Operations and Energy/Utility Team Leader for Pfizer Corporation

Kevin Law, President and Chief Executive Officer of the Long Island Power Authority (LIPA) closed the conference by speaking

about his organization's efforts to curb energy demand and cut costs through efficiency.

The third annual Northeast Business Leaders for Energy Efficiency dinner celebration capped off the day long Summit. NEEP welcomed this year's keynote speaker, Gary Hirshberg, President and CE-Yo of Stonyfield Farm who spoke about the opportunity of efficiency to help our environment and economy. The 2008 Northeast Business Leaders for Energy Efficiency are:

- Fidelity Bank, Leominster, Mass. sponsored by National Grid
- Hasbro, East Longmeadow, Mass. sponsored by National Grid
- Husky Injection Molding Systems, Milton, VT sponsored by Efficiency Vermont
- NBTY, Bohemia, N.Y. sponsored by the Long Island Power Authority
- P&G-Gillette, Boston, Mass. sponsored by NSTAR
- Price Chopper/Golub Corporation, Schenectady, N.Y. sponsored by the

New York State Energy Research and Development Authority

- Renys Department Stores, Newcastle, Maine sponsored by Efficiency Maine
- Stew Leonard's, Norwalk, Conn. sponsored by the Connecticut Energy Efficiency Fund and The Connecticut Light & Power Company
- Stonyfield Farm, Londonderry, N.H. sponsored by Public Service of New Hampshire
- University of Bridgeport, Bridgeport, Conn. sponsored by the Connecticut Energy Efficiency Fund and the United Illuminating Company

Photos from left to right: Susan Coakley, Executive Director, NEEP | Exhibit: Philips Color Kinetics | Jim Anderson, Director of Product Marketing, Philips Solid State Lighting Solutions | Applications Panel: Wanda Reindorf, Conservation Services Group; Susanne Rasmussen, Cambridge Community Development Department; Jim Anderson, Philips Solid State Lighting Solutions; Ronald Slember, Pfizer Corporation | Gary Hirshberg, President and CE-Yo, Stonyfield Farm | Exhibit: Lockheed Martin



BOARD OF DIRECTORS

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Vice President, Customer Care
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Denis Bergeron, NEEP Vice President
Director, Energy Division
Maine Public Utility Commission

Dan Zaweski, NEEP Treasurer
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Load Management
Connecticut Light and Power Company

Steve Cowell, *President*
Conservation Services Group

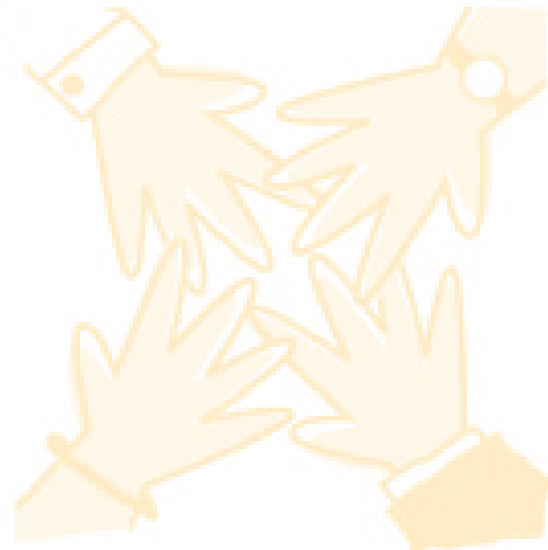
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State of New York

Luis Martinez, *Energy Attorney*
Natural Resources Defense Council

Steve Nadel, *Executive Director*
American Council for an Energy-Efficiency
Economy

Daniel Sosland, *Executive Director*
Environment Northeast

Tim Stout, *Vice President of Energy*
Efficiency Services
National Grid



SPONSORS AND UNDERWRITERS

Cape Light Compact

Connecticut Energy Efficiency Fund

- The Connecticut Light and Power Company
- The United Illuminating Company

Connecticut Municipal Electric Co-Op

Efficiency Maine

Efficiency Vermont

Long Island Power Authority

National Grid

- Massachusetts
- New Hampshire
- Rhode Island
- New York
- Long Island (gas)

NSTAR Gas & Electric

New Jersey Clean Energy Program

New York State Energy Research and
Development Authority

Public Service of New Hampshire

Western Massachusetts Electric Company

FUNDERS

U.S. Environmental Protection Agency

U.S. Department of Energy

The Energy Foundation

The John Merck Fund

The Merck Family Fund

The Overbrook Foundation

FINANCIAL STATEMENTS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

CHANGES IN UNRESTRICTED NET ASSETS:	2008	2007
Operating revenues –		
Contracts and grants	\$1,244,323	\$1,320,733
Sponsorships	926,002	793,870
Annual Summit	284,549	196,947
Miscellaneous	19,007	41,819
Tuition	-	124,516
Net assets released from restrictions	145,371	41,389
Total operating revenues	2,619,252	2,519,274
Operating expenses*–		
Regional Initiatives	728,116	880,906
Public Policy	854,262	1,295,153
EM&V Forum	259,468	-
Special Project Activities	332,126	34,471
Annual Summit	270,839	295,050
Development and Fundraising	125,114	116,796
Total operating expenses	2,569,925	2,622,376
Changes in unrestricted net assets	49,327	(103,102)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Foundation grants	582,100	154,260
Net assets released from restrictions	(145,371)	(41,389)
Changes in temporarily restricted net assets	436,729	112,871
Changes in net assets	486,056	9,769
NET ASSETS, beginning of year	759,946	750,177
NET ASSETS, end of year	\$1,246,002	\$759,946

* Includes fully allocated indirect costs.

The above information is excerpted from the annual audited financial statements of Northeast Energy Efficiency Partnerships, Inc. The full statement is available for inspection at the NEEP offices.

