

PROMOTING ENERGY EFFICIENCY 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,

# 2005 ANNUAL REPORT



AND THAT HELP ACHIEVE A CLEANER ENVIRONMENT  
AND A MORE RELIABLE AND AFFORDABLE ENERGY  
SYSTEM. PROMOTING ENERGY EFFICIENCY IN  
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PROGRAMS AND POLICIES THAT INCREASE THE USE  
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ENVIRONMENT AND A MORE RELIABLE AND  
AFFORDABLE ENERGY SYSTEM.

# Our MISSION

Promoting energy efficiency 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.

# Our VISION

NEEP's vision is that 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

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# MESSAGE

## from the President and Executive Director

In 2006, Northeast Energy Efficiency Partnerships will mark 10 years of facilitating partnerships to advance energy efficiency through coordinated programs and policies across the region.

We are proud to report that thanks to the dedication of energy efficiency program sponsors, partners, policymakers, advocates and NEEP staff, the Northeast in 2005 remained a leading example for how to successfully transform markets for energy efficient products and practices; to increase awareness and availability of best practices for efficiency in new construction, and building operations and maintenance; and to increase the commitment of states to energy efficiency policies and programs.

### Among the highlights of 2005:

- **Energy and demand savings increased across the region** through regionally coordinated initiatives implemented by NEEP sponsors. The Unitary HVAC Initiative alone achieved over seven megawatts of permanent demand reductions through the market adoption of high efficiency equipment.
- **Market adoption of high efficiency lighting progressed** through cooperative promotions with lighting manufacturers and retailers to promote ENERGY STAR® lighting products, leveraging \$12 million in industry incentives.
- **Consumer interests regarding compact fluorescent lamp (CFL) product quality** were advanced when the ENERGY STAR program proposed a draft specification for an industry funded, third-party quality assurance program based on NEEP sponsors' multi-year support of the Program for the Evaluation and Analysis of Residential Lighting (PEARL).
- **Market capacity increased to deliver high efficiency residential air conditioning systems** in the Northeast. Coordinated programs promoted quality installation and verification techniques for high efficiency cooling systems through incentives, technician training and certification, and the development of consensus quality specifications.
- **Regionally consistent methodologies to count and track energy savings were assessed and recommended by NEEP** in its report on *The Need for and Approaches to Developing Common Protocols to Measure, Verify and Report Energy Efficiency Savings in the Northeast*.
- **Long-term energy and demand savings were locked in** when New York, New Jersey, Rhode Island and Massachusetts adopted appliance efficiency standards due to coordinated outreach by NEEP and its partners in the Northeast States Energy Efficiency Standards Project. This state action

encouraged Congress to adopt federal standards in the Energy Policy Act of 2005.

- **Northeast states increased their commitments to energy efficiency as a key strategy to reduce harmful carbon emissions.** NEEP's policy outreach activities supported and assisted the New England Governors' Conference, the Regional Greenhouse Gas Initiative and individual state efforts to reduce carbon emissions by increasing energy efficiency. Climate change was also the topic of NEEP's 2005 Annual Conference, which drew over 100 participants to a successful program in Providence, R.I.
- **Northeast states' interest in and commitment to energy efficiency in school construction and renovation increased.** NEEP provided technical assistance and project coordination to inform and develop policies tying school funding to high performance school design. Through the High Performance Schools Exchange, NEEP drafted regional high performance school guidelines for use by state agencies, educated building committees about energy efficient design, and presented the principles of high performance school design to over 500 participants at regional and national conferences and workshops.
- **An independent evaluation of the Building Operator Certification (BOC) program confirmed significant energy and cost savings for program participants (\$20,000 per year on average).** NEEP certified over 150 building operators and facilities managers

through the BOC program in 2005, bringing the five-year regional total to over 1,200.

- **NEEP's Building Energy Codes Project increased the infrastructure for energy code inspection and compliance** by facilitating training projects that reached 751 building industry professionals across the Northeast.
- **The Commercial and Industrial Information Exchange provided strategic information and peer exchange** for Regional Initiative sponsors on the topics of *Should Utilities Support Green Building Efforts?* and *Daylighting and Training and Education Strategies*.

We are truly proud of the partnerships that have been forged in the Northeast over the last 10 years. Thanks to the commitment and leadership of our sponsors, underwriters and supporters, and through the combined efforts of many partners, energy efficiency has been proven to be a significant resource in meeting our region's energy needs. This resource can and should continue to enhance the reliability, sustainability and affordability of our energy system, and we pledge our commitment to ensure that NEEP is positioned to make that vision a reality.



*Ashok Gupta*  
**Ashok Gupta,**  
 President



*Susan Coakley*  
**Susan Coakley,**  
 Executive Director

# NEEP in 2005

**To achieve goals consistent with our vision, mission and core values, NEEP offers projects and services in three areas.**

## Regional Initiatives

Increasing the marketplace availability and adoption of quality energy efficient practices and technologies in the Northeast, for both the residential and commercial sectors.

- ENERGY STAR® Products
- ENERGY STAR® Windows
- Residential High Efficiency HVAC
- Premium Efficiency Motors
- High Efficiency Commercial Unitary HVAC
- Commercial and Industrial Information Exchange

## COLLABORATION

Bringing people and organizations together to work effectively and creatively to research, develop, implement and evaluate the best energy efficiency policies, programs and practices.

## Policy, Outreach and Communications

Developing and maintaining a positive environment for public policies and programs that promote energy efficiency in Northeast states.

- Public Policy Outreach
- Annual Conference
- Strategic Communications
- Northeast States Energy Efficiency Standards Project

## ADVOCACY

Promoting energy efficiency as a cornerstone of energy, environmental and economic policy in the region.

### Training and Education

Increasing the availability and demand for best practices to design, build and maintain buildings in an energy and resource efficient manner.

- Building Operator Certification
- Northeast Regional Building Energy Codes Project
- High Performance Schools Exchange

## EXPERTISE

Seeking out, developing and applying expert knowledge and skills within our organization, among our partners and within the region to keep the Northeast a national leader for energy efficiency.

# Regional INITIATIVES

## Residential

### Residential HVAC

Defining and incorporating quality installation and verification protocols into efficiency programs for central residential air conditioning systems was an important focus in 2005. NEEP worked at the national level to help develop consensus quality installation and verification specifications through its participation on the Air Conditioning Contractors of America's Quality Installation and Verification Committee.

As project manager for a collaborative, multi-state project funded by the Department of Energy through the State Technologies Advancement Collaborative (STAC), NEEP facilitated the completion of research regarding emerging residential HVAC technologies and a survey of HVAC market trends in the Northeast.

### ENERGY STAR Windows

NEEP facilitated ENERGY STAR Windows retailer training for 65 sales people in Delaware and New Jersey, representing stores serving population centers in four states (Maryland, Delaware, Pennsylvania and New Jersey).



### **NEEP and sponsors honored with ENERGY STAR award**

For the sixth year in a row, the Environmental Protection Agency and the Department of Energy awarded the *Excellence in Energy Efficiency and Environmental Education Award* to NEEP and sponsors of the ENERGY STAR Products Initiative for their program successes in promoting ENERGY STAR lighting products and achieving increasing market adoption and consumer awareness each year.



## **ENERGY STAR Products**

Cooperative promotions with retailers and manufacturers to increase customer awareness and purchase of ENERGY STAR lighting products was a major focus of NEEP's Regional Initiative activities in 2005. These promotions leveraged \$12 million in industry incentives, a 20 percent increase relative to 2004.

In 2005 NEEP and its sponsors in Massachusetts, Connecticut, Rhode Island and Vermont achieved a:

- 10 percent increase in the number of ENERGY STAR appliance products that received a rebate while overall program costs dropped.
- 20 percent increase in the number of ENERGY STAR lighting products that received a rebate while program costs stayed about the same.

In 2005, NEEP and its sponsors continued to play an active role in ongoing efforts to improve the quality of compact fluorescent lamps (CFLs), by participating in the Program for the Evaluation and Analysis of Residential Lighting (PEARL) process. As a member of the PEARL Board, NEEP's advocacy was instrumental in the Department of Energy's decision to propose a draft ENERGY STAR CFL specification that contains a detailed requirement for industry-supported, third-party quality assurance testing. NEEP received special recognition, along with other PEARL members for "outstanding contributions improving the quality of lighting" at the annual ENERGY STAR Awards Ceremony in Washington, D.C.

# Regional INITIATIVES

## Commercial

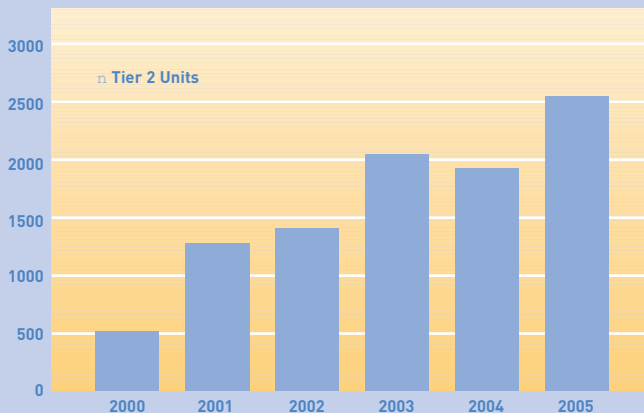
### Premium Efficiency Motors

NEEP continued to successfully promote the use of energy efficient motors in the Northeast. Through the MotorUp campaign, New York Energy \$mart Motors and Maine's Business Program, NEEP and its partners engaged over 180 "active vendors" to process incentives for the purchase of 1,268 qualified NEMA Premium® Motors- high efficiency, three-phase electric motors certified by the National Electrical Manufacturers Association that save energy, cost less to operate and reduce downtime.

### Commercial HVAC

The partnerships NEEP facilitated through the Cool Choice program in 2005 yielded tremendous results for the Northeast. Participating vendors in New England and New Jersey processed rebates for 2,554 Tier 2 qualifying packaged HVAC units. These units had a collective demand reduction of 7,136 kW, the equivalent of saving 6,209,000 kWh of electricity per year, and about \$930,000 per year in customer bills.

Unitary HVAC Units Rebated in New England and New Jersey



## Commercial and Industrial Information Exchange

NEEP conducted two Commercial and Industrial Information Exchange forums in 2005. Twenty new construction program managers from seven Northeast states (New York, New Jersey, Massachusetts, Rhode Island, Vermont, Maine and New Hampshire) attended the first event, entitled *Should Utilities Support Green Building Efforts?* It included a workshop on green buildings and energy efficiency programs and a peer exchange on commercial new construction programs.

The second forum, entitled *Daylighting and Training and Education Strategies*, featured a presentation by Joel Loveland, professor of Architecture at the University of Washington and director of the Better Bricks Daylighting design lab in Seattle, Washington.



### **New commercial lighting initiative receives funding**

In 2005, with the support of Efficiency Vermont, National Grid, Cape Light Compact, Northeast Utilities, Efficiency Maine and the New Jersey Board of Public Utilities, NEEP collaborated with the New York State Energy Research and Development Authority (NYSERDA) to successfully respond to a commercial lighting project solicitation by the U.S. Department of Energy. As a result, NEEP will launch a new Commercial Lighting Initiative in 2006, which will be funded through the State Energy Program (SEP) and the Federal Energy Management Program (FEMP).

# POLICY, OUTREACH and COMM

## Policy Outreach

As energy shortages became more acute and were exacerbated by the September Gulf hurricanes, NEEP was increasingly called upon to provide information on the role energy efficiency can play to help address rising energy costs and resource adequacy in the Northeast.

As a valued information resource, NEEP staff presented at various forums ranging from a national conference on energy efficiency as a resource, to business-focused workshops hosted by a U.S. Congressman and a state Secretary of Economic Development, with the intent of providing helpful recommendations on how commercial enterprises can deal with rising costs in the winter of 2005-2006.

NEEP also was invited to participate in forums hosted by the new chairman of the Maine Public Utilities Commission, by our allied organizations nationally and regionally, and by several professional associations, among many others.

Throughout the year, NEEP also provided testimony, analysis and commentary in a number of public venues and forums to help advance energy efficiency policies in the region. These ranged from the development of an energy portfolio standard and a state energy plan in Connecticut, to a review of goals and



*Keynote Speaker Peter Smith, President of the New York State Energy Research and Development Authority (NYSERDA)*

## **NEEP conference addresses climate change**

NEEP's 2005 Annual Conference entitled *Energy Efficiency: The Action in Climate Change Action* successfully brought together nearly 100 clean energy advocates including Northeast energy efficiency program administrators and environmental regulators to discuss the opportunities for energy efficiency to help achieve carbon reduction goals in a cost effective manner.

# COMMUNICATIONS

strategies that define Maine's energy conservation programs, to the need to protect public benefit funds for energy efficiency in a number of Northeast states, to providing Massachusetts with recommendations on how the state can make significant reductions in energy demand through new efficiency initiatives.

One particular policy area where NEEP was heavily involved in 2005 was in highlighting the role of energy efficiency in climate change action strategies. In addition to helping organize a panel on efficiency and climate change for a national symposium, NEEP helped inform the Regional Greenhouse Gas Initiative (RGGI) throughout the year. This work included an analysis of energy efficiency policy and programs in the Northeast for the RGGI stakeholder working group. Also at the regional level, NEEP provided ongoing technical and strategic assistance to the New England Governors' Conference (NEG) by assisting the NEG draft a position paper presented to the New England Governors' Conference/Eastern Canadian Premiers Climate Change Steering Committee that described the energy efficiency options to help achieve the region's climate change goals. At the state level, NEEP participated in the Rhode Island Greenhouse Gas Stakeholder Process, helping to drive the adoption of new appliance efficiency standards in that state.



## **NEEP research examines need for common protocols**

NEEP researched and produced a comprehensive report on *The Need for and Approaches to Developing Common Protocols to Measure, Verify and Report Energy Efficiency Savings in the Northeast*. While Northeast states contemplate a number of public policy and program objectives that rely on regional collaboration, the methods employed in the various states to count the savings from energy efficiency programs vary widely. NEEP's research will be used to help states better understand the benefits of common measurement and verification protocols, as well as some of the options available to them.

# POLICY, OUTREACH and COMM

## **Communications**

NEEP strove to provide a voice for energy efficiency in the region in its overall communications and media relations in 2005.

Throughout the year, NEEP connected with a variety of media in a number of ways to highlight the benefits of energy efficiency for a wide audience. Issuing press releases, fact sheets, case studies and other information, as well as responding to a number of media requests on topics ranging from appliance efficiency standards and the Regional Greenhouse Gas Initiative, to energy saving tips for residential and business customers, the messages of energy efficiency were carried to publications ranging from the *Christian Science Monitor* to *Organic Style* and *Natural Homes* magazines.

NEEP produced and issued four editions of NEEP Notes, its well received electronic newsletter, which reached more than 1,300 subscribers each quarter, and remains the only energy efficiency focused newsletter serving the Northeast.

Finally, NEEP completed a major overhaul of its Web site, with a particular focus on revisions to the Policy, Outreach and Communications information, making it a more robust clearinghouse on energy efficiency public policy issues of value to policymakers, stakeholders and the media throughout the Northeast.

# COMMUNICATIONS

## Energy Efficiency Standards

Under NEEP’s leadership, four more states — New Jersey, New York, Rhode Island and Massachusetts — adopted new energy efficiency product standards as part of the Northeast States Energy Efficiency Standards Project, (bringing the regional total to six states). Massachusetts marked a milestone in that it became the first state to adopt new standards for residential furnaces, boilers and furnace fans.

### *Energy Policy Act 2005 (EPAct 05)*

State standards efforts facilitated by NEEP in the Northeast, along with other national successes, helped ensure that energy efficiency standards were a significant part of the Federal Energy Policy Act of 2005. EPAct 05 contained standards for 16 appliances, all of which were part of the state statutes.

### *Benefits from the Adoption of Federal and State Energy Efficiency Standards*

	<b>Annual Electricity Consumption Savings (2020) Megawatt-hours</b>	<b>Annual Carbon Emission Reductions (2020) 1000 Metric Tons</b>	<b>Net Present Value of Economic Benefits (\$ million)</b>
<b>Connecticut</b>	486	128	609
<b>Maine</b>	175	45	239
<b>Maryland</b>	1156	263	914
<b>Massachusetts</b>	1531	386	1613
<b>New Hampshire</b>	165	44	218
<b>New Jersey</b>	1243	304	1384
<b>New York</b>	4050	600	5158
<b>Pennsylvania</b>	1631	393	1724
<b>Rhode Island</b>	188	47	223
<b>Vermont</b>	83	22	111
<b>Total</b>	<b>10,708</b>	<b>2,232</b>	<b>10,580</b>
<b>Equal to</b>	<b>Annual electric needs of 1.5 million home</b>	<b>Removing 1.8 million cars from the road</b>	

# TRAINING and EDUCATION

## Building Operator Certification (BOC)

Fifteen series of courses representing 117 individual classes were available to BOC participants in 2005. Among them was a course purchased by the Massachusetts Division of Capital Asset Management to train 20 state facility managers.

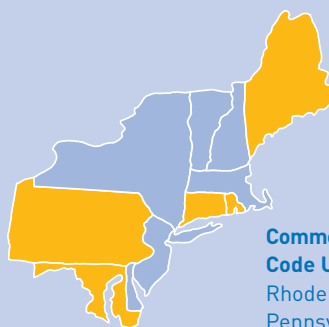
NEEP enrolled 340 students in the BOC program in 2005. With certifications issued to 167 students, the total number of BOC certifications has reached over 1,200 since the program's inception.

In 2005 NEEP introduced a BOC recertification program to encourage continued learning and skill development in best practices for resource efficient building operations and maintenance. As a result, 220 BOC graduates were recertified in the program's first year.

In addition, 18 schools in Massachusetts participated in a BOC pilot program for operators and facility managers of high performance schools

## Building Energy Codes

In 2005, with technical support from NEEP, five Northeast states updated their residential and commercial energy codes based on the 2003 International Energy Conservation Code (IECC) national model or better.



**Commercial and Residential Code Update:** Connecticut, Rhode Island, Maryland, Pennsylvania and Maine



### BOC evaluation confirms significant energy, cost savings

A third-party evaluation of NEEP's BOC program confirmed that the training provides significant cost-effective savings — on average \$20,000 per participant per year. The evaluation found average electric savings of .35 kWh per square foot, gas and oil savings of 0.75 MBTU per square foot, and 0.14 gallons of water per square foot. In addition to savings, the evaluation reported a savings persistence of five years or more.



Representing the needs of the Northeast, NEEP participated in the 2005 International Code Council (ICC) Code Development Cycle by providing technical assistance and facilitating discussions.

NEEP facilitated building energy codes training projects that prepared 751 building industry professionals across the Northeast to build code infrastructure.

NEEP supported Maryland Building Energy Code Training by assisting in curriculum and materials development, and by helping to train instructors. Using NEEP's materials, the Maryland Energy Administration conducted residential energy code training programs for 314 participants in 2005.

### **High Performance Schools Exchange**

The High Performance Schools Exchange worked with seven school districts in the Northeast to educate building committees about the advantages of energy efficient design, and presented the principles of high performance school design to over 500 participants at regional and national conferences throughout 2005. As a result of NEEP's advocacy and expertise, six schools in the Northeast have been built using high performance school standards.

NEEP served as an information resource to high performance schools working groups in the New England states and coordinated information exchanges, assisted in planning conferences and information sessions, expanded the database of high performance school case studies, and responded to specific requests for information.

NEEP completed and circulated for stakeholder review Regional High Performance Schools Guidelines developed to provide a common basis to meet high performance school requirements based on Leadership in Energy and Environmental Design (LEED), Massachusetts Collaborative for High Performance Schools Guidelines (MA-CHPS), or Advanced Building *Benchmark*. These guidelines are written for state agencies but can be used by individual school districts as well.

# FINANCIAL Statements

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
Operating revenues -		
Contracts and grants	\$1,294,533	\$1,273,383
Sponsorships	745,602	755,015
Tuition	394,135	485,341
Miscellaneous	59,874	27,114
Net assets released from restrictions	120,000	-
Total operating revenues	<u>2,614,144</u>	<u>2,540,853</u>
Operating expenses*		
Regional Initiatives	551,902	674,314
Building Energy Codes	293,297	251,160
Building Operator Certification	574,011	581,777
High Performance School Exchange	214,836	181,824
Policy, Outreach and Communication	504,888	578,850
Special Project Activities	389,071	246,958
Fundraising	<u>104,263</u>	<u>32,599</u>
Total operating expenses	<u>2,632,268</u>	<u>2,547,482</u>
Changes in unrestricted net assets	(18,124)	(6,629)
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
Foundation grants	117,666	140,000
Net assets released from restrictions	<u>(120,000)</u>	<u>-</u>
Changes in temporarily restricted net assets	(2,334)	140,000
Changes in net assets	(20,458)	133,371
NET ASSETS, beginning of year	<u>886,100</u>	<u>752,729</u>
NET ASSETS, end of year	<u>\$ 865,642</u>	<u>\$ 886,100</u>

\* 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.*

## NEEP 2005 Board of Directors

### Executive Committee

Ashok Gupta, **NEEP President**  
*Air and Energy Program Director*  
Natural Resources Defense Council

Penni McLean-Connor,  
**NEEP Vice-President**  
*Vice President, Customer Service*  
NSTAR Electric & Gas

Daniel Zaweski, **NEEP Treasurer**  
*Director, Energy Efficiency and  
Distributed Generation*  
Long Island Power Authority

Dan Sosland, **NEEP Clerk**  
*Executive Director*  
Environment Northeast

Susan E. Coakley, **NEEP Executive  
Director**

### Board Members at Large

Denis Bergeron, *Director*  
Efficiency Maine

Steve Cowell, *President*  
Conservation Services Group (CSG)

Brian Henderson, *Director,*  
*Energy Efficiency Services*  
New York State Energy Research and  
Development Authority

Bobbi Kates-Garnick  
*Vice President, Corporate Affairs*  
KeySpan Energy Delivery

Laura McNaughton  
*Manager, Residential Energy  
Efficiency Services*  
National Grid

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

Richard Sedano, *Director*  
Regulatory Assistance Project

### 2005 NEEP Sponsors and Underwriters

Cape Light Compact  
Connecticut Municipal Electric  
Cooperative  
Efficiency Maine  
Efficiency Vermont  
KeySpan Energy Delivery  
Long Island Power Authority  
National Grid  
Granite State Electric  
Massachusetts Electric  
Narragansett Electric  
New Jersey Board of Public Utilities  
New Hampshire Electric Cooperative  
New York State Energy Research and  
Development Authority  
NSTAR Electric & Gas  
Northeast Utilities System  
Connecticut Light and Power  
Public Service of New Hampshire  
Western Massachusetts Electric  
Company  
The United Illuminating Company  
Unitil

### 2005 NEEP Funders

U.S. Environmental Protection Agency  
U.S. Department of Energy  
The Energy Foundation  
The John Merck Fund  
The Kendall Foundation  
The Pew Charitable Trusts  
The Surdna Foundation



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