Many people don’t realize that the first “Great Northeast Blackout” occurred in 1965. Neither do they remember the long lines at gas stations, nor the flurry of ensuing conservation policies enacted in the 1970’s. In fact, the Wisconsin Energy Conservation Corporation (WECC) was conceived primarily in response to what at the time was considered America’s first real “energy crisis.” Well, 2003 brought its own share of energy wake-up calls for consumers and policy makers. Whether it was the East Coast blackout, soaring natural gas prices, or Wisconsin’s own difficulties in siting new electricity generation and transmission facilities, consumers and businesses are recognizing once again the magnitude and urgency of smart energy policy decisions.

**Investment in energy efficiency and renewable energy technologies has long been proven to be a highly successful strategy** not only for achieving cost-effective resource savings, but also for producing a balanced energy resource portfolio and sound public policy. The economic and environmental benefits are substantial and certain. Unfortunately, in Wisconsin—as with many states across the country—tight state budgets have prompted policymakers to cut funds for energy efficiency, precisely at the time when we most need these benefits.

Throughout 2003, WECC’s mission to “promote sound energy policy” resonated more strongly than ever. We worked hard to prove the value of energy efficiency through our nationally recognized market-driven programs. We collaborated with our research and evaluation partners to better understand market potential and to quantify the public benefits (social, environmental, and economic) that have been generated through such programs. And we—along with our enthusiastic market providers—spoke with hundreds of stakeholders and policy makers to preserve funding for delivering these benefits. In the end, Wisconsin’s policymakers did divert some of the state’s public benefits fund to other purposes, but the cuts were not as deep as some had advocated. Certainly, the hundreds of conversations we had with policymakers have helped us become smarter about selling the benefits of energy efficiency and renewable energy in the policy arena.

In 2004, our organization will continue to build successful partnerships with market providers (manufacturers, retailers, builders, and contractors) in promoting energy efficient products and services throughout the region. We will also continue to look for ways to restore Wisconsin’s leadership role in pursuing a balanced energy policy. We are encouraged by the demonstrated success of collaborative approaches to tough policy decisions, and we look forward to applying our practical expertise in the energy policy discussions that will certainly dominate state and national agendas in 2004. The wisdom of incorporating long-term societal benefits into near-term energy policy has become self-evident. Let’s go back to the future—an energy efficient future.
Dear Friend—

In 2003, the Wisconsin Energy Conservation Corporation (WECC) worked diligently at fulfilling its mission.

That mission, while having evolved considerably since WECC’s founding in 1980, continues to remain true to its roots: promoting energy efficiency and renewable energy options, collaborating with market providers to achieve critical economic development goals, and meeting customer energy needs affordably.

In the pages of this report, you will see the successful outcomes of this work. You will see how:

• In 2003, WECC continued to work with consumers—of all income levels—to integrate energy efficiency and renewable energy technologies.

• Our staff and market partners—retailers, home builders and contractors, home performance experts, and others—educated consumers on the value of making smart, cost-effective decisions.

• Many consumers, with the help of WECC and the Wisconsin Renewable Energy Network (which is administratively supported by WECC), had the opportunity to support their commitment to environmental issues by installing renewable energy options.

• WECC continued to promote and demonstrate energy efficiency’s economic benefits, showing that dollars spent in Wisconsin on energy efficiency create jobs and opportunities far in excess of dollars exported to pay for that energy.

• The organization continued its longstanding efforts to offer consumers of all income levels affordable energy efficiency options. WECC’s Residential Information Center answered over 56,000 calls in 2003. Staff participated in over 30 events and information seminars to help educate consumers about energy efficiency and its benefits. Low-income consumers received assistance with the installation of energy efficiency improvements. WECC’s staff and market partners also showed consumers of all income levels how to obtain incentives, grants, and loans to make smart efficiency improvements.
In 2003, as in years past, WECC’s successes would not have been possible without its strong working relationships with its market providers. These market providers, through their collaboration with WECC, helped achieve substantial energy savings, and they experienced direct economic benefits and saw their businesses profit and grow.

All of these efforts, undertaken by WECC’s experienced, professional and passionately dedicated staff, led to tremendous energy savings for the state and its residents.

Even more impressive, this work was done under the cloud of state budget and policy decisions that are putting severe pressure on Wisconsin’s historical—and essential—commitment to energy efficiency.

**WECC continues to believe that energy efficiency is both the right thing to do and the smart thing to do.** Every energy efficient action—from installing a compact fluorescent bulb to purchasing a new high efficiency clothes washer to building a Wisconsin ENERGY STAR® Home—reduces the environmental impact of energy use.

We believe energy efficiency is also the economically sound thing to do. Every energy dollar we save in Wisconsin through energy efficiency represents an economic benefit to our citizens, our local businesses and our state.

Our organization’s results in 2003 demonstrate that these are valid beliefs. On behalf of our Board of Directors, I thank you for your interest and support and encourage you to read about our efforts during the past year.

Bob Jones
President, WECC Board of Directors
We continue to...

Provide affordable solutions to consumers’ energy needs, especially those with limited incomes

Every day, WECC helps consumers take action and increase the energy efficiency of their homes. Practical financial challenges such as tight household budgets often limit consumers’ actions. We work every day to help consumers overcome these financial challenges. We provide affordable energy solutions that serve homeowners of all income levels.

We address the affordability issue through broad market initiatives and specific programs. For example—in 2003, our staff helped Wisconsin systems-built home manufacturers to adopt many of the practices used by our Wisconsin ENERGY STAR Homes builders. Systems-built homes (whether modular or panelized) often represent a more affordable housing option than stick-built homes.

Energy Finance Solutions (EFS) Loan Program

Qualified homeowners of all income levels look for assistance from EFS to finance eligible improvements, including heating and cooling equipment, insulation and windows, water heaters, ENERGY STAR qualified appliances, and other efficiency measures. Under this program, homeowners can enjoy savings on their utility bills to pay for the improvements.

EFS also helps to provide affordable solutions by linking WECC’s energy expertise with Fannie Mae’s lending experience. EFS is one of the country’s premier administrators of Fannie Mae’s Energy Improvement Loan Program. WECC now operates EFS programs in Wisconsin and ten other states. We partner with local utilities, energy efficiency companies, and contractors to sponsor EFS programs.

Since July of 2000, over 4,200 loans have been funded representing over $26 million in energy efficiency improvements. Both the number of loans awarded to customers and dollar amounts have doubled since 2000.
In 2003, WECC provided services to thousands of low-income households across Wisconsin via multiple initiatives. First, we deliver Focus on Energy’s Targeted Home Performance with ENERGY STAR program in partnership with both weatherization agencies and private contractors. This program assists qualified Wisconsin residents with limited incomes to make energy improvements to their homes. Focus on Energy, Wisconsin’s statewide energy efficiency program, funds 90 percent of the improvement costs and the customer pays the remaining 10 percent. During 2003, we assisted over 220 homeowners through this program. In 2003 we also launched an auxiliary effort, Enhanced Targeted Home Performance with ENERGY STAR with funding from We Energies; under this program the utility funds the whole cost of efficiency improvements.

Second, we helped 19 municipal utilities across Wisconsin manage and operate their low-income Commitment to Community programs. We provided assistance in several areas including electric assistance benefits, weatherization services, and crisis assistance. Over 3,250 customers received these services in 2003.

Third, we continued to coordinate the Wisconsin Department of Administration’s training services for its Weatherization Assistance Program and Wisconsin’s Home Energy Assistance Program providers. As part of this effort we developed and administered dozens of training courses, conferences, workshops, and weatherization team meetings in 2003. At the end of 2003 we successfully won the State contract to continue to deliver these services for another three years.

"This program is awesome. My son and I will be thanking you again when we are not freezing this winter!"

"Everyone was great and it meant so much to me to have the work done to increase energy efficiency and maintain the value of my property."

Two satisfied Targeted Home Performance with ENERGY STAR customers

We address the affordability issue through broad market initiatives and specific programs.
We continue to...

Maximize the comfort, safety, durability, and energy efficiency of buildings

Increasing comfort, safety, durability, and energy efficiency requires a solid understanding of building science principles—from the physics of heat transfer and moisture management to air flow and pressure diagnostics. Here in Wisconsin one has to be able to apply these principles to homes (and occupant behaviors) on the hot, steamy days of August as well as the frigid days in January.

WECC is committed to developing and delivering programs that both improve the performance of existing buildings and facilitate a new generation of buildings that are designed and built to higher standards.

To achieve these lofty goals our staff includes building science experts who conduct research into important building science topics, provide consulting services, and offer training courses and mentoring on building science principles.

Building science is a cornerstone of all of our education and training efforts. For example, new Wisconsin ENERGY STAR Homes consultants attend an eight-day training course with a strong building science focus. Once the course is completed, we follow-up with one-on-one mentoring in the field. Similarly, contractors who join the Home Performance with ENERGY STAR program participate in both classroom training on building science principles and in-field mentoring.

Building science also affects program design and research. This year we worked collaboratively with our heating and air conditioning market partners to develop installation protocols that maximize the performance of central air conditioners. As part of this effort we identified several research questions that we are currently exploring in partnership with market providers.

Finally, building science affects our interactions with consumers. In 2003, our staff helped consumers understand that the proper application of building science principles would increase the comfort, safety, durability, and energy efficiency of their homes. We accomplished this through consumer seminars, one-on-one interactions at home shows, and a variety of written materials. Many of these initiatives are offered as part of Focus on Energy, Wisconsin’s statewide energy efficiency initiative.
In 2003, our trained Home Performance with ENERGY STAR Program consultants worked one-on-one with almost 900 homeowners to identify performance problems in their homes and recommend affordable energy solutions. As part of the program’s standard protocols these consultants look beyond energy efficiency to identify a variety of safety issues ranging from dangerous levels of carbon monoxide to simple fire prevention measures.

In 2003, with support from a Building America grant and the State of Wisconsin, we were able to expand our efforts in this area to provide technical consulting to four of Wisconsin’s systems-built housing manufacturers. Through on-site testing and design assistance we helped these companies increase the comfort, safety, durability, and energy efficiency of the homes they manufacture. One company was so pleased with the advice we offered that they implemented the changes we recommended in their production facilities outside of Wisconsin as well.

Comfort, safety, and durability are just as critical in multifamily buildings as single-family dwellings but delivering the message can be a bit more difficult. The multifamily market is challenging because owners do not always recognize the real benefits of investing in energy-related improvements to their properties. We continue to work to convince building owners that these benefits are real and impact their bottom line in multiple ways, including keeping tenants satisfied (comfortable), reducing maintenance and operating expenses, increasing safety (and thus reducing liability issues), and enhancing property values. In 2003, the Apartment & Condo Efficiency Services Program served over 380 owners and developers of multifamily buildings.

Increasing comfort, safety, durability, and energy efficiency requires a solid understanding of building science principles.

“The old fluorescent fixtures and bulbs we had in the halls, stairwells, laundry room, and even in the exit signs were devouring energy. With help from Apartment & Condo Efficiency Services, we upgraded our lighting and will save nearly $6,000 a year on our energy bill.”

Debra Dillenberg, Executive Director Appleton Housing Authority
These initiatives are estimated to save consumers more than $2.6 million annually. The environmental impact is also substantial—these energy efficiency measures yield environmental benefits equivalent to removing more than 4,000 cars from the road.

Market Share for ENERGY STAR Qualified Clothes Washers

National Market Share for ENERGY STAR qualified washers ............................. 23%
Wisconsin Market Share for ENERGY STAR qualified washers .......................... 44%

Monitoring market share enables a program to track its longer-term progress in changing the way energy efficient goods are bought and sold. WECC uses multiple means—including actual sales data from retailers—to monitor its impact on market share.

COST OF CONSERVED ENERGY
WECC’s Focus on Energy Residential Initiatives Only—Year Ending June 30, 2003

Calculating the cost of conserved energy enables us to compare efficiency programs to the alternative of producing additional energy. The costs shown on the right reflect only WECC’s Focus on Energy residential initiatives; the costs are calculated using verified gross annual savings divided by program costs.
### REVENUE

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### EXPENSES

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### NET ASSETS

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<tr>
<td>June 30, 2003</td>
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We continue to...

Educate consumers on options for making energy efficient choices

WECC’s commitment to education influences everything we do, from our program and service offerings to market provider training to our varied outreach activities.

In the real world, energy efficiency gains are achieved one “step” at a time. Some steps leave bigger footprints than others, such as a new Wisconsin ENERGY STAR Home versus a newly installed ENERGY STAR qualified clothes washer, but all are important. However, very few consumers will take any step without some education.

We educated tens of thousands of midwestern residents about energy efficiency as well as the specific benefits of ENERGY STAR qualified products.

We offered the ENERGY STAR Products Program to customers in the Midwest through Focus on Energy, Minnesota Power, and Great River Energy as well as through our Change a Light, Change the World contract with the Midwest Energy Efficiency Alliance.

In 2003, WECC continued to expand our consumer outreach activities to include municipal and cooperative utilities in Wisconsin. In Minnesota, many utilities have chosen to piggy back on existing programs such as the Minnesota Power ENERGY STAR program and some chose to operate their own programs with WECC’s help.
Our **market providers** work with consumers every day. By educating them, they will in turn teach consumers about the benefits of choosing energy efficiency.

**We held over 350 education workshops** on topics such as building science, renewable energy, sales, and communication techniques.

**We participated in the planning and execution of the 2003 Smarter Buildings: Smarter Business** conference with Focus on Energy and the Energy Center of Wisconsin. This conference brought together over 600 builders, contractors, and building owners/managers throughout the state to discuss energy efficiency and its many benefits.

**We showed our market providers how to sell services** such as the home performance evaluations offered by Focus on Energy’s Home Performance with ENERGY STAR program.

**We provided in-field mentoring to our consultants and contractors** as a follow-up to their classroom training. This allows them to be more confident in the practices that they learned.

**Our affiliation with national ENERGY STAR** promotions such as *Change a Light, Change the World* and *Cool Change* helps us educate our market partners and their staff and customers about the benefits of ENERGY STAR qualified products.

Many times, our **community education activities** help us reach larger groups of consumers more cost effectively. In 2003, we targeted many “communities” with outreach and education activities.

**We participated in several fairs and community gatherings**, including the Midwest Renewable Energy and Sustainable Living Fair, the Wisconsin State Fair, and various local events.

**We sponsored booths at over 20 home and remodeling shows** in locations such as Green Bay, Madison, and Milwaukee.

**We hosted numerous education and training workshops** for consumers.

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**Emphasizing Consumer Education**

WECC staffs its Residential Information Center with motivated employees who daily answer consumer questions about energy efficiency and renewable energy and fulfill information requests. Our library of educational resources continued to expand in 2003. We provide these written materials, including fact sheets, case studies, and other educational materials to consumers seeking information and advice.
We continue to...

Reduce the environmental impact of energy use

Every time one of our staff members convinces a consumer to install an ENERGY STAR qualified compact fluorescent light bulb, weatherize a home, or add a solar hot water system, these actions benefit the environment. They reduce the environmental impacts of energy production, lower energy bills, and contribute to less carbon dioxide being emitted into the atmosphere and fewer tons of coal being burned.

We explain the link between energy savings and environmental benefits to consumers and our market partners in all our marketing communications materials. We want to capitalize on every available “teachable moment” and remind consumers and our market partners that even small energy-saving actions have far-reaching environmental consequences.

Case Study: High Efficiency Clothes Washers

In 2003, as part of the U.S. DOE’s nationally coordinated appliance initiative Double your Savings, WECC ran the Start the Savings Cycle promotional campaign and helped sell 11,510 ENERGY STAR qualified clothes washers in the state of Wisconsin and 559 in the Minnesota Power service territory.

First, the “energy facts” about ENERGY STAR qualified clothes washers:

• They use 50 percent less energy, compared to conventional washers.
• They save up to 25 gallons of water per load, compared to conventional washers.
• They require less detergent.
• They spin clothes faster and drier, reducing drying time (bonus energy savings).

Second, the environmental impacts of our 2003 “Start the Savings Cycle” sales efforts in Wisconsin and Minnesota:

• 265,518 therms saved
• 3,210,354 kWh saved = the equivalent of powering 321 Wisconsin homes for one year
• Reduced the use of 1,605 tons of coal and 3,851 tons of CO₂
• 84,489,000 gallons of water saved in the first year of use = enough to fill Shamu’s tank at Sea World over 12 times!
WECC’s Commitment to Renewable Energy

WECC’s commitment to reducing the environmental impacts of energy use includes its activities with Focus on Energy’s Residential and Renewable Energy Programs. WECC administers these programs, which are offered to Wisconsin residential consumers and businesses statewide.

The Nichols family of French Island, Wisconsin, recently installed a 700-watt photovoltaic generating system in their back yard. Its six large panels collect the sun’s energy and turn it into electricity. So much, in fact, that the family’s electric bill dropped one month to $7.31 for a family of six—and that includes the $5 service charge.

“The system will pay for itself in six years,” said Deb Nichols. She is so pleased she would install a system in their next home as well. And the environmental benefits? This solar electric system will help remove one ton of carbon dioxide from the atmosphere.

Common Wealth Development in Madison, Wisconsin, incorporated a solar thermal system on their recently constructed Yahara River View Apartment building. Paul Jasenski, Project Manager for Common Wealth Development, wanted to include the system to supplement the building’s domestic hot water.

Besides being good for the environment, the system is an example for the area and the state of how renewable energy can be easily incorporated into the design of a new building.
We continue to...

Promote economic development by increasing profitable opportunities for energy efficiency and renewable energy

Hundreds of Wisconsin businesses sell energy efficient products and services throughout the Midwest and beyond. For many years, WECC has partnered with these business owners and their dedicated employees; we strongly value this ongoing partnership and continued to strengthen it in 2003. We continue to seek their support and “buy-in,” leverage our mutual resources, provide training and education activities, and cooperatively promote energy efficient and renewable energy products.

We know that their efforts are making a difference. For example, sales of ENERGY STAR products have soared in the past few years. Compact fluorescent light bulb sales alone jumped from 43,000 in 2001 to over 500,000 in 2003. And, we saw double digit increases in sales of efficient clothes washers from 2000 to 2003.

“There is no question that WECC’s efforts through Focus on Energy have helped our business and the businesses of the many HVAC contractors we serve,” said Claude Grieger, President of Monroe Equipment. “Our contractors’ dollar sales have increased and their bottom lines are helped.”

“Our contractors are selling more high efficiency units of 12 SEER and up, as well as more ECM motors,” noted Grieger.

WECC also continues to partner with new market providers such as Wausau Homes. In 2003, Wausau Homes became a valued partner in the Wisconsin ENERGY STAR Homes program and began building modular homes and panelized homes with increased energy efficiency standards.

“Becoming a partner of the Wisconsin ENERGY STAR Homes program means we are continuing our longstanding commitment to our customers to continuously innovate our processes to deliver only homes of the highest standards,” said Frank Opatik, Vice President of Wausau Homes.
Our Market Providers: They Make It Happen

Our market providers make it possible for us to convince homeowners, renters, and property owners to take smart energy efficient actions. Every single day, they help WECC fulfill every part of its mission. We work with home builders, contractors, building science consultants, product suppliers, retailers, and other market providers.

WECC offers valuable education, training, and marketing resources to our market providers. Our technical experts provide practical training courses about building science. They demonstrate the benefits of following defined practices and aiming high—exceeding standards instead of stretching to meet them. Our marketing staff helps providers maximize the use of cooperative advertising dollars and promotional opportunities with partners such as ENERGY STAR and Focus on Energy.

But, the biggest value comes when our partnerships help strengthen our providers’ businesses.

Increased market share
Sales of ENERGY STAR qualified clothes washers increased from 17.4 percent in 2000 to 44 percent in 2003.

Sales tripled
Hardware stores report that they doubled or tripled the number of ENERGY STAR qualified compact fluorescent light bulbs sold from 2002 to 2003. Plus, these businesses benefit from extra business during special promotions. For example, Mike Meinecke stated that his store, Meinecke Ace Hardware, benefits from the increase in customer traffic due to promotions such as Change a Light, Change the World.

Customer satisfaction grows
Home builders find that more and more customers are asking for Wisconsin ENERGY STAR Homes and are highly satisfied with the result. Indeed, findings from the post-certification customer satisfaction survey reveals 92 percent of homeowners purchasing program certified homes would strongly recommend the program to family and friends.

Market providers learn more—and share their knowledge with their customers
Consultants take the lessons about building science and energy efficiency they learn in WECC’s comprehensive training classes and use this knowledge to better serve their customers. “WECC’s training is really helpful,” said Wendy Svec of Donovan & Jorgenson, Inc. “Our service technicians can answer customers’ questions thanks to the training.”
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Continuing our Mission