

WISCONSIN ENERGY CONSERVATION CORPORATION
ANNUAL REPORT

JULY 1, 2006–JUNE 30, 2007



proving the value of energy efficiency

WELCOME

DEAR FRIENDS,

Energy efficiency is an idea whose time has come—again.

Thirty years after the first U.S. energy crisis, policy makers are once again calling for smart, progressive initiatives that tap conservation, efficiency and renewable energy technologies to curb and meet our increasing demands.



Janet Brandt,
Executive Director

Carol Fisher,
President of the Board

This time, we're staring into the face of an even more challenging problem—global warming and verified climate change. There's an emerging acknowledgment of the severity and a growing sense of accountability for tackling the problem—for our children and for our children's children. This time, we need to make sure that our efforts are comprehensive and sustainable.

Wisconsin Energy Conservation Corporation (WECC) stands uniquely poised to meet the challenges and opportunities created by an increased public demand for viable solutions. Since 1980, WECC has been a national leader in the design and implementation of award-winning programs that help consumers and businesses make smart energy choices. In that time, we've developed strong partnerships with utilities, municipalities, government agencies, consumer groups and market providers to help change the energy efficiency landscape in Wisconsin and across the Midwest. We've built an infrastructure of experienced planners, skilled implementers and effective administrators to deliver results—clean, cost-effective, reliable energy resources.

Within this report, we're pleased to share our accomplishments over the past year. Most notably, WECC has:

- Set and met aggressive goals for energy savings in all projects
- Developed new commercial and residential programs to capture savings in new markets
- Targeted our efforts to ensure that we're reaching consumers and businesses who would not otherwise be undertaking projects
- Expanded our expertise with the addition of talented new staff
- Worked to ensure effective services to help families with limited income

We continue to lead by example. In March 2007, WECC completed construction of its new high-performance green headquarters built to show that sustainable, environmentally responsible building can be a smart and affordable business decision. Awarded Gold-level certification through the Leadership in Energy and Environmental Design (LEED) program, our new building stands as a testament to the dedication of WECC staff and a demonstration of the enormous potential for resource savings in new buildings.

As we look to the year ahead, we are excited about new opportunities to fulfill our mission, proud of our past achievements and confident in our ability to design and deliver the energy efficiency and renewable energy solutions consumers, businesses and policy makers require.

Janet Brandt
Executive Director

Carol Fisher
President of the Board

FINANCIALS

WECC FINANCIALS

JULY 1, 2006–JUNE 30, 2007

REVENUE

Focus on Energy Residential Programs	\$16,709,987
Focus on Energy Renewable Energy Programs	\$2,482,630
Focus on Energy Business Programs	\$17,543,769
Energy Finance Solutions (not including loan transactions)	\$513,858
Other Energy Efficiency Programs	\$9,870,116
Low-Income Programs and Services	\$1,242,494
Miscellaneous Consulting	\$152,895
Other Income	\$329,282
TOTAL REVENUE	\$48,845,031

EXPENSES

Program Expenses	
Energy Efficiency Programs	\$44,991,348
Other Program Activities	\$483,295
Total Program Expenses	\$45,474,643
Management and General	\$2,850,288
Business Development	\$85,569
TOTAL EXPENSES	\$48,410,500

Increase in Net Assets	\$434,531
Net Assets–June 30, 2007	\$4,776,692

GROWING TO MEET THE CHALLENGE

As demand increases for energy efficiency and renewable energy solutions, so does WECC's commitment to recruiting top-caliber people who are passionate about our mission. This past year, we continued to build our team of talented and experienced energy professionals with the addition of 37 new staff, including engineers, a project manager with extensive experience in new construction/building science and a nationally recognized solar expert.



THE YEAR IN REVIEW



Wisconsin Energy Conservation Corporation designs and manages a portfolio of programs that help consumers and businesses control their energy usage through increased efficiency and investment in renewable energy systems.

This spring, we were honored to receive the national **ENERGY STAR® Sustained Excellence Award**, for the third year in a row, in recognition of our Focus on Energy **Residential Programs** addressing efficiency in new construction, existing homes, appliances and lighting.

Lighting initiatives continue to deliver significant savings opportunities. WECC's highly experienced staff educate consumers and retailers on the benefits of ENERGY STAR qualified lighting and appliances, which operate up to 30% more efficiently than standard models. As the program administrator for the Focus on Energy and the Midwest Energy Efficiency Alliance's (MEEA) *Change a Light, Change the World* campaigns, we celebrated spectacular growth in high-efficiency

lighting sales, selling 3,165,791 compact fluorescent light bulbs (CFLs) through 1,053 retailers in 8 states. This was up significantly from the previous year's 1,739,521 CFLs and 850 retailers. The success of this program underscores the public's rising interest in energy efficiency and signals real long-term change as more and more retailers stock CFLs to satisfy growing consumer demand.

The **Wisconsin ENERGY STAR Homes Program** provides valuable information, testing and certification services to Wisconsin's building industry and new home buyers. In 2007, the program certified nearly 1,500 new homes for the second consecutive year and reported more than 600 recent new home starts in progress. Since its inception in 2001, the program has certified more than 8,000 high-performance homes.

Addressing the needs of limited-income customers remains a core part of WECC's mission. WECC reaches this underserved market with innovative solutions for improving the comfort, quality, safety and energy efficiency of customers' homes. Our **Targeted Home Performance with ENERGY STAR Program** provided comprehensive, whole-house energy efficiency improvements at a reduced cost to 387 limited-income households in Wisconsin and Indiana—a 17% increase over 2006. In addition, WECC's call center answered 35,500 calls through Wisconsin's Home Energy Plus Hotline, putting low-income customers in touch with services offered by statewide energy assistance and weatherization programs. As a result of our strong performance in the low-income sector, WECC was again awarded the state's Home Energy Plus Training and Technical Assistance contracts.

WECC's experienced **Energy Finance Solutions (EFS)** team offers convenient financing options for consumers looking to make energy efficient and renewable energy improvements in their homes. Since 1996, EFS has financed more than \$52 million in energy improvements for customers in 14 states. This past year, the program expanded its investor group to offer enhanced underwriting criteria that will open the program to more homeowners and deliver our services with even better pricing for our sponsors.

Working in collaboration with Wisconsin Public Service, Sierra Club and Clean Wisconsin, WECC developed several new programs to promote energy efficiency. *Getting a Head Start on Savings* provides CFLs to families of children enrolled in the Head Start program. *Tomorrow's Homes* will build four innovative homes to demonstrate the opportunity for significantly reducing energy demand in new homes. Additional programs offer sleep/wake computer shutdown controls to colleges and universities, incentives toward high-efficiency ENERGY STAR qualified appliances for schools and day-care centers, and installation of LED exit lights.

WECC also **partnered with Wisconsin Public Service** to offer efficiency programs that will capture 10 megawatts (MW) of savings within a four-year period. These services include a pick-up and recycling program for second refrigerators and freezers, an upgrade program for inefficient central air conditioners and an onsite energy assessment program for small businesses.

WECC's leadership of the Focus on Energy **Business Programs** resulted in more than 13,000 Wisconsin businesses increasing their energy efficiency and reducing operating expenses last year. Working with a dedicated network of subcontractors and market allies, the team provided technical project support and/or financial incentives to industrial, commercial, agricultural, and school and government customers in all 72 Wisconsin counties, resulting in total annual estimated energy savings of \$25 million.

Following a competitive bid process, WECC was awarded a three-year contract to continue and expand its **work with Vectren Energy Delivery**, a natural gas and electric utility serving approximately two-thirds of Indiana. Since 2005, WECC has assisted Vectren in designing and implementing programs for residential and small commercial customers that capture natural gas energy savings through measures such as high-efficiency furnaces and water heaters. With this renewed partnership, WECC and the Vectren Oversight Board will reduce natural gas sales by 1% and realize gas savings of 7.5 million therms over three years.

In Kentucky, WECC designed and implemented a successful **high-efficiency lighting program for Duke Energy**. The program hosted five community education events and exceeded its energy savings goals by installing more than 48,000 CFLs and 580 torchieres within the utility's service area, for a total estimated energy savings of 3,386,638 kWh.

Interest in the Focus on Energy **Renewable Energy Program** continues to build. Businesses and homeowners are investing in renewable energy projects such as solar electric, solar hot water, bio energy and wind. Solar electric systems in particular enjoyed significant growth this year, with 88 installations completed (up 57% over last year) and an additional 100 new systems approved. In total, the Renewable Energy Program completed 132 projects this year and approved 178 new projects.

As statewide program administrator, WECC partnered with We Energies in November to present the second annual **Wisconsin's Solar Decade: 2005–2015** conference, where attendance more than doubled from last year. The sold-out event attracted 305 registrations from around the state.

Wisconsin's agricultural industry continues to lead the nation in installed **farm-based anaerobic digesters**, with 18 active sites and 3 new projects approved for funding next year. The program expects significant growth since expanding its focus to include not only the 250 largest dairy operations in the state, but also food industry and municipal wastewater facilities.

In June, the U.S. Department of Energy announced that it had selected Madison, Wisconsin as one of 13 cities to receive an inaugural **Solar America Cities Award**. WECC assisted the city in writing its grant application. As a result, Madison will receive \$200,000 in funding, to be put toward the city's goal of doubling solar use by 2009.



PROMOTING SOUND POLICY

Smart energy programs start with smart energy policy. Some highlights from last year:

- Following Governor Doyle's creation of a global-warming task force in spring 2007, WECC was invited to co-chair two of the key working groups in this important policy discussion.
- WECC worked with several Wisconsin utilities and collaboratives to discuss and develop new, innovative rate designs that can motivate customers to conserve energy and embrace renewable energy projects.
- WECC worked with state legislators and consumer advisory groups to analyze the impact of, and make recommendations for, city ordinances and state legislation that would encourage the adoption of high-efficiency lighting.
- After last year's successful passage of Wisconsin Energy Act 141, which increased funding for statewide energy efficiency and renewable energy programs, WECC used its expertise as statewide program administrator to provide helpful recommendations on operational issues during the rulemaking process.



“LEEDING” THE WAY

In March 2007, WECC completed construction of its new high-performance green building designed to showcase how businesses can build energy efficient, environmentally responsible facilities—affordably. One of only six LEED (Leadership in Energy and Environmental Design) Gold-designed buildings in Wisconsin, the new 34,250 sq. ft. facility makes extensive use of energy efficiency and renewable energy technologies such as natural daylighting, high-efficiency heating and cooling systems, solar electricity and solar hot water to save energy and money.

These technologies are expected to provide energy savings of 45% and water savings of 46% compared to conventional commercial buildings, reducing WECC's total energy costs by \$22,000 in the first year alone. “WECC's new high-performance office facility is a win-win for their organization, for our environment and for our community's economic vitality,” said Madison Mayor Dave Cieslewicz. To date, nearly two dozen companies have contacted WECC to schedule tours of the building and learn how to build their own energy efficient facilities.

ENERGY SAVINGS

WECC PROGRAM ENERGY SAVINGS

JULY 1, 2006–JUNE 30, 2007

As limited energy supplies, climate change and growing demand tap our precious energy resources and increase our energy costs, WECC is leading the charge to “prove the value of energy efficiency” and ensure a brighter, cleaner, more secure energy future for all.

PROGRAM NAME	TOTAL ANNUAL kWh SAVINGS	TOTAL ANNUAL kW SAVINGS	TOTAL ANNUAL THERM SAVINGS
Residential Programs	165,531,636	16,222	1,568,650
Business Programs	166,652,158	37,015	14,092,436
Renewable Programs	9,378,311	1,688	717,119
Commitment to Community Programs	6,381,088	1,406	36,981
TOTAL	347,943,193	56,331	16,415,186

Savings include all states where programs are administered.

ENERGY SAVINGS SUMMARY

Estimated annual savings on utility bills	\$42,445,000
Estimated sales generated	\$48,450,000
Total savings equivalent to cars taken off the road	70,100
Electric savings equivalent to powering Wisconsin homes	35,000
Gas savings equivalent to heating Wisconsin homes	16,900
Estimated reduction of CO ₂ emissions	780,909,000 lbs. saved

Energy savings summary numbers have been rounded.

COMMITTED TO WISCONSIN COMMUNITIES

In 2007, WECC continued to expand its consumer outreach activities to municipal and cooperative utilities in Wisconsin. Through the Commitment to Community Program, WECC worked directly with 59 communities to develop and deliver a dozen energy efficiency programs tailored specifically for their needs.



OUR MISSION

Wisconsin Energy Conservation Corporation champions innovative energy initiatives that deliver short- and long-term economic and environmental benefits to consumers, businesses and policy makers.

BOARD OF DIRECTORS

Carol Fisher (President)

Chazen Museum of Art
Assistant Director for Administration

Nancy Korda (Vice President)

Retired
Environmental and Energy
Conservation Specialist

Dave Rotter (Treasurer)

National Ace Hardware
President and CEO

Kristine Euclide (Secretary)

Madison Gas & Electric Co.
Vice President and General Counsel

Bob Jones

Wisconsin Community Action Program
Association (WISCAP)
Director, Energy and Housing

Dorothy Lagerroos

Northland College
Professor, Government and
Environmental Studies

John Merrill

UW-Madison, School of Human Ecology
Professor Emeritus

Michael Bonertz

Advocap, Inc.
Executive Director

Josie Pradella

Wisconsin Partners for SustainAbility

Cliff Miller

Correspondent/Media Consultant

Todd Conkey

AMCORE Bank, N.A.
Vice President, Treasury Management

Leon Church

Sweetwood Builders, Inc.
President

