



**WISCONSIN ENERGY
CONSERVATION CORPORATION**

2008

ANNUAL REPORT

JULY 1, 2007-JUNE 30, 2008



experience.

innovation.

results.



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.



DEAR FRIENDS,

What an extraordinary time for all of us. This year saw a growing awareness of the need to address climate change, an increased interest in green initiatives and sustainability, and the emergence of federal and state policy initiatives to achieve unprecedented energy savings and renewable energy goals. We also experienced one of the most significant economic downturns this country has faced in years.

Wisconsin Energy Conservation Corporation (WECC) was well-poised to meet the extraordinary opportunities and challenges of the past year. We entered 2008 informed by experience—over 28 years of designing and delivering programs—and committed to redoubling our efforts to innovate. We are proud to report our results.

Highlights in 2008 include that WECC:

- Expanded our program offerings into new markets in Indiana, New Mexico, Colorado, Ohio, Michigan and Kentucky,
- Successfully launched initiatives that increased participation levels and deepened energy savings achieved in various programs,
- Designed and launched programs to reach additional segments of the residential, as well as business and commercial sectors, and
- Led a renewable energy program that increased the number of customer-based projects installed by more than 40 percent and achieved a combined generation capacity of 1 megawatt (MW) from all solar electric systems installed.

As a result of these and other successes, WECC delivered unprecedented energy savings benefits to our clients and customers in 2008. WECC-administered programs delivered a combined savings of more than 495 billion kilowatt-hours, over \$57 million in annual savings on energy bills, and the reduction of over 970 billion pounds of CO₂.

While 2008 included many new and exciting opportunities, it also included the departure of WECC's long-time, highly-regarded Executive Director, Janet Brandt. After ten years of leading WECC with her unique brand of passion and steady eye for results, Janet retired. We are grateful to Janet and wish her well. She was instrumental in building a strong foundation at WECC that has enabled WECC to lead the way in delivering energy savings.

Now more than ever, innovation and a drive to deliver results are critical. As WECC's new executive director, I am committed to maintaining WECC's focus on mission and its drive to innovate new approaches that produce results never seen before. I look forward to helping lead WECC in these extraordinary times and to sharing with you continued success in helping forge the path to a future of greater energy efficiency and renewable energy generation.

Mary Woolsey Schlaefer,
Executive Director

FINANCIAL RESULTS



FOR THE PERIOD OF JULY 1, 2007–JUNE 30, 2008

REVENUE

Residential Energy Efficiency Programs	\$32,564,640
Business Energy Efficiency Programs	\$26,246,658
Renewable Energy Programs	\$3,924,460
Low-Income Programs and Services	\$1,460,491
Energy Finance Solutions (not including loan transactions)	\$465,855
Miscellaneous Consulting	\$185,618
Other Income	\$171,545
TOTAL REVENUE	\$65,019,267

EXPENSES

Program Expenses	
Energy Efficiency Programs	\$61,565,416
Other Program Activities	\$826,802
Total Program Expenses	\$62,392,218
Management and General	\$2,136,241
Business Development	\$114,375
TOTAL EXPENSES	\$64,642,834

Increase in Net Assets	\$376,433
Net Assets, June 30, 2008	\$5,153,125



GOLD CERTIFIED

In November 2007, the U.S. Green Building Council awarded WECC the Leadership in Energy and Environmental Design (LEED) Gold-level certification for our newly constructed building.

The WECC facility pays tribute to the possibilities of energy efficient, environmentally responsible design. From the grounds—complete with rain gardens, pervious pavers and light-pollution-reducing fixtures—to the naturally lit conference rooms, solar-heated water and excellent indoor air quality, WECC's building is proof that a commitment to green can result in a comfortable, aesthetically pleasing office that doesn't break the budget. Interested in learning more? Just go to wecc.greentouchscreen.com to see how our building stacks up against the LEED checklist.



THE YEAR IN REVIEW

2008 was an exciting year at WECC as we accelerated our efforts to design and manage programs that help consumers and businesses control their energy consumption through efficiency and renewable energy.

We collaborated with new partners, expanded service offerings and opened an office in Indianapolis, Indiana, that will help manage programs for utility clients in the Indiana, Ohio, and Kentucky markets. The expansion of these services represents our first large-scale endeavor into natural gas, demand-side programs outside of Wisconsin. Following are some of our other accomplishments this past year.

RESIDENTIAL ENERGY EFFICIENCY PROGRAMS

During the last fiscal year, escalating energy costs helped drive new consumer interest in energy efficiency. And we were there to help with a wide range of residential programs.

We continued to expand program efforts in Wisconsin—where we've been administering and implementing programs for more than a decade—and leveraged this experience as we launched a number of large-scale programs in other Midwestern states. Our new projects included initiatives aimed at increasing participation and deepening the level of savings from each participant. Although we have only preliminary information about these programs at this time, they're all off to a good start, and we look forward to sharing more hard numbers next year.

In Wisconsin we were heartened to see the increase in the number of homeowners who made a commitment to energy efficiency. Despite the downturn in the housing industry, the market share for new homes with energy-efficient features rose as builders strove to differentiate themselves by



offering greater value. And owners of existing homes were on board too. The existing homes program enjoyed a 36% increase in the number of Wisconsin homeowners who received energy evaluations—our highest levels ever.

Homeowners weren't the only residential customers to benefit from our programs. This year also saw the successful launch of full-service programs in the apartment and condominium market. These programs offer information, technical expertise and financial incentives to help owners and developers increase efficiency, reduce operating costs and improve occupant comfort in multifamily properties. In the first year, we implemented energy efficiency measures for nearly 21,000 apartment and condo units in Wisconsin, and installed low-flow water saving devices in another 10,200 units in Indiana.

Lighting continues to be one of the easiest ways to reach consumers and drive energy efficiency in the residential market, and our lighting initiatives once again delivered record savings. We had spectacular growth in sales of high efficiency lighting, with nearly 4 million compact fluorescent light bulbs (CFLs) sold through 2,089 retailers in 10 states—up from just over 3 million CFLs and 1,053 retailers in eight states last year. In addition, the Wisconsin-based program partnered with the nation's largest environmental recycling company to offer free CFL recycling at more than 350 retailers across the state.



AWARDS

The programs we lead and implement were once again recognized nationally for their efforts to promote energy efficiency in effective and innovative ways.

Focus on Energy earned its third ENERGY STAR® Sustained Excellence Award from the U.S. Environmental Protection Agency in 2008 for its continued leadership in protecting the environment through its ENERGY STAR Products Program, Home Performance with ENERGY STAR Program, Wisconsin ENERGY STAR Homes Program and Commercial Business Program.

Focus on Energy also received national honors from the American Council for an Energy-Efficient Economy (ACEEE) for their efforts in the industrial and agricultural business areas. These energy efficiency programs were recognized for their effectiveness and innovation in helping customers achieve greater levels of energy efficiency in their businesses.



BUSINESS ENERGY EFFICIENCY PROGRAMS

This was also a year of growth for our business energy efficiency programs. Our Wisconsin programs grew in variety, size and capabilities, and we expanded our business efforts to Indiana, Ohio, Kentucky and the Carolinas. These new projects include commercial prescriptive and custom incentive programs, as well as efforts to promote the use of high-efficiency heating and cooling systems. We are looking forward to seeing how the programs made a difference for businesses in those states.

Working with a dedicated network of subcontractors and market allies throughout the state of Wisconsin, we've been able to launch and expand an exciting range of programs that helped us lead our team to better meet the needs of customers in a variety of industries. Here are just a few of the highlights:

- **The Long Day-Lighting Program**—which uses high-quality light on a prescribed timer to increase milk production by 5-8%.
- **Streamlined Commercial Business Outreach**—helps our teams more effectively connect with franchises and other 'chain' businesses.
- **Green Blitz Education Campaign**—met its goal of 400 presentations designed to help educate smaller commercial customers about the benefits of energy efficiency and the difference their efforts can make.
- **Empowering Market Providers**—by providing them with more prescriptive incentive offers so they have a competitive edge and can close deals.
- **Instant Incentive Program**—allowed trade allies could deduct incentives from the invoice. Customers didn't have to worry about paperwork and allies saw an uptick in participation.
- **The Third Industrial Energy Summit**—which discussed the barriers and solutions in reaching this critical market cluster.
- **Staffing Grants**—to help fund the cost of personnel to implement energy efficiency projects.
- **Provider Training Sessions**—market providers are a critical element in the success of these programs and our team has conducted over 1,000 meetings and training sessions with this group.

RENEWABLE ENERGY

The WECC-led Renewable Energy Program helped residents and businesses in Wisconsin become more energy independent with the installation of 258 renewable energy systems powered by the sun, wind and biomass—nearly double 2007's total of 132 projects.

In March 2008, Wisconsin's solar electric systems achieved a combined capacity of one megawatt (MW). The 330 residential and commercial solar electric systems totaled \$9 million in combined value and will continue to generate clean solar power through the year 2045.



Once again, Wisconsin's agricultural industry leads the nation in installed farm-based anaerobic digesters with 14 new projects approved in 2007 in addition to the 18 sites already active.

With our grant-writing assistance, the city of Milwaukee was designated a 2008 Solar America City by the U.S. Department of Energy. Under the Solar America Initiative, Milwaukee will receive \$200,000 to advance the use of solar energy. Our expertise helped Madison become one of the first Solar America Cities in 2007.

LOW-INCOME PROGRAMS

Recognizing that limited-income homeowners are the hardest hit by rising energy costs, we continued to serve this market with innovative solutions for improving the comfort, safety and energy efficiency of their homes. We continue our work in Wisconsin and are excited to offer programs in the state of Indiana.

Through Wisconsin's Home Energy Plus program, we provided quality-assurance inspections for 350 whole-home weatherization projects and 100 emergency furnace replacements. Our call center answered 44,700 calls through the Home Energy Plus Hotline, up more than 20% from the year before.

The Year in Review, continued

We continued to coordinate the Wisconsin Department of Administration's training and technical assistance services for its Weatherization Assistance Program and Wisconsin's Home Energy Assistance Program providers—services that we've provided for more than a decade and are contracted to deliver through August 2010. Two exciting new components of this program for 2008 were Weatherization Boot Camp—an intensive week-long training program that gave staff hands-on weatherization experience—and customized weatherization manuals. Now each homeowner with a weatherization update receives a personalized manual that lists all system improvements and the maintenance needed to keep things running smoothly.

FINANCING ENERGY IMPROVEMENTS

WECC's consumer financing program, Energy Finance Solutions, continues to offer convenient financing options to residents interested in making energy efficiency and renewable energy improvements to their homes. Since 1996, EFS has financed more than \$57 million in energy improvements for customers in 14 states. During the past year, the program focused on enhancing its valuable lender relationships and promoting its services to contractors and potential sponsors at workshops and conferences nationwide.

STRENGTHENING EXISTING ALLIANCES

In 2008, WECC worked with Wisconsin Public Service (WPS) to develop and deliver several innovative initiatives to WPS customers in targeted areas while we continued a partnership to serve all of their electric customers. We're proud to report that many of these efforts exceeded their goals, on a fraction of their budgets.

The new WPS initiatives ranged from a partnership with Head Start agencies to distribute CFLs to funding for several new construction projects aimed at zero-demand homes. We're especially excited about Tomorrow's Homes where we helped local builders explore construction techniques that may lead to zero-demand homes. Our role was to vet the technical solutions proposed by the builders and, in some cases, to help buy down energy-related improvements. Tomorrow's Homes has built four high-performance homes—including two Habitat for Humanity homes—that demonstrate the opportunities to significantly reduce energy demand in new residential construction.

In WECC's role as the Focus on Energy administrator we also continued our partnership with WPS on their 32 MW Weston 4 Order. As part of this order WPS asked Focus to achieve 10 MW of demand savings over four years. We are delighted to report that the program is on pace to achieve its goal nearly one year early, at a cost that is appreciably under budget. This project integrated seamlessly with existing Focus programs and really illustrated the benefits of leveraging existing infrastructure.

PROMOTING SOUND ENERGY POLICY

Smart energy programs start with smart energy policy, and throughout our history WECC has had the good fortune to play an active role in promoting sound legislation that supports our commitment to energy efficiency, renewable energy and programs designed to help low-income citizens.

Last year was no exception. Here are just a few of the ways we had a seat at the policy table in 2008:

- In Wisconsin, WECC co-chaired both the Conservation & Energy Efficiency and Technical Advisory groups of the Governor's Task Force on Global Warming. We were pleased to see diverse stakeholders agree on the merits of energy efficiency, and put forward legislation that will substantially increase programs and funding in Wisconsin.
- We played a similar role at the regional level in our work with the Midwestern Governors Association. As members of two subgroups WECC was involved in preliminary analysis of the impact of various task force recommendations, especially in terms of climate change. We anticipate that our efforts will help drive legislative efforts in the next year.
- WECC also assisted a number of consumer and environmental organizations in their efforts to improve the amount of energy efficiency and sustainable renewable energy efforts. This included helping develop an innovative utility rate structure and working on community-based pilot programs designed to educate customers and drive behavior that will maximize benefits to the community.

ENERGY SAVINGS



WECC PROGRAM ENERGY SAVINGS FOR THE PERIOD OF JULY 1, 2007–JUNE 30, 2008

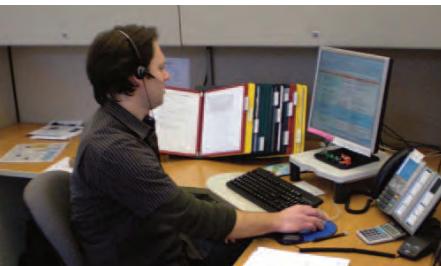
As energy prices rose and environmental concerns grew, WECC continued leading the charge to “prove the value of energy efficiency” and achieve measurable savings for our clients across the country.

PROGRAM	TOTAL ANNUAL KILOWATT SAVINGS	TOTAL ANNUAL KILOWATT-HOUR SAVINGS	TOTAL ANNUAL THERM SAVINGS
Residential	24,825	269,130,106	3,157,195
Business	45,633	223,694,214	7,682,738
Renewable	1,184	2,523,610	479,802
TOTAL	71,642	495,347,930	11,319,735

*Savings include all states where programs are administered and/or implemented.

ENERGY SAVINGS SUMMARY

Estimated annual savings on energy bills	\$57,555,181
Estimated sales generated	\$161,171,319
Total savings equivalent to cars taken off the road	89,585
Electric savings equivalent to powering Wisconsin homes	49,734
Gas savings equivalent to heating Wisconsin homes	11,612
Estimated reduction of CO ₂ emissions	970,413,865 lbs



THE MIDWEST’S SOURCE FOR ENERGY EFFICIENCY ANSWERS

Last year, the friendly professionals in WECC’s Information Center answered more than 90,000 calls about energy efficiency and renewable energy from residents and businesses around the Midwest. Supported by a large and growing library of fact sheets, case studies and other educational resources, our specialists not only provide immediate answers, but also follow up with substantive information customers can refer to again and again.

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