

ANNUAL REPORT JULY 1, 2009-JUNE 30, 2010

LEAD



If there's one word to describe this past year, it would be leadership. In our industry, leadership means not being afraid to test new ways of delivering energy-efficiency solutions as we did with the "Together We Save" pilot. It's also about exceeding goals while simultaneously looking for ways to improve. In short, the Wisconsin Energy Conservation Corporation (WECC) led in delivering real energy savings solutions for our clients' benefit.

not afraid to test new energy-efficiency solutions

Solutions

I'm proud WECC is part of creating real solutions to one of the biggest economic and environmental challenges of our time—managing energy use. From winning a highly competitive BetterBuildings grant to being the first organization to launch comprehensive energy-saving initiatives for Wisconsin's IT sector, we are leading the way in helping business communities reduce their energy use.

Commitment to excellence

Our clients require superior performance from us to deliver those solutions. As a result, WECC developed integrated systems this fiscal year that form the foundation for providing enhanced analytics to our clients, regulators, and implementation partners. We also invested in technologies such as data warehousing and web-enabled data collection to improve turnaround times.

More to come

This past fiscal year, WECC saved more energy, introduced more new programs, and provided greater administrative efficiency than ever. With our 226 employees (and counting) in five states, WECC will continue building on these contributions and leading the way in delivering cost-effective energy savings and renewable energy solutions.



Mary Woolsey Schlaefer

Mary Woolsey Schlaefer,
Executive Director

OUR YEAR IN REVIEW

WECC just finished our most successful fiscal year yet. The thing is, these weren't just our wins—residents and businesses in 18 states benefited from our achievements. Together, we saved 924,351,210 kilowatt hours (kWh) this fiscal year—enough to power 92,806 single-family homes for an entire year.

Proof positive

In addition to financial incentives, face-to-face interaction is one of the most effective drivers of behavior change. How do we know this? We tested it. As part of the “Together We Save” pilot in Milwaukee, Wisconsin, WECC hired and trained two energy advocates who live in each of the two neighborhoods chosen for the 2008-2009 pilot.

The advocates visited their neighbors and encouraged them to sign up for a comprehensive home energy assessment. Then, the advocates relayed incentive details and amounts due back to their neighbors. Furthermore, the advocates scheduled contractors and educated homeowners on sustainable energy practices.

The results? About 70 percent of households that had an energy advocate visit completed extensive home retrofits despite substantial income restraints. Average household energy savings will exceed 25 percent for both gas and electric usage. WECC is now applying this model to other programs, including up-and-coming efforts in Madison and Milwaukee (see Cooperation below). Bottom line: Make it easy for people to save energy and they will.

Cooperation

In April 2010, WECC became one of only 25 nationwide applicants to win a competitive BetterBuildings Energy Efficiency Community Block Grant from the U.S. Department of Energy. The BetterBuildings grant will allow us to make existing buildings and homes in Madison, Milwaukee, and Racine more energy efficient over the next three years.

Why the BetterBuildings grant is notable:

- **Advocacy:** Based on WECC's reputation, experience, and commitment to work hard, we were able to help our partner cities take advantage of an emerging opportunity.
- **Expanded reach:** First-ever collaboration between three Wisconsin communities, labor unions, government, trade associations, and financing partners with WECC at the helm, helping things progress.
- **Adaptability:** WECC is dedicated to creating customized programming that meets the unique needs of each community.
- **Innovation:** To enhance the client experience, we applied lessons learned from the “Together We Save” pilot to the BetterBuildings project. Plus, we're intent on developing new financing options to further spur participation.

SMART DATA CENTERS

Most businesses have ever-increasing computing demands, which increase energy usage. Energy demand is so steep in the IT sector, it has the potential to usurp energy savings in all other sectors. Recognizing the opportunity, WECC integrated industry best practices and made its debut in computing efficiency.

In 2009, WECC successfully launched a data center energy-efficiency initiative through Focus on Energy, Wisconsin's statewide energy efficiency and renewable energy program. We partnered with more than 50 market providers and hosted Wisconsin's first Energy-Efficient Computing Summit to educate businesses—the event was so popular, it sold out. Our goal: Help make data center energy efficiency the norm, not the exception.

Numbers that matter: Data Center Efficiency Initiative

Number of participants: 110

Energy savings: 8.2 million kWh

REAL SOLUTION

CHALLENGE 1: MAXIMIZE INVESTMENTS

You bet it's possible to get more savings per dollar invested in energy efficiency. Here are two ways WECC leveraged existing resources to increase output and exceed goals.

Increased demand

WECC is the administrator of Focus on Energy, which is delivered in partnership with 115 electric and natural gas utilities across Wisconsin. As part of this statewide program, energy-saving goals go up each year. This is a good problem to have. However, following the status quo often doesn't produce the desired results.

To address this challenge, WECC revamped Focus' programs. We streamlined processes to boost program participation rates while reducing program costs. For example, we changed Focus' business portfolio structure to increase inter-program collaboration between delivery channels. This approach has driven more than 101 percent growth in Focus Business Programs' electrical savings and more than 77 percent increase in gas savings between 2008 and 2009. It also stimulated economic activity for distributors and contractors.

Results: In 2009, WECC exceeded all our energy savings goals for Focus—167 percent for kilowatt-hours (kWh) saved, 189 percent for kilowatts (kW) saved, and 197 percent above therm (thm) goals. We also reduced the cost per unit of energy saved. These achievements saved ratepayers \$2.20 in energy costs for every \$1.00 invested in Focus. That's better than a 2:1 return on investment! In 2010, we continued to meet energy savings goals despite a reduced budget.

CHALLENGE 2: DELIVER TRULY EXCEPTIONAL CUSTOMER SERVICE

Positive client experiences build momentum that can advance energy-efficiency efforts. It's one reason WECC is intent on delivering excellence to all of our stakeholders. Here are examples of our customer focus.

Deliver faster turnaround times

Duke Energy: Help us better serve 4 million customers in North Carolina, South Carolina, Ohio, Kentucky, and Indiana. Pay incentive applications within eight days of receipt. Process 71 percent more measures than last year. WECC: You got it.

We not only met Duke Energy's requirements, but we also regularly exceeded them. And that went for all of our 16 utility clients in nine states too. In short, WECC revolutionized our customer service. **Results: Overall, WECC processed 86 percent more incentives for our Midwest utility clients than we did last fiscal year for a total of 131,100 measures—68,200 completed measures were for Duke Energy alone. These were testaments to in-house efficiencies, including cross-training staff, retaining skilled employees, and improving fulfillment tools.**

Loan in a recession

Homeowners who retrofit their homes—sealing cracks, adding insulation, installing ENERGY STAR® appliances, etc.—save energy and a lot of it. However, the problem is these retrofits cost money. That's where WECC's Energy Finance Solutions (EFS) comes in—EFS offers energy-saving project financing solutions in 14 states.

S, REAL RESULTS

This year, EFS saw an unprecedented surge in energy-related lending activity—closing 1,510 loans this fiscal year, 154 percent more than last year. The New Jersey Home Performance Program accounted for most of this uptick. It offered zero percent interest loans up to \$10,000 and up to \$10,000 cash back through June, 2010. Homeowner applications flooded in. **Results: EFS closed about 200 loans per month compared to the previous year when we closed an average of 50 loans per month. EFS loaned more than \$12.3 million this fiscal year compared to \$4.7 million last fiscal year.**

EXCEEDING GOALS From a few to 2,000

WECC is intent on achieving market transformation. What does that mean? Local jobs, local presence, and a market provider-driven approach in which energy efficiency becomes the norm. For example, trade allies, such as HVAC contractors, who know about WECC's energy-efficiency programs spread the word to their customer base, increasing demand, and boosting program attribution.

Results: As an example of WECC's success and commitment to a market-based model, our Indiana team grew its trade ally network by 30 percent in our 2010 fiscal year. Approximately 2,000 total businesses were added to our list of service providers. A sizeable trade ally network like this expands our reach and keeps overhead low.

CHALLENGE 3: MAKE A MEANINGFUL IMPACT

Did we make a transformative difference for our utility clients and their customers? This may sound like a tough question to answer let alone prove. However, here's a tangible example how increased training meant more feet on the street, more homes retrofitted, and more people served than would have otherwise been possible.

Meet higher quotas

As part of the American Reinvestment and Recovery Act signed into law on February 13, 2009, Wisconsin ramped up its efforts to make low-income homes more energy efficient. In fact, weatherization efforts will increase 50 percent over the next two years. And, WECC is playing a central role in this effort. Wisconsin's Division of Energy Services contracts with WECC to provide weatherization training for its approved providers. In order to meet government mandates, WECC needed to train more weatherization providers' staff than ever this fiscal year.

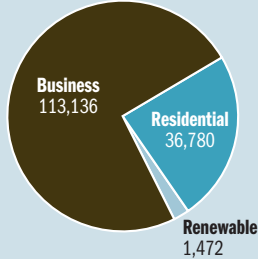
Results: In all, we trained 2,651 people—a 77 percent boost in enrollment—between July 1, 2009 and June 30, 2010. We also completed 83 training sessions—a 52 percent increase from last fiscal year (40 trainings per year is standard). Plus, WECC provided on-the-job training to help weatherization providers who had new staff in the field. As a result, we addressed quality control issues on-site and kept production moving. All of these efforts helped Wisconsin rank third in the U.S. for the most homes weatherized.



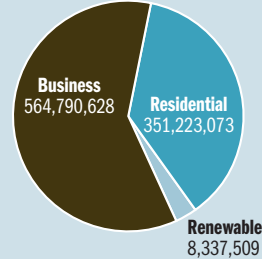
DOLLARS & SENSE

ENERGY SAVINGS

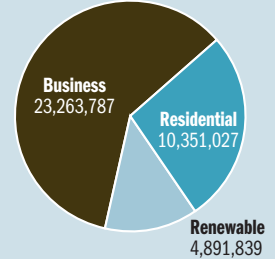
Total Annual kW Savings
151,388



Total Annual kWh Savings
924,351,210



Total Annual Therm Savings
38,506,653



ENERGY SAVINGS SUMMARY

Estimated annual savings on energy bills	\$130,777,153
Estimated sales generated	\$300,756,084
Total savings equivalent to cars taken off the road	181,952
Estimated annual reduction of carbon dioxide emissions	2,016,840,487 lbs.

FINANCIAL STATEMENT

For the period of July 1, 2009 through June 30, 2010

REVENUE

Business Energy Efficiency Programs	\$73,410,031
Residential Energy Efficiency Programs	\$68,362,905
Renewable Energy Efficiency Programs	\$9,584,419
Low-Income Programs and Services	\$5,701,289
Energy Finance Solutions (not including loan transactions)	\$853,874
Consulting	\$174,787
Other Income	\$327,626
TOTAL REVENUE	\$158,414,931

EXPENSES

Program Expenses	\$152,327,084
Management and General	\$4,346,078
TOTAL EXPENSES	\$156,673,162

Increase in Net Assets	\$1,741,769
Net Assets, June 30, 2010	\$7,817,951



SOURCES OF INSPIRATION

The people behind the vision: Our Board of Directors

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REAL SOLUTIONS. EVERY DAY.

With the Wisconsin Energy Conservation Corporation,
your energy-efficiency and renewable energy best interests
are always right here.

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