

# FOR WARD

ANNUAL REPORT JULY 1, 2011-JUNE 30, 2012





WECC's mission is to champion innovative energy initiatives that deliver economic and environmental benefits for our clients and their customers. In a time of competing and conflicting influences in the energy industry, we continue to deliver on our mission. The economic and environmental imperative of achieving greater energy efficiency is increasingly urgent. Our clients have increased energy savings goals and there are more energy service professionals in the market. Yet, short-term price signals, most notably lower natural gas prices, are limiting investment in energy efficiency and renewable energy. It is both daunting and exciting to be part of a team that continues, even in this extraordinary time, to stay true to a mission while delivering real solutions to meet our clients' needs now and into the future. **FORWARD.**

The formidable and exhilarating challenge is for WECC to continue to lead the way in delivering compelling, cost-effective solutions in this ever-evolving marketplace. In addition to the changes across our industry, we faced reduced work in some areas while at the same time successfully expanded in others—including building partnerships with two new clients representing 13 utilities in Michigan. I am pleased to report that in spite of these changes, WECC had another strong year of innovation, program delivery excellence, and financial success that paves the way for us to continue leading the industry in producing real results for years to come. **FORWARD.**

### During our 2012 fiscal year, WECC:

- 1 Realized a **net surplus of \$1.4 million.**
- 2 Continued our long-standing success at meeting or exceeding clients' energy savings goals within budget. **On average, we exceeded goals by 16 percent across our portfolio.**
- 3 Introduced new program delivery and financing solutions, including an existing building upgrade program that **delivers 35 percent energy savings** on average—well above the U.S. Department of Energy's published standard of 15-20 percent.

Thank you for your continued support and interest in WECC. It is because of our Board of Directors, employees, clients, partners, and friends across the country that we have made a difference in tackling the biggest economic and environmental challenge of our time. Please read on to learn more about the considerable successes and contributions we have made that will continue to keep WECC at the forefront of energy efficiency program design, implementation, and administration for decades to come. **FORWARD.**

Sincerely,

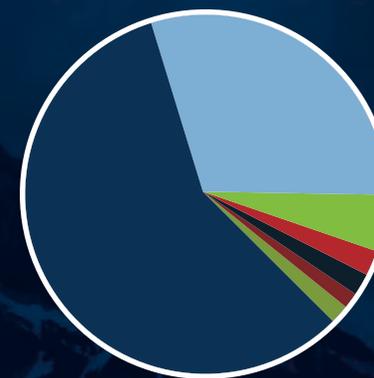
*Mary Woolsey Schlaefer*

**Mary Woolsey Schlaefer**  
President/CEO



# FINANCIAL STRENGTH

In fiscal year 2012, WECC's total revenue was more than \$86.6 million, down from \$144.5 million the previous year. Although our total revenue decreased, we had a net surplus of \$1.4 million—making our financial performance among the best in our 32-year history. We were more efficient by eliminating unnecessary costs, improving our organizational and administrative processes, and deploying more cost-effective information technology tools.



## REVENUE

\$51,583,093	Residential Energy Efficiency Programs
\$27,456,099	Business Energy Efficiency Programs
\$4,452,174	Low-Income Programs and Services
\$1,567,601	Energy Loan Programs
\$1,452,283	Renewable Energy Programs
\$117,419	Consulting
\$19,903	Other Income

**\$86,648,572 TOTAL REVENUE**

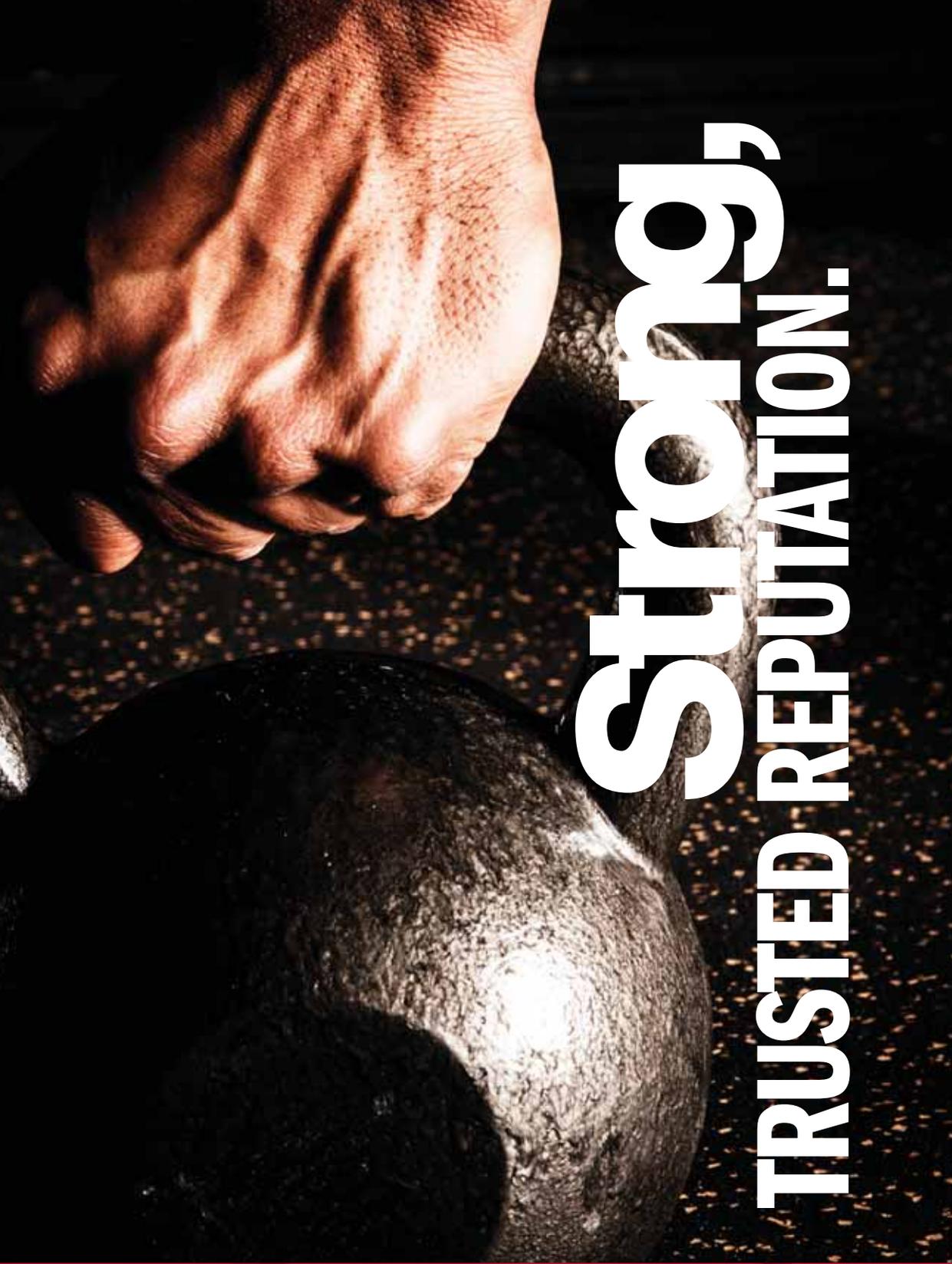


## EXPENSES

79,140,863	Program Expenses
6,075,159	Management and General Expenses

**\$85,216,022 TOTAL EXPENSES**

Increase in Net Assets	\$1,432,550
Net Assets as of June 30, 2012	\$10,805,139



# Strong, TRUSTED REPUTATION.



## DELIVERING EXCEPTIONAL PROGRAMS AND SERVICES

WECC has an unparalleled record of delivering energy programs and services that consistently meet or exceed our clients' savings goals within budget. In fiscal year 2012, we delivered programs for clients in 16 states. In that same time, we exceeded portfolio-level energy savings goals for each of our clients and exceeded overall goals by 16 percent.

How did we not only meet, but exceed, our clients' goals? Sometimes moving **FORWARD** requires stopping and assessing along the way. Throughout the year, we made continuous program improvements based on energy savings goals, budgets, and customer satisfaction metrics.

Similarly, WECC recognized the need to reinvent our data management services. This fiscal year, we continued to transition new and existing clients to our state-of-the-art data tracking, online reporting, and program management system. Eventually, all of our clients will be upgraded to this sophisticated data platform. We also grew the talent of our Business Process and Reporting team, giving clients "the stories behind their numbers." Along with real-time client access to program data, our collective data improvement efforts move clients **FORWARD** throughout each stage of the planning process.

## Proof Positive

**FINANCIAL SAVINGS:** \$100.7 million in energy costs

**ENERGY SAVINGS:** 16.9 million therms of natural gas +  
836 million kilowatt-hours of electricity

### EQUIVALENT TO:



**WECC'S AVERAGE ENERGY SAVINGS** =  
U.S. Department of Energy Standard = 15-20% for existing buildings

**35%**  
**PER PROJECT**

## CLIENT ACCLAIM

Our energy efficiency program implementation for the Lansing Board of Water & Light (BWL) was one of WECC's most compelling stories of the year. Along with our partner, Michigan Energy Options (MEO), we achieved 130 percent of energy savings goals in the first program year. WECC is not just moving FORWARD—we are surging ahead.

**“BWL chose WECC and MEO for their reputation for delivering similar programs with excellence and achieving goal within budget. We couldn't be more pleased with the results so far.”**

— Sue Warren, Manager of Energy and Eco-Strategies, BWL

## WINNING IN WISCONSIN

In April 2012, WECC won a competitive bid to continue implementing the New Homes Program for Focus on Energy, Wisconsin utilities' statewide program for energy efficiency and renewable energy. By the end of 2012, we exceeded goal, certifying 1,625 new homes in one year. Under WECC's direction, the New Homes Program maintains a 25 percent or greater market share of all homes built in the state.

## MARKETING MASTERY

As part of WECC's portfolio of services, clients hire us for strategic marketing planning, copywriting, graphic design, and production services. Speaking to the caliber of our creative work, in March 2012, WECC won two prestigious Silver ADDY Awards from the American Advertising Federation-Madison, Wisconsin Chapter for our tradeshow booth and fiscal year 2011 annual report. The ADDYs are one of the world's largest annual advertising competitions and are known for identifying organizations that produce FORWARD-thinking communications.

In addition, WECC's marketing team contributed to the successful launch of the Nicor Gas Energy Efficiency Program. Spreading the word about this new program was our main charge. We managed everything from media outreach and advertising campaigns to direct marketing and event planning. We also initiated a pilot program aimed at promoting energy efficiency to Illinois sports fans. By partnering with the Chicago Fire Soccer Club and the Kane County Cougars baseball team, we generated significant awareness for this new energy efficiency program in fun and interactive ways.

## FORGING NEW FRONTIERS

Being a leader requires anticipating and deftly responding to market needs. In fiscal year 2012, WECC provided advanced solutions to increase the accessibility of energy efficiency programs to both residential and business customers. Specifically, we implemented innovative financing products and devised partnerships that will carry us FORWARD.

### ON-BILL RECOVERY

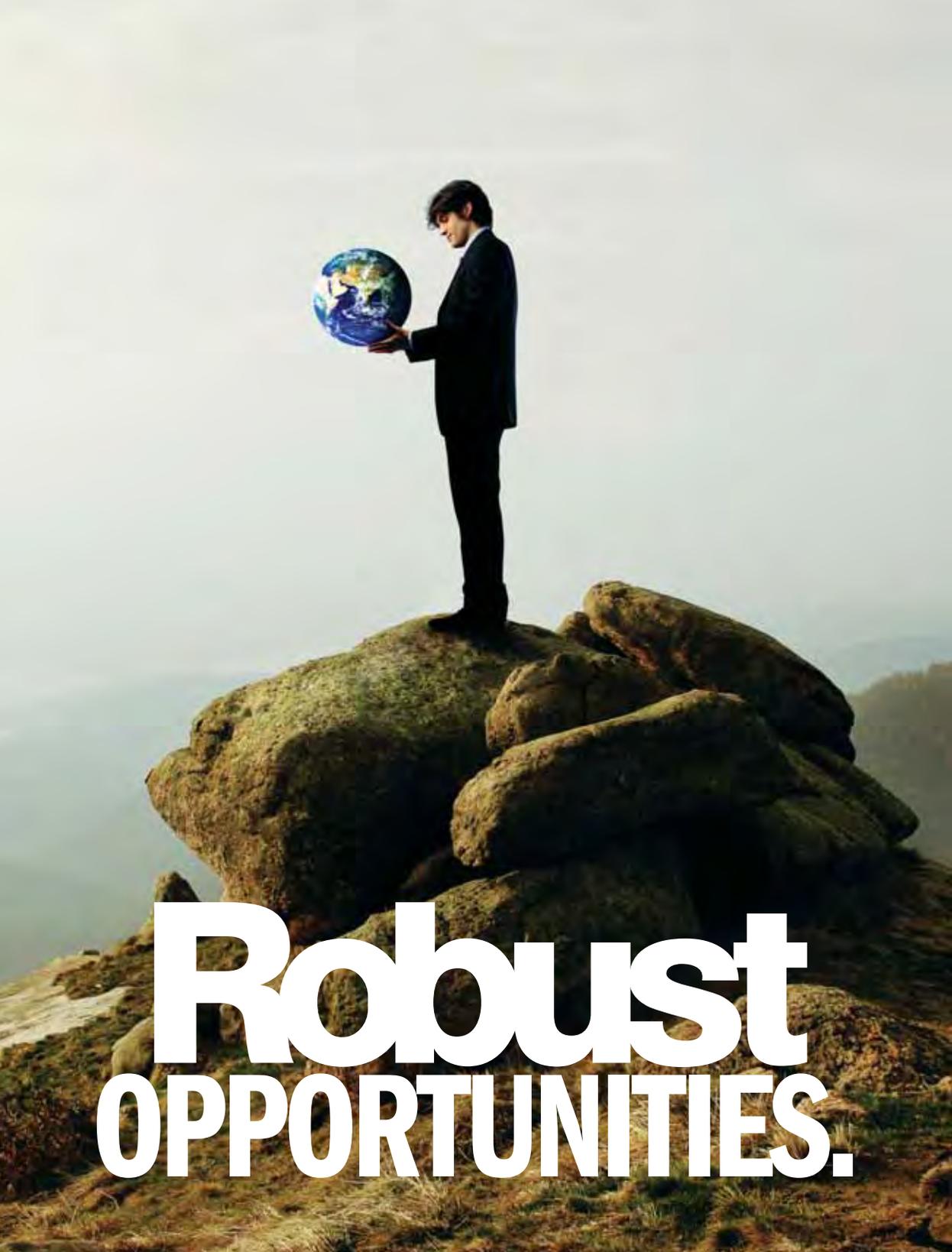
WECC's Energy Finance Solutions (EFS) assisted in developing the program guidelines and delivery mechanisms for the nation's largest scale on-bill recovery project in the state of New York. Through the New York State Energy Research and Development Authority (NYSERDA), homeowners can repay up to \$25,000 in energy efficiency home improvement costs as part of their utility bills. For customer convenience, the energy savings typically offset the monthly repayment amount.

This program also makes offering energy efficiency loans effortless for utilities. Unlike historical on-bill models, this program does not require utilities to service the loans, track payments, or the like. As such, the utilities can offer the service without cumbersome software changes.

The results? By the end of fiscal year 2012 (only five months into the program), on-bill recovery accounted for 6 percent of NYSERDA's total loan volume. By the end of calendar year 2012, 29 percent of projects that included financing were closed with on-bill recovery loans.

### FINANCING SOLUTIONS

Our Milwaukee Energy Efficiency (Me<sup>2</sup>), Green Madison, and City of Racine community-based programs continued to gain momentum with private financing options during the 2012 fiscal year. WECC moved from the concept phase to full-fledged implementation of four lending products: an unsecured loan option for residents and three business financing options (Smart Security Financing, Small Business Financing, and Clean Energy Financing). Response was strongest among residential customers, with a 29 percent loan uptake in fiscal year 2012. The average individual loan amount was \$8,552, resulting in more than \$1 million in loans to finance energy efficiency-related home improvements.



# Robust OPPORTUNITIES.



## EXPANSION

Adding to WECC's existing service area of 15 U.S. states, we established a presence in Michigan this past year. We partnered with Michigan Energy Options—a sister organization with energy-saving objectives identical to our own—to win competitive bids for the BWL (see page 6) and Michigan Electric Cooperative Association (MECA). Milestones for MECA included a timely, seamless transition from the previous provider and the development of improved marketing and branding materials. As part of our commitment to our new Michigan clients, WECC opened an office in Okemos, Michigan in March 2012.

## ADVANCING RESEARCH

To further propel our mission, we established a partnership with the Massachusetts Institute of Technology (MIT). MIT sought WECC's help as part of their efforts to evaluate the effectiveness of energy efficiency marketing content.

WECC collaborated with MIT to develop a dynamic direct mail campaign that includes 3,456 different versions of messaging. The campaign functions in conjunction with Green Madison and Milwaukee Energy Efficiency, two of WECC's community-based programs. The work will offer insights on which types of marketing messages increase home energy audit participation, and will continue through 2015. We look forward to MIT publishing the results and findings.

## CLIENT ACCLAIM

**“Me<sup>2</sup> participants always point out how professional and caring WECC's energy advocates are, how thorough the consultants are, and how convenient the financing options are. All of this is rare in a government program, and something I very much appreciate about WECC.”**

— **Erick Shambarger,**  
Deputy Director of Environmental Sustainability, City of Milwaukee

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