

A photograph of several broken metal pipes, likely from a power plant or industrial facility. The pipes are heavily corroded, with bright orange rust covering most of their surfaces. The broken ends are jagged and exposed. The background is a plain, light-colored surface.

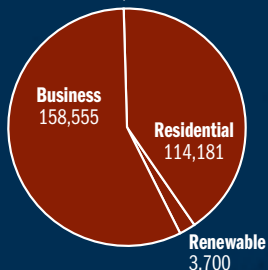
break FREE

ANNUAL REPORT JULY 1, 2010-JUNE 30, 2011

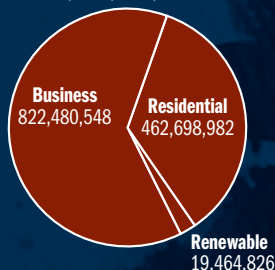
dollars & sense

ENERGY SAVINGS

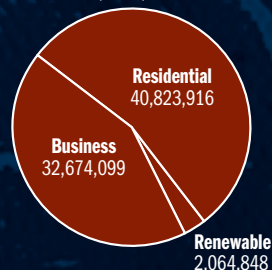
Total Annual kW Savings
276,436



Total Annual kWh Savings
1,304,644,356



Total Annual Therm Savings
75,562,863



ENERGY SAVINGS SUMMARY

Estimated annual savings on energy bills	\$210,033,281
Estimated sales generated	\$424,492,037
Total savings equivalent to cars taken off the road	274,808
Estimated annual reduction of CO2 emissions	3,096,077,519 lbs.

REVENUE

Business Energy Efficiency Programs	\$58,466,876
Residential Energy Efficiency Programs	\$65,870,699
Renewable Energy Programs	\$11,940,652
Low-Income Programs & Services	\$6,837,497
Energy Finance Solutions (not including loan transactions)	\$1,214,982
Consulting	\$103,120
Other Income	\$81,571
TOTAL REVENUE	\$144,515,397

EXPENSES

Program Expenses	\$137,276,872
Management & General	\$5,683,887
TOTAL EXPENSES	\$142,960,759

Increase in Net Assets	\$1,554,638
Net Assets, June 30, 2011	\$9,372,589

FINANCIAL STATEMENT

FOR THE PERIOD JULY 1, 2010 THROUGH JUNE 30, 2011



For 31 years, WECC has delivered **REAL SOLUTIONS**. Our track record for meeting or exceeding energy savings goals **WITHIN BUDGET** stands apart in the energy efficiency world. This is leadership.

WECC is stronger, more focused, and better poised to deliver innovation.

Yet, nothing defines a leader more than VISION. This year, we recognized a changing environment—higher energy savings goals and more urgent and complex client needs. So, we reinvented ourselves. Here are the results...

Client-focused solutions

In fiscal year 2011, we reorganized our company and created new business units to better serve our clients. Today, we have five business units: 1) Strategic Development, 2) Energy Operations, 3) Client Services, 4) Corporate Services, and 5) Legal Services.

The new Client Services business unit is responsible for customer satisfaction, revenue assurance, and providing dedicated points of contact for all clients. A data tracking and reporting team ensures we meet our clients' needs for thorough, timely, accurate reporting and analysis of program data. There's also a new research and analysis unit. This team lives and breathes innovation. In addition, we launched a state-of-the-art data tracking, online reporting, and program management system. Now, we are able to deliver even more valuable information, analysis, and new program designs to our clients.

Saving successes

Our first-of-its-kind data center program saved 14,000 megawatt hours of energy. We introduced new residential and commercial financing programs that defy traditional project cost barriers. We also introduced our market lift approach to address declining attribution rates for energy-efficient lighting and increase consumer purchases past flat lined market shares. Best of all? We're just getting started.

Financial strength

Our 2011 fiscal year was a strong year for WECC. We increased our net asset balance 20 percent. We have a healthy operating reserve and we are investing in our future.

WECC has changed to meet the changing needs in energy efficiency and renewable energy programming. We are better poised than ever to lead in delivering real solutions for our times.

Mary Woolsey Schlaefer
President/CEO

winning PEOPLE

WECC is the sum of our people. That's why we employ thought leaders and industry catalysts. To acquaint yourself with the smart, accomplished employees in our midst, meet three of our best.



Bob Pfeiffer
Project Manager
Energy Educator
of the Year

In March 2011, the Energy Center of Wisconsin named WECC's Bob Pfeiffer Energy Educator of the Year.

This distinction honors educational leaders in the energy efficiency and residential building industry.

Bob has more than 30 years of residential building science experience and was among the pioneers who popularized energy efficiency best practices.

"In my trainings, I create an air of shared learning. I also get people out of their seats—involving more senses allows for more retention."

Roles: Weatherization trainer, home problems detective

Philosophy: "Energy efficiency work is a right livelihood. It's good work and it saves houses."



Liesel Whitney-Schulte
Program Manager
Published Author

L Prize Committee Member

Liesel co-authored the 2010 American Council for an Energy-Efficient Economy (ACEEE) summer study, "Defining a Framework for Comprehensive Commercial and Residential Lighting Programs."

With more than 20 years of energy efficiency expertise, she is also a popular presenter for the U.S. Department of Energy.

Liesel is on the pulse of today's lighting scene and helped shepherd super-efficient lights into the market through WECC's L Prize partnership.

Roles: Commercial lighting program designer, presenter

Philosophy: "Good lighting is a balance: Use only what's needed, yet meet user requirements."



Robert Parkhurst
Project Manager
Weatherization
Leader

Robert says he was "just doing his job" when he received the Weatherization Assistance Program National Recognition Award from the U.S. Department of Energy.

Robert is being modest. This award identifies individuals who consistently demonstrate program commitment and influence weatherization service delivery across the U.S.

For 25 years, Robert has trained contractors, crews, auditors, and managers on how to make low-income homes more comfortable and affordable.

Roles: Building science trainer, technical assistance provider, quality assurance oversight

Philosophy: "There's no greater reward than helping people."

our year in Review

This past year, our electricity savings increased 41 percent from fiscal year 2010 to fiscal year 2011—enough energy to power 130,988 homes for one year. Our natural gas savings also increased 96 percent in one year, generating Therm savings equivalent to taking 64,108 cars off the road.

GOING STRONG. EXCEEDING EXPECTATIONS.

Cost-effective

In fiscal year 2011, we delivered greater energy savings while maximizing cost-effectiveness. Focus on Energy is proof of this.

WECC administered Focus on Energy from 2001 until 2011. *Report 11-13 An Evaluation: Focus on Energy* from the Public Service Commission of Wisconsin stated that the benefits of WECC-administered programs exceeded costs by a ratio of 2.3 to 1. **In other words, for every \$1 invested in energy efficiency, the WECC-administered Focus on Energy program achieved \$2.30 in energy savings.**

Data Center & Information Technology (IT) Energy Efficiency

Smart phones. The cloud. Tablet devices. In-car internet radio. What do they have in common? Data, data centers, energy use, and explosive growth.

According to the U.S. Department of Energy, a data center can consume up to 100 times more energy than a standard office building. Data center energy consumption increased 36 percent between 2005 and 2010—faster than any other industry. In the U.S., data centers account for 2 percent of the nation's total electricity use. It's a sector with an insatiable appetite for energy and opportunities for real savings.

WECC has offered first-there solutions since 2009 to lower data centers' energy use. Continued growth characterized our data center and IT efficiency initiatives this year.

Highlights:

- **Data center efficiency summits**—These events are known for getting IT professionals, facilities managers, and financial officers on the same page and driving efficiency projects.
- **Turnkey solutions**—From thin client conversion and server virtualization to air flow management projects, WECC's best practices are repeatable, scalable, and effective.
- **Quality assurance**—Engineering-based calculations provide accurate energy savings estimates.
- **Significant progress**—Achieved **14,000 megawatt hours (MWh)** in energy savings and **1.4 megawatts (MW)** in peak load reduction.
- **National presentations**—Our expertise led to several speaking engagements with our partners across the industry.

Market Transformation

In mature markets, where attribution for energy savings has declined, WECC is piloting a new approach—market lift.

Our market lift idea incentivizes retailers based on performance. On the other hand, traditional programs, such as markdowns on compact florescent lamps (CFLs), incentivize customers and reward every sale. Free ridership is problematic with such models and allowed savings decrease.

WECC's goals are to influence retailers' sales strategies and "lift" the energy-efficient lighting or appliance category as a whole. To begin this shift, WECC partnered with a national retailer to test a market lift lighting program this past year. We offered financial perks if nine stores could increase sales for select energy-efficient products above a pre-established baseline.

BOTTOM LINE:
WECC isn't afraid to try new things.
Future pilots are in the works.

Behavior Change

Most people are not concerned enough about energy to warrant conservation (*Source: "Public perceptions of energy consumption and savings," Proceedings of the National Academy of Sciences*).

How does WECC convince people otherwise? Behavior change—leverage personal relationships to influence people's actions.

Energy advocates

Our energy advocates, who live in or near one of five communities chosen for our behavior change programs, teach their neighbors about energy efficiency. It makes for a highly personalized experience and has propelled: 808 walkthroughs, 563 home performance tests, and 147 completed home retrofits.

In-home displays

Energy management devices help residents track real-time energy use and costs. WECC partnered with local communities and utilities to install 105 of them between July 2010 and June 2011.

"Our in-home display opened our eyes about our energy use. We could actually see how much energy the stove, dryer, and other appliances used."
—Derek Emmer, utility customer

Elementary education

According to the 2011 Eco Pulse, 71 percent of children who talked to their parents about environmental issues influenced behavior changes at home. WECC partnered with The Wisconsin K-12 Energy Education Program (KEEP) to provide a School to Home program that included age-appropriate lessons, classroom presentations, grants to support projects, and teacher training. In April 2011, the team distributed 182 energy-saving kits to fourth grade classrooms in two communities.

Results: 86 percent of students returned a signed release form from their parent or guardian indicating that the family had done at least one energy saving activity at home.

business as UNUSUAL

At WECC, it's in our DNA to excel. We start with a rich understanding of the inner workings and latest trends within the energy efficiency and renewable energy industries. Then, we aggressively pursue new solutions.

Energy Efficiency Made Affordable

Cost is a critical barrier to customers and businesses regarding energy efficiency. WECC's 2011 BREAK THROUGH: Innovative financial models that move energy efficiency forward.

WECC's Milwaukee Energy Efficiency (Me²) and Green Madison programs required innovative solutions that leveraged private capital. WECC delivered.

We negotiated 20:1 leveraging with our partnering lender. Our partner provides loan capital of \$20 for every \$1 of federal money used as a credit enhancement. This feature makes our programs highly scalable and is transformative.

20:1 LEVERAGING— AMONG THE BEST IN THE U.S.

Residential Loans

WECC partnered with a private sector lender to allow more homeowners to complete energy efficiency home improvement projects, such as air sealing or insulation, through higher purchasing power or alternative attractive credit. WECC's criteria to maximize program participation:

- **Unique loan origination:** Home loans for Green Madison or Me² are based on one's capacity to pay and other measures, not just FICO scores. We wanted all homeowners to be able to participate in the programs.
- **Flexible terms:** Homeowners have up to 15 years to repay a loan—much longer than today's standard unsecured loans. Interest rates are also half of the current market rate.

Business Financing

On the business side, the cost of energy efficiency projects can be even steeper than for residents. WECC launched four different financing models that mutually benefit businesses and lenders.

- **Smart Security Financing:** Provides upfront collateral to support energy efficiency projects with no money down. Financial institutions receive a deposit from WECC to fund a reserve account that protects the financial institution from default.
- **Interest Rate Buy Down:** On behalf of our programs, WECC uses grant funds to pay down the interest rate on qualifying loans. Businesses save 2 or 3 percent in interest costs depending on measures installed.
- **Small Business Financing:** WECC's financing partner finances up to 100 percent of businesses' energy efficiency project costs and provides low-interest rates.
- **Clean Energy Financing Program:** Property owners pass the cost of energy efficiency upgrades to the building onto tenants that have lease structures where they pay for the utilities. However, tenants' savings are greater than the charge, thus creating a win for both parties.

National Accomplishments

WECC's Indiana office delivered significant energy savings for our clients throughout the Midwest and the South, including Duke Energy, Indianapolis Power & Light Company (IPL), and the Indiana Housing & Community Development Authority (IHCA).

Fast & Accurate

This fiscal year, Duke Energy praised WECC for our "best-in-class fulfillment." The statement was part of Duke Energy's evaluation for its \$mart Saver residential program. Our turnaround time for processing incentives and accuracy drove Duke's positive assessment. In addition, we exceeded Duke's 2010 \$mart Saver goals across its portfolio of programs in five states—Indiana, Kentucky, Ohio, North Carolina, and South Carolina.

Turnkey Implementation

IPL contracted with WECC to implement its Core Plus programs, including residential new construction, multi-family direct install, online assessment with kit, and custom commercial measures. Three months later, we had launched all four programs, showcasing our ability to deploy rapid, turnkey program solutions, quality control, marketing, incentive processing, data tracking, and reporting services.

Under WECC's leadership, there was higher program participation than originally planned. As a result, additional funding was added and savings goals were expanded.

Results: More than 16.3 million kWh in estimated net energy savings in the first program year, substantially higher than anticipated.

Winning Performance

Weatherization goals met five months ahead of schedule

WECC was among the 24 contractors who weatherized 20,000 Indiana homes on behalf of IHCD's Home Energy Conservation Program. Together, we reached this goal five months earlier than projected with money left over to complete an additional 3,000 projects. Participating homeowners saw a 20 to 30 percent decrease in heating and cooling costs.

Indiana's Lieutenant Governor Becky Skillman said this program created and maintained jobs across the state and "clearly made a difference in the lives of Hoosiers."





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STRENGTH



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