



RENEW

ANNUAL REPORT JULY 1, 2013 - JUNE 30, 2014



SAVINGS INFORMATION

Financial savings:	\$55,013,252 in energy costs
Total Therm savings:	1,843,532
Total kWh savings:	488,901,766
Equivalencies of these savings:	
Metric tons of CO ₂ :	346,897
Pounds of CO ₂ :	764,777,212
Homes powered for a year:	50,195
Gallons of gas saved:	39,034,219
Cars taken off the road:	73,031

FINANCIAL STATEMENT

WECC STATEMENT OF ACTIVITIES

FOR THE PERIOD JULY 1, 2013 THROUGH JUNE 30, 2014

REVENUE	
\$29,526,259	Residential energy efficiency programs
\$8,332,028	Business energy efficiency programs
\$2,350,614	Low income programs and services
\$2,212,984	Energy loan programs
\$372,006	Consulting
\$107,651	Other income
\$42,901,541	TOTAL REVENUE
EXPENSES	
\$37,519,333	Program expenses
\$6,481,285	Management and general expenses
\$44,000,618	TOTAL EXPENSES
NET ASSETS	
(\$1,099,077)	Decrease in net assets
\$10,705,500	NET ASSETS AS OF JUNE 30, 2014



Since 1980, WECC has been a national leader in designing and implementing innovative energy efficiency and renewable energy programs. We've worked diligently to create an agile business model: one that meets our clients' needs and reflects the rapid changes in energy-related technologies

and the growing urgency of addressing climate change. We have a strong track record of success and are proud of what we've accomplished.

But that doesn't mean we haven't faced challenges.

In 2014, the realities of an exceptionally dynamic energy environment created both unique opportunities—and disruption. WECC realized the only way to address them was with a comprehensive analysis of our goals and business models. This wasn't an easy assignment, but by approaching it honestly and comprehensively, we uncovered valuable insights and put our organization on a path to transformative change. We believe the decisions made in 2014 lay the foundation for our organization's long-term success and are already seeing promising results.

Here are the highlights of an exciting year.

Returned to our roots as an innovator. WECC has a long history of taking the lead in program design and implementation. In recent years we had moved to a business model that centered around being an administrator of large-scale programs delivered by other implementers. This required an expensive investment in infrastructure, which wasn't a good fit for a non-profit of our size and didn't capitalize on our capacity to innovate. Our investigation showed our clients are better served when we focus on our traditional strengths and, accordingly, we've returned to this business model. This has led to the loss of some business in the short term, but creates a stronger organization and more opportunity moving forward.

Invested in the future. To support our revitalized business model, the WECC board made the critical decision to authorize the investment of up to \$1.5 million in new program and staff development. This was a prudent choice given our strong financial position at the start of the 2014 fiscal year—over \$11 million in assets—and the realities of the marketplace. This strategic investment is reflected in the decrease in net assets reported in our Financial Statement.

Created a strategic development team and a comprehensive program development process. In the past, changes in our products and programs tended to be organic and client-driven,

rather than actively researched, developed and implemented by WECC. We realized we had to do a better job uncovering both current and imminent marketplace needs and determining what role WECC could play in addressing them. We've built a strong team and put a process in place that allows us to do both, and we've had some exciting early successes, including growth in our finance program (more on that below).

Discovered new ways to leverage the power of financing programs. WECC has sponsored energy efficiency financing programs since 1996. During 2014 we gained a greater appreciation for just how vital these programs are when it comes to helping consumers, organizations, and businesses to upgrade their systems. Based on this understanding, we turned to new funding sources and program models and started work on a new loan origination system to make financing easier for our clients' customers.

Reaffirmed our commitment to market transformation. In recent years, there's been a move in the industry toward high-incentive, direct-install programs that emphasize short-term savings. We understand the appeal—results from these programs look great in the near term—but we also know that model doesn't achieve the deeper sustained savings that are necessary to address our significant energy and climate challenges.

WECC has always operated on the principle that it's not enough to give someone an energy-efficient technology; that real change will only occur if our customers have ongoing service and support. It's hard for many of our customers to make a technology switch: they're understandably risk averse and need help to navigate the challenges that new technology presents. Our approach may require a more significant upfront investment, but we've seen that it's a more effective approach in the long run and will continue to support this model.

Created programs that reduce carbon and impact climate change. We have always understood the link between carbon emissions and climate change and are proud to report that we have meaningful, measurable statistics to show a link between WECC programs and reduced emissions.

The past year has had its challenges, but it's also been a time of analysis, growth, and renewal. The changes we've made have created a WECC that's more agile, more resilient, and better able to meet whatever the future holds. We're excited to be on this journey. Thank you for sharing it with us.

Sincerely,

Mary Woolsey Schlaffer

A \$1.5 MILLION INVESTMENT IN THE FUTURE

This past year was a time of change in the world of energy. The LED (light emitting diode) market exploded in both commercial and residential lighting applications, and micro-grid, smart meter, and community solar were just a sample of the forces that altered the utility business model.

As our partners, contractors, businesses, and consumers face a growing list of product and funding options, WECC is here—excited and ready to help them adapt to the needs of a dynamic energy future.

WECC has long had a reputation for uncovering disruptive opportunities in the marketplace and being willing to take a chance on innovation.

In 2014, the WECC board said, “Yes,” to innovation with a \$1.5 million investment that allows us to research and pilot game-changing programs and technologies.

This was a bold decision and one that’s already paying off. Programs and changes made during 2014 that will continue to support innovation in 2015 and beyond include:

A leading-edge loan origination system. Customers demand easy-to-use, online tools and this new, best-in-class system delivers. Part of our financing program, this system will make it easier for customers to investigate their financing options and apply for a loan.

New programs for underserved markets. WECC is committed to bringing the benefits of energy efficiency to a broad cross-section of constituents. In 2014 we developed a concept for a new program that will meet the unique energy needs of a specialized market. This pilot will launch in 2015.

Customer-driven marketing solutions. The right marketing strategy and channel can mean the difference between a successful program and an also-ran. A good example in 2014: piggybacking an energy-efficient light bulb program off pizza delivery for a program in a rural area.

Equipment testing programs. Each year WECC and our clients are inundated with new products that claim to deliver better performance and energy savings. To separate truth from hype, we partner with other stakeholders to test technology performance. In 2014 we worked with UW Health located in Madison, Wisconsin, to pilot a web-based control system linked to rooftop units serving a commercial office

space. The control units weren’t delivering promised savings, and we wanted to find out why. The web-based control system was compared to an existing system to monitor energy use and determine how much energy savings could be achieved.

Our research uncovered some surprising results not related to system operation. Because there was no dedicated building manager, the property manager was tasked with monitoring the system to maximize energy savings and there was no motivation to make system improvements. Plus, the building occupants could override the system set-points. All of this contributed to higher energy bills, despite the investment in efficient equipment.

This pilot helped demonstrate the benefits of working with property management to learn more about their systems, and why there is a benefit to commission spaces that may have changed function over time. This can provide as much value—if not more—as technology rebates.

LEADERS IN LED

At 25 times the lifespan and 25 percent of the energy use of a traditional incandescent bulb, LED technology is quickly becoming a leading source of energy savings for utility energy efficiency programs. Manufacturers, distributors, and retailers introduce a wider variety of bulb styles, color options, and price points each year. But not all LEDs are created equal.

Committed to research

To make sure our programs deliver consistent, cost-effective energy savings, WECC constantly monitors technology and product performance to ensure ratepayer funds are supporting quality product, that’s purchased at the right price, and installed in the right socket. We partner with manufacturers and retailers to learn where utility customers shop, what drives their lighting purchases and their perceptions of product, then apply that knowledge to create effective education and marketing.

That market intelligence is why, in 2014, WECC successfully drove LED lighting from 3 percent to 14 percent of total program savings, including rural areas across the Midwest. And why we are on track to exceed 20 percent in 2015, for our largest Midwest client.

Marketing and partnerships

One of the most exciting changes we’ve seen over the past year is in the variety of places where utility customers are using high-efficiency bulbs. Our product selection, consumer education, store associate training, and retail product placement enabled us to grow the use of high-efficiency light bulbs in specialty applications (such as dimmable and three-way lamps). Programs promoting only compact fluorescent light bulbs (CFLs) typically saw up to 15 percent of the sales in specialty applications, however with the addition of LED technology the product mix for specialty applications increased to 40 percent. This has allowed energy-efficient programs to reach untapped sockets that CFL programs were not successful in doing.

WECC serves over 80 individual municipal and cooperative utilities to bring retail lighting programs beyond the big box and into rural communities. Our combination of shared services and utility-specific marketing and reporting, is a key reason an increasing number of utilities and municipalities turn to WECC to deliver their retail lighting programs.

A FIRST: COMMERCIAL LOAN PROGRAM WITH SOUTH JERSEY GAS

Small businesses often struggle to afford the upfront cost for energy efficiency upgrades and, in many areas; utilities have stepped in to offer funding. When South Jersey Gas—a current client of WECC’s Energy Finance Solutions (EFS)—asked if we could adapt the program to meet the needs of commercial accounts, we were happy to do so.

Like the consumer loan program, we handle every step of the lending process from contractor recruitment and training to loan application, validation, disbursement, and payment management. WECC also reviews equipment installation and ensures the energy savings can fund the loan repayment. Leveraging our consumer platform, EFS was able to create a seamless commercial program that’s delivering great results for South Jersey Gas.

“WECC is an exceptional business partner,” said Bruce Grossman, Manager, Efficiency Programs, South Jersey Gas. “When we work with them on a program, we know we’ll get creative solutions, exceptional responsiveness, and that our customers and contractors will be treated with care and respect. WECC’s turnkey programs allow us to offer financial services through an expert team.”

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