



# ANNUAL REPORT

July 1, 2015 — June 30, 2016



## Message from Mary Woolsey Schlaefer

Greetings WECC Partners and Friends:

In 2016, WECC entered its 36th year of championing innovative energy initiatives. I refer to WECC as a 36-years young company because throughout those years, we have continued to address the challenges and possibilities for fostering more responsible energy use with fresh energy and new ideas.

We began this year by taking a closer look at our cause, mission, vision, and values and have come out of that process with a revitalized sense of purpose. Our **cause**, the reason we exist, is that we believe excessive and inefficient consumption of energy is the biggest economic and environmental challenge of our time, and we want to be a part of the solution. Our **vision** is a world consuming energy responsibly for all. Our **mission** is to champion and deliver innovative energy initiatives that produce enduring economic and environmental benefits for all.

Although every part of our mission statement is important, this year I'd especially like to draw your attention to the last part: **for all**.

WECC passionately believes that excessive and inefficient consumption of energy is the biggest economic and environmental challenge of our time. Unless we dramatically reduce greenhouse gas emissions, our world will face catastrophic environmental and economic harm. But we cannot accomplish that goal unless we create and deliver programs and tools that allow everyone to play a part.

Here are some of the ways we worked to make energy efficiency a reality **for all** in 2016:

- Established programs to make energy efficiency and renewable energy more affordable for low-income and other underserved communities.
- Facilitated the development and delivery of local efficiency solutions.
- Finalized delivery of our loan origination system, which helps more consumers access affordable financing for energy projects.

This was also the year the \$1 million-plus approved by our board in 2014 for product enhancements and new product design began to see concrete, measurable results. We saw payoff in effective program delivery, strong financial performance, and the addition of several new clients, who were attracted by our innovative initiatives.

Finally, this was also the year WECC formally implemented a corporate-wide sustainability plan. Although many elements of the plan were already in place, this comprehensive approach ensures that sustainability is the benchmark for everything we do. This report shares some of the progress we made during fiscal year 2016.

**"For all"** is a big assignment, but one we have embraced wholeheartedly. Thank you for working with us to make it a reality.

Sincerely,

Mary Woolsey Schlaefer  
President/CEO

# 2016 Corporate Sustainability Efforts

WECC's vision is for a world consuming energy responsibly **for all**. We demonstrate this commitment by working diligently to advance sustainability.

One way we did that, in fiscal year 2016, was by developing a corporate Sustainability Plan, which we introduced on Earth Day. The ultimate goals of the plan are to maintain a net-zero carbon footprint this year and beyond, and to incorporate sustainability into all aspects of our business.

Though already engaging in many of the activities highlighted below, having a formal Sustainability Plan helped us establish clear expectations, and commit to ongoing strategies and measurements. An important part of that plan was filing a sustainability report with the CDP. Formerly known as the Carbon Disclosure Project, the CDP functions as an international data hub where organizations voluntarily disclose their greenhouse gas emissions and the steps they are taking to reduce them. Participating in CDP accomplishes two things: improves the transparency and efficacy of our own sustainability efforts, and allows WECC to better assist our clients as they work to do the same. This was an important step for our organization and one that shows just how committed we are to attaining net-zero carbon status.



## Climate Change

### Driving change for our clients and ourselves.

When it comes to affecting climate change, WECC is in a fairly unique position: not only can we make choices that improve our own sustainability, but our core business model means we are also helping our clients become more aware of theirs. It is a responsibility we take very seriously.

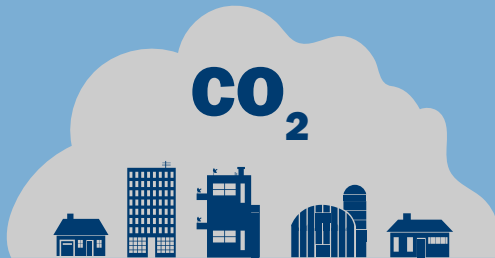
**Improved our own sustainability.** We are excited to report that the WECC Board of Directors adopted a Corporate Sustainability Policy that commits WECC to annually attain a net-zero carbon footprint, and we were able to achieve a net-zero carbon footprint for fiscal year 2015. We started by taking steps to further minimize our greenhouse gas emissions through the implementation of cost-effective, financially and operationally feasible energy efficiency measures, conservation practices, and renewable energy generation.

After accounting for our current emission-reducing technologies and practices, we zeroed out our remaining balance of emissions by purchasing carbon offsets from Green Valley Dairy in rural Krakow, Wisconsin.

**Influenced client sustainability.** As part of our Sustainability Plan, greenhouse gas emission reduction values are included on our clients' monthly program scorecards. It is a simple way to show clients the impact of their energy efficiency program efforts and provide a benchmark for improvement.

## What does it mean to have a net-zero carbon footprint?

A carbon footprint is generally defined as the total amount of greenhouse gases emitted into the atmosphere as a result of human activities. The total is typically expressed as equivalent tons of carbon dioxide.



Having a “net-zero carbon footprint” refers to achieving net-zero carbon emissions by generating or purchasing carbon offsets equivalent to an organization’s measured carbon emissions.

## Building Energy Audit

### Ensuring optimal building efficiency.

Clients often enlist WECC’s help to reduce their customer’s energy use. What better way to do that than by drawing on firsthand experience—and sharing our efforts in the hope of inspiring others.

**Audited building energy use.** WECC achieved LEED-certification when designing, locating, and building our facilities; that does not mean we can take energy efficiency for granted. Technology changes rapidly and regularly scheduled audits help us pinpoint and address energy waste throughout our facility—whether it is something simple like turning off equipment in the workout room, or upgrading equipment or lighting as efficiency increases and price points drop.

**Monitored and updated photovoltaic system.** Solar energy plays a vital role in meeting our sustainability goals, but we cannot know if our systems are operating efficiently without ongoing monitoring and updates. This annual review helps ensure we are making the most effective use of our solar panels. And now, staff and stakeholders can see **real-time updates** on WECC’s solar usage—a great incentive to be more efficient consumers.





## Sustainable Procurement

### Analyzing the everyday.

It is one thing to commit to sustainable purchasing and another to make it a reality. Here is how WECC took the first steps to sustainable procurement last year.

**Analyzed current supplies.** WECC staff analyzed 12 months of supply purchases and identified the top 75 percent of non-durable items. We reviewed the following for each critical product: post-consumer waste content (PCW), whether the product carried third-party environmental certification, and if there were more sustainable options. An important consideration for all categories was cost versus impact.

**Identified the top three categories and set standards.** For each of the top three categories—copy paper, large envelopes, and sticky notes—staff specified acceptable levels of PCW and certifications for all future purchases.

**Supply deliveries.** Through better planning, proactive supply ordering, and communication with our vendors, we cut delivery frequency almost in half. While reducing the carbon emissions associated with deliveries, we are also reducing our cost, leaving more money to deliver on our mission every day.

## Waste Audit

### Improving waste management.

Waste management is vital to true sustainability. To understand the materials our organization uses, how they get to us, and how we dispose of them when we are through—and if we could be doing a better job at each step of the process—WECC conducted a comprehensive waste audit. Based on those results, we did the following:

**Identified and addressed waste disposal issues.** A garbage audit showed nearly 1/3 of all employee garbage ended up in the wrong receptacle. From this audit we realized that waste education sessions, additional signage, and ongoing monitoring will help employees make better waste-disposal decisions. All efforts we will continue to work on in the next year.

**Enhanced composting program.** The compost program at WECC was very popular. However, the waste audit helped us realize that we could increase the amount of waste that could be composted and diverted from the landfill. This realization meant the need for additional compost bins and an increase in the amount of time the program would run each year.

**Eliminated disposable kitchenware.** We reviewed the items we use, on a daily basis, in our kitchen areas. Based on what was found, we made a conscious decision to eliminate disposable kitchenware from these day-to-day areas. Our kitchens are now stocked with reusable silverware and dishes.



# Partnerships

## Enhancing our sustainability efforts.

Partnerships are indispensable to WECC's sustainability efforts. WECC worked with these local efficiency leaders in fiscal 2016.



**Participated in the Green Masters Program.** Sponsored by the Wisconsin Sustainable Business Council, this program allows participants to benchmark and compare their sustainability efforts to other organizations in their sector. Not only is WECC a member of the program's advisory council, we also participated in their Green Masters Program to continue to closely maintain focus on our sustainability efforts and determine new areas we can focus on.



**MPOWERed our organization.** This program, operated through Sustain Dane, is a nationally recognized model for hands-on collaboration in the areas of carbon reduction and sustainability. MPOWER inspired us and provided the structure and ideas to better engage employees throughout our organization. Many of the activities focused on this year, were a result of participating in the MPOWER Program.



# 2016 Program Highlights

## Meeting the needs of the underserved

When it comes to energy efficiency and renewable energy, WECC often sees a distressing irony: the consumers who could most benefit from upgrades in these areas are the ones who can least afford to make them.

This year WECC introduced one new program and enhanced another to better reach underserved individuals and families.

### Manufactured homes

Manufactured homes, while typically more affordable to buy or rent than site-built homes, tend to be much more costly to operate—often twice as expensive because of outdated codes and inefficient construction choices. In some cases, there are large holes in the home leaking heat or air conditioning. And, the people who live in these homes certainly cannot afford any extra expenses: 22 percent of them are at or below the federal poverty level,<sup>1</sup> with a median income of just \$30,000, and the majority has extremely high utility bills.

<sup>1</sup>U.S. Census 2011. Taken from the ACEEE July 2012 report: Mobilizing Energy Efficiency in the Manufactured Housing Sector, Report Number A124.



To determine if WECC could help, we developed and implemented pilot programs in Wisconsin and Michigan, sponsored by utility clients in these states. In each, WECC conducted a two-step program: diagnostic testing, installation of energy-saving measures (water aerators and energy-efficient lighting), and duct sealing.

We delivered the program at no cost to consumers, handled all program outreach and recruitment, and provided extensive contractor training, mentoring, and quality control to ensure the program delivered promised improvements. WECC's role in contractor development was especially crucial: manufactured homes present challenges that most contractors had little experience with.

Program results were heartening:



94 percent of participating consumers said they were satisfied or very satisfied, and we saw good levels of improved heat distribution and lower utility bills. The average annual savings per home ranged from 664 kWh to 1,481 kWh and 48 therms to 152 therms.

In addition to reducing customer bills, the programs also helped reduce bad debts and customer service costs, which benefit all utility customers.



## Full-service loan origination system

# NEARLY \$125 MILLION

That is big money to everyone we know (!) and the level of affordable financing WECC was able to facilitate last year thanks to our enhanced loan origination system.

After years of seeing the impact access to financing has on energy efficiency programs, WECC developed a loan origination system to meet increasing client demands. Fiscal year 2016 was our first full year with the system up and running, and we are happy to report the results have been extremely positive. To date, the loan origination system has processed more than 6,500 loans and facilitated WECC's ability to deliver both increased service levels and efficiency. Plus, the system can easily be scaled and reconfigured to meet the specific needs of individual utilities.

The system has another set of cheerleaders too. The contractors are also pleased with the new system.

**“I love the Contractor Portal. It’s easier to get updates, everything’s right there and it’s easier to use. It’s also easier to find things. I like uploading documents and seeing them in the file, instead of having to hunt through my emails to find them. As soon as something is received, you know it.”**

**— Energy Management Solutions**



# 100% Client Retention

Not only did WECC retain 100 percent of our clients during this past fiscal year—we added new ones too!

How did we achieve this phenomenal result?

- **Our recent client satisfaction survey.** Our clients talked and WECC listened. This survey offered invaluable client feedback and confirmed that WECC clients believe we heard and delivered on their needs. In fact, 100 percent of respondents expressed satisfaction with our performance!
- **A new business development team.** This team has helped ensure WECC is responsive, proactive, and focused on constant improvement. Thanks to our business development efforts, clients now have access to enhanced existing programs and can take advantage of our new offerings—like the manufactured homes program or our loan origination system.
- **Effective positioning as a subject matter expert.** WECC committed to taking on a more visible role in the larger community, both in and outside the world of energy. This year we testified in front of regulatory boards, presented a manufactured homes efficiency roadshow, and were invited to address everything from residential financing to thermostat technology at 11 events in 7 states. In addition, we worked with the Wisconsin Counties Association, the League of Wisconsin Municipalities, Green Tier Legacy Communities, and other interested parties to create the Wisconsin Property Assessed Clean Energy (PACE) financing program.

## Helping customers on their sustainability journey

“How can we become a more sustainable company?”

Many organizations are focusing on becoming more sustainable in their day-to-day processes. Not surprisingly, we are often asked for guidance on where to start. While the answer is likely to be different for each of them, one thing is not: WECC’s ability to help them improve, no matter where they are on their sustainability journey. With our combined energy efficiency and sustainability knowledge and greenhouse gas (GHG) Accounting Certification—to ensure the accuracy of how we conduct carbon accounting—we are ready, willing, and able to help. Plus, in fiscal year 2016, we began development of a software tool that will help companies track their sustainability efforts and make changes to their operations. Development is underway, and we look forward to sharing more with you next year.



**GHG Accounting Certification.** To ensure organizations are on the same page when it comes to measuring, accounting for, auditing, and managing greenhouse gas emissions, the Greenhouse Gas Management Institute created a certification program—having this certification is roughly analogous to an engineer passing the Certified Energy Auditor certification.

## Setting the PACE on energy improvements

As we mentioned throughout this report, financing can be a huge roadblock when it comes to energy upgrades. And not just for homeowners—commercial and industrial operations run into financing gaps too. To address this, communities across the country have begun to implement PACE financing programs.

The idea behind our approach to PACE is simple—property owners and managers who want to invest in energy and water efficiency and renewable energy work with the financial institution and energy services contractor of their choice. The local County government facilitates repayment of the loan as a special charge associated with the property tax. This private-public partnership:

- Creates additional financing options—PACE finances 100 percent of the project cost and exchanges equity with low-cost debt
- Provides long repayment periods—up to 20 years—and uses energy savings to drive positive cash flow
- Includes energy performance guarantees—matching energy savings with loan repayment
- Keeps the funding benefits with the building—not the owner
- Allows building tenants to share costs and savings

PACE is a proven way to stimulate local economies, revitalize aging properties, and help communities meet their sustainability goals. The program has been in place in Milwaukee County since 2012, was recently adopted in four other Wisconsin counties, and is being considered by dozens more. WECC has been at the forefront of efforts to expand the program in Wisconsin and has played an integral role in developing a statewide program and sharing the PACE story.

WECC is happy to bring our energy and financing expertise to this worthwhile program and will have additional updates in 2017.



## Lighting matters

Lighting is often viewed as “low-hanging fruit” when it comes to energy efficiency. But do not underestimate its importance! Not only does lighting make up a big part of everyday electrical use—roughly 404 billion kilowatt-hours for residential and commercial use in 2015<sup>2</sup>—it is an affordable way to get more consumers involved in energy efficiency. Not everyone can afford to change their furnace, but most can choose to change a bulb.

### WECC’s lighting highlights from the past year:

**Head Start and food pantry partnerships.** WECC is committed to bringing energy-efficient leading-edge technologies to low-income families. This year we worked with Head Start (the school readiness program for low-income children) and food pantries to put money-saving lights into the hands of 855 families. Estimated energy savings: 583,744 kWh.

**In-store trainings.** Retail staff plays a pivotal role in the success of our clients’ lighting programs—after all, there are a lot of lighting options out there and consumers often feel confused and overwhelmed. Thanks to WECC, retail teams across the country received the comprehensive, hands-on training they need to help consumers find the right bulbs for their needs and improve the effectiveness of our clients’ programs.

## Real-time data makes a difference

A key component of WECC’s success in lighting programs is our ability to offer clients up-to-the-minute data on in-store products, signage, and pricing, backed with responsive service.

Our newly updated program tracking system—unique in the industry—helps ensure our clients have the information and insights they need for lighting program success and ready to follow-up should a problem arise.

<sup>2</sup> U.S. Energy Information Administration Accessed August 18, 2016  
<https://www.eia.gov/tools/faqs/faq.cfm?id=99&t=3>

# 2016 Savings

<b>Total Financial Savings</b>	\$68,810,520 in energy costs
<b>Total kWh Savings</b>	487,844,832
<b>Total Therm Savings</b>	1,536,614

## Equivalencies of these savings



**350,993** Metric tons of CO<sub>2</sub>  
**773,806,594** Pounds of CO<sub>2</sub>



**51,830** Homes powered for a year



**39,495,079** Gallons of gas saved  
**74,142** Cars taken off the road

# 2016 Financials

## WECC Statement of Activities


For the Year Ended June 30, 2016

### Revenue

Energy Efficiency Programs	\$37,526,510
Low Income Programs & Services	\$1,890,383
Energy Loan Programs	\$3,761,308
Consulting	\$295,119
Other	\$73,979
<b>Total Revenue</b>	<b>\$43,547,299</b>

### Expense

Program	\$37,778,611
Management & General	\$5,604,343
<b>Total Expense</b>	<b>\$43,382,954</b>
<b>Surplus</b>	<b>\$164,345</b>
<b>Net Assets as of June 30, 2016</b>	<b>\$10,996,521</b>



**WECC's mission is to champion and deliver innovative energy initiatives that produce enduring economic and environmental benefits for all.**



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