



ANNUAL &
SUSTAINABILITY
REPORT

JULY 1, 2016 — JUNE 30, 2017



Message from Mary Woolsey Schlaefer

In today's climate of energy and environmental policy change, our work is more important than ever. Our mission—to champion and deliver innovative energy initiatives that produce enduring economic and environmental benefits for all—is a daily reminder of our responsibility to help consumers, businesses, and communities reap the financial and environmental benefits of advancing energy conservation and efficiency.

We make a real effort to ensure that our work benefits everyone by promoting economic development, serving individuals and communities that other programs don't reach, and improving our environment. A key part of our mission is to serve low-income individuals and communities. This work is increasingly important as 14 percent of Americans live in poverty.¹ According to ACEEE research, these families "pay up to three times more on home energy costs, as a proportion of total income, than the average household does."² Energy savings translate into dollars to meet other critical needs such as paying for food, medicine, and shelter. We were pleased this year to serve more than 4,900 households at or near the federal poverty line. Our impact was summed up by one customer who said, "To have someone value me in the manner they did. I really felt human and important! Thank you!"

It's not just families we have assisted this year, but businesses as well. We've helped businesses become more sustainable by providing tools they can use to track activities (such as transportation and material sourcing) and environmental impacts—sparking them to improve processes and reduce emissions and waste.

We are excited to tell you more about how we fulfilled our mission in 2017. Following are some of the highlights:

- Facilitated the development of a statewide commercial financing program. PACE Wisconsin helps building owners complete energy efficiency upgrades, reducing energy use and emissions, saving building tenants money and fostering economic development.
- Launched WECC's new Environmental Sustainability Services. We work directly with businesses and local units of government to promote economic and environmental benefits through planning and implementing sustainability initiatives.
- Implemented a comprehensive manufactured homes program focused on increasing the overall efficiency of the residence. This program immediately enhanced the livelihood of more than 350 customers and helped them live a better life at home.
- Evolved our business practices to be a more sustainable and environmentally friendly. By focusing our efforts, we were able to reduce our carbon emissions for 2017 and make a more positive impact on the environment.

As I look back on the past year, I'm excited about our successes in producing economic and environmental benefits for all. We made a big impact! We'll stay focused on our mission, continue to expand our efforts and make an even bigger impact in the coming year. We appreciate your support in these efforts and look forward to working with you in 2018.

Mary Woolsey Schlaefer

¹ The Supplemental Poverty Measure: 2016. <https://poverty.ucdavis.edu/faq/what-current-poverty-rate-united-states> accessed 5-31-18.

² ACEEE "Supporting Low-Income Energy Efficiency: A Guide for Utility Regulators" <http://aceee.org/sector/state-policy/toolkit/supporting-low-income> accessed 4-17-18.

2017 Program Report

Efficiency, Financing, and Sustainability Program Innovations

This year, we made new advances to address increasingly urgent needs of our clients. For example, corporate sustainability is no longer an asset of a select set of environmentally conscious green companies. Organizations must integrate sustainability into their philosophy and processes in order to operate responsibly and reduce waste and costs.

Additionally, many aging, inefficient buildings either lie dormant or are very expensive to operate due to energy inefficient conditions the owner cannot afford to address. We've developed solutions to address both of these issues, and are also excited to report on the proven impact of our new home construction program.

Energy Efficiency Financing: PACE Wisconsin Becomes a Reality

During 2017 we reached a new, exciting milestone in advancing our mission when we, as the program administrator, launched the statewide PACE Wisconsin program.



PACE (Property Assessed Clean Energy) facilitates low-cost, long-term loans for commercial energy efficiency, renewable energy, and water conservation improvements. The program's unique financing model—which includes no up-front, out-of-pocket costs—stimulates the revitalization of aging, inefficient buildings which would otherwise remain stagnant.

Six years ago, WECC embraced PACE financing because we understood the critical value it could bring to communities:

- Facilitates funding for energy efficiency projects that would likely otherwise not be completed.
- Functions as an economic development tool by creating enhanced facilities, a stronger tax base, and new local jobs (for contractors).
- Creates energy savings for businesses.
- Helps reduce greenhouse gas emissions.

WECC is proud to be part of the team that paved the path for PACE financing in Wisconsin. Along with the Wisconsin Counties Association, the League of Wisconsin Municipalities, the Wisconsin State Energy Office, von Briesen & Roper, and participants of the Green Tier Legacy Communities Charter, WECC fostered the development of the Wisconsin PACE Commission, which established the framework and standards necessary to make it possible to offer PACE financing on a consistent basis throughout the state.

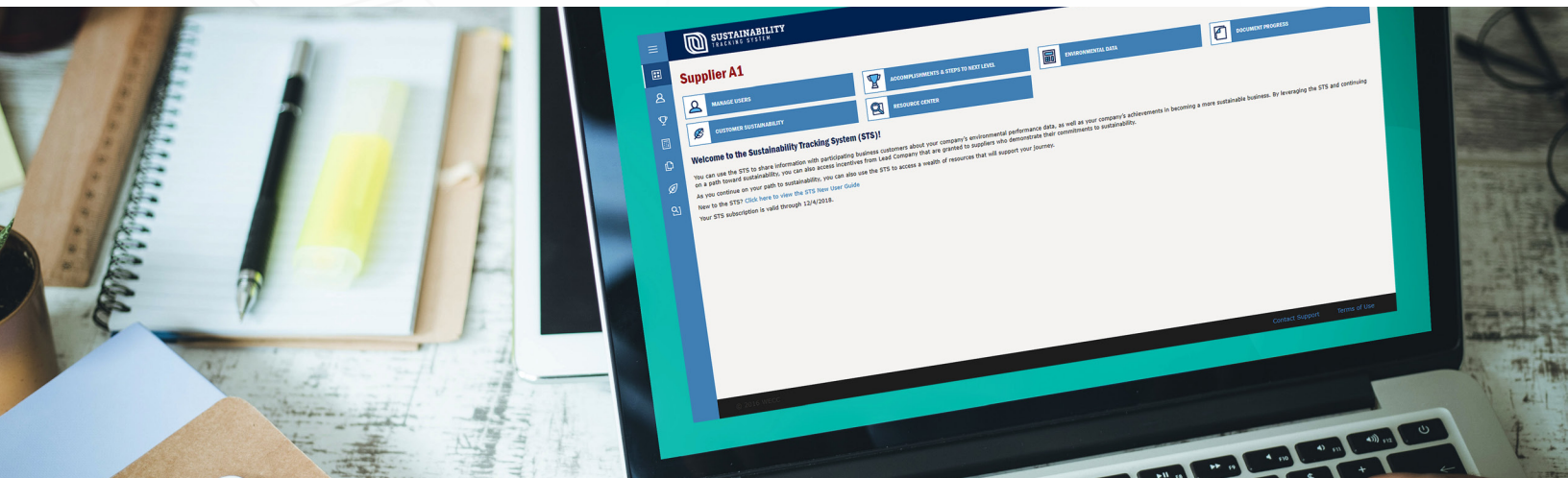
Through our efforts as the program administrator, 19 Wisconsin counties enrolled in the program this year, with more counties interested in joining. Not only did we support the development of the PACE Wisconsin program, but through recruitment we are responsible for making more than \$100 million in capital available to fund eligible projects through four national lenders.

Environmental Sustainability Services

Understanding the importance of sustainability to the success of businesses and communities, we developed a suite of services that we launched in 2017. Through our Environmental Sustainability Services we help our clients through their sustainable planning, purchasing, and reporting efforts. In the program's first year, we completed our first client project and engaged with additional businesses and units of government to develop a project pipeline.

For many organizations, the greatest opportunity to advance sustainability is through engaging their supplier network. After all, no organization creates or delivers a product or service in a vacuum and, for most organizations, the waste, fuel, and water used by their suppliers to source the organization's product and services is much greater than what the organization uses on its own.

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It's one thing to understand the importance of tracking supplier impact, and another to have the data needed to make informed decisions. That's why we launched the Sustainability Tracking System (STS).

STS is a cloud-based software tool that provides our clients with a better understanding of their own sustainability efforts as well as their suppliers'. It facilitates an in-depth look at a wide variety of factors—including greenhouse gas emissions, energy use, water use, and waste production—and can be customized in a variety of ways. STS is a great example of how we help our clients, no matter where they are on their sustainability journey: It uses data to create a user roadmap and path for continuous improvement.

During 2017, a number of WECC customers beta tested the system for us. We are thankful for their partnership in this product development phase and look forward to working with them in the future.

“WECC’s software offers a way to educate, collaborate, and survey suppliers on sustainability criteria. This software allows the Lead Company to set a common sustainability vision throughout their supply chain. I look forward to seeing how STS evolves and how we can potentially integrate the platform into Inpro’s growing supply chain sustainability commitment.”

Amanda Goetsch
Sustainability Manager, Inpro

Changing the Landscape of New Home Construction in Wisconsin

Nearly two decades ago, we partnered with Focus on Energy—Wisconsin’s statewide energy efficiency program—to develop a residential new construction pilot program in the northeastern part of the state. The pilot was just the first step in what would become a lengthy and fruitful venture to changing the way homes are built across the state of Wisconsin.

The success of the pilot led to the launch of the Wisconsin ENERGY STAR® Homes Program in 2001 and, since then, we have trained and educated thousands of builders, energy raters, and contractors—stimulating the widespread adoption of energy-efficient building practices.

In 2017, the program achieved a significant milestone: Proof that builders across the state are voluntarily constructing homes far more efficient than required by the Wisconsin Uniform Dwelling Code (UDC).

Why has WECC’s implementation of the Focus on Energy program proven so successful?

Program design. In 2010, WECC conceived a new program design based on a “percent better than code” measurement, a tiered incentive structure, and calculating energy savings by comparing the energy use of a Certified New Home to the same home if it were merely built to code. The New Homes Program launched in 2010 based on these principles.

Ongoing training, education, and outreach. Continual training and education has been the cornerstone of the program since 1999. To date, the program has educated more than 20,000 tradespeople. As builders circulate within and outside of the program, and as related trades go to work for non-participating builders, knowledge is transferred throughout Wisconsin and well outside of the operating reach of the program.

Providing tremendous value for builders. The program maintains a roster of dedicated builders and constantly attracts new participants. Why? First, the program was founded on the principle of pairing each builder with an energy rater, who verifies all program standards are met—which in turn helps the builder mitigate risk. Second, New Home Certification provides a competitive advantage with third-party proof that the builder constructs a better home. And finally, ongoing education keeps builders up to date on the latest energy-efficient building practices.

The discovery that non-participating builders across the state are constructing homes far more efficient than Wisconsin UDC led to a Market Characterization Study in 2017, with the intent of setting a new baseline by which to calculate energy savings in 2018.

What does this mean? We are raising the bar even higher for energy-efficient homebuilding in Wisconsin! We are proud of the great strides we've made so far, and look forward to the next step in our journey to achieving even greater energy savings.

Helping Underserved Markets Thrive

WECC was founded in part to weatherize the homes of income-qualified individuals, thereby reducing energy use and lowering utility bills for low-income customers. Improving quality of life for individuals in need through energy improvements is still paramount in fulfilling our mission today. Through our programs, we helped more than 4,900 low-income households. Following is one way we contributed to this cause in 2017.

Manufactured homes: Untapped savings, deep impact.

Focusing on innovative initiatives that meet the needs of underserved individuals and communities is the cornerstone of who we are. For the past two years, we worked with clients to pilot a program focused on residents living in manufactured homes. We are happy to say that these pilots helped us develop a full program that offers an energy evaluation of the home as well as the direct installation of energy-saving products for the homeowner. We offer this new program throughout the state of Michigan through the Michigan Electric Cooperative Association, a collaborative of 13 municipalities and cooperatives. The program has been up and running for a full year, and we are seeing great results! This fiscal year we helped more than 350 manufactured home residents save more than 441,000 kWh in energy savings and \$88,992 in utility bill savings.

We not only saved manufactured home residents energy and money, but significantly improved their quality of life. See the Customer Story in the sidebar to understand how much this program can impact someone.

We recently worked with an elderly gentleman, living by himself with his dog. During the inspection process, the contractor discovered that the flooring, under the propane water heater, was damaged due to a bathroom water leak. This was causing the propane water heater exhaust flue to disconnect from the home's chimney exhaust. In addition, several other large holes were found in the floor.

The program was not set up to fund these kinds of necessary updates, but to leave the customer's home in this condition was not acceptable to WECC. We searched out local community service and fire department resources to assist the customer. The customer then refused access to his home by these resources, as he feared his home would be condemned and that he would be forced to live in a nursing home, separated from his dog.

WECC committed funding to make the necessary repairs. The rapport we built with the customer initially, gave him the comfort to let us, but no one else, back into his home. The customer was pleased with his experience and had this to say,

"To have someone VALUE ME in the manner they did. I really felt human and important! THANK YOU! I am very happy and can't express how grateful, if I could hug you in person I would."

Financial Results

WECC Statement of Activities For the Year Ended June 30, 2017

REVENUE

Residential Energy Efficiency Programs	\$30,045,838
Business Energy Efficiency Programs	\$2,482,714
Low Income Programs & Services	\$1,797,610
Energy Loan Programs	\$3,100,910
Consulting	\$136,994
Other	\$190,685
TOTAL REVENUE	\$37,754,751

EXPENSE

Program	\$32,060,849
Research & Planning	\$955,125
Management & General	\$5,251,836
TOTAL EXPENSE	\$38,267,810

SURPLUS	(\$513,059)
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NET ASSETS AT JUNE 30, 2017	\$10,483,462
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Savings Results

Financial Savings

\$65,893,430

Total kWh savings:

464,364,259

Total therm savings:

1,466,787

Equivalencies of these Savings

Metric tons of CO₂:

353,365

Pounds of CO₂:

779,035,768



Homes powered for a year:

52,963



Gallons of gas saved:

39,761,976



Cars taken off the road:

75,667

2017 Corporate Sustainability Report

WECC is a Green Master

The Wisconsin Sustainable Business Council's Green Masters Program recognizes Wisconsin businesses committed to improving internal sustainability. The program provides organizations with an assessment framework which allows them to benchmark their sustainability efforts and compare progress to similar businesses across the state.



This year our assessment score placed us in the top 20 percent of approximately 200 participating businesses—earning us the title of Green Master! Following are just a few examples of projects and activities that helped us achieve this status.

In our 2016 annual report, we shared our first corporate Sustainability Plan. While we had implemented energy savings and emissions reduction strategies at our headquarters for many years, we saw value in developing an official plan to hold our organization to a new level of accountability. The Plan provides a framework for setting measurable goals and testing programs we can present to our customers to help improve their sustainability efforts.

In 2017, we continued to build on that foundation. We filed our sustainability report with the CDP—the international hub for sustainability-related data—and maintained our net zero carbon footprint. We initiated a number of employee-based campaigns, introduced new business travel policies, improved waste management, and more. Amongst our employees, passion for our mission reached a new height in 2017 as we took concentrated steps to live it each and every day. Read on to learn more about our efforts to improve corporate sustainability.

Our Net Zero Carbon Footprint

We reduced our overall carbon footprint from 529 metric tons (mT) in 2016 to 525 mT in 2017. Emissions per employee remained similar 4.42 mT in 2016 to 4.48 mT in 2017.

To fulfill our net zero carbon footprint commitment, we purchased offsets sourced from a digester project at Dairy Dreams LLC in Casco, Wisconsin. Dairy Dreams' digester converts animal waste into clean energy, and we are proud to make a local impact while supporting our state's flagship industry, dairy farming.

Footprint Summary (Reported in Metric Tons and Normalized by FTE)

	FY15 Tons of GHGe	FY16 Tons of GHGe	FY17 Tons of GHGe
MARKET-BASED	490.57	511.92	508.82
BIOGENIC	14.55	17.24	15.83
TOTAL	505.12	529.16	524.65
TONS/FTE	4.90	4.42	4.48

Smarter Business Travel

Reducing the impact transportation has on the environment continues to be a challenge. According to the U.S. Census, the average American’s commute is now more than 26 minutes and climbing every year³ — and alternative modes of transportation are not easily accessible or workable for many employees.

In 2017, we developed a few strategies to help our staff be more environmentally conscious travelers and reduce their environmental impact:

- An employee survey uncovered barriers to utilizing means other than single-person vehicles to get to work. Though we are not able to resolve all of the barriers, we continue to seek solutions to help reduce commuter emissions.
- We provided employees with a tool to calculate the carbon footprint of their daily commute. This tool helped employees see the impact of their commute, in turn raising awareness. As we know through our everyday work, awareness is the first step to making a change.
- Employees participated in a bike-to-work challenge against other Madison-area businesses. WECC participation increased by more than 60 percent from the previous year.
- We took steps to educate staff on the impact of business car rental and air travel on the organization’s emissions. Through a combination of this education and other business travel decisions, we were able to reduce our emissions from travel this year.

Metric tons CO2e (Normalized by FTE)



Business Car Rental

FY15: .20
(BASELINE)

FY17: .14

Air Travel

FY15: .16
(BASELINE)

FY17: .10

Supporting our Environment Through Better Waste Management

When it comes to managing waste, there is always room for improvement—in fact, it’s become a point of pride for us to find new ways to reduce waste each and every year! Here’s what we did in 2017:

Taking out less trash. A thorough assessment of how we manage our waste and recycling streams allowed us to cut the number of trash receptacles from two to one. The frequency of waste pickup also decreased from twice a week to once a week. We not only reduced the amount of garbage going to the landfill, but also eliminated unnecessary transportation-related emissions!

Improved communication. Through our 2016 garbage audit, we learned that staff wasn’t sure how to properly dispose of their waste. In 2017, we developed facility signage and messaging to provide both staff and visitors clear instruction on what should be placed where.

What can go where?

Compost	Recycle	Trash
<p>Veggies & Fruit scraps</p> <p>Egg Shells</p> <p>Egg Cartons & Cereal Boxes</p> <p>Coffee Grounds and Tea Bags</p> <p>Paper towels</p>	<p>Metal Cans (Steel, tin, aluminum soda, vegetable, fruit & tuna cans)</p> <p>Paper (Brown bags, non-confidential papers, newspapers, magazines)</p> <p>Plastic & Glass (Bottles, yogurt containers, jars, etc)</p> <p>Cardboard (Dairy and juice containers, flattened cardboard)</p>	<p>Plastic Wrap</p> <p>Polystyrene foam cups and containers</p> <p>Styrofoam</p>

Eliminated disposable dinnerware. This year we changed how we handle catering for our events. We performed an audit on the number of meetings and trainings that take place annually at our facility. Through this audit, we learned we could save money and the environment by providing our own dinnerware versus purchasing disposable dinnerware, or having caterers provide it. We now provide ceramic dishware for our meetings and trainings, which reduces waste and environmental impact.

Upped our composting game. After starting to track our efforts in 2016, we’re pleased to announce employees have embraced composting and diverted more than 1,080 pounds of food from the waste stream between May and October of 2016. The only thing that stopped us from adding more was that our compost bins were full! The compost was used to fertilize the employee garden in the summer months.

³ The Washington Post “The American Commute is worse today than it’s ever been” https://www.washingtonpost.com/news/wnk/wp/2017/02/22/the-american-commute-is-worse-today-than-its-ever-been/?utm_term=.39d417f7dab4 accessed 1-30-18

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



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