



ALLIANCE TO
SAVE ENERGY

2007 YEAR END REVIEW

Letter From the President

Dear Alliance Associates and Friends:

The frenetic pace with which we closed 2007 -- the Alliance's thirtieth anniversary -- has continued throughout the New Year, predicting yet another "banner year" for energy efficiency in 2008! With the strides we made in 2007, this seems improbable, but energy prices remain at staggeringly high levels; the war in Iraq continues to fuel national security concerns; and, the political will around addressing global climate continues to build. This "perfect storm" of national and global imperatives could lead to meaningful and real change in the U.S. and abroad this year toward more energy-efficient economies. And, any action in 2008 will build upon the solid foundation we laid in 2007.

So what does the Alliance "report card" look like for 2007? I'd give us all -- staff, Board members, Associates and our allies -- a "Triple A Rating" for advancing energy efficiency in all sectors of the economy and all parts of the world. From passage of the most significant energy-efficiency legislation in at least three decades, to conduct of the first-ever international forum and exposition on energy efficiency, to welcoming a record number of new Associates to the Alliance (32), 2007 broke all of the 30-year records of success for our organization! This "Year-End Review" highlights achievements in each of the core competencies at the Alliance, and I hope you will take a few moments to celebrate the welcome news reported on the following pages, as it was made possible only through the generous support of our many funders and corporate contributors, as well as the creativity and hard work of our staff, our Board of Directors, Associates, allies and friends. I thank each of you for helping to make 2007 a watershed year in the Alliance's quest to advance energy efficiency.

I wish I could tell you that we can afford to "rest on our laurels", but the energy and climate imperatives dictate still more, and urgent, action. World-wide energy demand will grow by 50% or more by 2030, and every day of inaction on reducing CO2 emissions raises the eventual costs of mitigation and puts our planet at greater risk. Energy efficiency allows us to tackle both issues simultaneously, yet it will not reach its full potential unless we continue to work together to overcome market distortions that stymie adoption of new technologies and efficiency improvements; to keep new technologies in the pipeline; and to provide the information necessary to compel consumers and businesses to act.

We at the Alliance are committed to working harder than ever in 2008 to insure that energy efficiency is embraced as the world's most abundant, affordable and readily-available resource. I ask each of you to join with us once again in this globally important effort. Together we can make these opening years of the millennium truly the "decade of energy efficiency", which, if achieved, benefits all of mankind.

Best wishes for a rewarding 2008!

A handwritten signature in black ink that reads "Kateri Callahan".

Kateri Callahan





In 2007, the Policy team successfully weathered the negotiation and passage of another historic energy bill, The Energy Independence and Security Act of 2007 (H.R. 6). This new law, the most sweeping energy-efficiency legislation ever enacted, includes numerous provisions advocated by the Alliance. In the run-up to the final vote on the energy bill, the Policy team led negotiations with industry leaders to phase out inefficient lighting products and improve the efficiency of home appliances. The Alliance also advocated for permanent authorization of Energy Savings Performance Contracts (ESPCs), the creation of a new and innovative Commercial Building Initiative to be administered by the U.S. Department of Energy, and increases to the Corporate Average Fuel Economy (CAFE) standard for cars, light trucks and SUVs to 35 mpg by 2020.

In addition to pushing Congress to make energy-efficiency provisions as robust as possible, the Policy Team began formally developing a set of climate change principles and a broader climate change policy. The Policy team also aligned itself with the Research team and added key staff to capitalize on the growing government, business, public and media interest in energy efficiency.

Finally, the Alliance was able to secure modest increases in federal funding for energy-efficiency initiatives. By our estimates, the omnibus appropriations bill signed into law by the President represents the first increase in energy-efficiency funding in more than five years. Department of Energy programs that received increased funding include appliance standards, distributed generation, and residential and commercial building research and development.

EDUCATION

Education activities blossomed in 2007 with the continued growth and expansion of both the Alliance's Green Campus and Green Schools programs.



The Green Campus program teaches students to save energy on college campuses by building energy awareness, incorporating energy conservation and efficiency into course curricula, and implementing projects targeting energy use, student purchasing decisions, and operational changes. Likewise, the Green Schools program engages elementary and secondary education school students in creating energy-saving activities using hands-on, real-world projects while encouraging students to apply the lessons of energy efficiency in their homes and communities.

In 2007 Green Schools added 26 new schools in California and 16 in Miami, bringing the total number of participating schools to just under 100! Green Campus launched new programs at the University of Texas Austin, Cal Poly San Luis Obispo, and Stanford expanding the program to a total of 14 campuses nationwide.



As energy prices remained above average in 2007, media and public interest in energy efficiency continued to grow and the Alliance's communications team was quick to respond. Newspapers, national TV and radio, major news magazines, live web chats, the Associated Press, and the Alliance's own website were just a few of the outlets tapped to spread the word about energy efficiency. Being recognized as a key source for accurate and timely information on energy efficiency continues to be one of the Alliance's most important goals.

The Alliance to Save Energy partnered with NBC Universal's SCI FI Channel, the Edison Electric Institute and a host of other organizations for its first media partnership. The Eureka \$mart House Energy Efficiency Challenge involved a national contest for a home energy-efficiency makeover. The contest drew over 9,000 entries and garnered 23 product and service donors and funders with a total value exceeding \$20,000. Baton Rouge Mayor-President Kip Holden proclaimed October 30 Energy Efficiency Day at the press event which included three local network-affiliated TV stations, seven radio stations, the Associated Press and other national media stories.

The Communications team continued to market Super Powers PSAs throughout 2007. These humorous radio and TV spots resulted in more than \$28 million of

donated airtime on over 1,000 networks and stations in every state, and generated over 3.8 billion audience impressions which translates to more than 90 times the original campaign investment.

The team also continued to explore new opportunities for reaching consumers by working with Better Homes and Gardens to secure a position for Alliance President Kateri Callahan on the magazine's newly-created "Living Green Advisory Board". Callahan will be one of four advisors on monthly content that will offer readers simple, straightforward ways to incorporate energy efficiency into their everyday lives.

Finally, the Alliance was awarded funding in late summer from The WalMart Foundation to conduct a one-year consumer education and outreach campaign in 2008 to help Americans reduce the amount of fuel used per mile traveled. This multi-faceted transportation campaign will kick off in May 2008, which is the official start of the summer driving season.

Upcoming Events & Committee Meetings

Events

Tuesday, April 15, Alliance Associates Congressional Education Day & Reception, Washington, D.C.

Wednesday, April 16, Great Energy Efficiency Day, Washington, D.C.

Thursday, September 25, Evening with the Stars of Energy Efficiency Awards Dinner, Washington, D.C.

Dinner and Awards Committee

Wednesday, April 11, Alliance Offices, Washington, DC

Wednesday, June 4, via conference call

Friday, November 7, Alliance Offices, Washington, DC

International Committee

Tuesday, July 1, Washington, DC

Wednesday, September 24, Alliance Offices, Washington, DC

Thursday, November 6, Alliance Offices, Washington, DC

Policy and Programs Committee

Wednesday, April 9, Washington, DC

Monday, June 30, Washington, DC

Wednesday, November 5, Washington, DC



2007 was another productive year for the Building, Industry, and Utilities program. Whether it was participating in workshops and outreach efforts, providing testimony to government panels and agencies, helping to craft policy initiatives, launching new programs, or working with federal, state and local governments to adopt and implement energy-efficient building codes and standards, this Alliance practice area continued to “build” on last year’s successes.

One of the most important functions of the Buildings team is collaboration with leading public and private sector organizations to advocate for greater building, utility and industry energy efficiency. In 2007, the team successfully obtained start-up funding from the Department of Energy (DOE) to begin a multiyear planning and technical analysis for the Commercial Buildings Initiative (CBI). The CBI has now grown into a coalition of almost one hundred leading companies, agencies and individuals. Refer to <http://buildings.lbl.gov/cbi> for more information. In addition, the team served as Secretariat to the Lighting Efficiency Coalition and worked with efficiency advocates to successfully negotiate a consensus agreement with appliance manufacturers on legislated efficiency standards for refrigerators, clothes washers, and dishwashers.

The Alliance was active in advocacy efforts, compiling and distributing a series of best practice polices for energy efficiency at the state level, and working with Vectren Energy Services of Indiana and the Northern Indiana Public Service Company (NIPSCO) to issue

solicitations and select administrators for residential natural gas demand side management programs.

The Southeast Energy Efficiency Alliance (SEEA) continued to expand its membership and participation. Over the year, SEEA was able to build its Associate member program from 17 to 29 including corporations representing commercial development and renewable energy. In 2007, SEEA was able to secure the commitments of Governors Crist (Florida) and Bredesen (Tennessee) to co-chair a newly-created Southeast Governor’s Coalition on Energy Efficiency. This coalition will strive to set energy-efficiency goals within the southeast and the Governors will come together in March 2008 to begin this dialogue. SEEA also was awarded a year-long grant from the Appalachian Regional Commission to perform an energy-efficiency study for 13 southeastern states. Additionally, SEEA was awarded three-year funding by EPA to work on energy-efficiency investments with utilities and public utility commissions.

Increasing visibility and education about building codes and standards also was a priority in 2007. The Buildings, Industry and Utilities program assumed the responsibility for developing a System Assessment Standard for industrial pumping systems for the DOE Industrial Technologies Program; completed a report on low-carbon federal energy-efficiency policies for the federal government sector; presented testimony on federal energy management to two congressional committees; and, oversaw the continued expansion and deployment of the Efficient Windows Collaborative.



INTERNATIONAL

The International program trotted the globe and made great strides in 2007 to develop partnerships and provide resources for increasing water and energy efficiency in transitional countries around the globe.

In India, the Alliance began new work in the building sector and moved forward with its ongoing USAID/India ECO III project as well as a new 18-month REEEP Watergy effort. After a decade of work in the country, the Alliance's reputation and the Watergy program have grown to the point where funding soon will be provided directly from the Indian public sector and state-level agencies.

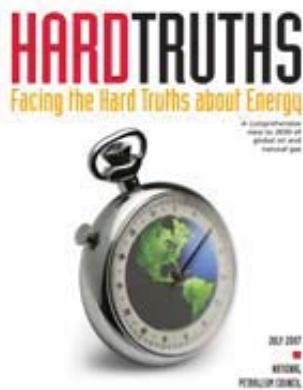


Work in South Africa continued to gain momentum with Alliance partner Re-Solve Consulting. Re-Solve implemented two Watergy projects in 2007: the ISLGS technical assistance program targeting low-income residents' water supply funded by USAID; and a Coca Cola-sponsored project aimed at sanitation and water efficiency in elementary and high schools. It is anticipated that Watergy in South Africa will become independent of USAID funding within the next year.

In September the Alliance worked with Mexico program manager Arturo Pedraza to develop a new non-profit called Watergy Mexico AC. This new partnership will provide technical assistance for water utilities and Mexican agencies on water and energy efficiency in water supply and wastewater treatment systems and is eligible for funding from Mexico sources.



RESEARCH & ANALYSIS



Providing rapid and accurate information on energy-efficiency issues is a hallmark of the Alliance. In 2007, the Research & Analysis team "wowed" the country, releasing four major reports analyzing and reporting on national petroleum supply and demand solutions, federal energy management, data center energy usage, and climate change.

As chair of the Cultural, Social and Economic Issues Subgroup of the Demand Task Group for the National Petroleum Council's report, *Facing the Hard Truths About Energy*, the Research team wrote on how cultural factors, income and prices affect demand for oil and natural gas.

The Research team also contributed two key chapters to the congressionally-mandated EPA study on data centers released in August 2007, researched and wrote a report analyzing federal agencies' compliance with the federal energy-efficiency procurement regulations for the Federal Energy Management Program, and completed a report on federal government energy efficiency and residential and commercial building efficiency for the Presidential Climate Action Project (PCAP).

The team also compiled a comprehensive listing of state energy-efficiency policies. These winter state fact sheets, posted on the Alliance website, provide in-depth state-by-state information on projected household winter energy costs as well as tips and energy-saving advice.

ALLIANCE ASSOCIATE ACTIVITIES

The Alliance Associates program broke all records for new members in 2007, exceeding an ambitious goal of adding 30 new Associates to celebrate 30 years of energy efficiency. A total of 32 new Associates, including innovative organizations, businesses, institutions, and government offices joined the Associates program. With these new Associates representing the technology, ICT, utility, retail and manufacturing sectors, the Alliance now engages almost 140 Associates in leading energy-efficiency initiatives.

A few of the highlights from 2007 include twelve Alliance Associates Breakfasts and congressional education sessions, publication of five Associate Bulletins, another highly successful Great Energy Efficiency Day, and the 15th annual Evening with the Stars of Energy Efficiency Awards Dinner, recognizing key leaders in the field of energy efficiency including Jones Lang LaSalle, The Home Depot, Colorado Governor Bill Ritter, the International Energy Agency, and Orion Energy Systems.



EE GLOBAL



Another milestone event for the Alliance in 2007 was the inaugural Energy Efficiency Global Forum and Exposition (EE Global), which took place November 11-14, 2007 at the Washington Convention Center.

EE Global featured over 800 exhibitors, speakers, media and registered attendees representing 32 countries. Throughout the four-day event, leading figures from the world of energy efficiency gathered to address topics ranging from local and city perspectives on sustainability, energy efficiency's role in the new global economy, opportunities for efficiency in a carbon constrained world and much more.

The event was such a hit that plans are underway for EE Global 2009 in Europe. Keep your eyes open for announcements as the world's premier energy-efficiency event prepares to make it's international debut.

