

**CONSOLIDATED EDISON
GAS EFFICIENCY PILOT PROGRAM**

**QUARTERLY EVALUATION AND
STATUS REPORT**

**QUARTERLY REPORT TO THE PUBLIC SERVICE COMMISSION
QUARTER ENDING MARCH 27, 2006**

NYSERDA



**QUARTERLY REPORT (FOR THE PERIOD ENDING MARCH 27, 2006)
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
GAS EFFICIENCY PILOT PROGRAM**

QUARTERLY GAS PLAN PROGRAM SUMMARY

This report details the Program's progress through March 27, 2006. Budget status information and solicitations released during the most recent quarter are presented below. Future quarterly reports will include summaries of energy, economic, and environmental outcomes and energy savings by program for each quarter.

Table 1 provides information on the solicitations issued in this quarter.

Table 2 presents overall budget information through the end of the reporting quarter.

Figure 1 shows the budget and spending through the end of the reporting period.

Table 1--Solicitations Released in Quarter Ending March 27, 2006

Solicitation Number	Solicitation Name	Solicitation Release Date	Solicitation Closing Date
	None released this quarter.		

Table 2--Overall Budget Status as of March 27, 2006

Program	Budget	Paid	Committed	Available
Commercial	\$1,000,000	\$49,996	\$67,500	\$932,500
Low Income	2,000,000	-	640,228	1359772
Residential	1,000,000	27,097	52,361	947,639
Subtotal	<u>\$4,000,000</u>	<u>\$77,093</u>	<u>\$760,089</u>	<u>\$3,239,911</u>
Gas Efficiency Study	200,000	\$199,593	199,593	407
Evaluation	100,000	\$25,000	25,000	75,000
Administration	350,000	263,417	263,417	111,498
Reserve for Lost Revenue	550,000	-	-	550,000
Total Program	<u>\$5,200,000</u>	<u>\$565,103</u>	<u>\$1,248,099</u>	<u>\$3,951,901</u>

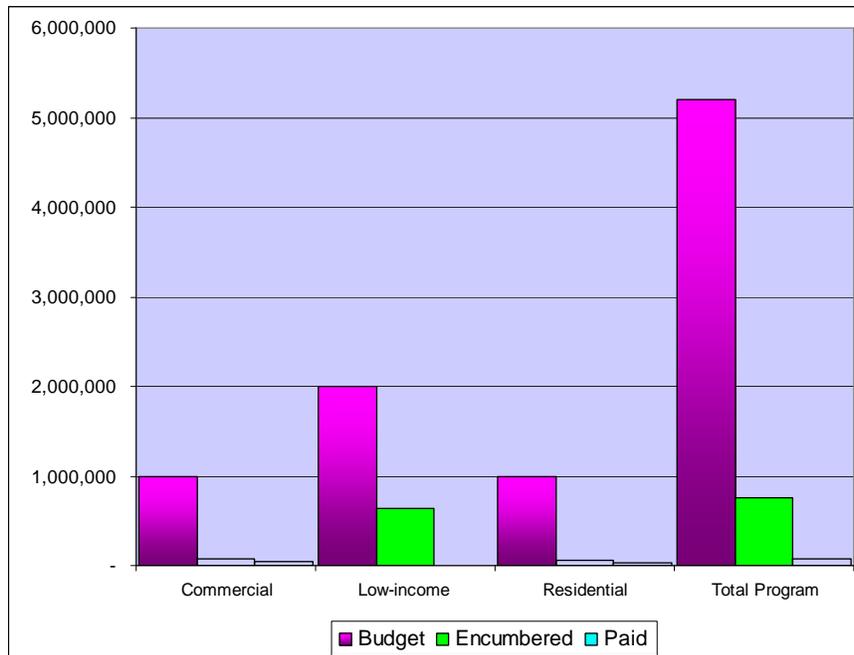


Figure 1--Budget and Spending Summary (Includes study, evaluation, administration, and lost revenue reserve)

RESIDENTIAL AND LOW-INCOME PROGRAMS

The Residential and Low-Income portion of the Gas Program will involve several single family and multifamily building programs. The single-family homes program will include funding for New York ENERGY STAR® Labeled Homes (\$100,000 for non-low-income and \$500,000 for low-income homes) and Home Performance with ENERGY STAR (\$200,000). The multifamily program will include funding for ResTech (\$300,000), Assisted Multifamily (\$500,000), and ENERGY STAR Multifamily Buildings (\$200,000 for non-low-income and \$1,000,000 for low-income). Program marketing expenditures will be \$200,000. Detailed descriptions of these programs may be found in the approved Gas Plan.

Assisted Multifamily Program (AMP) — AMP has been allocated \$500,000 to target low-income multifamily projects that are exclusively Con Edison gas customers. The AMP implementation contractor, HR&A, and NYSERDA staff have now identified 33 projects that could potentially participate in the gas efficiency program, fifteen (15) of which were identified this quarter. Three (3) of the previously identified AMP projects executed participation agreements this quarter encumbering a total of \$105,364. The total amount of encumbered gas funds is \$105,364. There have not been any expended gas funds to date.

ResTech — Staff has allocated \$300,000 for the ResTech program. This quarter, three (3) new projects began, with spending of \$13,613. Five (5) other potential projects have been identified, which will be finalized in the next quarter.

ENERGY STAR Multifamily Pilot Program (EMP) — EMP in New York is part of a national pilot program coordinated in Oregon, Wisconsin, and New York by a National Working Group of multifamily experts under the oversight by the United States Environmental Protection Agency (U.S. EPA). The pilot is testing various methodologies to design, construct, test, and rate energy-efficient multifamily buildings to enable them to receive an EPA ENERGY STAR label. NYSERDA is overseeing this effort in New York, and HR&A is implementing this effort under the AMP contract with NYSERDA.

The Gas Plan allocated \$200,000 to market-rate, non-low-income projects participating in EMP. To date, EMP has identified two (2) market-rate projects in Con Edison's gas territory; one (1) of these projects having been identified this quarter. One (1) of these projects executed a Participation Agreement with NYSERDA encumbering \$75,414 of gas funds this quarter. In addition, technical service funds encumbered for this project total \$15,854. Of those, \$12,340 have been expended.

The Gas Plan also allocated \$1,000,000 to low-income EMP projects. There are currently five (5) low-income new construction projects in Con Edison's gas territory; all having been identified prior to this quarter. Of these, one (1) signed a Participation Agreement with NYSERDA this quarter encumbering an additional \$70,121. There are now two (2) low-income EMP projects with executed Agreements with a total of \$298,391 encumbered gas funds. The five (5) identified projects have also encumbered \$129,304 of the technical assistance gas funds and have expended \$68,953 to date.

Assisted New York ENERGY STAR Labeled Homes (ANYESLH) — This Program was allocated \$500,000 to provide incentives to homebuilders to construct low-income one-to-four family New York ENERGY STAR Labeled Homes. NYSERDA's program implementer, the Conservation Services Group (CSG), has conducted several recruiting meetings with existing and new affordable housing developers to secure potential sites. CSG's field account managers have met and continue to schedule meetings with developers that build a substantial portion of the low-income housing in the New York City region. CSG, at the direction of NYSERDA, is completing the final elements of the program management database to track these projects separately from the rest of the Program. This Program is fully expected to support the construction of approximately 650 new energy-efficient homes for low-income Con Edison gas customers.

New York ENERGY STAR Labeled Homes (NYESLH) — This Program was allocated \$100,000 to provide incentives to homebuilders to construct market rate, non-low-income one-to-four family homes in the Con Edison gas service territory. These homes will include high-efficiency gas heating equipment beyond current Program standards. The qualified list of eligible equipment has been finalized. CSG is continually working with our existing participating builders and recruiting new homebuilders with potential housing sites. The Program fully expects to support construction of approximately 200 new energy-efficient homes for Con Edison gas customers.

Home Performance with ENERGY STAR (HPwES) — This Program was allocated \$200,000 to provide incentives to home performance contractors to upgrade the energy efficiency of existing one-to-four family homes in the Con Edison gas service territory. These homes will include high-efficiency gas heating equipment beyond the current program standards. The qualified list of eligible equipment has been finalized. CSG is currently working with our existing participating home performance contractors and recruiting new contractors with potential retrofit housing sites. The Program fully expects to support upgrades in approximately 400 homes for existing Con Edison gas customers.

Planned Activities and Proposed Expenditures

Activity in the low income and residential portion of the Gas Plan will be significant next quarter, especially for the Energy Star Multifamily Program (EMP) and the Home Performance with Energy Star Program. This is due to the market's response to the higher cost of gas this winter, i.e., participants' interest in energy efficiency is increased and this will drive demand for program funds. Staff in the residential program will work closely with staff in Energy Efficiency Services to coordinate the new construction program activities.

COMMERCIAL PROGRAM

The commercial component of the Gas Program will help eligible non-residential Con Edison gas customers better manage their energy costs and operate more productively. Natural gas measures

have been added to existing **New York Energy SmartSM** programs to enable staff to provide one-stop assistance. These programs include: the Energy Audit Program, FlexTech Services, the Technical Assistance Program, Smart Equipment Choices, the Commercial/Industrial Performance Program, and the **New York Energy SmartSM** Loan Fund. Marketing will target eligible Con Edison gas customers. The commercial program will be funded at \$1,000,000.

As with the residential and low-income programs, the gas components of the programs are in the beginning stages of implementation and no gas efficiency measures have been installed and no gas savings or benefits can be reported in this quarterly report. Accomplishments of the Commercial Gas Efficiency Program are detailed below.

FlexTech and Technical Assistance — The FlexTech and Technical Assistance programs were revised in August 2005 to permit studies of customer projects previously ineligible for funding under **New York Energy SmartSM**. Studies will include the costs and benefits of installing gas measures at efficiency levels established by implementation programs. Offers have been extended, but no studies have been initiated.

Energy Audit Program — The Energy Audit Program has been augmented to include combustion efficiency testing of applicable gas-fired equipment and ultrasonic steam trap testing. The fee structure has been altered for these audits making the cost either \$100 or \$400. Gas measure review has been initiated for small commercial ratepayers. Eight gas audits were completed this quarter.

Commercial/Industrial Performance Program — Commercial/Industrial Performance Program (CIPP) previously excluded natural gas measures. Effective 10/10/05, an incentive of \$1.00 per therm saved has been added. This quarter, the minimum efficiency level for steam boilers was adjusted to reflect the availability of products in the marketplace.

Smart Equipment Choices Program — The minimum efficiency level for steam boilers was adjusted to reflect the availability of products in the marketplace. There has been appreciable interest in this program and requests for applications.

New York Energy SmartSM Loan Fund — The minimum efficiency level for steam boilers was adjusted to reflect the availability of products in the marketplace. The Loan Fund uses the same pre-qualified list as SEC and minimum equipment efficiency levels are consistent for any equipment pre-qualified under CIPP, SEC, or the Loan Fund.

Planned Activities and Proposed Expenditures

Marketing will continue to be a major activity. Outreach will focus on customer organizations, gas equipment vendors, business and trade groups, and economic development organizations. The Program will attempt to utilize the customer service efforts of Con Edison, including web-site integration. Proposed expenditures for the second quarter of 2006 are estimated to be \$300,000.