CONSOLIDATED EDISON GAS EFFICIENCY PILOT PROGRAM

QUARTERLY EVALUATION AND STATUS REPORT

QUARTERLY REPORT TO THE PUBLIC SERVICE COMMISSION
QUARTER ENDING DECEMBER 31, 2007

NYSERDA

QUARTERLY REPORT (THROUGH DECEMBER 31, 2007) FOR THE CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. GAS EFFICIENCY PILOT AND TRANSITIONAL PROGRAMS

Program Summary

This report updates the status and progress made from inception through December 31, 2007 of NYSERDA's gas efficiency Pilot and Transitional Programs in the Consolidated Edison Company of New York, Inc. (Con Edison) service territory. Budget status information is presented below for the Pilot Program (see Table 1) and the Transitional Program (see Table 2). Program accomplishments are cumulative through December 31, 2007 (see Table 3). Program accomplishments for the individual programs are appended for information purposes.

Table 1. Budget Status as of December 31, 2007 for the Pilot Project

Program	Budget[a]	Paid	Committed	Available
Commercial	$1,025,883	$833,055	$1,025,883	0
Low-Income	$2,208,372	$600,708	$2,208,372	0
Residential	$663,101	$584,438	$663,101	0
Subtotal	**$3,897,356**	**$2,018,201**	**$3,897,356**	**0**
Gas Efficiency Study	$199,593	$199,593	$199,593	0
Evaluation	$80,000	$25,000	$80,000	0
Administration and NYS Cost Recovery Fee	$272,453	$272,453	$272,453	0
Total Program	**$4,449,402**	**$2,515,247**	**$4,449,402**	**0**

[a]Reflects encumbrances through the September 27, 2007 reconciliation, less disencumbrances since that date carried over to the Transition Program.

Table 2. Budget Status as of December 31, 2007 for the Transitional Program

Program	Budget	Paid	Committed	Available
Commercial	$3,150,250[a]	$25,323	$954,822	$2,195,428
Low-Income	$6,318,450[a]	0	$252,490	$6,065,960
Residential	$3,350,146[b]	$43,626	$390,459	$2,959,687
Subtotal	**$12,818,846**	**$68,949**	**$1,597,771**	**$11,221,075**
Evaluation	$280,000	0	$95,000	$185,000
Administration and NYS	$1,120,000	$110,414	$110,414	$1,009,586

Program	Budget	Paid	Committed	Available
Cost Recovery Fee				
Total Program	**$14,218,846**	**$179,363**	**$1,803,185**	**$12,415,661**

[a]Reflects disencumbrances carried over from the Pilot Program.
[b]Reflects disencumbrances and interest earnings carried over from the Pilot Program.

Table 3. Cumulative Program Accomplishments through December 31, 2007[a]

	Residential and Low-Income Programs	Commercial Programs
Number of projects	437	78
Number of participants[1]	6,759	78
Installed Therm Savings (Annual)	116,734	1,230,158
Contracted Therm Savings (Annual)	802,366	1,478,550
Contracted Annual Bill Savings[2]	$1,404,141	$2,254,789
Contracted Environmental Benefits[3]		
CO2 (Annual Tons)	4,694	8,650
SO2		
NOx	4	6
Contracted Life Cycle Customer Savings[4]	$17,637,552	$28,322,632
Contracted Life Cycle Avoided Costs[5]	$12,815,864	$26,367,788

[1] Residential and low-income participants are dwelling units.

[2] Contracted therm savings were estimated at $17.50 per decatherm for residential customers and $15.25 per decatherm for commercial customers.

[3] Estimated annual emissions reductions are based on 0.0585 tons of CO2 per decatherm.

[4] Amounts are based on an average measure life of 15 years, 3% discount rate, and $17.50 and $15.26 per decatherm, respectively, for residential and commercial projects.

[5] Amounts are based on avoided costs from Table 3.5, Total Avoided Gas Costs (2005 $/Dt), Downstate (NYC), pg. 3-17, updated for 2007 $/Dt, found in *Natural Gas Energy Efficiency Resource Development Potential in New York* by Optimal Energy, Inc., October 2006.

Residential and Low-Income Programs

The Residential and Low-Income portion of the gas program includes the Multifamily Performance Program and several single-family programs. The single-family homes program

[a] Installed therm savings are reported for all completed or substantially completed residential projects (consistent with SBC reporting). These savings are preliminary pending verification by NYSERDA's Measurement and Verification contractor, however, these projects have been inspected and verified by NYSERDA's implementation contractors. Completed commercial projects have been independently verified and the savings are reflected in the Installed Therm Savings field.

includes funding for New York ENERGY STAR® Labeled Homes ($100,000 for non-low-income and $75,000 for low-income homes) and Home Performance with ENERGY STAR® ($200,000). The Multifamily Performance Program replaces the previous multifamily programs: ResTech, the Assisted Multifamily Program, and the ENERGY STAR® Multifamily Pilot Program. In the three-year pilot, the funding for the Multifamily Performance Program was $500,000 for non-low-income projects ($300,000 for existing buildings and $200,000 for new construction) and $1,500,000 for low-income projects ($500,000 for existing buildings and $1,000,000 for new construction). Program marketing expenditures were $200,000.

Multifamily Performance Program (MPP) — MPP has been allocated $1,450,000 for whole building projects and $3.500,000 for the resource targeted Gas Efficiency Performance Program to target multifamily projects that are exclusively Con Edison gas customers. NYSERDA has encumbered, or committed, $500,255 (including implementation costs) for eight new projects in the first quarter of the Transition Program.

Assisted New York ENERGY STAR Labeled Homes (ANYESLH) **—** This program was allocated $1,500,000 to provide incentives to homebuilders and customers for constructing New York ENERGY STAR® Labeled Homes targeting low to moderate income homebuyers. These homes must include high efficiency gas heating equipment that exceeds current program standards.

New York ENERGY STAR Labeled Homes (NYESLH) **—** This program provides incentives to homebuilders for constructing market rate, New York ENERGY STAR® Labeled homes in the Con Edison gas service territory. The homes will include high-efficiency gas heating equipment that exceeds current program standards

Home Performance with ENERGY STAR (HPwES) **—** This program was allocated $1,500,000 to provide incentives to participating home performance contractors for upgrading the energy efficiency of existing one-to-four family homes in the Con Edison gas service territory. The homes are to be retrofitted with high-efficiency gas heating equipment that exceeds the minimum standards of the current Program. CSG and various field staff continue to work with existing participating home performance contractors educating them about its benefits and the opportunity to participate in this program. As the market matures, committed production is expected to increase dramatically. New contractors are constantly being recruited, trained, and accredited to facilitate infrastructure development in the downstate markets

Residential Marketing **—** Con Ed Gas incentives were promoted through a television commercial that was featured on checkout lane televisions at 22 Shop-Rite and Pathmark locations throughout Westchester, Bronx, and Manhattan. The spots ran from November 26, 2007 through February 17, 2008 at a rate of ten times per hour on a continuous loop.

A new television commercial was created to run in New York City. The new commercial gives a general energy message to all New York City residents and highlights the special incentives for high efficiency gas equipment. This new spot ran on cable television in all 5 boroughs starting the week after Christmas and on Fox 5, My 9, and NY 1 in December 2007 and early 2008.

NYSERDA exhibited at Habitat Magazine's 27th Annual Council of New York Cooperatives and Condominiums Housing Conference to promote the Con Ed Gas incentives and NYSERDA programs.

Commercial Gas Efficiency Program

The commercial component of the Gas Program helps 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 $mart℠** programs to enable integrated, one-stop assistance. These programs include: the Energy Audit Program, FlexTech Services, the Technical Assistance Program, the Enhanced Commercial/Industrial Performance Program, and the **New York Energy $mart℠** Loan Fund. Accomplishments of the Commercial Gas

Efficiency Program are detailed below.

FlexTech and Technical Assistance — The FlexTech and Technical Assistance programs offer studies that include the costs and benefits of installing gas measures. As of September 30, 2007, ten (10) studies were initiated. Transitional Program projects are in process.

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 cost for these audits is either $100 or $400, depending on the size of the customer. As of September 30, 2007 twenty-five (25) gas audits were initiated. From September 30, 2007 through December 30, 2007, six (6) gas audits were initiated.

Enhanced Commercial/Industrial Performance Program (ECIPP) **—** ECIPP offers customers a 3-tiered approach to obtain incentives for energy efficient improvements. Tier I offers incentives for pre-qualified energy efficiency measures. The cap on this tier is $25,000. Tier II offers incentives based on a technical engineering analysis. Tier II incentives are $1.50/therm saved up to $500,000. Tier III offers performance-based incentives. The incentives for Tier III are $2.00/therm saved up to $1,000,000. As of September 30, 2007, in the Pilot Program, twenty (21) projects were initiated. From September 30, 2007 through December 30, 2007, sixteen (16) projects were initiated.

New York Energy $mart^{SM} Loan Fund **—** The Loan Fund uses the same pre-qualified list as ECIPP and minimum equipment efficiency levels are consistent for equipment pre-qualified under the ECIPP and Loan Fund programs. As of September 30, 2007, in the Pilot Program, two (2) loan subsidies were initiated.

ATTACHMENTS

Attachment 1. Program Accomplishments for the Pilot Program through December 31, 2007[b]

	Residential and Low-income Programs	Commercial Programs
Number of Projects	425	56
Number of Participants[1]	5,529	56
Installed Therm Savings (Annual)	116,734	1,160,178
Contracted Therm Savings (Annual)	801,935	1,262,810
Contracted Annual Bill Savings[2]	$1,403,386	$1,925,785
Contracted Environmental Benefits[3]		
CO_2 (Annual Tons)	4,691	7,387
SO_2	-	-
NOx	4	6
Contracted Life Cycle Customer Savings[4]	$17,628,078	$24,189,985
Contracted Life Cycle Avoided Costs[5]	$12,808,980	$22,520,379

[1] Residential and low-income participants are dwelling units.

[2] Contracted therm savings were estimated at $17.50 per decatherm for residential customers and $15.25 per decatherm for commercial customers.

[3] Estimated annual emissions reductions are based on 0.0585 tons of CO_2 per decatherm.

[4] Amounts are based on an average measure life of 15 years, 3% discount rate, and $17.50 and $15.26 per decatherm for residential and commercial, respectively.

[5] Amounts are based on avoided costs from Table 3.5, Total Avoided Gas Costs (2005 $/Dt), Downstate (NYC), pg. 3-17, updated for 2007 $/Dt, found in Natural Gas Energy Efficiency Resource Development Potential in New York by Optimal Energy, Inc., October 2006.

[b] Installed therm savings are reported for all completed or substantially completed residential projects (consistent with SBC reporting). These savings are preliminary pending verification by NYSERDA's Measurement and Verification contractor, however, these projects have been inspected and verified by NYSERDA's implementation contractors. Completed commercial projects have been independently verified and the savings are reflected in the Installed Therm Savings field.

Attachment 2. Program Accomplishments through December 31, 2007 for the Transitional Program

	Residential and Low-income Programs	Commercial Programs
Number of Projects	12	22
Number of Participants[1]	1,230	22
Installed Therm Savings (Annual)		69,980
Contracted Therm Savings (Annual)	431	215,740
Contracted Annual Bill Savings[2]	$754	$329,004
Contracted Environmental Benefits[3]		
CO_2 (Annual Tons)	3	1,262
SO_2		
NOx	Negligible	Negligible
Contracted Life Cycle Customer Savings[4]	$9,474	$4,132,647
Contracted Life Cycle Avoided Costs[5]	$6,884	$3,847,409

1 Residential and low-income participants are heating units.

2 Contracted therm savings were estimated at $17.50 per decatherm for residential customers and $15.25 per decatherm for commercial customers.

3 Estimated annual emissions reductions are based on 0.0585 tons of CO_2 per decatherm.

4 Amounts are based on an average measure life of 15 years, 3% discount rate, and $17.50 and $15.26 per decatherm for residential and commercial, respectively.

5 Amounts are based on avoided costs from Table 3.5, Total Avoided Gas Costs (2005 $/Dt), Downstate (NYC), pg. 3-17, updated for 2007 $/Dt, found in Natural Gas Energy Efficiency Resource Development Potential in New York by Optimal Energy, Inc., October 2006.