CONSOLIDATED EDISON GAS EFFICIENCY PILOT PROGRAM

QUARTERLY EVALUATION AND STATUS REPORT

QUARTERLY REPORT TO THE PUBLIC SERVICE COMMISSION
QUARTER ENDING MARCH 27, 2007

NYSERDA

QUARTERLY REPORT (FOR THE PERIOD ENDING MARCH 27, 2007) GAS EFFICIENCY PILOT PROGRAM

QUARTERLY GAS PLAN PROGRAM SUMMARY

This report details progress in the Con Edison Gas Efficiency Pilot Program (Gas Program) through March 27, 2007. Budget status information and solicitations released during the most recent quarter are presented below:

Table 1 provides information on the solicitations issued in this quarter; Table 2 presents overall budget information through the end of the reporting quarter, and Table 3 shows gas efficiency impacts.

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

Table 1. Solicitations Released in Quarter Ending March 27, 2007

Solicitation Number	Solicitation Name	Solicitation Release Date	Solicitation Closing Date
	None		

Table 2. Overall Budget Status as of March 27, 2007

Program	Budget	Invoiced	Encumbered	Available
Commercial	$1,000,000	$309,521	$457,389	$542,611
Low Income	2,000,000	550,162	1,292,695	707,305
Residential	1,000,000	505,208	637,042	362,958
Subtotal	**$4,000,000**	**$1,364,891**	**$2,387,126**	**$1,612,874**
Gas Efficiency Study	200,000	199,593	$199,593	$407
Evaluation	100,000	25,000	25,000	75,000
Administration	350,000	282,649*	282,649	67,351
Reserve for Lost Revenue	550,000			550,000
Total Program	**$5,200,000**	**$1,872,133**	**$2,894,368**	**$2,305,632**

*Administrative costs are through March 31, 2007.

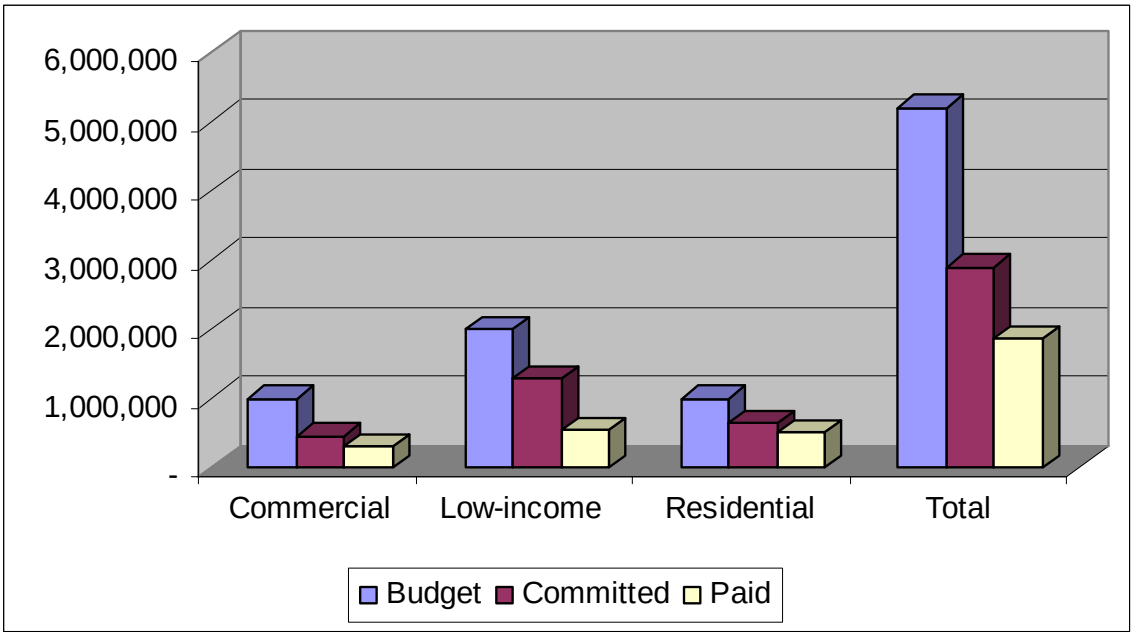
RESIDENTIAL AND LOW-INCOME PROGRAMS

NYSERDA's Multifamily Building Program (Multifamily Program) started its transition to one all-encompassing program on October 1, 2006 and will be officially launched on May 8, 2007 at a meeting in New York City. During the transition, intake into the Gas Program slowed because of resource and staff restrictions. While the transition continues, new buildings and the buildings approved for participation in 2007 will sign participation agreements with NYSERDA to enter the Gas Program. The bulk of the remaining Gas Program budget is expected to be encumbered in the March through May and June through September periods of the pilot (*i.e.*, the final two quarters).

Table 3, Con Edison Gas Efficiency Impacts

Number of participating customers per program including projects that are in progress and completed	Loan Fund – 2 Enhanced Commercial Industrial – 22 Technical Assistance – 7 Multifamily Building Performance - 29
Gas Savings (MMBtus)	33,704
Bill Savings	$436,314
Environmental and Societal Benefits-Emissions Avoided	2 tons of NOx 1,972 tons of CO_2

Figure 1. Budget and Spending Summary (includes study, evaluation, administration, and lost revenue reserve)



The residential and low-income portions of the Gas Program involve several of NYSERDA's single-family and multifamily building programs. The single-family homes program originally included 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). Some of the funds allocated to the single-family homes programs are being shifted to the low income multifamily program because the program has experienced higher-than-expected demand. The funds will be added to the low income multifamily program, which will increase funding for the Assisted Multifamily Program (originally budgeted $500,000 for low-income) by $575,250 for a total of $1,075,250.

Program marketing expenditures now total $123,039 of the $200,000 allocated for marketing. Detailed descriptions of these programs may be found in the approved Gas Program plan.

Assisted Multifamily Program (AMP) — AMP has been allocated $500,000, plus the reprogrammed funding amount of $575,250, and funds from the ENERGY STAR® Multifamily Pilot Program new construction program (see below) to target low-income multifamily projects that are exclusively Con Edison gas customers. Seventy four (74) AMP projects are currently potential candidates for the Gas Program.

ResTech –- Staff has allocated $300,000 for the ResTech program. Sixteen (16) ResTech projects have been identified as eligible to participate in the Gas Program. This includes one project with Columbia University, which is a group of several multifamily buildings that are being served under a mini-bid process to save administrative costs and increase the total number of buildings completed. The total amount of encumbered ResTech Gas Program funds is $420,778.

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 U.S. EPA ENERGY STAR® label.

The Gas Program plan allocated $200,000 to market-rate, non-low-income projects participating in EMP. To date, EMP has identified two market-rate projects in Con Edison's gas territory. One project executed a Participation Agreement with NYSERDA encumbering $75,414 of Gas Program funds in this quarter. Technical service funds encumbered for this project total an additional $15,854. Of those, $15,341 has been invoiced.

The Gas Program plan also allocated $1,000,000 to low-income EMP projects. Five low-income new construction projects are under way in Con Edison's gas territory. All five projects have executed participation agreements with NYSERDA. The low-income projects have encumbered $398,583 towards incremental costs and $129,304 towards technical assistance, with $90,172 invoiced from the incremental cost budget and $86,220 from the technical assistance budget. One low-income project, which has reached its savings projections, estimates annual gas savings of 327 MMBtu compared with a comparable building meeting ASHRAE Standard 90.1-2004. Since the Gas Program is in its last two quarters now, no new construction projects will be initiated in the program. The remaining funds will be shifted to the Multifamily Program low income projects which will be oversubscribed as of September 27, 2007 when the Gas Program ends.

NYSERDA 1-4 Unit Residential Programs:

Because of market events and project completions, and as discussed above, funds were redistributed within the Gas Program. Table 4 presents a concise explanation of the budget and goals for the residential programs, following this transfer of funds.

Table 4. Budget Transfers Among Residential Programs

Program	Goals (Budgeted)	
	Projects	Funds
Home Performance with ENERGY STAR®	100	$50,000
New York ENERGY STAR® Labeled Homes (NYESLH)	200	$100,000
Assisted NYESLH	100	$75,000
TOTAL:	**400**	**$225,000.00**

***New York** ENERGY STAR® **Labeled Homes (NYESLH)* —** This program was allocated $100,000 in homebuilder incentives to facilitate the construction of 200 market rate, one-to-four family New York ENERGY STAR® Labeled homes in the Con Edison gas service territory. These homes will include high efficiency gas heating equipment that exceeds current program standards. As of March 27, 2007, all 200 projects have been tentatively committed though a project named the AVR Powell Cove New Construction Project. Because this project is not formally committed, the original funds allocated for it remain uncommitted. The development of 21 duplexes and 53 triplexes will be built in Queens, New York. Following the completion of this project, all funds budgeted for this program will be committed. Funding for all projects in this program is expected to be committed by June 2007 with phased completions beginning in May 2007.

***Assisted New York** ENERGY STAR® **Labeled Homes (ANYESLH)* —** This program was re-allocated $75,000 to provide incentives to homebuilders and customers for constructing 100 low-income one-to-four family New York ENERGY STAR® Labeled Homes. These homes must include high efficiency gas heating equipment that exceeds current program standards. As of March 27, 2007, funding for 77 homes has been committed through a project named Stebbins Bristow. This development is being constructed by the Blue Sea Construction Company and will be located in the Bronx. In tandem with this project, NYSERDA's program implementer, the Conservation Services Group (CSG), and NYSERDA staff have received verbal commitments that would fulfill the balance of our obligation for these projects. These projects, contracted through our community based organization contractors, including the Association for Energy Affordability and the Community Environmental Center, have received verbal commitments for low income units and are slated to be built in New York City and Peekskill. All projects budgeted in this program are expected to be committed by September 2007.

***Home Performance with** ENERGY STAR® **(HPwES)* —** This program was re-allocated $50,000 to provide incentives to participating home performance contractors for upgrading the energy efficiency of 100 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 to educate them about the opportunity to participate in this program. Through March 27, 2007, two completions are attributable to the Gas 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. Several market retrofit projects are nearly committed in

Yorktown Heights, Cortland Manor, and two other sites in Westchester County by Pur-Air Heating and Air Conditioning, a fairly new participating contractor in the Gas Program. All projects budgeted in this program are expected to be committed by September 2007.

Residential Marketing **—** NYSERDA spent $23,039 in community newspapers and trade publications in the New York City and downstate markets to increase participation in the Gas Program. Some advertisers provided value added options such as editorial space and color ads. Many publications printed a quarter-page ad about the Gas Program.

Planned Activities and Proposed Expenditures — Activity in the low income and residential portion of the program will be significant next quarter, especially for the low income portion of the Multifamily Program and the Home Performance with Energy Star Program because the market is responding to the higher cost of gas this winter; participants' interest in energy efficiency has increased and will drive demand for program funds.

COMMERCIAL GAS EFFICIENCY PROGRAM

The Program helps eligible Con Edison commercial gas customers better manage their energy costs and operate more productively. Natural gas measures have been added to existing **New York Energy $mart**[SM] programs to enable staff to provide 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**[SM] Loan Fund. Marketing will target eligible Con Edison gas customers. The commercial program is funded at $1,000,000.

Marketing — Most of the marketing efforts have been in conjunction with the electric programs, allowing the Gas Pilot to ride the coattails of these long-standing programs. A gas equipment vendor outreach effort was initiated this quarter. NYSERDA and Con Edison conducted a mass mailing was sent to the 2,000 largest firm gas customers.

Technical Assistance — Technical Assistance has completed twenty-five walk-through audits and three detailed studies.

Enhanced Commercial Industrial Performance (ECIPP) Program **—** The former Commercial Industrial Performance and Smart Equipment Choices (SEC) Programs were combined as ECIPP to provide enhanced one-stop access for customers and energy services providers. The new, combined program name is the Enhanced Commercial Industrial Performance Program. ECIPP has fifteen completed projects.

Loan Fund — The Loan Fund has one contracted loan subsidy.

Planned Activities and Proposed Expenditures

Applications are expected to be sufficient to use all program funds in the quarter ending June 27, 2007. Outreach and marketing efforts will attempt to adjust to the anticipated timing of funds availability from the current Con Edison Gas Rate Case.

Outreach will continue to focus on customer organizations, gas equipment vendors, business and trade groups, and economic development organizations. This program will use the ongoing Power Savings Partners Outreach and the customer service efforts of Con Edison, where possible.