QUARTERLY REPORT (FOR THE PERIOD ENDING SEPTEMBER 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 September 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 September 27, 2006

<table>
<thead>
<tr>
<th>Solicitation Number</th>
<th>Solicitation Name</th>
<th>Solicitation Release Date</th>
<th>Solicitation Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Program</th>
<th>Budget</th>
<th>Paid</th>
<th>Committed</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>$1,000,000</td>
<td>$88,882</td>
<td>$116,952</td>
<td>$883,048</td>
</tr>
<tr>
<td>Low Income</td>
<td>2,000,000</td>
<td>171,465</td>
<td>1,308,596</td>
<td>691,404</td>
</tr>
<tr>
<td>Residential</td>
<td>1,000,000</td>
<td>162,046</td>
<td>363,448</td>
<td>636,552</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$4,000,000</strong></td>
<td><strong>$422,392</strong></td>
<td><strong>$1,788,996</strong></td>
<td><strong>$2,211,004</strong></td>
</tr>
<tr>
<td>Gas Efficiency Study</td>
<td>200,000</td>
<td>199,593</td>
<td>199,593</td>
<td>407</td>
</tr>
<tr>
<td>Evaluation</td>
<td>100,000</td>
<td>25,000</td>
<td>25,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Administration</td>
<td>350,000</td>
<td>272,565</td>
<td>272,565</td>
<td>77,435</td>
</tr>
<tr>
<td>Reserve for Lost Revenue</td>
<td>550,000</td>
<td>550,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Program</strong></td>
<td><strong>$5,200,000</strong></td>
<td><strong>$919,550</strong></td>
<td><strong>$2,296,154</strong></td>
<td><strong>$2,913,846</strong></td>
</tr>
</tbody>
</table>

RESIDENTIAL AND LOW-INCOME PROGRAMS
The Residential and Low-Income portion of the gas program includes several single family and multifamily building programs. The single-family homes program includes 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 includes 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-
Program marketing expenditures will total $200,000. Detailed descriptions of these programs may be found in the approved Gas Plan.

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

![Budget and Spending Summary Chart]

**Assisted Multifamily Program (AMP)** — AMP has been allocated $500,000 to target low-income multifamily projects that are exclusively Con Edison gas customers. Thirty-two (32) AMP projects are currently potential candidates for the gas pilot. Of those, three (3) have executed participation agreements encumbering a total of $105,364 of the $500,000 gas funds. The projected annual gas savings from these three (3) AMP projects is 8,351 MMBtu.

**ResTech** — Staff has allocated $300,000 for the ResTech program. Sixteen (16) ResTech projects have been identified as eligible to participate in the Gas Pilot Program. Six (6) Notices to Proceed were mailed to ResTech consultants, and two (2) Final Audit Reports were received during this quarter. The total amount of encumbered ResTech gas funds is $323,682.

**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 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, $15,341 have been invoiced.
The Gas Plan also allocated $1,000,000 to low-income EMP projects. Five (5) low-income new construction projects are under way in Con Edion’s gas territory. Of these, three (3) projects have executed participation agreements with NYSERDA. The other two (2) low-income projects are currently in the design phase. 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 (1) low-income project, which has completed its savings projections, estimates annual gas savings of 327 MMBtu compared with a comparable building meeting ASHRAE Standard 90.1-2004.

**Assisted New York ENERGY STAR Labeled Homes (ANYESLH)** — This program was allocated $500,000 to provide incentives to homebuilders for constructing 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. NYSERDA’s NYC field staff and 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. The program is expected to support the construction of approximately 650 New York ENERGY STAR Labeled 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 for constructing market rate, one-to-four family homes in the Con Edison gas service territory. The homes will include high-efficiency gas heating equipment that exceeds current program standards. The list of qualified eligible equipment has been finalized. CSG and NYSERDA NYC field staff is continually working with currently participating builders and recruiting new homebuilders with potential housing sites. The program expects to support construction of approximately 200 New York ENERGY STAR homes for Con Edison gas customers.

**Home Performance with ENERGY STAR (HPwES)** — This program was allocated $200,000 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 will be retrofitted with high-efficiency gas heating equipment that exceeds current program standards. The list of qualified eligible equipment has been finalized. CSG is currently working with existing participating home performance contractors and recruiting new contractors with potential retrofit housing sites. The program expects to support upgrades in approximately 400 homes for existing Con Edison gas customers.

**Residential Marketing** — NYSERDA spent more than $22,219 in community newspapers and trade publications in the New York City and downstate markets to increase participation in the Con Edison Gas Efficiency Program. Some of the advertising produced added value options such as editorial space and color ads. Many publications printed a quarter-page ad about the Con Edison Gas Efficiency 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 Energy Star Multifamily Program (EMP) and the Home Performance with Energy Star Program because of the market's response to the higher cost of gas this winter, i.e., participants’ interest in energy efficiency is increased and 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 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 Smart℠ 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 Smart℠ Loan Fund. Marketing is targeting eligible Con Edison gas customers. The commercial program is 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 Smart℠. Studies will include the costs and benefits of installing gas measures at efficiency levels established by implementation programs. Two studies have initiated and many offers have been extended.

*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. Twenty-four gas audits have been completed to date.

*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, one new project has been initiated.

*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 six applications have been received.

*New York Energy Smart℠ Loan Fund* — 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. This quarter, one new project has been initiated.

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 website integration.