

**CONSOLIDATED EDISON
GAS EFFICIENCY PILOT PROGRAM**

**ANNUAL EVALUATION AND
STATUS REPORT**

**ANNUAL REPORT TO THE PUBLIC SERVICE COMMISSION
RATE YEAR ENDING SEPTEMBER 27, 2006**

NYSERDA



**ANNUAL REPORT (FOR THE RATE YEAR ENDING SEPTEMBER 27, 2006)
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
GAS EFFICIENCY PILOT PROGRAM**

ANNUAL GAS PLAN PROGRAM SUMMARY

This report updates the status and progress made from inception through September 27, 2006 of NYSERDA's gas efficiency pilot program in the Consolidated Edison service territory, and serves as the first annual report.¹ Budget status information and program accomplishments for the first annual report are presented in table format below.

Table 1 presents overall budget information through the end of the reporting period.

Table 2 presents program accomplishments through the end of the reporting period.

Table 1. Overall Budget Status as of September 27, 2006

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

¹ An annual report through September 27, 2005 was not issued because the brief time frame between approval of the Program Plan -- in the PSC Order issued and effective on June 13, 2005 -- and the deadline for the September 27, 2005 report was occupied with preliminary early program design issues, and no program impacts were available to report.

Table 2. Program Accomplishments as of September 27, 2006

	Residential and Low-income Programs	Commercial Programs
Number of Projects	97	28
Number of Participants¹	2,535	28
Installed Therm Savings (Annual)	3,270	22,000
Contracted Therm Savings (Annual)	265,577	77,941
Contracted Annual Bill Savings²	\$464,760	\$118,860
Contracted Environmental Benefits³		
CO₂ (Annual Tons)	1,567	460
SO₂	Negligible	Negligible
Nox	Negligible	Negligible
Contracted Life Cycle Customer Savings⁴	\$6,013,000	\$1,537,800
Contracted Life Cycle Avoided Costs⁴	\$4,231,000	\$1,386,800
Incentives Paid		
Dollar Amount	\$1,574,005	\$79,656
Percentage of Spending	94%	68%
Total Amount Expended to Date	\$1,672,044	\$116,952

Notes:

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 with 3% annual inflation.

The Program serves firm residential, low income, and commercial natural gas customers in the Consolidated Edison territory and provides incentives for gas efficiency initiatives. The gas efficiency program offerings complement but do not supplant existing efficiency programs currently funded under the System Benefits Charge. To relieve the administrative burden and reduce costs, NYSERDA uses established programs, procedures, and implementation contractors in offering gas efficiency incentives to eligible program participants. NYSERDA's Gas Efficiency Program Plan (Gas Plan) was approved by Order of the Public Service Commission on June 13, 2005.

RESIDENTIAL AND LOW-INCOME PROGRAMS²

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-income). Program marketing expenditures will total \$200,000.

² For complete program descriptions, refer to the May 2006 New York Energy Smart Program Evaluation and Status Report and the SBC III Operating Plan, both found on NYSERDA's website (www.nyserda.org).

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 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.

ResTech — NYSERDA has allocated \$300,000 for the ResTech program. Ten (10) ResTech projects have been identified as eligible to participate in the Gas Pilot Program. 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, 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.

NYSERDA's 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

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 Edison'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.

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.

COMMERCIAL GAS EFFICIENCY PROGRAM³

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 \$martSM** 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 \$martSM** Loan Fund. 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. Few gas efficiency measures have been installed, and little reportable gas savings have accrued in time for this annual 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 detailed studies of medium and large customer projects previously ineligible for funding under the **New York Energy \$martSM** Program. Studies will include the costs and benefits of installing gas measures at efficiency levels established by implementation programs. One study has been completed. Many offers to conduct studies 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 initiated.

³ Ibid

Commercial/Industrial Performance Program — The Commercial/Industrial Performance Program (CIPP) previously excluded incentives for natural gas measures. An incentive of \$1.00 per therm saved has been added. One application has been received under this program.

Smart Equipment Choices Program — Modifications were made in December 2005 to the program to include gas incentives. Appreciable interest in his program has been expressed, and six applications have been received. Three projects have been completed.

New York Energy SmartSM Loan Fund — The Loan Fund uses the same pre-qualified list as the Smart Equipment Choices Program and minimum equipment efficiency levels are consistent for equipment pre-qualified under the CIPP, SEC, and Loan Fund programs. One new loan subsidy application has been initiated.