

**CONSOLIDATED EDISON
GAS EFFICIENCY PILOT PROGRAM**

**QUARTERLY EVALUATION AND
STATUS REPORT**

**REPORT TO THE PUBLIC SERVICE COMMISSION
PERIOD ENDING MARCH 31, 2008**

NYSERDA



QUARTERLY REPORT THROUGH MARCH 31, 2008 FOR THE CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. GAS EFFICIENCY PROGRAM

Program Summary

This report updates the status and progress made from inception through March 31, 2008 of the gas efficiency program in Consolidated Edison Company of New York, Inc.'s (Con Edison) service territory. Program budget status (see Table 1) and accomplishments (see Table 2) are cumulative through March 31, 2008 and reflect activity for the three-year pilot and one-year transition phases of the program.

Table 1. Budget Status as of March 31, 2008

Total	Budget	Paid	Committed	Available
Commercial	\$4,175,633a	\$ 880,733	\$ 1,626,697	\$ 2,548,936
Low Income	\$8,526,822a	\$ 692,747	\$ 2,472,928	\$ 6,053,894
Residential	\$4,061,406b	\$ 806,451	\$ 1,372,367	\$ 2,689,039
Subtotal	\$ 16,763,861	\$ 2,379,931	\$ 5,471,992	\$ 11,291,869
Gas Study	\$ 199,593	\$ 199,593	\$ 199,593	\$ -
Evaluation	\$ 360,000	\$ 39,526	\$ 175,000	\$ 185,000
Administration and NYS Cost Recovery Fee	\$ 1,392,453	\$ 541,100	\$ 541,100	\$ 851,353
Total Program	\$ 18,715,907	\$ 3,160,150	\$ 6,387,685	\$ 12,328,222

^aReflects disencumbrances carried over from the Pilot Program.

^bReflects disencumbrances and interest earnings carried over from the Pilot Program.

Residential and Low-Income Programs

The Residential and Low-Income portions of the gas efficiency program include the Multifamily Performance Program and several single-family programs. For the three years of the pilot program, the single-family homes program included 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).

Table 2. Cumulative Gas Efficiency Program Accomplishments through March 31, 2008^a

	Residential and Low-income Programs	Commercial Programs
Number of Projects	121	103
Number of Participants¹	9,514	103
Installed Therm Savings (Annual)	118,244	1,402,578
Third-party Verified Therm Savings²	44,591	257,356
Contracted Therm Savings (Annual)	988,479	1,669,064
Contracted Annual Bill Savings³	\$ 1,729,838	\$ 2,545,323
Contracted Environmental Benefits⁴		
CO ₂ (Annual Tons)	5,783	9,764
SO ₂ (“)	Negligible	Negligible
NO _x (“)	4	6
Contracted Life Cycle Customer Savings⁵	\$ 21,728,675	\$ 31,972,057
Contracted Life Cycle Avoided Costs⁶	\$ 15,788,571	\$ 29,765,328

Notes:

1. Residential and low-income participants are dwelling units.
2. These savings have been verified as installed by the third-party Measurement and Verification evaluation contractor. As projects are analyzed on an on-going basis following completion, the evaluation lags behind contracted and installed savings.
3. Contracted therm savings were estimated at \$17.50 per decatherm for residential customers and \$15.25 per decatherm for commercial customers.
4. Estimated annual emissions reductions are based on 0.0585 tons of CO₂ per decatherm.
5. 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.
6. 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.

Multifamily Performance Program — The multifamily program has two components for the transition year of the Con Edison Gas Efficiency Program; the Multifamily Performance Program (MPP) for system-benefits-charge-eligible Con Edison gas customers and the Gas Efficiency Performance Program (GEPP), which is a resource acquisition program for Con Edison gas customer who do not pay system benefits charge charges or wish to do only gas efficiency measures. The MPP has been allocated \$1,450,000, and the GEPP has been allocated \$3,500,000. The MPP has experienced more activity than the GEPP, therefore NYSEDA is proposing a shift in funds between the programs to reflect the heightened activity in the MPP. To date, four projects have applied to the GEPP program and 33 have applied to the MPP. The new budget allocation will be \$1,000,000 for the GEPP and \$3,950,000 for the MPP. NYSEDA has encumbered and committed \$3,845,295 through the residential and low income programs..

Assisted New York ENERGY STAR[®] Labeled Homes — This program was allocated \$1,500,000 for incentives to homebuilders and customers for constructing New York ENERGY STAR[®] Labeled Homes for sale to low and moderate income homebuyers. The homes must include gas

^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 NYSEDA's Measurement and Verification contractor; however, these projects have been inspected and verified by NYSEDA's implementation contractors. Completed commercial projects have been independently verified and the savings are reflected in the Installed Therm Savings field.

heating equipment that exceeds current New York ENERGY STAR[®] Homes program standards. Information meetings were held with New York City Department of Housing Preservation and Development officials, Westchester County's chief attorney Stewart Glass, and members of the Con Ed Gas Collaborative to encourage the jurisdictions to include ENERGY STAR[®] homes in their development programs. The New York State Division of Housing and Community Renewal, as a result of collaborations with NYSERDA program staff, will award an additional 5-points for affordable Assisted New York ENERGY STAR[®] Labeled Homes included in proposals submitted for funding through their Unified Funding RFP process.

New York ENERGY STAR[®] Labeled Homes — 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 gas heating equipment that exceeds current New York ENERGY STAR[®] Homes program standards. More than 200 homes are slated for construction in Westchester County.

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 gas heating equipment that exceeds the minimum standards of the current program. The Conservation Services Group, an implementation contractor for NYSERDA, and various field staff continue to work with participating home performance contractors educating them about the program's benefits and offering them opportunities to take advantage of tiered incentives available in the Con Edison gas service territory. As the market matures, construction is expected to increase dramatically. New contractors are constantly being recruited, trained, and accredited to facilitate infrastructure development in downstate markets. New contractors have enrolled in the program as a result of additional incentives available through comprehensive tiers newly instituted this quarter.

Residential Marketing — A new television commercial was created to run in New York City. The new commercial gives a general energy message to all City residents and highlights the special incentives available for the purchase and installation of high efficiency gas equipment. The new spot ran on cable television in all five boroughs starting the week after Christmas and on Fox 5, My 9, and NY 1 in December 2007 and early 2008. To date, NYSERDA has spent the entire \$500,000 marketing budget for the program, and no additional marketing will be conducted through September 30, 2008.

Commercial Gas Efficiency Program

The commercial component of the gas program helps eligible non-residential Con Edison gas customers manage their energy costs and operate more productively. Natural gas measures have been added to existing **New York Energy SmartSM** 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 SmartSM** 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 March 31, 2008, twelve studies were initiated and five completed.

Energy Audit Program — The Energy Audit Program has been augmented to include combustion efficiency testing of applicable gas-fired equipment and ultrasonic steam traps. The cost for these audits is \$100 or \$400, depending on the size of the customer's facility. As of September 30, 2007 twenty-five (25) gas audits were initiated, and from September 30, 2007 through March 31, 2008, twenty one (21) additional audits were begun.

Enhanced Commercial/Industrial Performance Program (ECIPP) — The program offers customers three-tiers of incentives for energy efficiency improvements. Tier I offers incentives

for pre-qualified energy efficiency measures, capped at \$25,000. Tier II offers incentives based on technical engineering analyses. Tier II incentives are \$1.50 per therm saved capped at \$500,000. Tier III offers performance-based incentives. The incentives for Tier III are \$2.00 per therm saved and capped at \$1,000,000. As of March 31, 2008, forty-five projects were initiated.

New York Energy SmartSM Loan Fund — The Loan Fund uses the same pre-qualified measures and minimum equipment efficiency levels as the Enhanced Commercial and Industrial Performance Program. As of March 31, 2008, two loans were subsidized.