

**QUARTERLY REPORT FOR THE
CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.
GAS EFFICIENCY PROGRAM**

Progress Through:
JUNE 30, 2009

August 2009

NYSERDA

**New York State
Energy Research and
Development Authority**

QUARTERLY REPORT THROUGH JUNE 30, 2009 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 June 30, 2009, 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 June 30, 2009.

Table 1. Budget Status as of June 30, 2009

	<u>Budget*</u>	<u>Paid</u>	<u>Committed</u>	<u>Available</u>
Commercial	\$ 7,326,133	\$ 3,467,060	\$ 5,591,240	\$ 1,734,893
Low Income	\$ 14,826,822	\$ 3,412,703	\$ 7,193,926	\$ 7,632,896
Residential	\$ 6,963,191	\$ 1,794,825	\$ 4,816,142	\$ 2,147,049
	\$ 29,116,146	\$ 8,674,588	\$ 17,601,308	\$ 11,514,838
Gas Study	\$ 199,593	\$ 199,593	\$ 199,593	\$ -
Evaluation	\$ 1,060,000	\$ 127,958	\$ 200,569	\$ 859,431
Administration & NYS Cost Recovery Fee	\$ 2,512,453	\$ 1,173,538	\$ 1,173,538	\$ 1,338,915
	\$ 32,888,192	\$ 10,175,677	\$ 19,175,009	\$ 13,713,183

*The budget does not include \$516,003 of interest earned through 6/30/09. NYSERDA will seek DPS staff concurrence with programmatic allocation of these funds.

Note: Budget total includes Pilot Program, Rate year one and Rate year two.

Pursuant to the Gas Efficiency Pilot Program Annual Report for the year ending September 27, 2007 and a subsequent program reconciliation, budgets were reallocated to reflect individual program participation levels.

Table 2. Cumulative Gas Efficiency Program Accomplishments through June 30, 2009^a

	Residential and Low-income Programs	Commercial Programs
Number of Projects¹	707	231
Number of Participants²	19,608	231
Installed Therm Savings (Annual)³	381,214	2,396,185
Third Party Verified Therm Savings (Annual)⁴	116,810	888,800
Contracted Therm Savings (Annual)⁵	2,013,846	4,039,638
Contracted Annual Bill Savings⁶	\$3,850,474	\$4,851,605
Contracted Environmental Benefits⁷	11,781	23,632
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	10	20
Contracted Life Cycle Customer Savings⁸	\$48,366,191	\$60,941,508
Contracted Life Cycle Avoided Costs	\$32,166,339	\$72,041,065

Notes:

1. The number of residential projects went down from last quarter as a major new construction project in progress was downsized due to the downturn in the economy.
2. Residential and low-income participants are dwelling units.
3. Installed therm savings are reported for all completed or substantially completed multifamily residential projects (consistent with SBC reporting). These savings are preliminary at this point pending verification by NYSERDA's Measurement and Verification contractor, however, these projects have been inspected and verified by NYSERDA's implementation contractors. Complete commercial projects have been independently verified and those savings are reflected in the 'Installed Therm Savings' field.
4. These savings have been verified as installed by NYSERDA's 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.
5. Contracted therm savings are inclusive of installed therms.
6. Contracted therm savings were estimated at \$19.12 per decatherm for residential customers and \$12.01 per decatherm for commercial customers.
7. Estimated annual emissions reductions are based on 0.0585 tons of CO₂ per decatherm and 0.1 lbs of NO_x per decatherm.
8. 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.

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 and Home Performance with ENERGY STAR[®]. The Multifamily Performance Program replaces the previous multifamily programs: ResTech, the Assisted Multifamily Program, and the ENERGY STAR[®] Multifamily Pilot Program. Each of these programs includes a low-income component. The fourth year of the program, established as a transitional program, provided additional funds for the three programs, EmPower New YorkSM, a program serving the low-income sector, and program marketing.

Multifamily Performance Program — The multifamily program consists of two components for the transition year of the Con Edison Gas Efficiency Program; the Multifamily Performance Program (MPP) for Con Edison gas customers who pay the System Benefits Charge (SBC) and the Gas Efficiency Performance Program, which is a resource acquisition program for Con Edison gas customers who do not pay into the SBC or wish to install only gas efficiency measures. To date, five projects have applied to the gas efficiency program, and 98 have applied to the multifamily program. The multifamily program was originally allocated \$1,450,000, and the gas efficiency program was allocated \$3,500,000. Because the multifamily program experienced more activity than the gas efficiency program, and in accordance with the approved plan, NYSERDA shifted funds between the programs to reflect the heightened activity in the multifamily program. The new budget allocation is \$1,000,000 for the gas efficiency program and \$3,950,000 for the multifamily program. NYSERDA encumbered and committed \$7,990,822 through the residential and low income programs. Two new projects were accepted into the gas program this quarter representing 98 units, and \$21,700 in gas funds were encumbered. The majority of the projects are in the whole-building program, *i.e.*, the multifamily program, rather than the gas-only efficiency program. The multifamily projects will use some of the year-two transition funds that were recently authorized by the Commission. No new construction projects will be funded with the gas program funds since these projects take too long to complete.

EmPower New YorkSM — EmPower New YorkSM provides energy efficiency services to low-income households with incomes below 60 percent of the State median income, at no cost to the eligible participant. Using SBC funds, the program focuses on electrical efficiency improvements, including high-efficiency lighting and ENERGY STAR refrigerators. However, under the Gas Program, using comprehensive energy assessments, installation of non-electric home performance measures are eligible, including blower door-assisted air sealing, attic and sidewall insulation, and heating system servicing and replacement. The goal of the initial phase is to implement measures that reduce household energy costs by an average of \$300 per year in approximately 370 households at an average cost of \$2,500 per household. All projects have been completed for the initial EmPower phase. As the actual average cost of \$2,055 per unit was lower than expected, the program completed an additional 80 units to bring the total completions to 450. For the next phase of the program, 10 units are complete and an additional 227 jobs are currently in progress.

New York ENERGY STAR Homes — This program provides incentives to homebuilders for constructing market-rate New York ENERGY STAR 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. Three large developments, expected to result in more than 350 ENERGY STAR homes, are in early phases of development. This quarter, one additional NYESH was added with higher than program standard efficiency gas equipment.

Assisted New York ENERGY STAR Homes — This program provides incentives to homebuilders and customers for constructing New York ENERGY STAR Homes for sale to low and moderate income homebuyers. The homes must include gas heating equipment that exceeds current program standards. Program staff continues to reach out and discuss the program with New York City Department of Housing Preservation and Development officials and with the Westchester housing

and planning departments. The New York State Division of Housing and Community Renewal, as a result of collaborations with NYSERDA program staff, will award an additional five points for affordable Assisted New York ENERGY STAR Homes included in proposals submitted for funding through their Unified Funding RFP process. Two large developments have been completed resulting in construction of approximately 80 Assisted New York ENERGY STAR homes. This quarter, one additional Assisted NYESH job was added with higher than program standard efficiency gas equipment.

Home Performance with ENERGY STAR (HPwES) — This program provides 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 retrofitted with gas heating equipment that exceeds the minimum standards of the current program. 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, production 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 last year, and participation of homeowners is now on the rise. To date, 75 homes have been serviced. NYSERDA, Conservation Services Group, and NYC's Department of Housing, Preservation, and Development staff will explore, with a not-for-profit organization, Neighborhood Restore, ways to reclaim bank-forsclosed homes and convert them to affordable Home Performance with ENERGY STAR homes. The goal is to convert approximately 100 homes. This quarter 16 additional HPwES jobs were added with higher than program standard efficiency gas equipment.

Residential Marketing — Gas Program marketing funds were allocated to existing NYSERDA marketing and media-buying contracts. In coordination with Con Edison, NYSERDA marketed the gas incentives through print, television, and direct mail activities. NYSERDA expended the entire marketing budget for the program, and no additional marketing is being conducted.

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 SmartSM** programs to enable integrated, one-stop assistance. These programs include: the Energy Audit Program, FlexTech Services, the Technical Assistance Program, the Existing Facilities Program, the New Construction 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 June 30, 2009, sixteen (16) projects have been initiated.

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 project. As of June 30, 2009, one hundred and seventeen (117) projects have been initiated.

The Existing Facilities Program (EFP) — EFP offers incentives for energy efficient improvements. EFP offers pre-qualified incentives up to \$30,000. Also, performance-based incentives are offered to customers or energy services providers working on gas-efficiency projects that deliver verifiable annual gas savings at \$2/ therm saved, capped at \$500,000. As of June 30, 2009, eighty-four (84) projects have been initiated.

The New Construction Program (NCP)— NCP provides technical and financial assistance to incorporate energy-efficiency measures into the design, construction and operation of new and substantially renovated buildings. The NCP incentive for gas savings measures is \$2.75/ therm saved, up to \$1,000,000. As of June 30, 2009, thirteen (13) projects have been initiated.

New York Energy \$martSM Loan Fund— The Loan Fund uses the same pre-qualified list and minimum equipment efficiency levels as EFP. As of June 30, 2009, eleven (11) projects have been initiated. Currently, the Loan Fund is not accepting new applications. Please refer to NYSERDA's Web site for future updates.

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PROGRESS THROUGH JUNE 30, 2009

STATE OF NEW YORK

DAVID A. PATERSON, GOVERNOR

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

VINCENT A. DEIORIO, ESQ., CHAIRMAN

FRANCIS J. MURRAY, JR., PRESIDENT AND CHIEF EXECUTIVE OFFICER

