



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

**PROGRESS THROUGH
SEPTEMBER 30, 2008**

NOVEMBER 2008

**NEW YORK STATE
ENERGY RESEARCH AND
DEVELOPMENT AUTHORITY**



QUARTERLY REPORT THROUGH SEPTEMBER 30, 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 September 30, 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 September 30, 2008 and reflect activity for the three-year pilot and one-year transition phases of the program.

Table 1. Budget Status as of September 30, 2008

	<u>Budget*</u>	<u>Paid</u>	<u>Committed</u>	<u>Available</u>
Commercial	\$ 4,176,133	\$ 1,664,001	\$ 4,082,228	\$ 93,905
Low Income	\$ 8,526,822	\$ 1,391,933	\$ 4,571,050	\$ 3,955,772
Residential	\$ 3,813,191	\$ 1,131,161	\$ 3,153,116	\$ 660,075
	<u>\$ 16,516,146</u>	<u>\$ 4,187,095</u>	<u>\$ 11,806,394</u>	<u>\$ 4,709,752</u>
Gas Study	\$ 199,593	\$ 199,593	\$ 199,593	\$ -
Evaluation	\$ 360,000	\$ 62,814	\$ 175,000	\$ 185,000
Administration and NYS Cost Recovery	\$ 1,392,453	\$ 743,479	\$ 743,479	\$ 648,974
	<u>\$ 18,468,192</u>	<u>\$ 5,192,981</u>	<u>\$ 12,924,466</u>	<u>\$ 5,543,726</u>

* The budget does not include \$392,989 of interest earned through September 30, 2008. NYSERDA will seek DPS staff concurrence with programmatic allocation of these funds.

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. The above budget reflects reallocation of the pilot program budget and the addition of funds for the fourth year of the 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 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.

Table 2. Cumulative Gas Efficiency Program Accomplishments through September 30, 2008^a

	Residential and Low-income Programs	Commercial Programs
Number of Projects	271	144
Number of Participants¹	17,297	144
Installed Therm Savings (Annual)²	194,763	1,886,612
Third-party Verified Therm Savings³	29,908	287,669
Contracted Therm Savings (Annual)⁴	1,833,727	2,980,978
Contracted Annual Bill Savings⁵	\$3,209,022	\$4,545,991
Contracted Environmental Benefits⁶		
CO ₂ (Annual Tons)	10,727	17,439
SO ₂ (“)		
NO _x (“)	9	15
Contracted Life Cycle Customer Savings⁷	\$40,308,849	\$37,444,369
Contracted Life Cycle Avoided Costs⁸	\$29,289,367	\$33,644,980

Notes:

1. Residential and low-income participants are dwelling units.
2. Installed therm savings are reported for all completed or substantially completed multifamily residential projects consistent with SBC reporting. Savings are preliminary at this point pending verification by NYSERDA's measurement and verification contractor, however, the 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.
3. These savings have been verified as installed by NYSERDA's third-party measurement and verification evaluation contractor. As projects are analyzed on an ongoing basis following completion, the evaluation lags behind contracted and installed savings. Residential savings have decreased over last quarter due to the installation of a cogeneration system.
4. Contracted therm savings include installed therms.
5. Contracted therm savings were estimated at \$17.50 per decatherm for residential customers and \$15.25 per decatherm for commercial customers.
6. Estimated annual emissions reductions are based on 0.0585 tons of CO₂ per decatherm.
7. 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.
8. 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 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 (GEPP), which is a resource acquisition program for Con Edison gas customers who do not pay system benefits charges or wish to install only gas efficiency measures. To date, five projects have applied to the GEPP program, and 83 have applied to the MPP. The MPP had originally been allocated \$1,450,000, and the GEPP has been allocated \$3,500,000. Because the MPP experienced more activity than the GEPP, and in accordance with the approved plan, NYSERDA shifted funds between the programs to reflect the

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

heightened activity in the MPP. The new budget allocation is \$1,000,000 for the GEPP and \$3,950,000 for the MPP. NYSERDA encumbered and committed \$6,277,710 through the residential and low income programs. Thirty one new projects were accepted into the gas program this quarter, representing 6,951 units, and \$2,432,415 in gas funds were encumbered. The majority of the projects are in the whole-building program (the MPP), rather than the gas-only program (the GEPP). These projects will use some of the year-two funds that were recently authorized by the PSC. 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 income below 60% of 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 a comprehensive energy assessment, the 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 is to implement measures that reduce household energy costs by an average of \$300 per year in approximately 370 households. As of June 30, 2008, approximately 200 projects had been completed. By September 30, 2008, all 370 projects were completed and work is under way, but will not be completed by September 30, 2008 for 20 additional households.

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. Two large developments expected to result in more than 600 ENERGY STAR homes are in early phases of development.

Assisted New York ENERGY STAR[®] Labeled Homes — This program provides 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 heating equipment that exceeds current program standards. Program staff continue 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 Labeled Homes included in proposals submitted for funding through their Unified Funding RFP process. Two large developments have been completed that are expected to result in approximately 80 Assisted New York ENERGY STAR Labeled homes.

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. 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 last quarter, and participation of homeowners is now on the rise. 39 homes have been completed.

Residential Marketing — NYSERDA has 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 September 30, 2007, ten (10) studies were initiated under the Pilot Program. From September 30, 2007 through September 30, 2008, five (5) studies were initiated under the Transitional Program.

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 customer. As of September 30, 2007 twenty-five (25) gas audits were initiated under the Pilot Program. From September 30, 2007 through September 30, 2008, forty (40) gas audits were initiated under the Transitional Program.

The Existing Facilities Program (EFP) — EFP offers incentives pre-qualified incentives up to \$30,000 for energy efficient improvements and performance-based incentives to customers and energy services providers working on gas-efficiency projects that deliver verifiable annual gas savings at \$2 per therm saved, capped at \$500,000. As of September 30, 2007, in the pilot program, twenty six (26) projects were initiated. From September 30, 2007 through September 30, 2008, thirty six (36) projects were initiated under the Transitional Program.

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 September 30, 2008, two (2) projects have been initiated under the Transitional Program.

New York Energy SmartSM Loan Fund — The Loan Fund uses the same prequalified list and minimum equipment efficiency levels as the Existing Facilities Program. As of September 30, 2007, in the Pilot Program, two (2) loan subsidies were initiated. Since September 30, 2007, four (4) projects have been initiated in the Transitional Program.