

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

**PROGRESS THROUGH  
DECEMBER 31, 2008**

**MARCH 2009**



**QUARTERLY REPORT THROUGH DECEMBER 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 December 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 December 31, 2008.

**Table 1. Budget Status as of December 31, 2008**

	<u>Budget*</u>	<u>Paid</u>	<u>Committed</u>	<u>Available</u>
Commercial	7,326,133	2,182,656	5,226,023	2,100,110
Low Income	14,826,822	2,457,983	5,921,309	8,905,513
Residential	<u>6,963,191</u>	<u>1,449,369</u>	<u>3,911,963</u>	<u>3,051,228</u>
	29,116,146	6,090,009	15,059,296	14,056,850
Gas Study	199,593	199,593	199,593	-
Evaluation	1,060,000	78,146	175,000	885,000
Administration and NYS Cost Recovery	<u>2,512,453</u>	<u>901,616</u>	<u>901,616</u>	<u>1,610,837</u>
	<u>32,888,192</u>	<u>7,269,364</u>	<u>16,335,505</u>	<u>16,552,687</u>

\* The budget does not include \$418,473 of interest earned through 12/31/08. 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.

**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<sup>®</sup> Labeled Homes and Home Performance with ENERGY STAR<sup>®</sup>. The Multifamily Performance Program replaces the previous multifamily programs: ResTech, the Assisted Multifamily Program, and the ENERGY STAR<sup>®</sup> 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 York<sup>SM</sup>, a program serving the low-income sector, and program marketing.

**Table 2. Cumulative Gas Efficiency Program Accomplishments through December 31, 2008<sup>a</sup>**

	<b>Residential and Low-income Programs</b>	<b>Commercial Programs</b>
<b>Number of Projects</b>	330	194
<b>Number of Participants<sup>1</sup></b>	16,668	194
<b>Installed Therm Savings (Annual)<sup>2</sup></b>	221,405	2,099,943
<b>Third Party Verified Therm Savings (Annual)<sup>3</sup></b>	70,260	414,280
<b>Contracted Therm Savings (Annual)<sup>4</sup></b>	1,958,451	4,038,779
<b>Contracted Annual Bill Savings<sup>5</sup></b>	\$3,427,289	\$6,159,138
<b>Contracted Environmental Benefits<sup>6</sup></b>		
CO <sub>2</sub> (Annual Tons)	11,457	23,627
SO <sub>2</sub>	-	-
NO <sub>x</sub>	10	20
<b>Contracted Life Cycle Customer Savings<sup>7</sup></b>	\$43,050,530	\$77,365,560
<b>Contracted Life Cycle Avoided Costs<sup>8</sup></b>	\$31,281,537	\$72,025,746

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). 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.
3. These savings have been verified as installed by our 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. Residential savings have decreased over last quarter due to the installation of a cogeneration system.
4. Contracted therm savings are inclusive of 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 CO<sub>2</sub> per decatherm and 0.1 lbs of NO<sub>x</sub> 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, 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 gas efficiency program, and 96 have applied to the multifamily program. The multifamily program was originally allocated \$1,450,000, and

<sup>a</sup> 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.

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. Thirteen new projects were accepted into the gas program this quarter, representing 1,853 units, and \$1,713,112 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 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 York<sup>SM</sup>** — EmPower New York<sup>SM</sup> 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. Work has begun on the next round of funding with 39 projects identified and in 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. Three large developments expected to result in more than 350 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 resulting in construction of 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. To date 131 homes have been completed. 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-foreclosed homes and convert them to affordable Home Performance with ENERGY STAR homes. The goal is to convert approximately 100 homes.

***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 Smart<sup>SM</sup>** 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 Smart<sup>SM</sup>** 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 December 31, 2008, fifteen (15) 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 customer. As of December 31, 2008, ninety-one (91) projects have been initiated.

***The Existing Facilities Program (EFP)*** — The program offers 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 December 31, 2008, seventy-eight (78) projects have been initiated.

***The New Construction Program (NCP)*** — The program provides technical and financial assistance to incorporate energy efficiency measures into the design, construction, and operation of new and substantially renovated buildings. The program incentive for gas savings measures is \$2.75 per therm saved, up to \$1,000,000. As of December 31, 2008, thirteen (13) projects have been initiated.

***New York Energy Smart<sup>SM</sup> Loan Fund*** — The Loan Fund uses the same pre-qualified list and minimum equipment efficiency levels as Existing Facilities Program. As of December 31, 2008, eight (8) loan subsidy projects have been initiated that supplement Existing Facilities Program projects.