

**CONSOLIDATED EDISON
GAS EFFICIENCY PILOT PROGRAM**

**QUARTERLY EVALUATION AND
STATUS REPORT**

**QUARTERLY REPORT TO THE PUBLIC SERVICE COMMISSION
QUARTER ENDING DECEMBER 27, 2006**

NYSERDA



**QUARTERLY REPORT (FOR THE PERIOD ENDING DECEMBER 27, 2006)
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
GAS EFFICIENCY PILOT PROGRAM**

QUARTERLY GAS PLAN PROGRAM SUMMARY

This report details the Program's progress through December 27, 2006. Budget status information and solicitations released during the most recent quarter are presented below.

Table 1 provides information on the solicitations issued in this quarter.

Table 2 presents overall budget information through the end of the reporting quarter. Funds available for the Low Income Program have increased since the last quarter due to the loss of one project where funds had been previously committed.

Figure 1 shows the budget and spending through the end of the reporting period.

Table 1--Solicitations Released in Quarter Ending December 27, 2006

Solicitation Number	Solicitation Name	Solicitation Release Date	Solicitation Closing Date
PON 1046	Technical Assistance	12/01/06	5/31/07
PON 1101	Enhanced Commercial/Industrial Performance Program	11/13/06	9/27/07

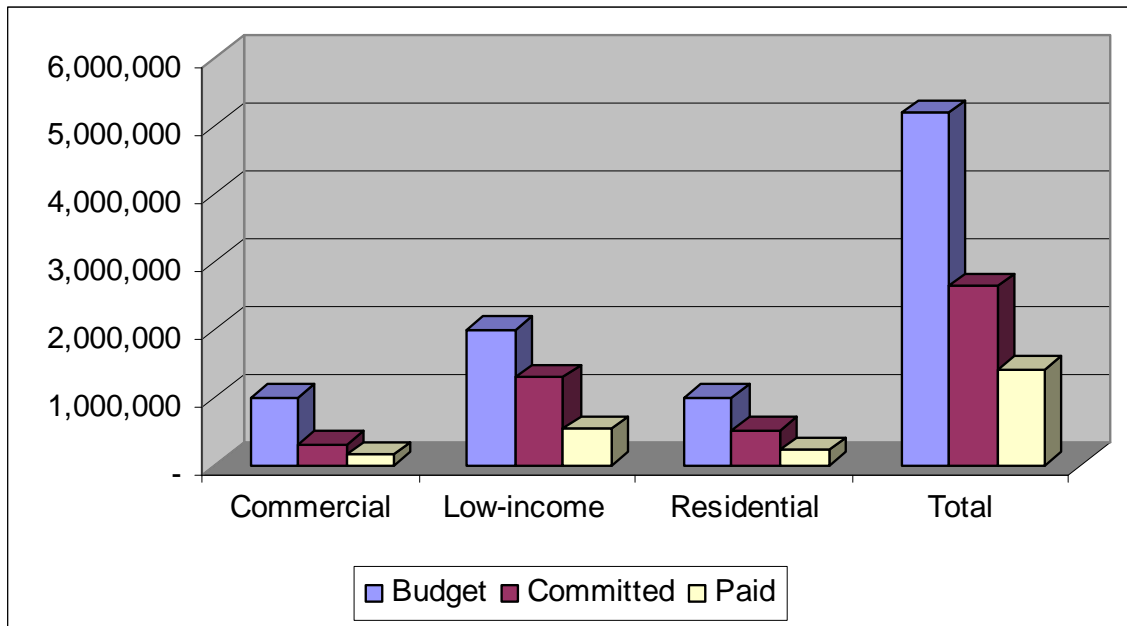
Table 2--Overall Budget Status as of December 27, 2006

Program	Budget	Paid	Committed	Available
Commercial	\$1,000,000	\$160,792	\$313,478	\$686,522
Low Income	2,000,000	531,654	1,292,695	707,305
Residential	1,000,000	217,413	518,816	481,184
Subtotal	<u>\$4,000,000</u>	<u>\$909,859</u>	<u>\$2,124,989</u>	<u>\$1,875,011</u>
Gas Efficiency Study	200,000	199,593	\$199,593	\$407
Evaluation	100,000	25,000	25,000	75,000
Administration	350,000	277,308	277,308	72,692
Reserve for Lost Revenue	550,000			550,000
Total Program	<u>\$5,200,000</u>	<u>\$1,411,760</u>	<u>\$2,626,890</u>	<u>\$2,573,110</u>

RESIDENTIAL AND LOW-INCOME PROGRAMS

NYSERDA's multifamily Building Program started its transition to one all-encompassing program on October 1, 2006. Acceptance of new buildings into the program was halted as the program began to change from its previous implementation contractor, HR&A of New York, Inc., to TRC Engineering, Inc. During the transition period, work on newly accepted buildings was stopped and the projects were placed in a queue. While the transition will continue through April 1, 2007, new buildings and all the buildings in the queue in 2006 will sign participation agreements with NYSERDA to enter the gas program. Newly committed buildings are expected to encumber the bulk of the remaining gas program budget, plus additional reprogrammed funds from the single-family homes program. In the first two quarters of 2007, gas program activity is expected to be extensive.

Figure 1. Budget and Spending Summary (Includes study, evaluation, administration, and lost revenue reserve)



The Residential and Low-Income portions of the gas program involve several single family and multifamily building programs. The single-family homes program originally included funding for New York ENERGY STAR[®] Labeled Homes (\$100,000 for non-low-income and \$500,250 for low-income homes) and Home Performance with ENERGY STAR (\$200,000). Some of the funds allocated to the single-family homes programs are being shifted to the multifamily program because the multifamily program is over-subscribed by higher-than-expected demand. The funds will be added to the multifamily program, which will increase funding for the ResTech, Assisted Multifamily, and ENERGY STAR Multifamily Buildings Programs (originally budgeted \$200,000 for non-low-income and \$1,000,000 for low-income) by \$575,250.

Program marketing expenditures now total \$98,038.63 out of the \$200,000 allocated for marketing. Detailed descriptions of these programs may be found in the approved gas program plan.

Assisted Multifamily Program (AMP) — AMP has been allocated \$500,000 to target low-income multifamily projects that are exclusively Con Edison gas customers. Sixty-one (61) AMP projects are currently potential candidates for the gas pilot. Of those, four (4) have

executed participation agreements encumbering a total of \$111,801 of the \$500,000 gas funds. The projected annual gas savings from these four (4) AMP projects is 9,000 MMBtu.

ResTech — Staff has allocated \$300,000 for the ResTech program. Sixteen (16) ResTech projects have been identified as eligible to participate in the Gas Pilot Program. This includes one project with Columbia University, which is actually a grouping of several multifamily buildings that are being served under a mini-bid process to save administrative costs and increase the total number of buildings completed. The total amount of encumbered ResTech gas funds is \$420,778.

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, test, 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.

The 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 this quarter. In addition, technical service funds encumbered for this project total \$15,854. Of those, \$15,341 was invoiced.

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. All five projects have executed participation agreements with NYSERDA. The low-income projects have encumbered \$398,583 towards incremental costs and \$129,304 towards technical assistance with \$90,172 invoiced from the incremental cost budget and \$86,220 from the technical assistance budget. One (1) low-income project, which has completed its savings projections, estimates annual gas savings of 327 MMBtu compared with a comparable building meeting ASHRAE Standard 90.1-2004.

New York ENERGY STAR Labeled Homes (NYESLH) — This program was allocated \$100,000 in homebuilder incentives for the construction of 200 market rate, one-to-four family New York ENERGY STAR Labeled homes in the Con Edison gas service territory. These homes will include high efficiency gas heating equipment that exceeds current program standards. As of this report, all 200 of these projects have been tentatively committed through a project named the AVR New Construction Project. Due to the fact that this Project was committed, all the original funds allocated for it remain. The development of 21 duplexes and 53 triplexes will be built in Queens. Following the completion of this Project, all funds budgeted for this Program will be exhausted.

Assisted New York ENERGY STAR Labeled Homes (ANYESLH) — This Program was originally allocated \$500,250 to provide incentives to homebuilders and customers for constructing low-income one-to-four family New York ENERGY STAR Labeled Homes. These homes will include high efficiency gas heating equipment that exceeds current program standards. After the redistribution of funds to the low income Multifamily Programs, the ANYESLH Program was given a budget to support the completion of 100 projects. As of this report, 77 ANYESLH have been committed through a project named Stebbins Bristow. This development is being constructed by the Blue Sea Construction Company and will be located in the Bronx. In tandem with this project, NYSERDA's program implementer, the Conservation Services Group (CSG), and various field staff have conducted several recruiting meetings with existing and new affordable housing developers and local Habitat for Humanity chapters to secure additional opportunities.

Home Performance with ENERGY STAR (HPwES) — This program was originally 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 are to be retrofitted with high-efficiency gas heating equipment that exceeds the minimum standards of the current Program. After the redistribution of funds to the Multifamily Programs, the Home Performance with ENERGY STAR Program was given a budget to support the completion of 100 projects. CSG and various field staff are currently working with existing participating home performance contractors to educate them of this opportunity. New contractors are constantly being recruited, trained and accredited to facilitate the infrastructure development desired in Westchester County. It is anticipated that all projects budgeted in this Program will be committed by September 2007.

Residential Marketing — NYSEDA spent more than \$23,039 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.

Planned Activities and Proposed Expenditures — Activity in the low income and residential portion of the program will be significant next quarter, especially for the Energy Star Multifamily Program (EMP) and the Home Performance with Energy Star Program because of the market's response to the higher cost of gas this winter, *i.e.*, participants' interest in energy efficiency is increased and will drive demand for program funds. Staff in the residential program will work closely with staff in Energy Efficiency Services to coordinate the new construction program activities.

COMMERCIAL GAS EFFICIENCY PROGRAM

The commercial component of the Gas Program will help 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 staff to provide 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. Marketing will target eligible Con Edison gas customers. The commercial program is funded at \$1,000,000.

Marketing — Most of the marketing efforts have been in conjunction with the electric programs, allowing the Gas Pilot to ride the coattails of these long-standing programs. None of the marketing budget has been tapped yet. A gas equipment vendor outreach effort is planned for next quarter.

Technical Assistance — Technical Assistance has completed 24 walkthrough audits and one detailed study.

Enhanced Commercial Industrial Performance Program — The former Commercial Industrial Performance Program and Smart Equipment Choices Program were combined to provide enhanced one-stop access for customers and service providers. The new, combined program name is the Enhanced Commercial Industrial Performance Program (ECIPP). ECIPP has 9 completed projects.

Loan Fund — Loan Fund has no completed loan subsidies. But, the first loan subsidy is being processed.

PLANNED ACTIVITIES AND PROPOSED EXPENDITURES

Outreach will focus on customer organizations, gas equipment vendors, business and trade groups, and economic development organizations. The Program will attempt to utilize the customer service efforts of Con Edison. A gas equipment vendor outreach effort is planned for the quarter ending March 27, 2007.