

**CONSOLIDATED EDISON
GAS EFFICIENCY PILOT PROGRAM**

**QUARTERLY EVALUATION AND
STATUS REPORT**

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

NYSERDA



**QUARTERLY REPORT FOR THE PERIOD ENDING JUNE 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 June 27, 2006. Budget status information and solicitations released during the most recent quarter are presented below. Future quarterly reports will include summaries of energy, economic, and environmental outcomes and energy savings by program for each quarter.

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

Table 2 presents overall budget information through the end of the reporting quarter.

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

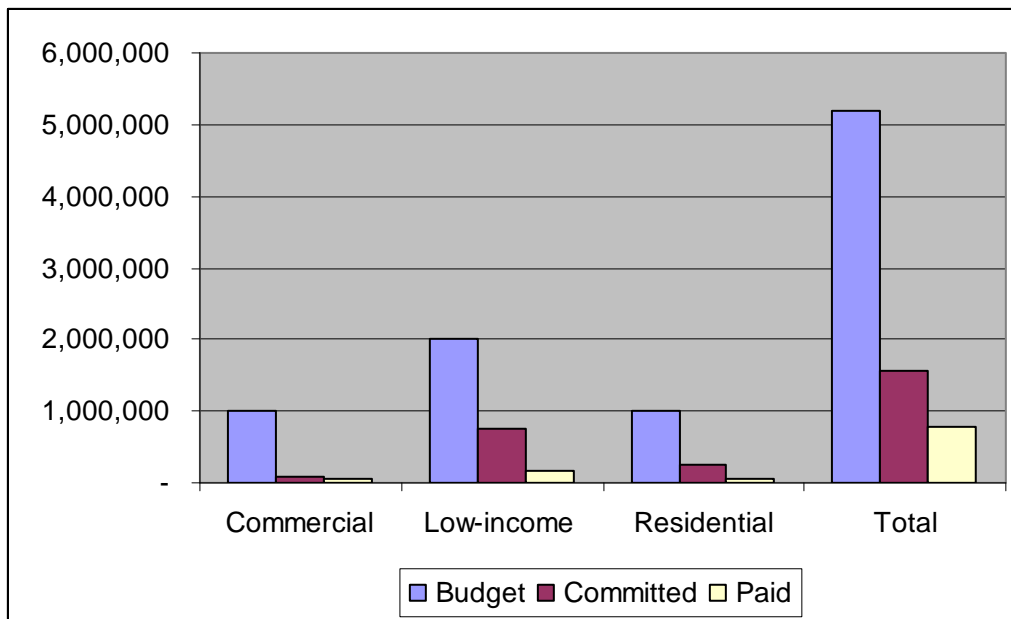
Table 1--Solicitations Released in Quarter Ending June 27, 2006

Solicitation Number	Solicitation Name	Solicitation Release Date	Solicitation Closing Date
RFP 1030	New York Energy \$mart SM Energy Audit Program	6/12/06	8/16/06

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

Program	Budget	Paid	Committed	Available
Commercial	\$1,000,000	\$50,296	\$70,213	\$929,787
Low Income	2,000,000	171,465	740,419	1,259,581
Residential	1,000,000	63,926	254,633	745,367
Subtotal	<u>\$4,000,000</u>	<u>\$285,687</u>	<u>\$1,065,265</u>	<u>\$2,934,735</u>
Gas Efficiency Study	200,000	199,593	199,593	407
Evaluation	100,000	25,000	25,000	75,000
Administration	350,000	266,901	266,901	83,099
Reserve for Lost Revenue	550,000	-	-	550,000
Total Program	<u>\$5,200,000</u>	<u>\$777,181</u>	<u>\$1,556,759</u>	<u>\$3,643,241</u>

Figure 2—Budget and Spending Summary (includes study, evaluation, administration, and lost revenue reserve)



RESIDENTIAL AND LOW-INCOME PROGRAMS

The Residential and Low-Income portion of the gas program will involve several single family and multifamily building programs. The single-family homes program will include funding for New York ENERGY STAR® Labeled Homes (\$100,000 for non-low-income and \$500,000 for low-income homes) and Home Performance with ENERGY STAR (\$200,000). The multifamily program will include funding for ResTech (\$300,000), Assisted Multifamily (\$500,000), and ENERGY STAR Multifamily Buildings (\$200,000 for non-low-income and \$1,000,000 for low-income). Program marketing expenditures will be \$200,000. Detailed descriptions of these programs may be found in the approved Gas Plan.

Assisted Multifamily Program (AMP) — AMP has been allocated \$500,000 to target low-income multifamily projects that are exclusively Con Edison gas customers. Thirty-two (32) AMP projects are currently potential candidates for the gas pilot. Of those, three (3) have executed participation agreements encumbering a total of \$105,364 of the \$500,000 gas funds. The projected annual gas savings from these three (3) AMP projects is 8,351 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. Six (6) Notices to Proceed were mailed to ResTech consultants, and two (2) Final Audit Reports were received during this quarter. The total amount of encumbered ResTech gas funds is \$323,682.

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 have been 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. Of these, three (3) projects have executed participation agreements with NYSERDA. The other two (2) low-income projects are currently in the design phase. 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.

Assisted New York ENERGY STAR Labeled Homes (ANYESLH) — This program was allocated \$500,000 to provide incentives to homebuilders to construct low-income one-to-four family New York ENERGY STAR Labeled Homes. NYSERDA's program implementer, the Conservation Services Group (CSG), has conducted several recruiting meetings with existing and new affordable housing developers to secure potential sites. CSG's field account managers have met and continue to schedule meetings with developers that build a substantial portion of the low-income housing in the New York City region. CSG, at the direction of NYSERDA, is completing the final elements of the program management database to track these projects separately from the rest of the program. The program is expected to support the construction of approximately 650 new energy-efficient homes for low-income Con Edison gas customers.

New York ENERGY STAR Labeled Homes (NYESLH) — This program was allocated \$100,000 to provide incentives to homebuilders to construct market rate, non-low-income one-to-four family homes in the Con Edison gas service territory. The homes will include high-efficiency gas heating equipment that exceeds current program standards. The list of qualified eligible equipment has been finalized. CSG is continually working with existing participating builders and recruiting new homebuilders with potential housing sites. The program expects to support construction of approximately 200 new energy-efficient homes for Con Edison gas customers.

Home Performance with ENERGY STAR (HPwES) — This program was allocated \$200,000 to provide incentives to home performance contractors to upgrade the energy efficiency of existing one-to-four family homes in the Con Edison gas service territory. The homes will include high-efficiency gas heating equipment exceeding current program standards. The list of qualified eligible equipment has been finalized. CSG is currently working with existing participating home performance contractors and recruiting new contractors with potential retrofit housing sites. The program expects to support upgrades in approximately 400 homes for existing Con Edison gas customers.

Residential Marketing — NYSERDA spent than \$22,219 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. Participating programs include: the Energy Audit Program, FlexTech Services, the Technical Assistance Program, Smart Equipment Choices, the Commercial/Industrial Performance Program, and the **New York Energy SmartSM** Loan Fund. Marketing will target eligible Con Edison gas customers. The commercial program will be funded at \$1,000,000. As with the residential and low-income programs, the gas components of the programs are in the beginning stages of implementation, no gas efficiency measures have been installed, and no gas savings or benefits can be reported in this quarterly report. Accomplishments of the Commercial Gas Efficiency Program are detailed below.

FlexTech and Technical Assistance — The FlexTech and Technical Assistance programs were revised in August 2005 to permit studies of customer projects previously ineligible for funding under **New York Energy SmartSM**. Studies will include the costs and benefits of installing gas measures at efficiency levels established by implementation programs. Two studies have been initiated and many offers have been extended.

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 fee structure has been altered for these audits such that the costs are now \$100 and \$400. Reviews of gas measures have been initiated for small commercial ratepayers. Twenty-two gas audits have been completed to date.

Commercial/Industrial Performance Program — The Commercial/Industrial Performance Program previously excluded natural gas measures. Effective October 10, 2005, an incentive of \$1.00 per therm saved has been added. During the current quarter, the minimum efficiency level for steam boilers was adjusted to reflect the availability of products in the marketplace.

Smart Equipment Choices Program — The minimum efficiency level for steam boilers was adjusted to reflect the availability of products in the marketplace. An appreciable interest in this program has emerged, and four applications have been received.

New York Energy SmartSM Loan Fund — The minimum efficiency level for steam boilers was adjusted to reflect the availability of products in the marketplace. The Loan Fund uses the same pre-qualified list as the Smart Equipment Choices Program and minimum equipment efficiency levels are consistent for equipment pre-qualified under the Commercial/Industrial Performance Program, the Smart Equipment Choices Program, and the Loan Fund.

Planned Activities and Proposed Expenditures — Marketing will continue as a major activity. Outreach will focus on customer organizations, gas equipment vendors, business and trade groups, and economic development organizations. The program will attempt to use the customer service efforts of Con Edison, including web-site integration.