

NEW YORK ENERGY SMARTSM PROGRAM QUARTERLY EVALUATION AND STATUS REPORT

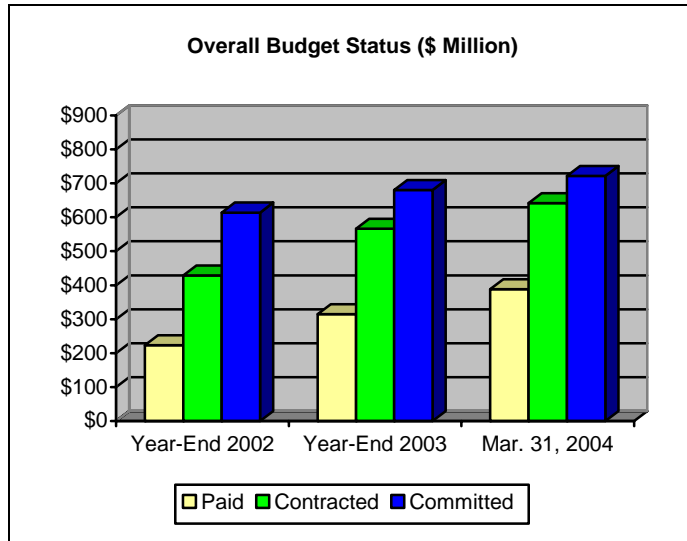
QUARTERLY REPORT TO THE DEPARTMENT OF PUBLIC SERVICE
QUARTER ENDING MARCH 31, 2004



This report updates the **New York Energy SmartSM** Program progress through March 31, 2004. The following information is presented: (1) budget status; (2) summary of energy, economic, and environmental outcomes; (3) energy savings by program; and (4) solicitations that were released during

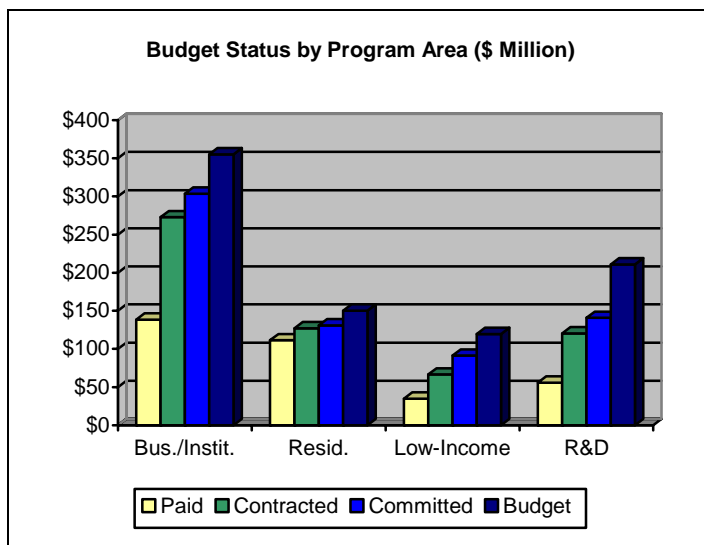
the last two quarters, between October 1, 2003 and March 31, 2004.

Figure 1. Overall Budget Status



As of March 31, 2004, nearly \$722 million of the \$932 million 8-year budget, or 77%, have been committed.¹ Approximately \$642 million, or 69% of the total budget, have been contracted, and \$389 million, or 42% of the total budget, have been paid out. Funds paid, contracted, and committed through year-end 2002, 2003, and the first quarter of 2004 are shown in Figure 1.

Figure 2. Budget Status by Program Area as of March 31, 2004



The budget status for each major program area is shown in Figure 2. The Business/Institutional Program area has committed 85% of the budgeted funds, the Residential Program area has committed 86% of the budgeted funds, the Low-Income Program area has committed 76% of budgeted funds, and the R&D Program area has committed 66% of budgeted funds. The proportion of paid funds relative to budgeted funds is as follows: Business/Institutional Program area has paid 39%, the Residential Program area has paid 74%, the Low-Income Program area has paid 29%, and the R&D Program area has paid 27% of budgeted funds. The higher payout rate for the Residential Program area is due

to the shorter project turnaround times and funds paid for marketing support.

¹ Committed funds are funds associated with signed and pending contracts.

ENERGY, ECONOMIC, AND ENVIRONMENTAL OUTCOMES SUMMARY

Table 1 shows a summary of the energy, economic, and environmental outcomes from the **New York Energy \$martSM** Program through year-end 2001, 2002, 2003, and the first quarter of 2004. As of March 31, 2004, annual electricity savings from installed measures were approximately 1,100 GWh. The peak demand reduction² from installed measures totaled nearly 895 MW, with 285 MW resulting from permanent reductions available through energy efficiency improvements, and 610 MW available to be called upon when needed through load management programs (curtailable load). Energy bill savings from electricity, natural gas, and oil were estimated to be \$150 million per year. These savings occur every year that the measures are in place. Approximately 3,660 new jobs were in place as of March 31, 2004 as a result of the Program.

Table 1. Summary of Energy, Economic, and Environmental Outcomes From Installed Measures

	Through Year-End 2001	Through Year-End 2002	Through Year-End 2003	Through March 31, 2004
Electricity Savings From Energy Efficiency (Annual GWh)	400	690	1,000	1,100
Peak Demand Reduction (MW)	270	652	880	895
Permanent Measures (MW)	96	218	270	285
Curtailable Load (MW)	174	434	610	610
Annual Energy Bill Savings - Includes electricity, natural gas, and oil (\$ Million)	\$60	\$100	\$140	\$150
Renewable Energy Generation (Annual GWh)	28	103	104 ³	104
Jobs Attributable to the Program	2,800	3,200	3,500	3,660
NO _x Emissions Reductions Associated with Energy Efficiency and Renewable Energy Production (Annual Tons)	77	790	950	1,000
SO ₂ Emissions Reductions Associated with Energy Efficiency and Renewable Energy Production (Annual Tons)	155	1,270	1,700	1,790
CO ₂ Emissions Reductions Associated with Energy Efficiency and Renewable Energy Production (Annual Tons)	560,000 (equivalent to removing 110,000 automobiles from New York roads)	640,000 (equivalent to removing 127,000 automobiles from New York roads)	750,000 (equivalent to removing 150,000 automobiles from New York roads)	815,000 (equivalent to removing 160,000 automobiles from New York roads)

² The peak demand period is defined as June 1 to September 30, Monday through Friday, excluding holidays, 1 to 5 P.M.

³ Includes approximately 1 GWh of generation from installed photovoltaic (PV) systems not previously reported.

ENERGY SAVINGS – SELECTED PROGRAMS

The energy benefits from energy efficiency and renewable/on-site generation measures installed through year-end 2001, 2002, 2003, and the first quarter of 2004 are shown in Tables 2 and 3. Starting in 2003, the reported energy savings were adjusted by evaluation contractors who examined savings methodologies, program spillover, and other market effects. The adjustments were not applied to 2001 and 2002 savings values. Therefore, these energy savings are not directly comparable to those for year-end 2003 and beyond. In addition, for some programs, first quarter results were not available. For these programs, year-end 2003 energy savings were used as placeholders. These numbers are shown in italics in the table.

Table 2. Energy and Demand Reductions Summary

	Installed Through Year-End 2001		Installed Through Year-End 2002		Installed Through Year-End 2003		Installed Through March 31, 2004	
	GWh	MW	GWh	MW	GWh	MW	GWh	MW
Business and Institutional Programs								
C/I Performance Program	153.6	34.2	235.0	52.0	282.3	41.5	296.3	43.1
New Construction Program	3.2	1.2	41.9	4.8	94.8	20.3	<i>94.8</i>	<i>20.3</i>
Smart Equipment Choices	-	-	13.0	6.0	48.9	22.7	50.1	23.2
Peak Load Reduction (Permanent Measures) ⁴	14.7	6.1	47.8	19.9	43.9	15	<i>43.9</i>	<i>15</i>
Peak Load Reduction and Enabling Technology (Curtailable Load Enabled)	-	174.6	-	434.2	-	598	-	598
Premium Efficiency Motors	2.2	0.5	5.0	1.0	6.3	1.2	6.8	1.3
Small Commercial Lighting	0.2	<0.1	1.9	0.4	3.8	0.95	5.1	1.2
Commercial HVAC	0.0	0	0.3	<0.1	0.3	0.1	0.3	0.1
Loan Fund	7.2	2.0	8.9	1.5	18.7	2.4	19.0	3.2
Technical Assistance Program	112.8	30.0	225.6	60.0	361.0	96.0	398.6	106.0
Residential and Low-Income Programs								
ENERGY STAR [®] Products	62.7	11.1	83.7	14.4	122.6	22.7	132.2	26.2
ENERGY STAR [®] Bulk Purchase	1.2	0.3	12.6	4.6	18.5	3.69	18.5	3.69
Keep Cool ⁵	5.3	8.8	25.2	41.8	24.4	38.2	21.0	32.9
ENERGY STAR [®] Labeled Homes	0.1	<0.1	0.5	0.3	1.1	0.4	1.5	0.5

⁴ Savings from the Cooling Recommissioning Program, a pilot program that preceded the Peak Load Reduction Program, was not included due to uncertainty in the achieved savings. These savings will appear in the next annual report.

⁵ In addition, as a result of the Keep Cool Tips marketing campaign, approximately 94 MW of load was shifted in Summer 2002 and approximately 35 MW was shifted in Summer 2003 by residents using clothes washers and dishwashers during off-peak hours.

	Installed Through Year-End 2001		Installed Through Year-End 2002		Installed Through Year-End 2003		Installed Through March 31, 2004	
	GWh	MW	GWh	MW	GWh	MW	GWh	MW
Home Performance with ENERGY STAR [®]	0.1	<0.1	0.7	0.1	2.7	0.8	3.6	0.9
Residential Comprehensive Energy Management ⁶	0.2	0.1	4.7	1.3	7.7	7.1	8.1	7.2
Assisted Multifamily Program	-	-	-	-	1.6	0.1	3.3	0.3

Table 3. Summary of Renewable Energy and Combined Heat and Power Installations

	Installed Through Year-End 2001		Installed Through Year-End 2002		Installed Through Year-End 2003		Installed Through March 31, 2004	
	GWh	MW	GWh	MW	GWh	MW	GWh	MW
Renewables Program	28.0	11.5	103.0	41.8	104.0	42.6	104.0	42.6*
Combined Heat and Power Demonstrations	-	0.6	-	4.8	-	5.9	-	10.4**

* Nameplate capacity.

** On-Peak demand reduction.

SOLICITATIONS UPDATE

Table 4 provides information on Requests for Proposals (RFPs) and Program Opportunity Notices (PONs) that were released during the fourth quarter of 2003 and first quarter of 2004.

Table 4. Solicitations Released in Fourth Quarter 2003 and First Quarter 2004

Solicitation Number	Solicitation Name	Solicitation Release Date	Solicitation Closing Date
Business and Institutional Program Area			
PON 795	CHP & Renewable Generation Technical Assistance	11/17/03	2/25/04
PON 795A	CHP & Renewable Generation Technical Assistance	11/17/03	6/9/04
PON 810	Technical Assistance	11/24/03	6/9/04
PON 835	Peak Load Reduction	12/22/03	11/1/04
PON 852	Retrocommissioning Initiative for Commercial Buildings	3/8/04	4/1/05
PON 853	Smart Equipment Choices Program	3/29/04	12/31/04
PON 855	Commercial/Industrial Performance Program	3/29/04	12/31/04
Residential and Low-Income Program Areas			
RFP 845	Residential Technical Assistance	3/8/04	4/6/04

⁶ Due to a re-calculation of the benefits associated with the Residential Comprehensive Energy Management Program, the electricity savings and demand reduction through year-end 2003 have increased from 2.0 GWh and 1.0 MW (as was previously reported) to 7.7 GWh and 7.1 MW.

RFP 850	Low-Income Energy Affordability Program Implementation	3/29/04	4/22/04
R&D Program Area			
PON 803	Time Sensitive Pricing Demonstrations	10/13/03	1/6/04
PON 798	Manufacturing Assistance for Peak Shaving (MAPS) - Round 1	1/19/04	4/28/04
PON 798A	Manufacturing Assistance for Peak Shaving (MAPS) – Round 2	1/19/04	9/23/04
PON 800	Power Systems (PS), Distributed Generation (DG), Combined Heat & Power (CHP) & Web-based Data Integrator	1/5/04	4/20/04
PON 839	Environmental Monitoring, Evaluation and Protection (EMEP)	2/2/04	4/14/04
PON 846	Electric Energy Storage	3/15/04	6/16/04