



**CONSOLIDATED EDISON
GAS EFFICIENCY PILOT PROGRAM**

**QUARTERLY EVALUATION AND
STATUS REPORT**

**QUARTERLY REPORT TO THE PUBLIC SERVICE COMMISSION
QUARTER ENDING JUNE 27, 2007**

NYSERDA



QUARTERLY REPORT (FOR THE PERIOD ENDING JUNE 27, 2007) GAS EFFICIENCY PILOT PROGRAM

QUARTERLY GAS PLAN PROGRAM SUMMARY

This report details progress in the Con Edison Gas Efficiency Pilot Program (Gas Program) through June 27, 2007. 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 and 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, 2007

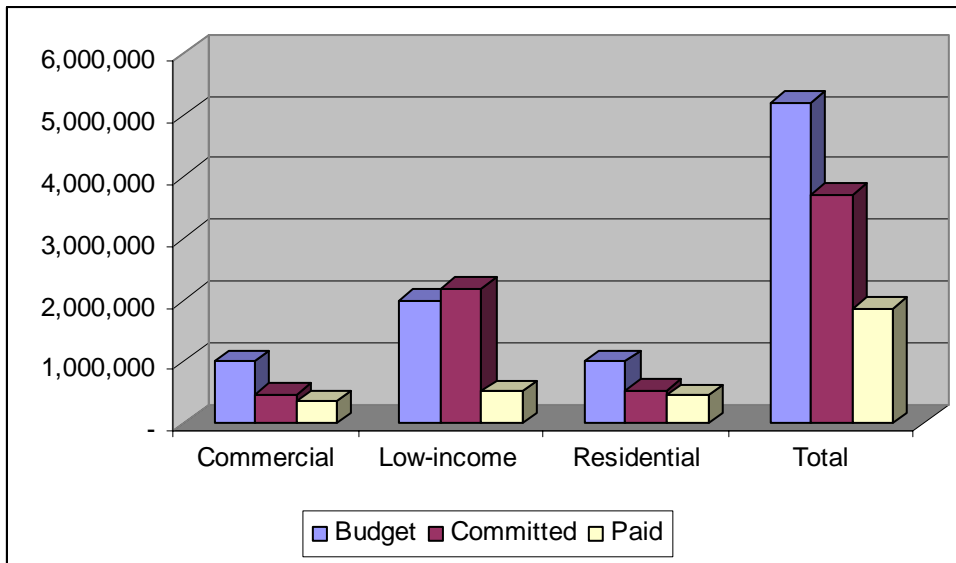
Solicitation Number	Solicitation Name	Solicitation Release Date	Solicitation Closing Date
PON-1101	Enhanced Commercial and Industrial Performance Program	02/26/07	09/27/07

Table 2. Overall Budget Status as of June 27, 2007

Program	Budget	Invoiced	Encumbered	Available
Commercial	\$1,000,000	\$369,769	\$472,927	\$527,073
Low Income	2,000,000	531,758	2,193,350	(193,350)
Residential	1,000,000	456,732	537,415	462,585
Subtotal	<u>\$4,000,000</u>	<u>\$1,358,259</u>	<u>\$3,203,692</u>	<u>\$796,308</u>
Gas Efficiency Study	200,000	199,593	\$199,593	\$407
Evaluation	80,001	25,000	25,000	55,001
Administration	280,000	280,000*	280,000	
Reserve for Lost Revenue	639,999			639,999
Total Program	<u>\$5,200,000</u>	<u>\$1,862,852</u>	<u>\$3,708,285</u>	<u>\$1,491,715</u>

*Administrative costs are through June 30, 2007.

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



COMMERCIAL GAS EFFICIENCY PROGRAM

The Program helps eligible Con Edison gas customers better manage their energy costs and operate more productively. Natural gas measures have been added to existing **New York Energy \$martSM** programs to enable staff to provide one-stop assistance. These programs include the Energy Audit Program, FlexTech Services, the Enhanced Commercial Industrial Performance Program, and the **New York Energy \$martSM** Loan Fund. Marketing will target eligible Con Edison gas customers. The commercial pilot is funded at \$1,000,000. An additional \$3,000,000 has been added for 2007-2008.

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. A gas equipment vendor outreach effort was completed this quarter. All leads were addressed that resulted from last quarter’s mass mailing by NYSERDA and Con Edison.

Technical Assistance — Technical Assistance completed twenty-five walk-through audits and four detailed studies.

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

Loan Fund — The Loan Fund has provided an interest rate reduction for one completed project.

Planned Activities And Proposed Expenditures. — Applications received this quarter were sufficient to use all program funds. With the approval this quarter of the 2007-2008 Gas Efficiency Program Plan, outreach and marketing efforts will be adjusted to the increased funding.

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Outreach will continue to focus on customer organizations, gas equipment vendors, business and trade groups, and economic development organizations. This Program will attempt to use the ongoing Power Savings Partners Outreach and the customer service efforts of Con Edison.

RESIDENTIAL AND LOW-INCOME PROGRAMS

NYSERDA's Multifamily Building Program (Multifamily Program) started its transition to one all-encompassing program on October 1, 2006 and was officially launched on May 8, 2007 at a meeting in New York City. Since the transition, the acceptance of new projects into the program has increased dramatically. During the quarter, thirteen new construction projects were initiated, twelve low income and one market rate, encumbering \$190,000 in gas funding. In addition, twelve existing low income building projects were started under the assisted multifamily program (AMP), encumbering over \$770,000.

The residential and low-income portions of the Gas Program involve several of NYSERDA's 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 \$500,000 for low-income homes) and Home Performance with ENERGY STAR[®] (\$200,000). The \$575,250 in funding allocated to the single-family homes programs is being shifted to the low income multifamily program because the program has experienced higher-than-expected demand. The funds will increase funding for the Assisted Multifamily Program (originally budgeted at \$500,000 for low-income) to \$1,075,250.

In the Home Performance with Energy Star program, 22 projects have been finished and an additional 14 projects are in process. The Energy Star Labeled Homes Program has provided assistance for 309 market rate homes, 50 are completed and 259 are in process. The low income portion of the new homes program completed 37 homes. Total small homes expenditures for the above homes will be over \$190,000.

Program marketing expenditures now total \$199,870. The final expenditures were for print advertising in Westchester newspapers, and a direct mailing to 10,000 older homes in Westchester County.

Assisted Multifamily Program (AMP) — AMP has been allocated \$500,000, plus the reprogrammed funding amount of \$575,250, and funds from the ENERGY STAR[®] Multifamily Pilot Program new construction program (see below) to target low-income multifamily projects that are exclusively Con Edison gas customers. Approximately 20 AMP projects are currently potential candidates for the Gas Program, which will encumber the remainder of the gas program funding.

ResTech — Staff has allocated \$300,000 for the ResTech program. Twenty six (26) ResTech projects have been identified as eligible to participate in the Gas Program. This includes one project with Columbia University, which is a group 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.

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 U.S. EPA ENERGY STAR[®] label.

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The Gas Program plan allocated \$200,000 to market-rate, non-low-income projects participating in EMP. To date, EMP has identified three market-rate projects in Con Edison's gas territory and have executed participation agreements with NYSERDA. Technical service funds encumbered for this project total an additional \$15,854.

The Gas Program plan also allocated \$1,000,000 to low-income EMP projects. Seventeen low-income new construction projects are under way in Con Edison's gas territory. All projects have executed participation agreements with NYSERDA. One low-income project, which has reached its savings projections, estimates annual gas savings of 327 MMBtu compared with a comparable building meeting ASHRAE Standard 90.1-2004. Although it was expected that no new projects be accepted in the new construction program, high demand necessitated conducting the additional projects

NYSERDA 1-4 Unit Residential Programs:

Because of market events and project completions, and as discussed above, funds were redistributed within the Gas Program. Table 3 presents a concise explanation of the budget and goals for the residential programs, following this transfer of funds.

Table 3. Budget Transfers Among Residential Programs

Program	Goals (Budgeted)	
	Projects	Funds
Home Performance with ENERGY STAR®	100	\$50,000
New York ENERGY STAR® Labeled Homes (NYESLH)	200	\$100,000
Assisted NYESLH	100	\$75,000
TOTAL:	400	\$225,000.00

New York ENERGY STAR® Labeled Homes (NYESLH) — This program was allocated \$100,000 in homebuilder incentives to facilitate 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. All 200 projects have been tentatively committed though a project named the AVR Powell Cove New Construction Project. 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 committed.

Assisted New York ENERGY STAR® Labeled Homes (ANYESLH) — This program was re-allocated \$75,000 to provide incentives to homebuilders and customers for constructing 100 low-income one-to-four family New York ENERGY STAR® Labeled Homes. These homes must include high efficiency gas heating equipment that exceeds current program standards. Funding for 77 homes has been committed through a project named Stebbins Bristow. This development

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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 NYSERDA staff have received verbal commitments that would fulfill the balance of our obligation for these projects. These projects, contracted through our community based organization contractors, including the Association for Energy Affordability and the Community Environmental Center, have received verbal commitments for low income units and are slated to be built in New York City and Peekskill. All projects budgeted in this program are expected to be committed by September 2007.

Home Performance with ENERGY STAR® (HPwES) — This program was re-allocated \$50,000 to provide incentives to participating home performance contractors for upgrading the energy efficiency of 100 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. CSG and various field staff continue to work with existing participating home performance contractors to educate them about the opportunity to participate in this program. Through June 27, 2007, twenty two completions are attributable to the Gas Program. As the market matures, committed production is expected to increase dramatically. New contractors are constantly being recruited, trained, and accredited to facilitate infrastructure development in the downstate markets. Several market retrofit projects are nearly committed in Yorktown Heights, Cortland Manor, and two other sites in Westchester County by Pur-Air Heating and Air Conditioning, a fairly new participating contractor in the Gas Program. All projects budgeted in this program are expected to be committed by September 2007.

Residential Marketing — NYSERDA spent \$62,000 in community newspapers and direct mailings in the downstate markets to increase participation in the Gas Program. Some advertisers provided value added options such as editorial space and color ads. Many publications printed a quarter-page ad about the Gas 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 low income portion of the Multifamily Program and the Home Performance with Energy Star Program because the market is responding to the higher cost of gas this winter; participants' interest in energy efficiency has increased and will drive demand for program funds. With the start of the transition (year four) Gas Program, these new funds will be used to continue the implementation of the gas program in accordance with the approved plan.