

Central Hudson Gas and Electric EEPS 2012 Annual Report

Appendix A - Program History Description Summaries

Relevant Cases: 07-M-0548, 08-E-1019, 08-G-1020, 08-E-1135, 09-G-0363

Central Hudson's current implementation plan is located on DMM¹, which outlines all of our current EEPS Programs.

Small Commercial Electric

The Small Commercial Electric Program, operational since May 18, 2009, offered incentives to non-residential electric customers to purchase and install a variety of energy efficient equipment including motors, HVAC equipment, and lighting. Following the initial process evaluation in 2009 and 2010, the program was restructured and the Small Commercial Lighting Program was launched November 1, 2010 using a Direct Install model that continues to be in use today.

Under EEPS 1, the Small Commercial Lighting Program encouraged commercial customers (0-100kW average annual demand) to replace current interior lighting with energy efficient lighting and lighting controls. Under the Direct Install model, participating customers received a free energy audit conducted by our former third-party program implementer. Incentives covered 70 percent of the equipment and installation costs. A financing program initiated during EEPS 1 as approved by the New York State Public Service Commission ("PSC") provided for zero percent financing to participating customers to cover the remaining equipment and installation costs.

In 2012 a new program implementer partnered with Central Hudson as the Direct Installer of our Small Commercial Business Program. The incentive structure is based on a sliding scale, providing up to 70% of the total project cost to customer. The current program still operates similar to the existing lighting program such that interior lighting options are provided, but now we offer additional outdoor options, including LED down light applications. There is still zero percent financing available that our program implementer is providing to participating customers. Currently we are preparing to re-instate non-lighting measures into the program beginning in July 2013.

EEPS 1 Orders and OEEE Director Letters:

- ❖ January 16, 2009: Order Approving "Fast Track" Utility-Administered Electric Energy Efficiency Programs with Modifications (Budget: 12,370,030 Target: 45,360 MWh)
- ❖ October 18, 2010: Order Approving A Petition to Provide 0% Financing As Part Of Small Commercial Business Direct Install and Mid-Size Commercial Business Programs (target and budget did not change)
- ❖ April 14, 2011: OEEE Letter: Reallocate Program budget and target from the Small Business Program to the Mid-Size Program. (Original budget and target from January 16, 2009 Order) (**New Budget: \$10,889,441, New Target: 40,266 MWh**)

¹ Current Implementation Plan Link:

<http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7b3A4B7A78-A5FF-4329-8D92-C5958750C79C%7d>

- ❖ August 22, 2011: Order Authorizing Incremental Commercial Electric Energy Efficiency Program Funds for 2011 (Budget: \$2,500,000, Target: Based on what is spent in the program as an efficiency of \$217 per 1 MWh)
- ❖ December 20, 2011: OEEE Letter: Reallocation of Program Budgets from Electric Small Program to Electric Mid-Size Business Program (Incremental Budget) (**New Budget: \$2,150,000 Target: Based on what is spent in the program as an efficiency of \$217 per 1 MWh**)

EEPS 2 Orders and OEEE Director Letters:

- ❖ October 25, 2011: Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a Surcharge Schedule (Budget: \$17,992,772 Target: 65,980 MWh)
- ❖ January 25, 2013: Order Approving in Part and Denying in Part Central Hudson Gas and Electric Corporation's Petitions to Modify Certain Energy Efficiency Portfolio Standard (EEPS) Programs (**New Budget: \$17,685,563 New Target: 61,987 MWh**)

Mid-Size Commercial

The Mid-Size Commercial Electric Programs, operational since October 23, 2009, offered incentives to non-residential electric customers to purchase and install a variety of energy efficient equipment including motors, HVAC equipment, and lighting. Following the initial process evaluation in 2009 and 2010, the program was restructured and the Mid-Size Commercial Lighting Program was launched November 1, 2010 using a Direct Install model that continues to be in use today.

Under EEPS 1, the Mid-Size Commercial Lighting Program encouraged commercial customers (100-350kW average annual demand) to replace current interior lighting with energy efficient lighting and lighting controls. Under the Direct Install model, participating customers received a free energy audit conducted by our former third-party program implementer. Incentives covered 70 percent of the equipment and installation costs. A financing program initiated during EEPS 1 as approved by the PSC provided for zero percent financing to participating customers to cover the remaining equipment and installation costs.

Currently a new program implementer has partnered with Central Hudson as the sole provider of our Mid-Size Commercial Business Program. In January 2013, approval by the PSC was granted to remove the 350kW demand eligibility requirement was granted. As a result, we are currently marketing to the larger customers and providing them with energy efficient upgrades that we could not perform in the past.

The incentive structure is based on a sliding scale, providing up to 70% of the total project cost to customer. The current program still operates similar to the existing lighting program such that interior lighting options are provided, but now we offer additional outdoor options, including LED down light applications. Customers can still take advantage of zero percent financing that our program implementer is providing. Currently we are preparing to re-instate non-lighting measures into the program beginning in July 2013.

EEPS 1 Orders and OEEE Director Letters:

- ❖ October 23, 2009: Order Approving Certain Commercial and Industrial Customer Energy Efficiency Programs with Modifications (Budget: \$2,435,862 , Target: 5,582 MWh)
- ❖ October 18, 2010: Order Approving A Petition to Provide 0% Financing As Part Of Small Commercial Business Direct Install and Mid-Size Commercial Business Programs (Target and Budget did not change)
- ❖ April 14, 2011: OEEE Letter: Reallocate Program budget and target from the Small Business Program to the Mid-Size Program. (Original budget and target from January 16, 2009 Order) **(New Budget: \$3,916,451, New Target: 10,676 MWh)**
- ❖ August 22, 2011: Order Authorizing Incremental Commercial Electric Energy Efficiency Program Funds for 2011 (Budget: \$1,000,000, Target: Based on what is spent in the program as an efficiency of \$311 per 1 MWh)
- ❖ December 20, 2011: OEEE Letter: Reallocation of Program Budgets from Electric Small Program to Electric Mid-Size Business Program (Incremental Budget) **(New Budget: \$1,350,000 Target: Based on what is spent in the program as an efficiency of \$311 per 1 MWh)**

EEPS 2 Orders and OEEE Director Letters:

- ❖ October 25, 2011: Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a Surcharge Schedule (Budget: \$4,871,724, Target: 11,194 MWh)
- ❖ January 25, 2013: Order Approving in Part and Denying in Part Central Hudson Gas and Electric Corporation's Petitions to Modify Certain Energy Efficiency Portfolio Standard (EEPS) Programs (**New Budget: \$5,178,933 New Target: 15,157 MWh**)

Residential Electric HVAC

The Residential Electric HVAC Program is available to residential customers that are interested in replacing their heating or cooling equipment with the energy efficient options offered by the program. Measures eligible for rebate include central air conditioners, electric heat pump water heater, central air source heat pumps, electronically commutated motors, and programmable thermostats. In addition Central Hudson offers an incentive of up to \$600 to customers who install duct and air sealing from a qualified contractor.

Central Hudson markets this program directly to homeowners and other customers that would benefit, including customers with electric heating and high electricity usage. Central Hudson works along with local Trade Allies and through our SavingsCentral brand to effectively promote this program.

This program was approved in 2009 as a “Fast-Track” electric program for EEPS 1 and then re-instated in October 2011 for EEPS 2.

EEPS 1 Orders and OEEE Director Letters:

- ❖ January 16, 2009: Order Approving “Fast Track” Utility-Administered Electric Energy Efficiency Programs with Modifications (Budget: \$2,330,505, Target: 2,001 MWh)
- ❖ December 15, 2011: OEEE Letter: Reallocation of Program Budgets from the Residential Appliance Recycling Program to the Residential Electric HVAC Program (**New Budget: \$2,508,405, New Target: 2,391 MWh**)

EEPS 2 Orders and OEEE Director Letters:

- ❖ October 25, 2011: Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a Surcharge Schedule (Budget: \$3,389,824 , Target: 2,088 MWh)
- ❖ February 17, 2012: Order Approving Utility Target Adjustments (Budget: \$3,389,824 , Target: 2,912 MWh)
- ❖ October 31, 2012: OEEE Letter: Reallocation of Program Budgets and Targets from the Residential Appliance Recycling Program to the Residential Electric HVAC Program (**New Budget: \$3,491,482, New Target: 3,135 MWh**)

Residential Appliance Recycling

Central Hudson's Appliance Recycling program was approved in June 2010. The program incentivizes residential customers to recycle their secondary, inefficient refrigerators and/or freezers, as well as room air conditioners. We offer a \$50 incentive to recycle old, working refrigerators and freezers and a \$50 to \$100 rebate to purchase a new ENERGY STAR qualified room air conditioner when they recycle their old room air conditioner. Refrigerators and freezers are removed from the customer premise by Appliance Recycling Centers of America ("ARCA"), our third-party program implementation contractor and ARCA's subcontractor, Sears Logistics.

This program was re-instated in the October 25, 2011 Order setting targets and budgets through 2015.

EEPS 1 Orders and OEEE Director Letters:

- ❖ January 4, 2010: Order Approving Certain Commercial and Industrial; Residential; and Low-Income Residential Customer Energy Efficiency Programs with Modifications (Budget: \$1,779,000, Target: 3,896 MWh)
- ❖ December 15, 2011: OEEE Letter: Reallocation of Program Budgets from the Residential Appliance Recycling Program to the Residential Electric HVAC Program (**New Budget: \$1,601,100, New Target: 3,507 MWh**)

EEPS 2 Orders and OEEE Director Letters:

- ❖ October 25, 2011: Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a Surcharge Schedule (Budget: \$4,066,284 , Target: 8,904 MWh)
- ❖ October 31, 2012: OEEE Letter: Reallocation of Program Budgets and Targets from the Residential Appliance Recycling Program to the Residential Electric HVAC Program (**New Budget: \$3,964,627, New Target: 8,681 MWh**)

Residential Gas HVAC

This program was approved in April 2009. The program is available to residential customers that are interested in replacing their space and water heating equipment with the energy efficient options offered by the program. Measures that are eligible for rebates include natural gas furnaces, steam and water boilers, indirect water heating, boiler reset controls, and programmable thermostats. In addition, incentives of up to \$420 are available to customers to install duct and air sealing from qualified contractors.

Central Hudson markets the program directly to homeowners through local media, Valpak mailers, direct mail and bill inserts to Central Hudson customers. In addition the program implementer markets to Central Hudson's Trade Allies and distributors including local heating, plumbing and HVAC contractors, and manages an external call center that provides customer service to SavingsCentral customers. Central Hudson promotes their energy efficiency programs through the SavingsCentral brand.

Due to the success of the program, Central Hudson anticipated expending the approved 2009 to 2011 funding by the end of March 2010. In June 2010, the PSC approved a new program budget and natural gas savings goals and modified the rebate levels. The high level of success in 2009 was not continued into 2010 and 2011, potentially due to the revised rebate levels or the significantly increased energy savings goals and budgets. In 2010 and 2011, Central Hudson was below budget and below the energy savings targets, based on energy savings estimates derived from the *New York State Technical Manual*.

This program was re-instated in the October 25, 2011 Order setting target and budget through 2015.

EEPS 1 Orders:

- ❖ April 9, 2009: Order Approving "Fast-Track" Utility-Administered Gas Energy Efficiency Programs with Modifications (Budget: \$228,353, Target: 6,830 Dth)
- ❖ June 24, 2010: Order Approving Three New Energy Efficiency Portfolio Standard (EEPS) Programs and Enhancing Funding and Making Other Modifications for Other EEPS Programs (**New Budget: \$662,427, New Target: 25,377 Dth**)

EEPS 2 Order:

- ❖ October 25, 2011: Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a Surcharge Schedule (**Budget: \$1,522,896 , Target: 60,388 Dth**)

Commercial Gas HVAC

The Commercial Natural Gas Program provides rebates to non-residential customers for purchasing and installing high efficiency space or water heating equipment. Eligible natural gas customers must have an annual natural gas usage under 10,000 Ccf. Our implementation contractor implements the program and SavingsCentral Trade Allies complete all work. Trade Allies are required to sign a participation agreement with Central Hudson to participate, acknowledging the program rules and contractor licensing and insurance requirements.

EEPS 1 Orders:

- ❖ June 24, 2010: Order Approving Three New Energy Efficiency Portfolio Standard (EEPS) Programs and Enhancing Funding and Making Other Modifications for Other EEPS Programs (**Budget: \$235,350, Target: 3,298 Dth**)

EEPS 2 Order:

- ❖ October 25, 2011: Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a Surcharge Schedule (**Budget: \$627,600 , Target: 8,796 Dth**)

Home Energy Reports (Electric & Gas)

The Home Energy Comparison Report Program is a behavioral modification/marketing approach to promote energy efficiency by influencing consumer behavior. Participating residential customers receive home energy reports approximately every other month. The reports provide information about household energy usage compared with the average use of neighbors with similar household characteristics and action tips to reduce energy usage. OPower develops the home energy comparison reports, tracks program participation and encourages participation in Central Hudson energy efficiency programs.

This program was originally approved in December 2010 and reports were sent out to 110,000 Central Hudson customers in June 2011. We are currently exploring new initiatives with OPower to keep the report compelling and fresh for participating customers. This program was re-instated in the October 25, 2011 Order for EEPS 2.

EEPS 1 Order:

- ❖ December 3, 2010: Order on Rehearing Granting Petition for Rehearing (Electric Budget: \$623,251 , Electric Target: 6,000 MWh/Gas Budget: \$207,750, Gas Target: 10,000 Dth)

EEPS 2 Orders:

- ❖ October 25, 2011: Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a Surcharge Schedule (Electric Budget: \$1,246,500 , Electric Target: 18,000 MWh/Gas Budget: \$415,500, Gas Target: 40,000 Dth)
- ❖ June 18, 2012: Errata Notice (**New Electric Budget: \$3,596,776 , New Electric Target: 48,000 MWh/New Gas Budget: \$1,198,928, New Gas Target: 80,000 Dth**)²

² For 2012 budgets and targets the Errata Notice addressed the second half of 2012 and the appropriate targets and budgets. The original first half of 2012 was approved in the initiating Order issued on December 3, 2010. The 2012 target and budget addressed there, combined with the 2012 budget and target in the June 18, 2012 Errata Notice equate to the aggregate 2012 total target and budget, which is listed in **bold**.

Expanded Residential HVAC

This program promoted energy efficiency by offering rebates to residential customers who installed a ground-source heat pump. Rebates for electronically commutated fans (ECM) fans would also be provided when installed at the same time as a ground-source heat pump and programmable thermostats as a stand-alone measure. This program was targeted towards electric customers. There were certain requirements of participants of this program. Only customers that heat primarily with electricity and have electric central cooling will be eligible. Each project was required to pass with a TRC >1.0.

Central Hudson petitioned that only 3% of our customers fall into this category which substantially limits the number of customers eligible to participate. Central Hudson requested to discontinue this program and relieve the company from any utility incentives or penalties tied to achievement of the program's energy savings target. It was also determined that the ground-source heat pump measure is not a cost-effective energy efficiency measure. On May 4, 2011 an Order was issued by the New York State Public Service Commission that allowed discontinuation of this program.

EEPS 1 Orders:

- ❖ January 4, 2010: Order Approving Certain Commercial and Industrial; Residential; and Low-Income Residential Customer Energy Efficiency Programs with Modifications (Budget: \$483,500, Target: 1,488 MWh)
- ❖ May 24, 2011: Order Approving Central Hudson Gas and Electric Corporation's Motion to Discontinue the Expanded Residential Electric HVAC Energy Efficiency Program