STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on October 15, 2009

COMMISSIONERS PRESENT:

Garry A. Brown, Chairman
Patricia L. Acampora
Maureen F. Harris
Robert E. Curry, Jr.
James L. Larocca

CASE 08-E-1127 - Petition of Consolidated Edison Company of New York, Inc. for Approval of an Energy Efficiency Portfolio Standard (EEPS) Utility-Administered Electric Energy Efficiency Program.

CASE 08-E-1128 – Petition of Orange and Rockland Utilities, Inc. for Approval of an Energy Efficiency Portfolio Standard (EEPS) Utility-Administered Electric Energy Efficiency Program.

CASE 08-E-1129 – Petition of New York State Electric and Gas Corporation for Approval of an Energy Efficiency Portfolio Standard (EEPS) Utility-Administered Electric Energy Efficiency Program.

CASE 08-E-1130 – Petition of Rochester Gas and Electric Corporation for Approval of an Energy Efficiency Portfolio Standard (EEPS) Utility-Administered Electric Energy Efficiency Program.

CASE 08-E-1132 – Petition of New York State Energy Research and Development Authority (NYSERDA) for Approval of an Energy Efficiency Portfolio Standard (EEPS) NYSERDA-Administered Electric Energy Efficiency Program.

CASE 08-E-1133 – Petition of Niagara Mohawk Power Corporation for Approval of an Energy Efficiency Portfolio Standard (EEPS) Utility-Administered Electric Energy Efficiency Program.

CASE 08-E-1135 – Petition of Central Hudson Gas & Electric Corporation for Approval of an Energy Efficiency Portfolio Standard (EEPS) Utility-Administered Electric Energy Efficiency Program.

CASE 09-G-0363 – Petitions for Approval of Energy Efficiency Portfolio Standard (EEPS) Gas Energy Efficiency Programs.

CASE 07-M-0548 – Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard.

ORDER APPROVING CERTAIN COMMERCIAL AND INDUSTRIAL CUSTOMER ENERGY EFFICIENCY PROGRAMS WITH MODIFICATIONS

(Issued and Effective October 23, 2009)

BY THE COMMISSION:

INTRODUCTION

In this order, the Commission approves, with modifications, selected Energy Efficiency Portfolio Standard (EEPS) electric and natural gas energy efficiency programs designed to serve the commercial and industrial customer market segment. The approved programs are the Mid-size Commercial Business Program (electric) to be administered by Central Hudson Gas & Electric Corporation (Central Hudson); Commercial and Industrial (C&I)Equipment Rebate Program (electric) and Commercial Gas Efficient Equipment Rebate Program (gas) to be administered by Consolidated Edison Company of New York, Inc. (Con Edison); the Commercial Component of the Commercial & Industrial and Multifamily Energy Efficiency Programs (gas)to be administered by The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas East Corporation d/b/a National Grid (KEDNY/KEDLI); the Energy Initiative Programs (electric and gas) to be administered by Niagara Mohawk Power Corporation d/b/a

National Grid (Niagara Mohawk); the Non-residential Commercial and Industrial Prescriptive Rebate Programs (electric and gas) to be administered by New York State Electric and Gas Corporation and Rochester Gas and Electric Corporation (NYSEG/RG&E); the Commercial Existing Buildings Program (electric) to be administered by Orange and Rockland Utilities, Inc. (O&R); and the Existing Facilities Programs (electric and gas) and FlexTech Program (gas) to be administered by the New York State Energy Research and Development Authority (NYSERDA). In this order, the Commission also provides for adjustments to the rate of collections from ratepayers through the System Benefits Charge (SBC) to ensure the correct level of funding for all EEPS programs approved to date.

BACKGROUND

On June 23, 2008, the Commission created an Energy Efficiency Portfolio Standard (EEPS) program for New York State to develop and encourage cost-effective energy efficiency programs.[1] The Commission invited NYSERDA and the six large investor-owned electric utilities to submit electric energy efficiency program proposals. Subsequently, the Commission invited NYSERDA and natural gas utilities with 14,000 or more customers to submit natural gas energy efficiency program proposals. Numerous proposals were submitted in response to the Commission's invitation, some of which are combined electric and gas programs. To provide for an orderly review of the proposals, they are being considered in phases, by customer market segment. This order focuses on program proposals designed for the commercial and industrial customer market segment.

[1] Case 07-M-0548, Energy Efficiency Portfolio Standard (EEPS), Order Establishing Energy Efficiency Portfolio Standard and Approving Programs (issued June 23, 2008).

NOTICE OF PROPOSED RULEMAKING

Notices of Proposed Rulemaking concerning the energy efficiency program proposals under consideration were published in the State Register on August 12 [SAPA 08-E-1127SP5] and August 19, 2009[SAPA 08-E-1127SP6]. The minimum periods for the receipt of public comments pursuant to the State Administrative Procedure Act (SAPA) regarding those notices expired on September 28, 2009 and October 5, 2009, respectively. The manner in which the comments received are addressed is described below.

SUMMARY OF PROGRAM PROPOSALS

Brief summaries of the proposed programs considered in this order are presented below. More detailed descriptions of the programs are provided in Appendix 1.

Central Hudson – Mid-size Commercial Business Program (Electric)

This program would address energy efficiency for the non-residential customer segment with electric loads of 100 kW to 350 kW. It would provide services including: energy audits, implementation assistance, and prescriptive and custom measures and incentives for implementing energy efficiency improvements at facilities within this electric demand range, such as hotels, motels, restaurants, grocery stores, and colleges. The proposed prescriptive measures and corresponding incentives are comparable to those offered by the Small Commercial Business Direct Installation electric energy efficiency program that Central Hudson currently operates for commercial customers with loads of up to 100 kW.

Prescriptive rebates would include: (a) lighting; (b) heating, ventilation, and air conditioning (HVAC) equipment, including ground source heat pumps and heat pump water heaters;

and (c) motors and variable speed drives for single speed motors. Eligible custom measures would receive a one-time incentive payment of $0.14 per kWh saved annually.

Central Hudson's proposed overall budget for the Mid-size Commercial Business program is $3,329,923 through 2011. Its projected participation level is 150 to 200 customers, with projected annual electric savings of 7,631 MWh through 2011.

Con Edison – Commercial and Industrial
Equipment Rebate Program (Electric)

The proposed program is designed to encourage commercial and industrial customers to purchase and install high-efficiency equipment in their facilities. It would offer customers financial incentives at a rate of up to 70% of either the measure cost or the incremental measure cost (depending on the measures installed) for installing high-efficiency heating, cooling, and ventilation equipment, or for upgrading lighting and motors. The proposed budget is $102,473,404 to attain a cumulative annual savings of 182,020 MWh through 2011. Con Edison projects a total of 570 participants through 2011.

Con Edison – Commercial Gas
Efficient Equipment Rebate Program (Gas)

The proposed program is designed to overcome supply and demand-side market barriers to the purchase and installation of market-ready equipment measures (such as space heating and weatherization) in existing commercial and industrial facilities.[2] It is designed to encourage the purchase and installation of high-efficiency space heating and water heating equipment, and other measures such as weatherization. Prescriptive incentives would be available for up to 70% of the

[2] Con Edison has too few large industrial customers to merit a separate program, so all of its industrial customers would be served by this program.

incremental or installed cost of the measure, depending on the type and efficiency of the measure installed, with a per unit cap of $25,000. The proposed budget is $6,395,000 to achieve a cumulative annual savings of 110,762 dekatherms (Dth) through 2011. Con Edison projects a total of 1,212 participants through 2011.

KEDNY/KEDLI –Commercial Component of the Commercial and Industrial and Multifamily Energy Efficiency Program (Gas)

This program would provide technical assistance and financial incentives to encourage customers to install gas energy efficiency measures in existing facilities. KEDNY/KEDLI would offer co-funding to customers of up to 50% of the cost of an engineering study or energy audit, up to a maximum of $10,000, to help the customer identify potential energy efficiency opportunities. Customers would be eligible for custom and/or prescriptive rebates. Custom rebates would be equal to $2.25 per first year therm saved, capped at 50% of the installation costs or up to $250,000 per project for natural gas energy savings measures installed. KEDNY/KEDLI propose a second tier incentive for projects that create affordable housing and/or demonstrate innovative design. The second tier would be equal to $6 for the first year therms saved, capped at either 50% of installation costs or at up to $250,000 per project.

KEDNY’s proposed budget is $3,360,800 through 2011. KEDNY’s projected participation level is a total of 600 customers through 2011, with cumulative annualized gas savings of 70,200 MMBtu. KEDLI’s proposed budget is $1,805,250 through 2011. KEDLI’s projected participation level is a total of 350 customers through 2011, with cumulative annualized gas savings of 40,950 MMBtu.

Niagara Mohawk – Energy Initiative Program (Electric and Gas)

The Energy Initiative program component addressed here would target commercial and industrial customers with a demand of less than 2 MW to promote retrofits of mechanical and electrical systems in commercial, industrial, agriculture, governmental, and institutional buildings. The program would provide technical assistance and incentives to encourage installation of energy efficiency measures and provide recommendations for ways to improve energy efficiency. The program addresses both electric and gas energy efficiency measures using both prescriptive and custom measures and incentives.

Niagara Mohawk proposes that the electric portion of the Energy Initiative program offer three services: financial incentives, technical assistance, and commissioning.[3] Eligible customers could qualify for custom and/or prescriptive incentives. The proposed custom rebates would equate to either 50% of the total installed measure costs, which include labor and equipment, or the cost to buy down the equipment costs to the customer to the equivalent of a one-year payback, whichever cost is less to Niagara Mohawk. The proposed prescriptive measures include lighting systems, lighting controls, energy management systems and economizer controls, efficient motor and drive systems, air compressors, high performance ventilation, and variable frequency drives. In addition, Niagara Mohawk proposes to offer low-interest municipal financing to cities and towns. Municipal customers would be allowed to pay their contribution for installed measures over a 24-month period on their electric bill.

[3] "Commissioning" is a quality assurance process to ensure that energy efficiency measures and systems are designed, installed, calibrated, and operated as designated in the design specifications.

The proposal incorporates a proposed complementary program segment that includes power quality and power factor correction, combined heat and power opportunities, renewable energy, and demand response assistance for customers. Niagara Mohawk does not claim energy savings from the complementary segment. The proposed budget for the complementary segment is $395,000 per year and is included as part of the overall budget. In the areas of renewable energy and combined heat and power studies, Niagara Mohawk proposes no funding and would direct customers with funding requests to NYSERDA.

The proposed gas portion would offer technical assistance and financial incentives to commercial and industrial customers. Customers would be eligible for custom and/or prescriptive rebates. Custom rebates would be equal to $2.25 per first year therm saved, capped at 50% of the installation costs, or up to $250,000 per project for natural gas energy saving measures installed. Niagara Mohawk proposes a second tier incentive equal to $6 for the first year therms saved, capped at 50% of installation costs, or at up to $250,000 per project that creates affordable housing and/or demonstrates innovative design.

Niagara Mohawk's proposed overall gas budget for the program is $5,454,264 and its proposed electric budget is $45,562,627 through 2011. Its projected participation level for the gas portion of the Energy Initiative program is 1,328 participants through 2011, with cumulative annualized gas savings of 159,452 MMBtu. The proposed participation level for the electric portion of the program is 2,168 participants with a proposed annualized electric savings of 276,368 MWh through 2011.

NYSEG/RG&E – Non-residential Commercial and Industrial Prescriptive Rebate Program (Electric and Gas)

NYSEG/RG&E propose a prescriptive rebate program for their non-residential electric and gas customers. The program is designed to serve commercial, industrial, institutional, and municipal customers with an electric load of less than 2 MW, although customers with demand of 2 MW or greater would also be eligible to participate.

Electric rebates would be available for: air conditioning, chillers, heat pumps, lighting and lighting controls, electric motors, and variable speed drives. Rebates have been proposed on the basis of the measure type and/or efficiency rating. Eligible heating (gas) equipment and controls would receive rebates on the basis of type, size, and efficiency rating. NYSEG and RG&E would not cap the rebate amount afforded to any one customer.

For the electric component of the program, NYSEG has proposed an annual budget of $1,733,000 for 2010 and 2011 for a total program budget of $3,466,000. It also requests one-time startup costs of $102,000 prior to program implementation in 2010. The proposal seeks to achieve annual savings of 3,793 MWh each year during the same period for total cumulative electric savings of 7,586 MWh. NYSEG estimates that 550 total customers would participate in the electric program component through 2011. For the gas component of the prescriptive rebate program NYSEG proposes an annual budget of $548,000 for 2010 and 2011 for a total program budget of $1,096,000. Its proposed startup costs would be $102,000 prior to program implementation in 2010. NYSEG estimates savings of 12,738 Dth annually during the same period for total cumulative gas savings of 25,476 Dth through 2011. NYSEG estimates that 260 gas customers would participate through 2011.

RG&E has proposed a budget of $1,121,000 for 2010 and 2011 to achieve annual savings of 2,759 MWh during the same period through the electric program component. The proposal reflects a total program budget of $2,242,000 for 2010 through 2011 and cumulative electric savings of 5,518 MWh. RG&E also proposes a startup budget of $102,000 prior to program implementation in 2010. For the gas component of the program, RG&E proposes an annual budget of $540,000 for 2010 and 2011 to achieve annual savings of 13,138 Dth. This reflects a total budget of $1,080,000 plus proposed startup costs of $102,000 prior to program implementation in 2010 and total cumulative gas savings of 26,276 Dth. RG&E expects that the program will serve a total of 400 electric customers and 260 gas customers through 2011.

O&R – Commercial Existing Buildings Program (Electric)

This program would target existing commercial and industrial customers with a peak demand of over 100 kW for retrofit projects and incentives to avoid lost opportunities for installing cost-efficient measures at the time of equipment replacement or facility expansion. The program offers incentives for both prescriptive and custom energy efficiency measures that include, but are not limited to: interior and exterior lighting, HVAC equipment, refrigeration, retro-commissioning, high-efficiency customer-site transformers, water heating measures, and high efficiency kitchen equipment. Incentives for custom measures include all cost-effective measures not offered prescriptively. The customer retrofit incentives would be paid starting at 25% of project cost and lost opportunity incentives would be paid starting at 50% of the incremental measure cost. For larger customers, O&R might base custom and prescriptive incentive levels on a cash flow analysis that compares the project costs against financial criteria.

O&R's analysis would determine the project's incentive levels and set them at the minimum level required to encourage customer participation.

The proposed program would have a cumulative budget of $5,958,420 to achieve a cumulative annual savings of 19,765 MWh. O&R projects that the program would serve 304 customers in 2010 and 595 customers in 2011.

NYSERDA Existing Facilities Program (Electric and Gas)

NYSERDA's Existing Facilities Program currently provides incentives for pre-qualified and performance-based measures. The program is currently funded solely with electric SBC funds. The proposed program would add gas SBC funds and expand electric energy efficiency offerings with additional electric funding. NYSERDA proposes to continue its SBC "whole building, all fuels approach" and to expand its program to provide assistance to facilities to install or enhance building management systems by offering vendors performance-based incentives based on kWh savings. As currently implemented, NYSERDA provides services to customers of Con Edison and National Fuel Gas Company (NFG) as part of those utilities' interim gas efficiency programs.

NYSERDA proposes a cumulative gas program budget of $8.0 million through 2011, and projects a participation level of 400 participants with a proposed gas energy savings goal of 308,766 MMBtu through 2013. For electric measures, it proposes a cumulative program budget of $36,076,628 million through 2011, and projects a participation level of 1,800 customers with a proposed electric energy savings goal of 200,000 MWH through 2011.

NYSERDA FlexTech Program (Gas)

NYSERDA's proposed gas FlexTech program would complement the existing FlexTech program that is funded with electric SBC and EEPS revenues. The program would be designed to provide cost-shared technical assistance to all commercial and industrial customers, as well as institutional, municipal, not-for-profit organizations, and schools.

NYSERDA proposes a gas energy savings goal of 438,804 MMBtu savings through 2013 and projects savings through 2015 of 438,804 MMBtu. NYSERDA requests gas funding of $2,118,000 through 2011, including $87,000 in marketing costs, which would be combined with previously-approved electric funding. NYSERDA estimates that 50 additional customers would be offered energy assistance with the proposed incremental gas funding.

The proposed program would continue the FlexTech practices of providing cost-shared energy analyses, up to a maximum of $1,000,000 per customer, payable over a 5 year period.[4] With the proposed incremental gas funding, NYSERDA plans to increase the number of implementing energy consultants and to address gas savings opportunities, while continuing NYSERDA's "whole-building" approach to energy assessment.

NYSERDA also provides assistance to small C&I customers through FlexTech small customer audits. Actual audit costs are project and contract specific. Customer contribution is capped as follows: for customer with annual electric bills up to $25,000, the customer contribution is $100; for annual electric bills of $25,000 to $75,000, the customer cost is $400. NYSERDA estimates the average audit cost paid by NYSERDA to be approximately $900 per audit.

[4] NYSERDA recently raised the upstate cap from $500,000 to $1,000,000.

DISPOSITION OF PROGRAM PROPOSALS

Comments on Niagara Mohawk's proposed Energy Initiative Programs have been received from the Center for Economic Growth (CEG), Economic Development Corporation of Warren County (EDC), Capital Region Building Owners and Managers Association (BOMA), Stanley Center for the Arts, and the City of Rome. The comments from CEG, EDC, and BOMA have been summarized in a previous Commission order and indicate general support for the Energy Initiative Programs.[5] The comments from the City of Rome and Stanley Center for the Arts are summarized below.

The City of Rome, by letter dated June 2, 2009, expressed its support for the Energy Initiative program proposal as a means to save money that can then be used for other vital services. The City of Rome also believes that energy efficiency services will help create and retain jobs and that the program will help New York State meet its climate change mitigation objectives.

Stanley Center for the Arts (Stanley) also expressed support for National Grid's Energy Initiative Program saying that it will provide New York customers services comparable to those National Grid provides to business customers in New England. Stanley says that business customers have not been able to take full advantage of NYSERDA's business energy efficiency programs and are looking forward to having opportunities provided by their local utility.

Discussion

1. Funding Principles

As a continuing general principle for all EEPS programs, monies collected from electric ratepayers should be

[5] Case 07-M-0548, Supra, Order Approving Certain Large Industrial Customer Energy Efficiency Programs with Modifications and Rejecting Others (issued August 24, 2009) pp. 6-7.

used to fund only electric energy efficiency measures and monies collected from gas ratepayers should be used to fund only gas efficiency measures. EEPS resources should not fund heating efficiency measures in buildings heated by a fuel source other than natural gas or electricity. Measures which are not cost effective on a stand-alone basis, and measures that do not contribute directly to achieving the Commission's electricity or gas usage reduction targets, should also not be funded by EEPS resources. Each type of measure to be installed must be cost effective on a stand-alone basis such that the type of measure has a total resource cost (TRC) value of at least one prior to inclusion of program administrative and evaluation, measurement, and verification costs. Further, program administrators should determine that the project as a whole will be cost effective after inclusion of all program administrative and evaluation, measurement, and verification costs.[6] The determination of total resource benefits must be based on avoided costs, carbon reduction per unit values, and all other inputs and assumptions in effect at the time benefit/cost analyses are performed.

2. Benefit/Cost Analysis

a. Measure Level Benefit/Cost Analysis

Tables 1 and 2 below display measure-category average total resource cost (TRC) ratios for, respectively, gas and electric C&I measures which would be typical of the programs covered by this order. The TRC results indicate that many gas and electric measures can be cost-effective as part of a commercial and industrial energy efficiency program.

The Table 1 gas measures are analyzed using avoided cost estimates for upstate and downstate service territories. Sections 1 and 2 of Table 1 are based on project details related

[6] Utility program administrators must also include estimated shareholder performance incentive amounts when evaluating the cost-effectiveness of projects.

to measures funded under National Grid's Energy Initiative Program in Massachusetts. Section 3 addresses other measure types, for which Staff developed the measure cost and savings estimates by working with National Grid and Con Edison staff and public information sources.

Table 1
TRCs for Gas Energy Efficiency Measures

GAS MEASURES	TRC Measure Ratios With CO_2	
	Downstate	**Upstate**
1. Modeled as Retrofit -- Total Measure Costs, Savings		
Boiler Combustion Controls	3.8	3.0
Boiler Reset Controls	1.8	1.5
Insulation	2.0	1.6
Windows C&I Scale	1.8	
Windows C&I Scale		2.4
2. Modeled as Replacement -- Estimated Incremental Cost: 40% of Total Measure Costs		
Condensing Boilers All Sizes	3.1	2.5
Cooking Equipment, Commercial/Institutional	5.6	4.4
Furnace 92% + AFUE	2.1	1.6
Furnace with ECM	2.0	1.6
Hydronic Boilers all Sizes	3.4	2.7
Infrared Space Heating	5.1	4.1
Water Heater – Indirect	2.4	1.9
Water Heater - On-Demand	1.4	1.1
3. Modeled as Retrofit -- Total Measure Costs, Savings		
Stack Heat Exchanger	4.1	3.3
Air to Air Heat Recovery	1.7	1.3
Boiler Oxygen Trim Controls (Sensor)	1.4	1.1
Boiler Blowdown Heat Exchanger (Steam)	3.3	2.6
Condensing Unit Heater	2.2	1.7
Direct-fired Heater/Makeup Air	3.1	2.4

Table 2, Section 1 reports benefit/cost ratios for four categories of electric measures: compressed air, custom, lighting, and variable speed drives, reflecting National Grid's aggregated Massachusetts experience. Staff also used the underlying data to develop TRC ratios specifically related to

operation and maintenance and industrial process projects. The Section 2 measure-type TRC ratios are based on NYSERDA's Existing Facilities program. The lighting TRC ratio represents the aggregate TRC of a sample of completed projects provided by NYSERDA. The other NYSERDA items reflect typical costs and savings estimated by a NYSERDA consultant, and a 70%/30% weighting of downstate and upstate costs and savings. Except where specifically identified as retrofit or replacement projects, the measure-type TRCs reflect a mix of retrofit and replacement projects.

Table 2
TRCs for Electric Energy Efficiency Measures

ELECTRIC MEASURE TYPES	TRC Measure Ratios with CO_2	TRC Measure Ratios with CO_2
	Downstate	**Upstate**
1. NIAGARA MOHAWK		
Compressed Air		1.2
Custom		1.8
Lighting		4.9
Variable Speed Drives		3.4
Operations and Maintenance (within Custom)		6.7
Industrial Processes (within Custom)		1.2
2. NYSERDA		
Variable Frequency Drives Retrofit	6.2	
Variable Frequency Drives New Construction	9.3	
Motors, Totally Enclosed Fan Cooled	1.6	
Commercial Kitchen Equipment	3.1	
Chillers	10.1	
Commercial Washers	4.6	
Motors, Open Drift Proof	2.6	
Refrigeration Equipment	4.1	
HVAC (without ground-source heat pumps)	6.9	
Lighting	4.8	3.4

These averages for measure categories are based on installations whose cost-effectiveness is highly site, and actual measure, specific. It will be necessary to either

generically prescreen the measures for cost-effectiveness based on typical costs and savings[7] or to prescreen them on a project-specific basis. The measures must achieve a resources benefit/cost ratio of at least one (1.0). The determination of total resource benefits must be based on avoided costs, carbon reduction per unit values, and all other inputs and assumptions in effect at the time benefit/cost analyses are performed. The program's implementation protocol should include a TRC prescreening analysis both at the specific measure and project level before project funding commitments are made. We believe such a requirement will ensure cost effective investments on behalf of ratepayers and will not be overly burdensome for large custom projects requiring engineering studies.

b. Program Level Benefit/Cost Analysis

All of the program TRC ratios[8] reported below were calculated consistent with Commission orders and Staff guidelines regarding system inputs, such as long run avoided costs, and methodology.[9] They include administrative and evaluation costs, shareholder performance incentives for the utilities, the CO_2 adder, and the Technical Manual free rider default estimate (with Staff's treatment of rebates paid to free

[7] For NYSERDA's Existing Facilities program, incentives would be based on the typical savings or on verified higher savings. For utility prescriptive programs, the incentives would generally be based on typical costs. In both cases, higher costs would be at the participant's expense.

[8] In certain cases the ratios reflected in the original and recent filings have been modified by the program administrator after discussion with Staff to make them consistent with relevant orders and guidelines.

[9] The allocations of overlapping costs and savings between NYSERDA's two programs in Table 3 are, however, per NYSERDA's practices and preferences. The FlexTech calculations include, besides the actual full study costs, the measure costs and savings of many of the measures installed as a result of the studies, as verified by on-site surveys and evaluation reports.

riders). However, each ratio, relative to the ratios of other proposed programs, is highly dependent on the program administrator's estimates of measure costs and savings, and assumptions about the mix of cost-effective (above a TRC of 1.0) measures participants will select. Various levels of detail regarding the assumptions behind the aggregate program TRC ratios have been provided to Staff, but generally not enough to allow Staff to review fully those estimates. Still, the measure-type tables above confirm that each company, with reasonable administrative costs, should be able to conduct a cost-effective program using the measures shown.

Table 3
TRC Ratios for the Programs as a Whole[10]

Utility	Program Name	Electric/Gas	TRC
Central Hudson	Mid-size Commercial Business	Electric	1.5
Con Edison	C&I Equipment Rebate	Electric	2.7
Con Edison	Commercial Gas Efficiency Equipment Rebate	Gas	2.1
KEDLI	Commercial Component of C&I and Multifamily Energy Efficiency	Gas	2.0
KEDNY	Commercial Component of C&I and Multifamily Energy Efficiency	Gas	1.8
Niagara Mohawk	Energy Initiative	Electric	2.9
Niagara Mohawk	Energy Initiative	Gas	1.6
NYSEG	Non-residential C&I Prescriptive Rebate	Electric	1.3
NYSEG	Non-residential C&I Prescriptive Rebate	Gas	1.7
NYSERDA	Existing Facilities	Electric/Gas	1.9
NYSERDA	FlexTech	Gas	2.7
O&R	Commercial Existing Building	Electric	2.1
RG&E	Non-residential C&I Prescriptive Rebate	Electric	1.4
RG&E	Non-residential C&I Prescriptive Rebate	Gas	1.8

[10] Unlike the measure level tables, these ratios include administrative and evaluation costs and shareholder performance incentives for the utilities, as well as appropriate free rider treatment. As with the measure ratios, the CO2 adders are included.

3. Customer Outreach and Education/Marketing

Consistent with prior orders, and as part of the utility program implementation plans and NYSERDA operating plan for commercial and small industrial customer energy efficiency programs, each of the program administrators will submit program-specific marketing plans for certification by the Director of the Office of Consumer Services.

4. Approved Programs

The programs under consideration here are designed to provide technical and financial assistance to commercial and small industrial electric and gas customers to encourage them to make cost-effective energy efficiency improvements. Success of programs for this market sector is essential to meeting our EEPS energy savings goals.

In the energy efficiency programs that we have approved thus far in the EEPS process, we have attempted to provide customer choice while at the same time reducing market redundancy and unnecessary marketing costs. In general, we have attempted to keep NYSERDA's focus on comprehensive programs. We have supplemented existing programs with rebate programs offered by utilities, which are less administratively intensive. The utility programs typically provide prescriptive (or fixed) financial incentives (or rebates) for electric and gas energy efficiency measures installed, and should have the advantage of being easily understood in the marketplace and capable of relatively rapid implementation. Some of the programs also provide assistance to customers for installing complex efficiency measures that are better suited to customized technical approaches and customer incentive structures. We are approving all of the proposals under consideration, with some modifications described below.

Central Hudson – Mid-size
Commercial Business Program (Electric)

This program is approved without modifications other than the adjustments to the program budget and energy savings levels.

Con Edison – Commercial and Industrial
Equipment Rebate Program (Electric)

Con Edison proposes to offer incentives for measures that meet, but do not exceed, federal appliance standards. Specifically, Con Edison proposes that the following two fixtures/design measures be eligible for rebates:

Measure	Eligibility Rating	Incentive
HE Fixtures/Design	Meets federal appliance standards	70% of measure cost
HE Fixtures/Design	Above federal standards by 15%	70% of incremental measure cost

We do not believe that it is reasonable to use ratepayer funds to subsidize the purchase of a measure that simply meets current appliance standards or building code efficiency requirements. Rather, the purpose of an incentive is to effect a change in customer behavior that results in the purchase of a higher efficiency measure that ultimately produces energy savings beyond what would otherwise be expected. Further, the proposed incentive structure could drive customers to choose the less efficient product as a result of the generous allowance that Con Edison proposes to pay for the fixtures/design measures that simply meet federal standards. Therefore, we do not approve inclusion of fixtures/design measures that simply meet federal appliance standards as part of the program design. Those that exceed the standards by 15% or more will be allowed.

Con Edison – Commercial Gas
Efficient Equipment Rebate Program (Gas)

This program is approved without modifications other than the adjustments to the program budget and energy savings levels, and imposition of a cap on payments to an individual customer and other generic modifications to all programs as described in this order.

KEDNY/KEDLI –Commercial Component of the Commercial and Industrial and Multifamily Energy Efficiency Program (Gas)

The proposal to offer a second, higher tier of incentives for economic development purposes equal to $6/Dth for the first year therms saved is not approved as an element of the EEPS programs. KEDNY/KEDLI received prior authorization to administer an Economic Redevelopment Program as part of its Interim Gas Energy Efficiency Program, which subsequently was included in the five-year merger rate plan. The rate plan authorized an Economic Redevelopment program that targets commercial properties located in designated economic development areas, which allowed financial assistance to customers to install qualifying energy saving measures, up to 50% of the installation cost and a maximum of $100,000. The authorized annual program budgets were approximately $500,000 for KEDLI and $1 million for KEDNY. We believe that the currently authorized Economic Redevelopment programs should continue as stand alone programs through the remainder of the rate plan. In order to ensure that energy efficiency savings gained from the Economic Redevelopment Program are not inappropriately counted towards EEPS goals and utility performance incentives, we will require KEDNY/KEDLI to track and report the Economic Redevelopment Program budgets and goals separately from the EEPS approved energy efficiency programs (including costs, participants

served, measure installations, and any energy efficiency related savings).

The KEDNY/KEDLI proposal calls for the utilities to pay half the cost of an audit of the customer's premises. In order for a customer to be eligible for this shared payment arrangement, KEDNY/KEDLI must adopt program administration protocols to ensure that frivolous audits are not conducted at ratepayer expense and that the customer share of the audit expense is linked in some manner to the likelihood that the participating customer will actually install some energy efficiency measures based on the audit recommendations.

Niagara Mohawk – Energy Initiative Program (Electric and Gas)

We are not approving Niagara Mohawk's proposal to include a Complementary Energy Initiative Services component within the Energy Initiative Program. The services that Niagara Mohawk proposed: demand response, power quality, power factor correction, combined heat and power and renewable energy services, can be valuable to customers and to the electric system. However, they are beyond the scope of our EEPS energy reduction goals. Niagara Mohawk's proposal to provide support through the Energy Initiative program for regional and national market transformation initiatives, including the Compressed Air Challenge, Building Operator Certification, and Whole Building Assessment services, also are not approved. Niagara Mohawk did not provide an assessment of the energy savings benefits or of the cost-effectiveness of these activities. Further, NYSERDA already participates in or provides state level participation in market transformation activities and it is not yet clear whether additional funding by utilities of the proposed activities is warranted. More important, and as a general matter, EEPS programs and funding should be focused on achieving cost-effective electric and gas energy efficiency savings. Also,

Niagara Mohawk's proposal to offer low-interest municipal financing to cities and towns to encourage large scale energy efficiency participation (i.e., on-bill financing) is not approved.

As part of the gas portion of its filing, Niagara Mohawk's proposal to offer a second, higher tier of incentives for economic development purposes equal to $6/Dt for the first year therms saved is not approved as an element of the gas Energy Initiative program, in part, because Niagara Mohawk has a comprehensive economic development program already in place. Niagara Mohawk's stated guidelines to qualify for the second, higher tier of incentives for economic development purposes are: job creation, community impact, economic impact, building innovations, incorporating sustainable practices, and the ability of National Grid to use the facility to highlight energy efficiency programs. The majority of the qualifying criteria listed above are more directly related to economic development policy goals and objectives rather than EEPS efficiency goals.

NYSEG/RG&E – Non-residential Commercial and Industrial Prescriptive Rebate Program (Electric and Gas)

In the NYSEG/RG&E proposal, it is described that customers eligible for electric program participation would also be eligible for gas program participation. This needs to be clarified to specify that all NYSEG and RG&E commercial and industrial customers will be eligible to participate in the program, but that only electric customers of record of NYSEG/RG&E will be eligible to participate in the electric energy efficiency programs and only gas customers of record of NYSEG/RG&E will be eligible to participate in the gas energy efficiency programs.

O&R – Commercial Existing Buildings Program (Electric)

O&R's proposed method for determining the rebate amounts for larger customers could result in different rebate amounts for the same measure compared to rebates available for similarly situated program participants. In addition, the method is complicated and might not be easily understood by customers or by trade allies. O&R should reformulate its rebate policy for larger customers to comport with the incentive structures proposed for prescriptive and custom measures applying to other program participants. The rebate amounts for identical efficiency measures should be the same for all program participants regardless of their size.

NYSERDA Existing Facilities Program (Electric and Gas)

The Existing Facilities Program will be expanded to include a new, additional module that offers assistance to install or enhance building management systems and monitoring equipment to optimize day-to-day operation of facilities, and a complementary gas component will be added. All EEPS/SBC contributing commercial and industrial customers will be eligible for pre-qualified and performance-based measures. NYSERDA's proposal to continue its "whole building, all fuels approach" leads us to reiterate the principle that going forward, for all EEPS programs, electric funds should pay for electric measures and gas funds should pay for gas measures. NYSERDA can fund measures that target other fuels, especially measures to conserve heating oil, from other funding sources. In addition, the resources being approved for this program are solely for energy efficiency measures (i.e., not for demand response or combined heat and power activities). The current SBC-funded Existing Facilities program allows funding for demand response or combined heat and power activities measures. Since

these are not directly related to EEPS energy savings, we will require that EEPS funding not be used for these purposes.

NYSERDA will coordinate the expanded program with other NYSERDA offerings such as the Loan Fund and the FlexTech programs to maximize technical and financial assistance to customers and to implement strategies that maximize energy savings in existing facilities. In addition, NYSERDA has other programs that may overlap regarding outreach and marketing, and measures eligible for incentives (i.e., Industrial Process and Product Innovation, FlexTech, Industrial Process and Efficiency, Commercial Loan Fund, Benchmarking and Operations Management Program). Moreover, NYSERDA has other energy efficiency funding sources that also closely overlap with certain elements of this program. For example, NYSERDA has received funding from the American Recovery and Reinvestment Act which includes potential uses of those funds for energy efficiency projects, building and facility energy audits, and financial incentives for energy efficiency retrofits. We are concerned about the proper attribution of program costs and respective energy savings when incentives and program services are layered to a significant extent. Consequently, we will require NYSERDA to clearly track and report the Existing Facilities program budgets and goals separately from its other energy efficiency programs (including costs, participants served, measure installations, and any energy efficiency related savings).

NYSERDA FlexTech Program (Gas)

We are approving NYSERDA's proposal to administer a gas FlexTech program to complement the existing electric program that was approved for EEPS funding earlier in 2009. Our approval is conditioned upon the requirement that electric funds should pay for electric efficiency measures or studies and gas funds should pay for gas efficiency measures or studies. EEPS

electric and gas funds should only be used to study electric and gas energy savings and opportunities. Energy efficiency measures or studies that target other fuels or other related issues, especially initiatives to conserve heating oil, propane, and bio-mass should not be funded by EEPS cost recovery mechanisms. As with the other programs, we will require NYSERDA to clearly track and report the gas Existing Facilities program budgets and goals separately from its other energy efficiency programs (including costs, participants served, measure installations, and any energy efficiency related savings).

Since this is a gateway program for participation in other energy efficiency opportunities, it is critical that NYSERDA carefully track participation by FlexTech customers. Those that participate in other NYSERDA or utility energy efficiency should record their energy savings with the follow-up program. Savings recorded for the FlexTech program should be for savings achieved when customers use the results from the FlexTech study to install energy efficiency measures without further participation in another energy efficiency program.

Program Funding

The electric energy efficiency proposals for this market segment totaled more that $190 million in annual spending. The gas efficiency proposals totaled more than $27 million in annual spending, which is more than twice the amount of funding we are allocating to this market segment.

The annual program budgets, evaluation budgets, and energy savings goals for the approved commercial and industrial programs shall be as set forth in Appendix 2 of this order. For the commercial and industrial programs considered here, the total amount of funding we shall approve at this time reflects in part our calculation of the proportional share of the expected cost of EEPS electric and gas programs divided pro rata

by customer market sector and the need to retain a portion of the total allocation for commercial and industrial customer programs for programs that will be considered later. We are also committing to this market segment some electric monies we had intended to allocate to the large industrial market sector. The funding of gas programs further reflects the fact that some of the gas programs will replace existing interim energy efficiency programs.

5. Policy Guidelines Regarding Incentives

Commercial and industrial customers often require customized energy efficiency programs to best meet their individual needs. As a result, programs offered by NYSERDA and the utilities include customized incentive payments that may be a portion of the overall cost of a particular project. However, we must ensure the appropriate expenditure of ratepayer dollars. Therefore, we will require that NYSERDA or the utilities obtain proper documentation (i.e., itemized invoices depicting the installation costs of the energy efficiency measures) before any energy efficiency incentives are paid that are based on a total overall cost of a project. Program administrators should ensure that EEPS program funding is used only for costs associated with end-use energy savings equipment.

In general, many of the commercial and industrial programs include proposals to offer prescriptive rebates for energy efficiency equipment that are based on a specific percentage of: (a) the measure cost; (b) the incremental measure cost compared to standard-efficiency equipment; or (c) the incremental measure costs, including installation costs. However, there is wide variation among the programs regarding the percentage of these costs that NYSERDA and/or the utilities propose to pay. Such a wide variation in prescriptive rebate levels is likely to lead to customer confusion in the

marketplace or unproductive program shopping among participants. Furthermore, it could create an unfair advantage for those programs that propose to offer the much higher incentive rate (e.g., by capturing an inordinate share of the energy efficiency implementation contractors because it would be significantly easier to develop new business in that particular service territory). As a result, we will establish a guideline that the total incentive paid for any rebate will not exceed an amount that produces less than a one-year payback period for commercial customers and one-half year for industrial customers. This guideline would apply to prescriptive rebates on a one-time measure screening basis and for custom rebates the information developed in the measure assessment should be used to monitor adherence to the guideline. We direct Staff to monitor the program implementation process and report back to the Commission if further action is required to address imbalances in incentive structures that might skew program participation to the extent that some program administrators are impaired in their efforts to meet program goals.

In addition, many of the proposed commercial and industrial programs discussed here do not include caps on the total amount of incentives that they would pay toward an individual project and/or customer. To encourage broad participation, we desire that a disproportionate amount of ratepayer funded benefits is not directed to just a few projects and/or customers. Therefore, for new project applications for programs approved as a result of this order, we will require that for programs with annual budgets of $10,000,000 or more, program administrators shall cap incentive payments for individual customers and/or projects per year at 10% of the respective total annual program budget. Program administrators

may petition the Commission to exceed such cap on a project-specific basis if unusual circumstances warrant.

The policy guidelines regarding rebates and the per participant incentive caps for commercial and industrial customers, as described above, apply solely to the EEPS funded program initiatives approved in this order.

6. Program Evaluation

a. Central Hudson - Mid-size Commercial Business Program (Electric)

Central Hudson's proposal includes an outline of an evaluation plan, which addresses process and impact evaluation, budget, sampling strategies, and steps to mitigate threats to data reliability. For impact evaluation, Central Hudson proposes to conduct an analysis of billed energy consumption data from both program participants and a control group. The evaluation plan generally comports with evaluation guidelines developed by Staff and the Evaluation Advisory Group pursuant to our June 2008 EEPS Order with one notable exception. Until the impact analysis is complete, Central Hudson proposes to use a 5% reduction for free-ridership, which deviates from the 10% rate that we approved in the Technical Manual included as part of previous EEPS orders and which will be used to estimate energy savings for this program until actual program evaluation data are available. That deviation should be eliminated by Central Hudson.

While the proposed evaluation plan is adequate as a first step, a more detail evaluation plan is necessary to explain more fully the evaluation approach, standards, and budgets. For example, the evaluation budget for this program is $120,000 (4.25% of the program's total budget), but no information is provided as to how the funds will be allocated among the major evaluation tasks, such as process and impact

evaluation. Moreover, there is a lack of specific information about the sampling design, how a representative control group will be selected, and how threats to data reliability will be mitigated. Central Hudson is depending on an outside contractor to develop these details, but lacking these details we cannot fully judge the adequacy of the plan. Also, the plan fails to address how Staff and the Evaluation Advisory Group will be engaged in order to execute their oversight responsibilities. The evaluation plan should offer the opportunity for Staff to review the critical elements of the evaluation process, including customer surveys, statistical approaches, modeling techniques, and draft reports.

The reporting protocol outlined by Central Hudson is not consistent with the requirements outlined in our June 2008 EEPS order. Specifically, there is no mention of plans to submit the required monthly "scorecard report" and Central Hudson proposes to provide the required annual reports to us "approximately 90 days following the end of the calendar year" while we require the annual report no later than 60 days after the conclusion of the calendar year. These inconsistencies should be eliminated by Central Hudson.

b. Con Edison - Commercial and Industrial Equipment Rebate Program (Electric)

Con Edison has included an evaluation plan with its proposed Commercial and Industrial Equipment Rebate program that covers key elements, including process and impact evaluations, budget, sampling strategies, net impact analysis, and steps to mitigate threats to data reliability. Con Edison will use outside consultants to conduct the evaluation under the management of Con Edison's recently created independent measurement, verification, and evaluation section. The process evaluation will employ surveys of participants and non-participants and will include spillover and free-rider modules.

Its impact evaluation will analyze both the installed measures and the major market segments it targets for participation in the program. The primary method of analysis will be engineering models using building energy simulations and statistical analysis of energy consumption histories.

While the plan generally comports with the guidelines developed by Staff and the Evaluation Advisory Group pursuant to our June 2008 EEPS Order, some critical details are lacking. The proposed evaluation plan is adequate as a first step, but a more detailed evaluation plan is necessary to explain more fully the evaluation approach, standards, and budget. For example, while Con Edison states that its budget for evaluation and market research is six percent of the total budget, it has not yet determined how the dollars will be apportioned between these two activities and does not break down costs of individual evaluation program elements. Moreover, the plan fails to address how Staff and the Evaluation Advisory Group will be engaged to execute its oversight responsibilities. The evaluation plan should offer the opportunity for Staff to review the critical elements of the evaluation process, including customer surveys, statistical approaches, modeling techniques and draft reports.

c. Con Edison - Commercial Gas Efficient Equipment Rebate Program (Gas)

Con Edison has included an evaluation plan with its proposed Commercial Gas Efficient Equipment Rebate program that covers key elements, including process and impact evaluations, budget, sampling strategies, net impact analysis, steps to mitigate threats to data reliability, and the data collection process. Con Edison has established an independent measurement, verification, and evaluation section to handle evaluation

related activities but Con Edison will engage an outside consultant to actually conduct the evaluations.

The process evaluation will include reviews of program documentation; interviews with program staff, implementation contractors and key market actors; and will focus on improving the efficiency of program marketing, delivery, and adoption of measures, and overcoming barriers to participation. This research will employ surveys of participants and non-participants. Its impact evaluation will analyze both the installed measures and the major market segments targeted to participate in the program. The proposed research approach is an analysis of energy consumption, both pre- and post-installation of program measures, augmented by on-site verification.

The plan generally comports with the guidelines developed by Staff and the Evaluation Advisory Group pursuant to our June 2008 EEPS Order. While the proposed evaluation plan is adequate as a first step, a more detailed evaluation plan is necessary to explain more fully the evaluation approach, standards, and budget. For example, while Con Edison states that its budget for evaluation and market research is five percent of the total budget, it has not yet determined how the dollars will be apportioned between these two activities and specific evaluation elements such as process and impact evaluation. The plan fails to address how Staff and the Evaluation Advisory Group will be engaged to execute their oversight responsibilities. The evaluation plan should offer the opportunity for Staff to review the critical elements of the evaluation process, including customer surveys, statistical approaches, modeling techniques, and draft reports.

d. KEDNY/KEDLI - Commercial Component of C&I and Multifamily Energy Efficiency Program (Gas)

KEDNY/KEDLI have included with their proposed Commercial, Industrial, and Multifamily Energy Efficiency programs a plan to evaluate the program that covers key topics, including process and impact evaluation, evaluation budget, sampling strategies, steps to mitigate threats to data reliability, and the data collection process. The evaluation plan generally comports with the evaluation guidelines developed by Staff and the Evaluation Advisory Group pursuant to our June 2008 EEPS Order.

While the proposed evaluation plan is adequate as a first step, a more detailed evaluation plan is necessary to address the issues identified for the similar Niagara Mohawk program described below.

e. Niagara Mohawk - Energy Initiative Program (Electric and Gas)

Niagara Mohawk has included with its proposed Energy Initiative program a plan to evaluate the program that covers key elements, including process and impact evaluation, budget, sampling strategies, steps to mitigate threats to data reliability, and the data collection process. The evaluation plan generally comports with the evaluation guidelines developed by Staff and the Evaluation Advisory Group pursuant to our June 2008 EEPS Order.

While the proposed evaluation plan is adequate as a first step, a more detailed evaluation plan is necessary to explain more fully the evaluation approach, standards, and budget. For example, Niagara Mohawk has established an evaluation budget of five percent of the program funding, but notes that the actual budget could be higher or lower. Moreover, there is a no breakdown of the approximate cost of the

key elements of the evaluation effort, such as process and impact evaluation. As for sampling strategies, Niagara Mohawk agrees to statistical reliability goals consistent with Staff's evaluation guidelines, but does not provide information about the sampling protocols and cautions that "actual evaluation results may deviate from this standard." The scope and timing of evaluation efforts is not sufficiently defined, the impact evaluation methodology is left open–ended, and there is no breakdown of data for specific measures and insufficient evidence to show that the input assumptions are reliable and applicable to New York. In general we find that the plan as presented lacks needed specificity. Also, the discussion of how Staff and the Evaluation Advisory Group will execute their oversight and coordination responsibilities is inadequate. The evaluation plan should also provide an opportunity for Staff to review the critical elements of the evaluation process, including customer surveys, statistical approaches, modeling techniques, and draft reports.

f. NYSEG/RG&E - Non-Residential Commercial and Industrial Prescriptive Rebate Program (Electric and Gas)

NYSEG/RG&E filed with their program proposals a generic evaluation plan designed to cover the 12 programs it originally proposed in response to our June 2008 EEPS Order. NYSEG/RG&E state a commitment to quality evaluation and the evaluation guidelines that were developed by Staff and the Evaluation Advisory Group, but offer few details on how to achieve this goal. They promise to provide these essential details upon hiring an independent evaluation contractor. NYSEG/RG&E state that "[r]etaining an independent evaluation expert will permit NYSEG and RG&E to begin work at once in developing the detailed and rigorous evaluation plans necessary for the Companies' EEPS programs, in consultation with Staff and

the Evaluation Advisory Group." Staff, however, can not review an evaluation plan without additional program specific detail on key evaluation components including process and impact evaluations, budget, sampling strategy, and steps to mitigate data reliability. The plan must also address how Staff and the Evaluation Advisory Group will be engaged to execute its oversight responsibilities.

The reporting protocol outlined by NYSEG/RG&E is not consistent with the requirement outlined in our June 2008 EEPS Order. Specifically, there is no mention of plans to submit the required monthly "scorecard report" and NYSEG/RG&E propose to provide the required annual reports to us "approximately 90 days following the end of the calendar year" while we require the annual report no later than 60 days after the conclusion of the calendar year. These inconsistencies should be eliminated by NYSEG/RG&E.

g. O&R – Commercial Existing Building Program (Electric)

O&R incorporated an evaluation plan with its proposed Commercial Existing Buildings program that covers key elements, including process and impact evaluations, budget, sampling strategies, net impact analysis, and steps to mitigate threats to data reliability. The process evaluation will include surveys of participating and non-participating customers and trade allies. For the impact evaluation strategy O&R pledges to use "industry accepted methods of analysis."

While lacking detail, the evaluation plan generally comports with evaluation guidelines developed by Staff and the Evaluation Advisory Group pursuant to our June 2008 EEPS Order with one notable exception. Until the impact analysis is completed, Orange and Rockland proposes using a five percent reduction for free-ridership, which deviates from the 10% rate

that we approved in the Technical Manual, included as part of previous EEPS Orders, and which will be used to estimate energy savings for this program until actual program evaluation data are available. O&R should eliminate this deviation.

The primary deficiency of the plan is lack of detail. O&R proposes to engage an outside consultant to both better define the evaluation plan and conduct the evaluations. While the proposed evaluation plan is a first step, a more detailed evaluation plan is necessary to explain more fully the evaluation approach, standards, and strategies. For example, O&R lists possible approaches to the impact evaluation but expects its outside contractor to make detailed recommendations. While O&R states that its evaluation budget is approximately five percent of program implementation costs, it does not apportion the budget among key components such as process and impact evaluation. The plan fails to address how Staff and the Evaluation Advisory Group will be engaged in order to execute their oversight responsibilities. The evaluation plan should offer the opportunity for Staff to review the critical elements of the evaluation process, including customer surveys, statistical approaches, modeling techniques and draft reports. Finally, the O&R evaluation team is directed by the customer energy services section manager, but there is no indication how it will ensure that evaluation efforts are independent from program implementation activities.

h. NYSERDA - Existing Facilities Program (Gas)

NYSERDA included an evaluation plan with its proposed Existing Facilities Program that covered key elements, including process and impact evaluations, theory and logic models, year-by-year budgets, sampling strategies, market assessment, net impact analysis, and the data collection process. NYSERDA internal evaluation staff will depend extensively on independent

contractors to conduct the evaluations. The impact evaluation proposes significant on-site survey work and pre- and post-measure energy billing analysis of comparative samples of participants and matched non-participants. Process evaluation will focus on the participation and decision-making processes of the end users and the energy services companies. A major goal of the process evaluation will be to develop actionable recommendations to improve the programs.

The plan generally comports with the guidelines developed by Staff and the Evaluation Advisory Group pursuant to the June 2008 EEPS Order. While the evaluation plan is fairly detailed, NYSERDA has set aside funding to develop a fuller evaluation plan. Staff is working with NYSERDA on revising the initial draft of a highly detailed evaluation plan for the Existing Facilities Program operating with SBC III funding. The SBC III-funded version of the program is essentially the same as the version proposed here except that the EEPS version has funds available for gas measures.

i. NYSERDA - FlexTech Program (Gas)

NYSERDA included a moderately detailed evaluation plan with its proposed Flexible Technical Assistance (FlexTech) program that covered key elements, including process and impact evaluations, theory and logic models, year-by-year budgets, sampling strategies, market assessment, net impact analysis, and the data collection process. NYSERDA's internal evaluation staff will rely extensively on independent contractors to conduct the evaluation work.

The evaluation plan generally comports with the guidelines developed by Staff and the Evaluation Advisory Group pursuant to our June 2008 EEPS Order but requires additional detail. NYSERDA has submitted, for Staff review, a more detailed evaluation plan for the FlexTech Program as part of a

supplemental revision to the System Benefit Charge (SBC) funded "Energy $mart" program. This evaluation plan was designed to provide a comprehensive approach to assessing the entire FlexTech Program, which is supported by general SBC funds, EEPS electric "fast track" funds, and, with our approval here, EEPS gas funds.

A key goal of the evaluation will be to determine the adoption rate of measures recommended by the audits and the savings resulting from the installed measures. A major focus of the process evaluation is to determine the interaction between this program and other programs offered by NYSERDA and other program administrators.

7. Collections

The schedule of collections we are approving today will bring the collections from ratepayers up to date with all EEPS programs we have approved to date. Collections for the three NYSERDA programs approved in this order have been phased to address the long-term nature of the program design and to be consistent with planned expenditure beyond 2011. To the degree that EEPS programs are replacing rate plan and/or "interim" energy efficiency programs, it is our intention that the costs for such programs should be collected in an SBC charge and not through some other revenue mechanism. We direct Staff to meet individually with NYSERDA and each of the affected utilities within the next 30 days to ensure that our expectations as to collections are understood and to compile information to bring back to us in a report in December demonstrating that EEPS collections and rate plan and/or interim program collections are coordinated in the manner we intend. The report should also identify any unexpended balances as a result of rate plans and/or interim programs. If any adjustments are necessary that

require Commission action, they should be presented by Staff in time for our potential consideration of them in December.

SEQRA FINDINGS

Pursuant to our responsibilities under the State Environmental Quality Review Act (SEQRA), in conjunction with this order we find that programs approved here are within the overall action previously examined by us in Case 07-M-0548 and will not result in any different environmental impact than that previously examined. In addition, the SEQRA findings of the June 23, 2008 Order in Case 07-M-0548 are incorporated herein by reference and we certify that: (1) the requirements of SEQRA, as implemented by 6 NYCRR part 617, have been met; and (2) consistent with social, economic, and other essential considerations from among the reasonable alternatives available, the action being undertaken is one that avoids or minimizes adverse environmental impacts to the maximum extent practicable.

CONCLUSION

For the reasons discussed above, the Commission approves, with modifications, electric and gas energy efficiency programs designed to serve the commercial and industrial customer market sector to be administered by Central Hudson, Con Edison, KEDNY/KEDLI, Niagara Mohawk, NYSERDA, NYSEG/RG&E, and O&R. In addition, the Commission approves adjustments to the rate of SBC collections from ratepayers to ensure the correct level of funding for all EEPS programs approved to date.

The Commission orders:

1. System Benefits Charge (SBC) funding for Energy Efficiency Portfolio Standard (EEPS) programs to be administered by Central Hudson Gas & Electric Corporation (Central Hudson);

Consolidated Edison Company of New York, Inc. (Con Edison) The Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY); KeySpan Gas East Corporation d/b/a National Grid (KEDLI); Niagara Mohawk Power Corporation d/b/a National Grid (Niagara Mohawk); New York State Electric and Gas Corporation (NYSEG); Rochester Gas and Electric Corporation (RG&E); Orange and Rockland Utilities, Inc. (O&R); and New York State Energy Research and Development Authority (NYSERDA) is approved by program as set forth in Tables 1a, 1b, 2a and 2b of Appendix 2 of this order. The annual program budgets, evaluation budgets, and energy savings goals for the programs shall be as set forth in Tables 1a, 1b, 2a and 2b of Appendix 2 of this order. Funding may not be reallocated among programs without further approval by the Commission. For NYSERDA, this treatment is dissimilar to that afforded existing non-EEPS SBC programs where NYSERDA may reallocate funding between programs within program categories.

2. NYSERDA shall within 60 days of the issuance of this order, submit a supplemental revision to the SBC Operating Plan incorporating its approved EEPS programs that reflects this order and Staff Guidelines for preparing the supplemental revision of the SBC Operating Plan that are to be provided by the Director of the Office of Energy Efficiency and the Environment within 15 days of the issuance of this order. The programs, including measures, quality assurance, marketing, administration, and evaluation plans, should be described and implemented in a manner that is consistent with the discussion in this order. In addition to other requirements, the evaluation plans shall address achieving the statistical standards for reporting key results at both the Statewide and regional levels (upstate and downstate regions) and a more defined role for Staff oversight and participation in technical

refinements. The types of measures and the level of particular financial inducements/incentives/rebates shall not be changed by NYSERDA except in consultation with Staff; any disagreements shall be brought to the Commission for resolution.

3. Central Hudson, Con Edison, KEDNY/KEDLI, Niagara Mohawk, NYSEG/RG&E and O&R shall, within 60 days of the issuance of this order, submit Implementation Plans for their approved EEPS programs that reflect this order and Staff Guidelines for preparing the implementation plans that are to be provided by the Director of the Office of Energy Efficiency and the Environment within 15 days of the issuance of this order. The programs, including measures, quality assurance, marketing, administration, and evaluation plans, should be described and implemented in a manner that is consistent with the discussion in this order. The types of measures and the level of particular financial inducements/incentives/rebates shall not be changed except in consultation with Staff; any disagreements shall be brought to the Commission for resolution.

4. Central Hudson, Con Edison, KEDNY/KEDLI, Niagara Mohawk, NYSEG/RG&E, O&R and NYSERDA shall each incorporate reports on these programs into the periodic quarterly program and evaluation reports, annual program reports and evaluations, and monthly scorecard reports already required for the other EEPS programs they administer. Central Hudson, Con Edison, KEDNY/KEDLI, Niagara Mohawk, NYSEG/RG&E, O&R and NYSERDA shall track their expenditures on evaluation-related market research in such a manner that they may be reported and scrutinized in the future. Within sixty days of the issuance of this order, the Director of the Office of Energy Efficiency and Environment will provide to these entities guidance on any specific periodic reporting requirements applicable to these specific programs.

5. In the supplemental revisions to the SBC Operating Plan, and in the Implementation Plans, Central Hudson, Con Edison, KEDNY/KEDLI, Niagara Mohawk, NYSEG/RG&E, O&R and NYSERDA are directed to also include the following information related to their outreach and education (O&E)/marketing programs and, if necessary, to submit new budgets:

(a) specific budget amounts for each individual element of the O&E/marketing budget for each year of the program;
(b) a list and description of the O&E/marketing vehicles to be used;
(c) an explanation of the target audiences for each program component;
(d) a timeline for the development, implementation and evaluation of the O&E/marketing efforts;
(e) how the O&E/Marketing programs relate to the entity's general and other O&E/Marketing programs; and
(f) the efforts that will be undertaken to minimize any overlap and/or customer confusion that may result from O&E/marketing activities in the same or adjacent market areas.

6. Annual reports of each calendar year's O&E/marketing program achievements, as available to date, and updated plans for the upcoming calendar year, shall be submitted each year with the third quarter status report so that they can be reviewed prior to the end of each program year.

7. All O&E/marketing plan components of the compliance filings will be subject to review and certification by the Director of the Office of Consumer Services that they conform to the requirements of this order, before they shall be implemented.

8. Central Hudson, Con Edison, Niagara Mohawk, NYSEG, RG&E and O&R shall establish by contract with NYSERDA, a

schedule of payments, no less frequently than quarterly commencing January 1, 2010, to transfer electric SBC funds to NYSERDA for NYSERDA-administered programs as set forth in Table 3 of Appendix 2 of this order.

9. Central Hudson, Con Edison, KEDNY, KEDLI, Niagara Mohawk, NYSEG, RG&E, O&R, Corning Natural Gas Corporation (Corning), and St. Lawrence Gas Company, Inc. (St. Lawrence) shall establish by contract with NYSERDA, a schedule of payments, no less frequently than quarterly commencing January 1, 2010, to transfer gas SBC funds to NYSERDA for NYSERDA-administered programs as set forth in Table 4 of Appendix 2 of this order.

10. The electric System Benefits Charge (SBC) is augmented such that beginning on January 1, 2010, the annual level of overall SBC electric revenue collections is increased by $74,548,721, and such that beginning on January 1, 2011, the annual level of overall SBC electric revenue collections is increased by an additional $15,334,222, to be collected in the manner shown in Table 5 of Appendix 2. In addition, SBC electric revenue collections of $8,162,421 for years 2012 and 2013, and $3,301,653 for year 2014 are authorized, also to be collected in the manner shown in Table 5 of Appendix 2.

11. The gas SBC is augmented such that beginning on January 1, 2010, the annual level of overall SBC gas revenue collections is increased by $18,718,191, and such that beginning on January 1, 2011, the annual level of overall SBC electric revenue collections is increased by an additional $9,877,428, to be collected in the manner shown in Table 6 of Appendix 2. In addition, SBC gas revenue collections of $2,464,559 for year 2012, and $359,788 for year 2013 are authorized, also to be collected in the manner shown in Table 6 of Appendix 2.

12. Each utility affected by this order shall file tariff amendments and/or statements on not less than 30 days' notice to become effective January 1, 2010, incorporating the revisions described herein. The requirements of Section 66(12)(b) of the Public Service Law as to newspaper publication of the changes proposed by these filings is waived.

13. To the degree that EEPS programs are replacing rate plan and/or "interim" energy efficiency programs, it is our intention that the costs for such programs should be collected in an SBC charge and not through some other revenue mechanism, and our action today will result in concurrent decreases in collections for some rate plan and/or interim energy efficiency programs. We direct NYSERDA and each of the affected utilities to meet individually with Staff within the next 30 days to ensure that our expectations as to collections are understood and to assist Staff in the compilation of information to bring back to us in a report in December demonstrating that EEPS collections and rate plan and/or interim program collections are coordinated in the manner we intend. The report should also identify any unexpended balances as a result of rate plans and/or interim programs. If any adjustments are necessary that require Commission action, they should be presented by Staff in time for our potential consideration of them in December.

14. Shareholder incentives and net lost revenues are not addressed by this order. If Central Hudson, Con Edison, KEDLI, KEDNY, Niagara Mohawk, NYSEG, O&R, or RG&E have a rate plan that provides for either, it shall consult with Staff and then propose whatever adjustments are necessary in such provisions, if any, due to changes in circumstances arising from this order.

15. The budgets approved in this order are to be funded by an SBC; they do not represent traditional rate

allowances in the sense that any under-spending shall result in the utility drawing down less money from the SBC collections. Efficiencies in that regard are for the benefit of ratepayers, not shareholders. Central Hudson, Con Edison, KEDNY, KEDLI, Niagara Mohawk, NYSERDA, NYSEG, O&R, and RG&E shall manage the EEPS and SBC funds prudently and within the budgets authorized by the Commission.

16. The Secretary in her sole discretion may extend the deadlines set forth herein.

17. These proceedings are continued.

By the Commission,

(SIGNED)

JACLYN A. BRILLING
Secretary

DESCRIPTIONS OF PROPOSED PROGRAMS

Central Hudson – Mid-size Commercial Business Program (Electric)

On September 22, 2008, Central Hudson filed its proposed Mid-size Commercial Business program, which addresses energy efficiency for the non-residential customer segment with a 100 KW-350 KW demand level. This program provides energy audits, implementation assistance, and incentives to commercial facilities within this electric demand range, such as hotels, motels, restaurants, grocery stores, and colleges. The program would provide financial incentives to encourage installation of energy efficiency measures and provide recommendations to customer on ways to improve energy efficiency.

The proposed Mid-size Commercial Business program would address electric energy efficiency measures using prescriptive and custom measures and incentives. The eligible prescriptive measures and corresponding incentives are comparable to the Small Commercial Business Direct Installation program that Central Hudson is currently operating. Central Hudson states that expansion of the existing program provides consistency in the marketplace and can facilitate rapid program startup and delivery. The proposed prescriptive rebates for the Mid-size Commercial Business program include: 1) lighting, 2) HVAC equipment, including ground source heat pumps and heat pump water heaters, and 3) motors and variable speed drives for single speed motors. In addition, eligible custom measures will receive a one-time incentive payment of $0.14 per kWh saved.

Custom measures would be subject to an approval process prior to installation. Central Hudson proposes no formal caps on incentive amounts for the total project or for specific measure types.

Central Hudson's proposed overall program budget for the Mid-size Commercial Business program is $3,329,923 through 2011. Central Hudson's projected participation level for the Mid-size Commercial Business program is 150 to 200 customers. The proposal estimates a cumulative annualized electric savings goal of 7,631 MWh through 2011.

The Mid-size Commercial Business program would provide, at no cost to the customer, an energy audit for facilities that request it. The audit would provide customers with information and recommendations about potential energy and cost savings associated with installation of energy efficiency measures and identify the steps necessary to install such measures.

Central Hudson proposes to deliver the program using Central Hudson representatives and trade allies. The program would employ a targeted marketing campaign. As projects are completed, Central Hudson proposes to prepare case study reports documenting actual savings achieved by a variety of different facility types. The reports will be used in the marketing effort for the program. Central Hudson proposes to work closely with NYSERDA to ensure coordination with NYSERDA's commercial programs.

Central Hudson states that the quality assurance plan will include an inspection process to ensure that the equipment specified is actually installed and is operational. The plan would be similar to the one discussed in the implementation plan it filed with its "fast track" programs.

Central Hudson provided a breakdown of the proposed Mid-size Commercial Business program costs for the years 2010-2011:

Central Hudson Mid-size Commercial Business Program
Proposed Electric Program Costs for 2010-2011

	2010	2011	Total
Program Planning and Administration	$194,000	$100,000	$294,000
Program Marketing & Trade Ally	$149,650	$155,134	$304,784
Customer Incentives or Services	$690,695	$1,225,228	$1,915,923
Program Implementation	$340,350	$354,866	$695,216
Evaluation and Market Research	$45,000	$75,000	$120,000
Total Utility Cost	$1,419,695	$1,910,228	$3,329,923

Con Edison – Commercial & Industrial
Equipment Rebate Program (Electric)

On September 22, 2008, Con Edison filed a set of proposed electric energy efficiency programs. Con Edison submitted an update for the Commercial & Industrial (C&I) Equipment Rebate program on September 21, 2009. The proposed program targets the purchasing and installation of high-efficiency electric equipment in existing facilities for the commercial and industrial market, including HVAC equipment, lighting, and motors.

The proposed program budget is $102,473,404. Projected cumulative annual savings are 182,020 MWh through 2011. Con Edison expects a total of 570 participants, including office, retail, and other commercial and industrial facilities.

Con Edison notes that the potential benefits associated with avoided energy costs are higher in its service territory than in the upstate market. Specifically, Con Edison points to an avoided cost of distribution that is 159% greater in its territory than upstate. Con Edison also notes data which demonstrates that wages are approximately 35% higher in the New York City area, which directly impacts the administrative, implementation, marketing, and measurement, evaluation, and verification costs of its programs.

Con Edison proposes to use a combination of internal staff and third party contractors to manage and implement the proposed C&I Equipment Rebate program and to use “pooled contractors” for measure installations. Con Edison would train the pooled contractors after they complete a pre-screening application process. Additional contractors would be allowed to participate in the program if they follow the screening and training processes and meet other program requirements.

Con Edison plans to use a mix of marketing strategies to reach the C&I market segment. It plans to coordinate and cross-promote its program to customers via contractors and marketing campaigns.

The proposed program would offer customers financial incentives of up to 70% of the measure cost or the incremental measure cost (depending on the specific measures installed). The incremental measure cost is the difference between the cost of a qualifying higher efficiency measure and the cost of standard efficiency equipment. A complete list of qualifying prescriptive measures, eligibility ratings, and incentives levels is shown in the table below. The prescriptive measure incentives are based on an incremental measure cost that excludes labor.

Con Edison has completed a market segment analysis and has begun initial development of a Request for Proposals in anticipation of receiving approval for its C&I Equipment Rebate program. Con Edison has reviewed internal organizational needs and has begun the process for adding internal staff. Con Edison estimates that the program would be operational within four months after its implementation plan is approved.

C&I Equipment Rebate Program Measures and Incentives

Measure	Eligibility Rating	Incentive
DX Packaged Air Conditioner System	Minimum 11.0 SEER	70% of incremental measure cost
Stairwell Lighting Bi-Level Control	50% Lighting power during unoccupied time	70% of measure cost
Cooling Tower-Decrease Approach Temperature	6 Degrees Fahrenheit	70% of incremental measure cost
Direct Digital Control System-Wireless Performance Monitoring	Energy Management System DDC Retrofit	70% of measure cost
HE Fixtures/Design	Meets federal code	70% of measure cost
HE Fixtures/Design	Above federal code by 15%	70% of incremental measure cost
LED Exit Lighting	5 Watts	70% of measure cost
Premium Efficiency Motor	PE Motors for HVAC Applications	70% of incremental measure cost
Motor – Pump & Fan System – Variable Frequency Drive	Pump and Fan System Optimization w/VFD	70% of measure cost
Occupancy Sensor Control, Fluorescent	Occupancy Sensor Control, Fluorescent	70% of measure cost
VSD Centrifugal Chiller (>=300 tons) with Load Control Tower	Water Cooled VSD centrifugal chiller (0.461 kW/ton)	70% of incremental cost

Con Edison Commercial and Industrial Equipment Rebate Program
Proposed Electric Program Costs for 2010- 2011

Commercial Existing Buildings	**2010**	**2011**	**Total**
Program Planning and Administration	$3,450,000	$3,450,000	$ 6,900,000
Program Marketing & Trade Ally	$ 7,770,000	$7,820,000	$15,590,000
Customer Incentives or Services	$21,674,000	$39,681,000	$61,355,000
Program Implementation	$6,190,000	$6,290,000	$12,480,000
Evaluation and Market Research	$2,494,723	$3,653,681	$6,148,404
Total Utility Cost	$41,578,723	$60,894,681	$102,473,404

Con Edison Commercial and Industrial Equipment Rebate Program
Proposed Electric Program Participants' Savings for 2010-2011

	2010	**2011**	**Total 2010-2011**
Participants	205	365	570
Annualized MWh Savings	65,160	116,860	182,020

Con Edison – C&I Equipment
Rebate Program (Gas)

On April 30, 2009, Con Edison filed a proposal for a suite of energy efficiency programs which included Multifamily, Multifamily Low Income, and Large Industrial Gas programs. Con Edison subsequently updated the proposal on May 20, 2009. On June 5, 2009, Con Edison filed a proposal for a set of commercial gas energy efficiency programs. On September 9, 2009 Con Edison submitted an updated proposal combining a number of previously proposed programs into two programs, a C&I Gas Efficient Equipment Rebate Program and a C&I Custom Gas Efficiency Program.

Con Edison's proposed C&I Gas Efficient Equipment Rebate program is designed to overcome market barriers to the purchase and installation of market-ready energy efficiency measures in existing commercial and industrial facilities.[1] The proposed program budget is $6,395,000. Anticipated cumulative annual savings are 110,762 Dth through 2011. Con Edison projects a total of 1,212 participants through 2011.

Con Edison proposes to use a combination of internal staff and third party contractors to manage and implement the proposed C&I Gas Equipment Rebate program. Con Edison would train staff and contractors about processes and procedures associated with the program and would use "pooled contractors" to deliver the installations. Con Edison would train the "pooled contractors" after the contractors complete a pre-screening application process. Additional contractors would be allowed to participate in the program if they follow the screening and training processes and meet other program requirements.

[1] Con Edison has too few large industrial customers to merit a separate program, so all of its industrial customers would be served by this program.

Con Edison plans to use a mix of marketing strategies to reach the C&I market segment. It plans to coordinate and cross-promote its program to customers via contractors and marketing campaigns.

The proposed program offers financial incentives for installation of gas efficiency improvements for space and water heating equipment and other measures such as weatherization. Prescriptive incentives would be available for up to 70% of the incremental or installed cost of the measure, depending on the type and efficiency of the measure installed. Con Edison proposes a cap of $25,000 per piece of equipment. A complete list of qualifying prescriptive measures, eligibility ratings, and incentives levels is shown in the table below. The prescriptive measure incentives that are based on incremental measure cost exclude labor.

C&I Gas Equipment Rebate Program Measures and Incentives

Measure	Eligibility Rating	Incentive
High Efficiency Water Boiler	≥ 85% AFUE	70% of incremental cost
High Efficiency Water Boiler	≥ 90% AFUE	70% of incremental cost
High Efficiency Steam Boiler	≥ 82% AFUE	70% of incremental cost
High Efficiency Furnace	≥ 90% AFUE	70% of incremental cost
High Efficiency Furnace	≥ 92% AFUE	70% of incremental cost
High Efficiency Furnace	≥ 95% AFUE	70% of incremental cost
Boiler Reset Controls	TRC ≥ 1.0	70% of incremental cost
Infrared Unit Heater	Low intensity – two stage	70% of incremental cost
Low Flow Pre-Rinse Spray Valve	<= 1.6 gpm	70% of incremental cost
Stack Heat Exchanger	TRC ≥ 1.0	70% of installed cost
Air to Air Heat Recovery	TRC ≥ 1.0	70% of installed cost
Controls	TRC ≥ 1.0	70% of installed cost
Desiccant Dehumidification	TRC ≥ 1.0	70% of installed cost
Direct Fired Make-up Air System	TRC ≥ 1.0	70% of installed cost
Duct Sealing	TRC ≥ 1.0	70% of installed cost
Process Heating Measures	TRC ≥ 1.0	70% of installed cost
HVAC Tune-Up	TRC ≥ 1.0	70% of installed cost
Building Shell Upgrades	Code or above code requirements and TRC ≥ 1.0	70% of installed cost

Con Edison Gas C&I Prescriptive Equipment Rebate Program
Proposed Program Costs for 2010- 2011

Commercial Existing Buildings	**2010**	**2011**	**Total**
Program Planning and Administration	$157,625	$182,835	$340,460
Program Marketing & Trade Ally	$161,434	$134,269	$295,703
Customer Incentives or Services	$2,323,325	$2,722,080	$5,045,405
Program Implementation	$139,109	$134,269	$273,378
Evaluation and Market Research	$150,824	$174,714	$325,538
Total Utility Cost	$2,932,317	$3,462,988	**$6,393,305**

Con Edison Gas C&I Prescriptive Equipment Rebate Program
Proposed Program Participants and Energy Savings for 2010-2011

	2010	**2011**	**Total 2010-2011**
Participants	519	693	1,212
Annualized Dth Savings	48,902	61,859	110,762

KEDNY/KEDLI – Commercial and Small Industrial Component of Commercial and Industrial and Multifamily Energy Efficiency Program (Gas)

On September 22, 2008, the Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York (KEDNY) and KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island (KEDLI) filed commercial and industrial gas energy efficiency programs. They updated those proposals on June 5, July 10 and October 9, 2009. The programs addressed here are those portions of the proposal addressing commercial and small industrial customers with usage less than 12,000 Dth. We have already approved programs for large industrial and multifamily customers in previous EEPS orders.

The proposed Commercial and Industrial Energy Efficiency program provides technical assistance and financial incentives to eligible customers to encourage installation of energy efficient gas measures in existing facilities. KEDLI and KEDNY propose to deliver the program with in-house technical

staff, account managers, and outside contractors, as needed. Outside contractors will be selected through a competitive bid process to ensure that the companies receive these services at a competitive rate.

KEDNY's proposed budget for the Commercial and Industrial Energy Efficiency program is $3,360,800[2] through 2011. KEDNY's projected participation level is 600 customers through 2011, with cumulative annualized gas savings of 70,200 MMBtu.

KEDLI's proposed overall gas budget for the Commercial and Industrial Energy Efficiency program is $1,805,250 through 2011. KEDLI projects the participation of 350 customers through 2011, with cumulative annualized gas savings of 40,950 MMBtu.

KEDNY and KEDLI would offer co-funding to customers of up to 50% of the cost of an engineering study or energy audit, up to a maximum of $10,000. The audits would help customers identify potential energy efficiency opportunities in the facility.

Customers would be eligible for custom and/or prescriptive rebates. Custom rebates would be equal to $2.25 per first year therm saved, capped at 50% of the installation costs or up to $250,000 per project for natural gas energy savings measures installed. KEDLI and KEDNY propose a second tier incentive when a project meets certain economic development criteria including but not limited to the number of jobs it creates. The second tier incentive would be equal to $6 per first year therm saved with the same incentive caps mentioned above.

[2] Budget totals do not include performance incentives.

KEDLI and KEDNY
Commercial and Industrial Program Prescriptive Rebates

Measure	Incentive	Limitations
Clock Thermostat	$25	Limit 5
Boiler Reset (1 Stage)	$150	Limit 2
Boiler Reset (2 Stage)	$250	Limit 2
Steam Traps	$25	Limit 100
High Efficiency Fryer	$1,000	
Steamer	$1,000	
Convection Oven	$1,000	
R-19 Roof Insulation	20% of installed cost	Maximum $10,000/account
R-30 Roof Insulation	20% of installed cost	Maximum $10,000/account
Wall Insulation	20% of installed cost	Maximum $10,000/account
Floor Insulation	20% of installed cost	Maximum $10,000/account
Pipe Insulation	$1.50/linear ft	500 linear ft
Duct Insulation	$1.50/linear ft	500 linear ft
Windows	$1.00/sq ft	2,500 sq ft
Spray Valve	Free to customer	

KEDLI and KEDNY plan to use trade allies including equipment engineers, architects, vendors, and mechanical contractors to encourage adoption of new high performance energy efficiency equipment in industrial facilities. The KEDLI and KEDNY propose to continue working with NYSERDA, Long Island Power Authority, and other program administrators to ensure that effective coordination takes place with other energy efficiency programs being offered to commercial and industrial customers.

KEDNY and KEDLI propose post-installation engineering inspections for all projects receiving incentives for savings greater than 5,000 therms. Upon confirmation that installed equipment matches the equipment specified during the modeling process, the incentive would be released to the customer. KEDLI and KEDNY propose random post-installation inspections for projects designed to save less then 5,000 therms. Post-installation inspections would verify that efficiency measures have been installed consistent with program guidelines and in accordance with state and local codes.

KEDNY and KEDLI provided a breakdown of the Commercial and Industrial Energy Efficiency program costs for the year 2009- 2011 by category:

KEDNY Commercial and Industrial Energy Efficiency
Proposed Program Costs for 2010-2011[3]

Industrial Component	2010	2011	Total
Program Planning and Administration	$ 188,650	$ 188,650	$ 377,300
Program Marketing & Trade Ally	$ 342,650	$ 342,650	$ 685,300
Customer Incentives or Services	$ 877,500	$ 877,500	$1,755,000
Program Implementation	$ 190,600	$ 190,600	$ 381,200
Evaluation and Market Research	$ 81,000	$ 81,000	$ 162,000
Total Utility Cost	$1,788,333	$1,788,333	$3,360,800

KEDLI Commercial and Industrial Energy Efficiency
Proposed Program Costs for 2010-2011

Industrial Component	2010	2011	Total
Program Planning and Administration	$ 75,000	$ 75,000	$ 150,000
Program Marketing & Trade Ally	$175,000	$175,000	$ 350,000
Customer Incentives or Services	$511,875	$511,875	$1,023,750
Program Implementation	$100,000	$100,000	$ 200,000
Evaluation and Market Research	$ 40,750	$ 40,750	$ 81, 500
Total Utility Cost	$965,586	$965,586	$1,805,250

[3] Update provided by KEDNY/KEDLI as an Errata Notice in Case 09-G-0363 submitted on July 10, 2009.

Niagara Mohawk Energy Initiative
Program (Electric and Gas)

On September 22, 2008, Niagara Mohawk filed its proposed Energy Initiative program for its territory. Niagara Mohawk submitted updates to the electric portion of the proposal on May 11 and October 9, 2009, and updates to the gas portion on May 28 and October 9, 2009. The updates to the program separated the participants, savings goals, and budget amounts into customer segments of (1) demand greater than 2 MW and (2) less than 2 MW. The Commission approved components of the Energy Initiative program for large industrial electric and large industrial gas customers in Orders dated August 24, 2009 and September 18, 2009, respectively.

The Energy Initiative program addressed here focuses on commercial and industrial customers with demand of less than 2 MW. This retrofit program would provide technical assistance and incentives to commercial and industrial facilities to encourage installation of energy efficiency measures and provide recommendations for ways to improve energy efficiency. The proposed program would address electric and gas energy efficiency measures using incentives for both prescriptive and custom measures. It would focus on retrofitting opportunities for mechanical and electrical systems in commercial, industrial, agriculture, governmental, and institutional buildings.

Niagara Mohawk proposes to deliver the program with in-house technical staff, account managers, and outside contractors, as needed. It proposes to work closely with NYSERDA to ensure coordination between the proposed program and NYSERDA's FlexTech and Industrial and Process Efficiency programs.

Niagara Mohawk proposes that quality assurance measures would include pre- and post-inspections and use of a Minimum Requirements document to determine whether equipment and

operation assumptions are implemented as designed. Projects with incentives of less than $10,000 would be randomly selected for post-installation inspection. All custom projects and projects where an invoice is not available would require a post-inspection.

Niagara Mohawk's proposed budget for the electric portion of the program is $45,562,627 through 2011. The proposed participation level for this portion of the program is 2,168 customers with a proposed annualized electric savings of 276,368 MWh through 2011.

Niagara Mohawk proposes that the electric portion of the Energy Initiative program offer three services: financial incentives, technical assistance, and commissioning. Eligible customers could qualify for custom and/or prescriptive incentives. The proposed custom rebates equate to either 50% of the total installed costs including labor and equipment, or a buy-down of the equipment cost to the equivalent of a one-year payback to the customer, whichever is less. The proposed prescriptive measures include lighting systems, lighting controls, energy management systems and economizer controls, efficient motor and drive systems, air compressors, high performance ventilation, and variable frequency drives.

Niagara Mohawk also proposes to reduce energy usage through such approaches as building systems maintenance and whole building assessment. The proposed program would provide technical assistance, information, and education to participants on the use of energy efficient engineering practices to advance better building design, construction and maintenance practices.

In addition, Niagara Mohawk proposes to offer low-interest municipal financing to cities and towns to encourage their participation in energy efficiency initiatives. Municipal

customers would be allowed to pay their portion of the project cost over a 24-month period on their electric bill.

Niagara Mohawk also proposes to provide commissioning services to participants to ensure that the system designs specified for efficient buildings operate as intended. A customer that does not install the correct energy efficiency equipment or controls might not be eligible to receive an incentive.

The proposal incorporates a Complementary Energy Initiative program segment that includes power quality and power factor correction, combined heat and power opportunities, renewable energy, and demand response practices. Niagara Mohawk states that customers could incorporate these practices into their overall energy efficiency strategy in order to save energy and reduce costs. Niagara Mohawk requests $325,000 per year to fund fifty demand response audits at $4,500 each and $100,000 to fund automated demand response measures for a minimum of ten customers per year. Niagara Mohawk also requests $70,000 per year for power factor and/or power quality studies for up to 20 customers per year at a cost of $3,500 each. In the area of renewable and combined heat and power studies, Niagara Mohawk proposes no funding but states that it will direct customers seeking funding to NYSERDA. While Niagara Mohawk does not claim savings from the Complementary Energy Initiative, the budget is $395,000 per year and is included as part of the overall budget that is outlined below.

Niagara Mohawk’s proposed gas budget for the program described here is $5,454,264 through 2011. Projected participation in the gas portion of the Energy Initiative program being discussed here is 1,328 customers through 2011, with cumulative annualized gas savings of 159,452 MMBtu.

The gas portion of the Energy Initiative program would offer technical assistance and financial incentives to commercial and industrial customers. Customers would be eligible for custom and/or prescriptive rebates. Custom rebates would be equal to $2.25 per first year therm saved, capped at 50% of the installation costs or up to $250,000 per project for natural gas energy saving measures installed. Niagara Mohawk will offer customers up to 50% of the cost of an engineering study or energy audit, up to a maximum of $10,000.

Niagara Mohawk proposes a second tier incentive when a project meets certain economic development criteria including but not limited to the number of jobs it creates. The second tier incentive would be equal to $6 per first year therm saved with the same incentive caps mentioned above.

Niagara Mohawk
Commercial and Industrial Program Prescriptive Rebates

Measure	Incentive	Limitations
Clock Thermostat	$25	Limit 5
Boiler Reset (1 Stage)	$150	Limit 2
Boiler Reset (2 Stage)	$250	Limit 2
Steam Traps	$25	Limit 100
High Efficiency Fryer	$1,000	
Steamer	$1,000	
Convection Oven	$1,000	
R-19 Roof Insulation	20% of installed cost	Maximum $10,000/account
R-30 Roof Insulation	20% of installed cost	Maximum $10,000/account
Wall Insulation	20% of installed cost	Maximum $10,000/account
Floor Insulation	20% of installed cost	Maximum $10,000/account
Pipe Insulation	$1.50/linear ft	500 linear ft
Duct Insulation	$1.50/linear ft	500 linear ft
Windows	$1.00/sq ft	2,500 sq ft
Spray Valve	Free to customer	

Combined Program Delivery

Niagara Mohawk has provided a breakdown of the Energy Initiative program costs for the years 2010-2011:

Niagara Mohawk Energy Initiative
Proposed Electric Program Costs for 2010-2011

	2010	2011	Total
Program Planning and Administration	$ 1,865,706	$ 2,939,265	$ 4,804,971
Program Marketing & Trade Ally	$ 309,361	$ 442,940	$ 752,301
Customer Incentives or Services	$15,023,274	$21,190,351	$36,213,624
Program Implementation	$ 702,705	$ 958,428	$ 1,661,163
Evaluation and Market Research	$ 874,938	$ 1,255,629	$ 2,130,567
Total Utility Cost	$18,775,983	$26,786,643	$45,562,626

Niagara Mohawk Energy Initiative
Proposed Gas Program Costs for 2010- 2011

	2010	2011	Total
Program Planning and Administration	$ 160,269	$ 154,153	$ 314,422
Program Marketing & Trade Ally	$ 71,206	$ 31,809	$ 103,015
Customer Incentives or Services	$1,555,267	$1,764,720	$3,319,987
Program Implementation	$ 682,000	$ 768,000	$1,450,000
Evaluation and Market Research	$ 126,825	$ 140,015	$ 266,840
Total Utility Cost	$2,595,567	$2,858,697	$5,454,264

Niagara Mohawk Energy Initiative
Proposed Gas Program Participants and Savings for 2010-2011

	2010	2011	Total 2010-2011
Participants	601	727	1,328
Annualized MMBtu Savings	72,185	87,266	159,452

Niagara Mohawk Energy Initiative
Proposed Electric Program Participants and Savings for 2010-2011

	2010	2011	Total 2010-2011
Participants	929	1,239	2,168
Annualized MWh Savings	118,343	158,025	276,368

NYSEG and RG&E – Non-residential Commercial and Industrial Prescriptive Rebate Program (Electric and Gas)

NYSEG and RG&E proposed a prescriptive rebate program for their non-residential electric and gas customers. The program proposal was originally filed on September 22, 2008 with updates filed on April 22 and 24, 2009 and on August 4 and 6, 2009.

The program would be directed toward commercial, institutional, and municipal customers with a load of less than 2 MW. Those customers paying for electric service would also be eligible for participation in the gas program. Eligible customers are those with a specific contract account paying SBC charges for some portion of their metered use at the time of the rebate application. As proposed, eligibility to receive rebates for installed gas measures would be assumed based on electric eligibility qualification. NYSEG and RG&E propose that commercial and industrial customers that are eligible to participate in other energy efficiency programs should also be eligible for participation in the Non-residential Commercial and Industrial Prescriptive Rebate program, but only to the extent that they have not been paid rebates for the same measure(s) from any other program.

For the electric component of the program, NYSEG has proposed an annual budget of $1,733,000 for 2010 and 2011, for a total program budget of $3,466,000. It is also requesting one-time startup costs of $102,000 prior to program implementation in 2010. The proposal seeks to achieve annual savings of 3,793 MWh each year for total cumulative electric savings of 7,586 MWh through 2011. NYSEG estimates that 550 total customers would participate in the electric program through 2011. For the gas prescriptive rebate program, NYSEG proposes an annual budget of $548,000 for 2010 and 2011, for a total program budget of $1,096,000. Its proposed startup costs would be $102,000 prior

to program implementation in 2010. NYSEG proposes to achieve savings of 12,738 Dth annually, for total cumulative gas savings of 25,476 Dth through 2011. NYSEG estimates that 260 gas customers would participate through 2011.

For its electric program, RG&E has proposed an annual budget of $1,121,000 for 2010 and 2011 to achieve annual savings of 2,759 MWh. This proposal reflects a total program budget of $2,242,000 for 2010 through 2011 and cumulative electric savings of 5,518 MWh. RG&E also proposes a startup budget of $102,000 prior to program implementation in 2010. For its gas program, RG&E proposes an annual budget of $540,000 for 2010 and 2011 to achieve annual savings of 13,138 Dth. This reflects a total budget of $1,080,000 plus proposed startup costs to produce total cumulative annual gas savings of 26,276 Dth. RG&E anticipates that the program will serve a total of 400 electric customers and 260 gas customers through 2011.

The program would be administered by the utilities and implemented through the use of a competitively-selected contractor. The implementation contractor would be employed for application intake, review, and approval, and for processing incentive payments. NYSEG and RG&E propose that responsibilities be shared between the utilities and the implementation contractor for reporting, customer care, and quality assurance, and that other EEPS program functions may be conducted by contractors at the utilities' direction. A separate evaluation contractor would be used for the measurement, verification, and evaluation.

NYSEG and RG&E state that not every customer would require technical assistance, nor would a program-provided energy assessment be required in order to qualify for measure rebates. However, technical assistance could be provided upon a request by a customer, and within program cost-effectiveness

criteria and Commission-approved budget parameters. Proof of installation would be verified by invoice, or other acceptable documentation submitted with a customer application prior to the payment of a rebate.

NYSEG Non-residential Commercial and Industrial
Prescriptive Rebate Program Budget Categories

NYSEG Electric	Startup	2010	2011	Total
Customer Incentives or Services	0	$963,000	$963,000	$1,926,000
Program Planning and Administration	0	$140,000	$140,000	$280,000
Program Implementation Costs	$80,000	$453,000	$453,000	$986,000
Program Marketing and Trade Ally	$20,000	$124,000	$124,000	$268,000
M & V	$2,000	$ 53,000	$53,000	$108,000
Direct Utility Costs	$102,000	$1,733,000	$1,733,000	$3,568,000

NYSEG Gas	Startup	2010	2011	Total
Customer Incentives or Services	0	$298,000	$298,000	$596,000
Program Planning and Administration	0	$55,000	$55,000	$110,000
Program Implementation Costs	$80,000	$125,000	$125,000	$330,000
Program Marketing and Trade Ally	$20,000	$45,000	$45,000	$110,000
M & V	$2,000	$25,000	$25,000	$52,000
Direct Utility Costs	$102,000	$548,000	$548,000	$1,198,000

RG&E Non-residential Commercial and Industrial
Prescriptive Rebate Program Budget Categories

RG&E Electric	Startup	2010	2011	Total
Customer Incentives or Services	0	$700,000	$700,000	$1,400,000
Program Planning and Administration	0	$71,000	$71,000	$142,000
Program Implementation Costs	$80,000	$225,000	$225,000	$530,000
Program Marketing and Trade Ally	$20,000	$90,000	$90,000	$200,000
M & V	$2,000	$35,000	$35,000	$72,000
Direct Utility Costs	$102,000	$1,121,000	$1,121,000	$2,344,000

RG&E Gas	Startup	2010	2011	Total
Customer Incentives or Services	0	$298,000	$298,000	$596,000
Program Planning and Administration	0	$51,000	$51,000	$102,000
Program Implementation Costs	$80,000	$121,000	$121,000	$322,000
Program Marketing and Trade Ally	$20,000	$45,000	$45,000	$110,000
M & V	$2,000	$24,000	$24,000	$50,000
Direct Utility Costs	$102,000	$539,000	$539,000	$1,180,000

NYSEG and RG&E Prescriptive Rebate-Eligible Electric Measures

Measure Type	Rebate
Lighting Fixtures and Controls Indoor/Outdoor/Pendant/Wall-mounted	$15 - $75 per Fixture/Control
Unitary AC, Split and Heat Pump Systems; <5.4 tons to <= 300 tons; 9.7 to 15 EER	$50 - $200 per ton depending on size, cooling capacity and EER rating
Electric Motors 1200 – 3600 RPM; 1HP – 200HP	$45 - $600
Air-cooled/Water-cooled Chillers	$6 - $25 per ton of cooling capacity
Variable Speed Drives (VSD) 5HP – 25HP	$800 - $2,000

NYSEG and RG&E Prescriptive Rebate-Eligible Gas Measures

Measure Type	Rebate
Condensing Boilers < 300 MBH to > 1701 MBH	$1000 - $6000 per unit
Hydronic Boilers < 300 MBH to >1701 MBH	$500 - $ 4000 per unit
Furnaces up to 150 MBH	$100 - $400 per unit
Steam Boilers up to 300 MBH	$200 per unit
Controls and Thermostats	$25 - $250 per unit or installation

O&R - Commercial Existing Buildings Program (Electric)

In its September 22, 2008 filing, O&R submitted a proposal for an electric Commercial Existing Buildings program. O&R updated the filing on May 13, 2009. The proposed program targets existing commercial and industrial customers, with a peak demand of over 100 KW. The program would provide retrofits and other projects that avoid lost opportunities for installing cost-effective high efficiency measures when new equipment is installed for expansion or equipment replacement.

The proposed cumulative budget is $5,958,420 with a savings goal of cumulative annual savings of 19,765 MWh through 2011. O&R projects that the program would serve 899 customers and provide coincident peak demand reduction of 4.5 MW through 2011.

An implementation contractor would be responsible for (1) coordinating with upstream market participants, (2) identifying customers and projects, (3) evaluating project cost-effectiveness and feasibility, (4) processing rebate applications and paperwork, (5) performing quality assurance tasks, and (6) developing and maintaining all records for the proposed program. If necessary, the implementation contractor would use an engineering firm to assist with the technical aspects of projects. Internal O&R staff would oversee the implementation contractor, head the marketing campaigns, and provide program outreach.

The implementation contractor would receive customers into the program through leads from O&R’s account representatives for large C&I customers; from marketing efforts as follow up to program inquiries; and through self-marketing and outreach to local contractors, distributors, and trade ally organizations.

The proposed program would offer incentives for prescriptive energy efficiency measures as shown in the table below.

Orange & Rockland Commercial Existing Buildings Program
Prescriptive Rebate Measures & Incentives

End-Use	Measure	Size Class	Qualifications	Incentive	Units
Lighting	Super T-8 Fixture	N/A	New Fixture	$ 15	per fixture
	High Bay T-5 or T-8	N/A	New Fixtures only	$ 40	per fixture
	Occupancy Sensors - on/off	N/A	must be hardwired, sensors with manual "on" override not eligible	$ 20	per control
	Occupancy Sensors - hi/low	N/A	must be hardwired	$ 85	per control
	CFL hardwired Fixtures	N/A	Energy Star labeled	$ 15	per fixture
	ENERGY STAR LED exit signs	N/A	N/A	$ 25	per fixture
Cooling	Air Conditioner, Air Cooled - Split & Package	Tier 1 <5.4 tons	14 SEER	$ 45	per ton
	Air Conditioner, Air Cooled - Split & Package	Tier 2 <5.4 tons	15 SEER	$ 95	per ton
	Air Conditioner, Air Cooled - Split & Package	Tier 1 >5.4 tons	11.5 SEER	$ 35	per ton
	Air Conditioner, Air Cooled - Split & Package	Tier 2 >5.4 tons	12 SEER	$ 55	per ton
	Air Conditioner, Air Cooled - Split & Package	Tier 1 >11.25 tons	11.5 SEER	$ 35	per ton
	Air Conditioner, Air Cooled - Split & Package	Tier 2 >11.25 tons	12 SEER	$ 55	per ton
	Air Conditioner, Air Cooled - Split & Package	Tier 1 >20 tons	10.5 SEER	$ 35	per ton
	Air Conditioner, Air Cooled - Split & Package	Tier 2 >20 tons	10.8 SEER	$ 55	per ton
	Heat Pump, Air Source	Tier 1 <5.4 tons	14 SEER	$ 50	per ton
	Heat Pump, Air Source	Tier 2 <5.4 tons	15 SEER	$ 100	per ton
	Heat Pump, Air Source	>5.4 - <11.25 tons	11 EER	$ 55	per ton
	Heat Pump, Air Source	>11.25 - <20 tons	10.8 EER	$ 65	per ton
Motors	NEMA Premium Motor	1 hp	NEMA Premium Efficiency	$ 25	per motor
	NEMA Premium Motor	1.5 hp	NEMA Premium Efficiency	$ 30	per motor
	NEMA Premium Motor	2 hp	NEMA Premium Efficiency	$ 30	per motor
	NEMA Premium Motor	3 hp	NEMA Premium Efficiency	$ 25	per motor
	NEMA Premium Motor	5 hp	NEMA Premium Efficiency	$ 30	per motor
	NEMA Premium Motor	7.5 hp	NEMA Premium Efficiency	$ 60	per motor
	NEMA Premium Motor	10 hp	NEMA Premium Efficiency	$ 60	per motor
	NEMA Premium	15 hp	NEMA Premium Efficiency	$ 60	per motor

Motor					
NEMA Premium Motor	20 hp	NEMA Premium Efficiency	$	60	per motor
NEMA Premium Motor	25 hp	NEMA Premium Efficiency	$	100	per motor
NEMA Premium Motor	30 hp	NEMA Premium Efficiency	$	115	per motor
NEMA Premium Motor	40 hp	NEMA Premium Efficiency	$	125	per motor
NEMA Premium Motor	50 hp	NEMA Premium Efficiency	$	135	per motor
NEMA Premium Motor	60 hp	NEMA Premium Efficiency	$	215	per motor
NEMA Premium Motor	75 hp	NEMA Premium Efficiency	$	275	per motor
NEMA Premium Motor	100 hp	NEMA Premium Efficiency	$	330	per motor
NEMA Premium Motor	125 hp	NEMA Premium Efficiency	$	420	per motor
NEMA Premium Motor	150 hp	NEMA Premium Efficiency	$	455	per motor
NEMA Premium Motor	200 hp	NEMA Premium Efficiency	$	480	per motor
VSD Motor Control	1 hp	N/A	$	175	per controlled motor
VSD Motor Control	1.5 hp	N/A	$	220	per controlled motor
VSD Motor Control	2 hp	N/A	$	240	per controlled motor
VSD Motor Control	3 hp	N/A	$	310	per controlled motor
VSD Motor Control	5 hp	N/A	$	455	per controlled motor
VSD Motor Control	7.5 hp	N/A	$	645	per controlled motor
VSD Motor Control	10 hp	N/A	$	810	per controlled motor
VSD Motor Control	15 hp	N/A	$	1,060	per controlled motor
VSD Motor Control	20 hp	N/A	$	1,225	per controlled motor

Incentives for custom measures would include all cost-effective measures not offered prescriptively. All lost opportunity measure incentives would be paid starting at a rate of 50% of the incremental measure cost, which would include incremental installation costs, incremental equipment costs associated with high efficiency levels, equipment or labor associated with incorporating the higher efficiency equipment into existing systems, and customer training costs associated with operation of energy efficient equipment and systems.

The custom retrofit C&I incentives would be paid starting at 25% of the installed cost of the measure, including equipment and labor. For large C&I customers, custom and prescriptive incentives would be set at a minimum level needed

to encourage project participation and might be based on a cash flow analysis that compares the project against financial criteria.

O&R proposes not to cap the per customer custom measure incentive levels under the proposed program because all cost effective measures provide energy savings and as rebates increase so do the energy savings. O&R is concerned that if a cap is in place, some of its customers may not install measures for which rebates are not provided and lose the energy savings associated with those measures. In place of an incentive cap, O&R proposes to suspend the program and petition the Commission for additional incentive dollars if the program disperses all available funding.

O&R has begun the design of a rebate application and is in the process of developing a Request for Proposals for implementation services, to be issued within 15 days of approval of the C&I Commercial Existing Buildings Program, provided that the program is approved without material changes. O&R plans to meet with distributors, trade allies, and contractors within 45 days of program approval to inform market participants of the program.

Orange & Rockland Commercial Existing Buildings Program
Proposed Electric Program Costs for 2010- 2011

Commercial Existing Buildings		**2010**	**2011**	**Total**
Program Planning and I Administration		$315,990	$271,841	$587,831
Program Marketing and Trade Allies		$472,781	$287,171	$759,952
Customer Incentives or Services		$873,029	$1,790,161	$2,663,191
Program Implementation		$536,655	$1,104,775	$1,641,429
Evaluation and Market Research		$121,809	$184,209	$306,017
Total Utility Cost		$2,320,264	$3,638,156	$5,958,420

Orange & Rockland Commercial Existing Buildings Program
Proposed Electric Program Participants and Savings for 2010- 2011

	2010	2011	Total
Customers	304	595	899
Annualized MWh Savings	6,676	13,089	19,765

NYSERDA - Existing Facilities Program (Electric and Gas)

NYSERDA filed its proposed Existing Facilities program on September 22, 2008. It filed a proposed complementary component of the Existing Facilities program in an updated filing on June 5, 2009. The filings were subsequently updated on September 15 and September 17, 2009. The proposed program would be open to all EEPS/SBC contributing commercial and industrial customers. NYSERDA proposes to continue its "whole building, all fuels approach," and to offer expanded offerings and incentives.

NYSERDA's proposal expands the electric component of the Existing Facilities program and includes an additional module that offers assistance to facilities that install or enhance building management systems and monitoring equipment to optimize day-to-day operation of facilities. The program would offer incentives to install data-gathering technologies that monitor and alter building operations (e.g. temperature sensors for chilled water supplies, condenser water flow rates, chilled and condenser water temperatures, and wet and dry bulb temperatures) to provide energy efficient operations. Vendors that provide these services would be eligible to receive performance-based incentives for kWh savings.

NYSERDA states that the proposed program coordinates well with other NYSERDA commercial/industrial SBC offerings such as the Commercial Loan Fund and Finance program and the Flexible Technical Assistance program to maximize technical and financial

assistance to customers. The expanded Existing Facilities Program would seek participation from a wide array of customer types including commercial buildings, health care, universities, and institutional customers. NYSERDA states that it has developed outreach strategies to further engage these sectors to encourage broader participation in energy projects.

For electric measures, NYSERDA proposes a cumulative program budget of $36,076,628 through 2011. NYSERDA projects a participation level of 1,800 customers with cumulative annualized savings of 200,000 MWh through 2014. NYSERDA projects that the program will achieve 100 MW (cumulative) of coincident peak load reduction by 2015, based on an average peak coincidence factor for the program of 0.34. For the gas portion of the program, NYSERDA proposes a cumulative program budget of $8.0 million through 2011. NYSERDA projects a participation level of 400 participants with a cumulative annualized savings of 308,766 MMBtu through 2013.

The proposed program offers customers the option to participate through the use of pre-qualified performance-based measures and incentives. The current total cap for pre-qualified measure incentives is $30,000.[4] Pre-qualified measures include: lighting, commercial refrigeration, HVAC equipment, commercial kitchen equipment and washers, chillers, interval meters, motors, and variable frequency drives. Performance-based incentives would be offered for electric and/or gas measures for customers of ESCOs, demand response initiatives, and combined heat and power (CHP) installations. NYSERDA also proposes to offer assistance to facilities to install or enhance building management systems.

The performance-based electric energy incentives are 12 cents per kWh saved upstate and 16 cents per kWh saved

[4] The cap is $25,000 for National Fuel Gas service territory.

downstate, and are based on one year of savings. Experience has illustrated that these incentives equate to covering approximately 20-25% of project cost. Program rules further dictate that the incentive can never exceed more than 50% of project cost.

The proposed performance-based gas incentives are in the range of $15/$25 per MMBtu saved and are based on one year of savings (with an upstate and downstate differential).

NYSERDA Existing Facilities
Performance-Based Incentives

	Upstate	Con Edison
Electric Efficiency	$0.12/kWh	0.16kWh
Energy Storage/Electric to Non-electric Cooling*	$300/kW	$600/kW
Demand Response	$100/kW	$200/kW
Combined Heat and Power	$0.10/kWh + $600/kw	$0.10/kWh + $750/kw
Industrial and Process	$0.12/kWh	$0.16/kWh

* Electric to non-electric kW reduction based on electric chiller 2% more efficient than ASHRAE 90.1 requirements; must offset summer peak kW load.

NYSERDA provided a proposed breakdown of the Electric Existing Facilities program costs for the years 2010 to 2014 shown below:

NYSERDA Existing Facilities Program
Electric Costs for 2009 to 2015 (in millions of dollars)

	2010	2011	2012	2013	2014	Total 2010-2014
Program Expenditures	$2.86	$5.71	$11.4	$11.4	$2.86	$34.3
Outreach/Marketing	$1.20	$.60				$3.45

NYSERDA Existing Facilities Program
Electric Goals and Participation

	2010	2011	2012	2013	2014	Total 2009-2014
Participants						1,800
Installed MWh Savings	16,667	33,333	66,667	66,667	16,6670	200,000

NYSERDA also provided the proposed breakdown of the Gas Existing Facilities Program costs for the years 2010 to 2013 shown below:

NYSERDA Existing Facilities Program
Gas Costs for 2010 to 2013

	2010	2011	2012	2013	2014	Total 2010-2013
Program Expenditures	$869,839	$1,783,065	$4,000,000	$1,000,000	$0	$8,000,000
Outreach/Marketing	$130,161	$216,935	$0	$0	$0	$347,000

Goals and Participation (from September 15, 2009 update)

	2010	2011	2012	2013	2014	2015	Total 2010-2013
Participants							400
Annualized MMBtu Savings	38,595	77,191	154,383	38,597			308,766

NYSERDA currently fosters program participation by using a network of trade allies and organizations for marketing and outreach. This includes energy service providers and contractors as well as trade associations, key stakeholders and contractor groups. NYSERDA proposes to use this same approach in the future.

To enter the program, facilities owners and/or their contractor(s) would complete and submit a program application containing basic facility information. For pre-qualified measures, equipment could be purchased and installed and an application including required documentation must be submitted to NYSERDA within 90 days of installation. NYSERDA would evaluate the project, and once approved, would provide payment. For performance-based incentives, engineering assessments would be required.

In terms of coordination with other administrators, NYSERDA stated in its September 22, 2008 proposal that it “has

participated in numerous collaborative meetings with representative of investor-owned utilities and key stakeholders, such as NYCEDC, to identify a cooperative strategy to serve customers."

NYSERDA FlexTech Program (Gas)

NYSERDA filed its gas FlexTech Program proposal on June 5, 2009. NYSERDA proposes incremental gas funding to complement EEPS electric funding approved for the FlexTech Program earlier in 2009 as part of "fast track" program approvals. Eligible participants for the existing and proposed FlexTech Program include commercial, industrial, institutional, municipal, not-for-profit organizations, and primary and secondary schools.

The FlexTech program is currently offered statewide and has been designed to provide customers with cost-shared technical assistance to assess energy efficiency opportunities. The program is currently designed to evaluate all energy resources while providing objective analysis of energy resource trade-offs and fuel switching options. NYSERDA proposes to expand the program using these same principles. As with the current program, under the proposed program, participants would use NYSERDA's contractors or select their own to conduct technical assessments of their facilities. NYSERDA proposes to enhance the FlexTech program by increasing the number of service providers, introducing new initiatives for targeted customer sectors, and expanding ongoing activities. To increase the number of service providers, NYSERDA proposes to issue a Request for Proposals (RFP) to select additional qualified firms in specific geographic areas and targeted technical areas.

Goals and Participation (from September 15, 2009 update)

	2009	2010	2011	2012	2013	2014	2015	Total 20109-2015
Participants								50
Annualized MMBtu Savings		17,552	65,821	118,477	118,477	74,597	43,880	438,804

Budget (from September 15, 2009 update)

	2010	2011	2012	2013	2014	Total 2009-2015
Program Expenditures	$206,666	$613,442	$807,000	$403,000	$0	$2,100,000
Outreach/Marketing	$32,910	$54,850				$87,760

Under the current program rules, customers can receive cost-shared funding, up to a maximum of $1,000,000 per customer over a 5 year period[5] for the following services:

- Engineering feasibility and technical assistance studies
- Detailed analysis of specific energy efficiency projects
- Process improvement
- Rate analysis, load shapes, and energy service aggregation
- Engineering in support of project-financing proposals
- Development of long term capital budget strategies for the upgrade or replacement of energy-consuming equipment
- Retro-Commissioning of energy-efficiency measures in existing buildings

NYSERDA also provides assistance to small C&I customers through FlexTech small customer audits. Actual audit costs are project and contract specific. Customer contribution for customers with an annual electric bill of up to $15,000 is $100. For customers with an annual electric bill of $25,000 to $75,000, the customer cost is capped at $400. NYSERDA estimates

[5] NYSERDA recently raised the upstate cap from $500,000 to $1,000,000.

its average share of the cost to be approximately $900 per audit.

NYSERDA proposes to continue these services and to offer new and expanded initiatives that NYSERDA states will bring significant potential for gas savings in areas including: industrial process efficiency, retro-commissioning, carbon reduction analysis, and sustainability planning and practices. Incentive amounts or limits are not described or shown for either the existing FlexTech program, or for the proposed incremental changes.

With respect to program delivery, NYSERDA currently uses, and proposes to continue using, a network of approved energy efficiency firms to deliver FlexTech services to customers. Currently, and under the proposal, customers enter the program by either contacting NYSERDA or a FlexTech contractor directly. Consultants perform site visits and work with the customer to develop a work scope, which provides the basis for the customer's application to the program. The consultant, NYSERDA staff and the customer then work together to finalize and execute the work scope and perform the technical assessment. NYSERDA proposes to increase and expand its customer outreach by focusing on direct and continual customer contact. NYSERDA also proposes continuing "Smart Focus", a sector-based approach, as part of its outreach and program delivery strategy.

In terms of coordination with other Administrators, NYSERDA states in its June 5th proposal that it is continuing to collaborate and coordinate with interested parties and stakeholders, including the utilities.

Table 1a

Approved Utility Commercial and Industrial Electric Program Costs & Savings Targets

	2010	2011	Total 2010-2011	% of Budget
Central Hudson				
Mid-Size Commercial Business Program				
Savings (MWhs)	2,791	2,791	5,582	
Program & Administration Costs	$1,157,034	$1,157,034	$2,314,068	95%
Evaluation/M & V Costs	$60,897	$60,897	$121,794	5%
Total	$1,217,931	$1,217,931	$2,435,862	
Con Edison				
Commercial and Industrial Equipment Rebate Program				
Savings (MWhs)	66,574	66,574	133,148	
Program & Administration Costs	$35,605,994	$35,605,994	$71,211,988	95%
Evaluation/M & V Costs	$1,874,000	$1,874,000	$3,748,000	5%
Total	$37,479,994	$37,479,994	$74,959,988	
Niagara Mohawk				
Energy Initiative Program				
Savings (MWhs)	101,083	101,083	202,166	
Program & Administration Costs	$15,831,450	$15,831,450	$31,662,900	95%
Evaluation/M & V Costs	$833,234	$833,234	$1,666,468	5%
Total	$16,664,684	$16,664,684	$33,329,368	
NYSEG				
Non-residential Commercial and Industrial Prescriptive Rebate Program				
Savings (MWhs)	2,775	2,775	5,550	
Program & Administration Costs	$1,239,758	$1,239,758	$2,479,516	95%
Evaluation/M & V Costs	$65,250	$65,250	$130,500	5%
Total	$1,305,008	$1,305,008	$2,610,016	
RG&E				
Non-residential Commercial and Industrial Prescriptive Rebate Program				
Savings (MWhs)	2,018	2,018	4,036	
Program & Administration Costs	$814,460	$814,460	$1,628,920	95%
Evaluation/M & V Costs	$42,866	$42,866	$85,732	5%
Total	$857,326	$857,326	$1,714,652	

Table 1a (continued)

Approved Utility Commercial and Industrial Electric Program Costs & Savings Targets

	2010	2011	Total 2010-2011	% of Budget
O&R				
Commercial Existing Buildings Program				
Savings (MWhs)	7,229	7,229	14,458	
Program & Administration Costs	$2,070,347	$2,070,347	$4,140,694	95%
Evaluation/M & V Costs	$108,966	$108,966	$217,932	5%
Total	$2,179,313	$2,179,313	$4,358,626	

Table 1b

Approved NYSERDA Commercial and Industrial Electric Program Costs & Savings Targets

	2010	2011	2012	2013	2014	Total 2010-2014	% of Budget
NYSERDA							
Existing Facilities Program							
Savings (MWhs)	12,191	24,383	48,768	48,768	12,192	146,302	
Program & Administration Costs	$2,766,281	$3,659,333	$7,754,300	$7,754,300	$3,136,570	$25,070,783	95%
Evaluation/M & V Costs	$145,594	$192,596	$408,121	$408,121	$165,083	$1,319,515	5%
Total	$2,911,875	$3,851,929	$8,162,421	$8,162,421	$3,301,653	$26,390,298	

Table 2a

Approved Utility Commercial and Industrial Gas Program Costs & Savings Targets

	2010	2011	Total 2010-2011	% of Budget
Con Edison				
Commercial Gas Efficient Equipment Rebate Program				
Savings (Dekatherms)	55,381	55,381	110,762	
Program & Administration Costs	$3,037,625	$3,037,625	$6,075,250	95%
Evaluation/M & V Costs	$159,875	$159,875	$319,750	5%
Total	$3,197,500	$3,197,500	$6,395,000	
KEDNY				
Commercial Component of C&I and Multi Family Energy Efficiency Program				
Savings (Dekatherms)	35,100	35,100	70,200	
Program & Administration Costs	$1,596,380	$1,596,380	$3,192,760	95%
Evaluation/M & V Costs	$84,020	$84,020	$168,040	5%
Total	$1,680,400	$1,680,400	$3,360,800	
KEDLI				
Commercial Component of C&I and Multi Family Energy Efficiency Program				
Savings (Dekatherms)	20,475	20,475	40,950	
Program & Administration Costs	$857,494	$857,494	$1,714,988	95%
Evaluation/M & V Costs	$45,131	$45,131	$90,262	5%
Total	$902,625	$902,625	$1,805,250	
Niagara Mohawk				
Energy Initiative Program				
Savings (Dekatherms)	40,876	40,876	81,752	
Program & Administration Costs	$1,328,298	$1,328,298	$2,656,596	95%
Evaluation/M & V Costs	$69,910	$69,910	$139,820	5%
Total	$1,398,208	$1,398,208	$2,796,416	

Table 2a (continued)

Approved Commercial and Industrial Gas Program Costs & Savings Targets

	2010	2011	Total 2010-2011	% of Budget
NYSEG				
Non-residential Commercial and Industrial Prescriptive Rebate Program				
Savings (Dekatherms)	6,531	6,531	13,062	
Program & Administration Costs	$291,754	$291,754	$583,508	95%
Evaluation/M & V Costs	$15,355	$15,355	$30,710	5%
Total	$307,109	$307,109	$614,218	
RG&E				
Non-residential Commercial and Industrial Prescriptive Rebate Program				
Savings (Dekatherms)	6,736	6,736	13,472	
Program & Administration Costs	$287,857	$287,857	$575,714	95%
Evaluation/M & V Costs	$15,150	$15,150	$30,300	5%
Total	$303,007	$303,007	$606,014	

Table 2b

Approved Commercial and Industrial Gas Program Costs & Savings Targets

	2010	2011	2012	2013	Total 2010-2013	% of Budget
NYSERDA						
Existing Facilities Program						
Savings (Dekatherms)	19,788	39,576	79,153	19,789	158,306	
Program & Administration Costs	$730,601	$974,135	$1,948,270	$243,534	$3,896,541	95%
Evaluation/M & V Costs	$38,453	$51,270	$102,541	$12,818	$205,081	5%
Total	$769,054	$1,025,406	$2,050,811	$256,351	$4,101,622	

	2010	2011	2012	2013	2014	2015	Total 2010-2016	% of Budget
NYSERDA								
FlexTech Program								
Savings (Dekatherms)	8,999	33,747	60,743	60,743	38,246	22,497	224,976	
Program & Administration Costs	$214,955	$325,503	$393,060	$98,265	$0	$0	$1,031,784	95%
Evaluation/M & V Costs	$11,313	$17,132	$20,687	$5,172	$0	$0	$54,304	5%
Total	$226,268	$342,635	$413,748	$103,437	$0	$0	$1,086,088	

Table 3

EEPS Electric Collections to be Transferred from Utilities to NYSERDA

NYSERDA Electric Program	2010	2011	2012	2013	2014	Total 2010-2014
Existing Facilities Program	$2,911,875	$3,851,929	$8,162,421	$8,162,421	$3,301,653	$26,390,298

Transfers to NYSERDA	2010	2011	2012	2013	2014	Total 2010-2014	Percentage of Total
Central Hudson	$169,850	$224,683	$476,114	$476,114	$192,586	$1,539,348	5.833%
Con Edison	$1,071,325	$1,417,187	$3,003,086	$3,003,086	$1,214,731	$9,709,414	36.792%
NYSEG	$410,248	$542,690	$1,149,987	$1,149,987	$465,163	$3,718,076	14.089%
Niagara Mohawk	$936,859	$1,239,310	$2,626,156	$2,626,156	$1,062,265	$8,490,746	32.174%
O&R	$125,627	$166,183	$352,151	$352,151	$142,443	$1,138,554	4.314%
RG&E	$197,966	$261,876	$554,927	$554,927	$224,465	$1,794,160	6.799%
TOTAL ELECTRIC	$2,911,875	$3,851,929	$8,162,421	$8,162,421	$3,301,653	$26,390,298	100.000%

Table 4

EEPS Gas Collections to be Transferred from Utilities to NYSERDA

NYSERDA Gas Programs	2010	2011	2012	2013	Total 2010-2013
Existing Facilities Program	$769,054	$1,025,406	$2,050,811	$256,351	$4,101,622
FlexTech Program	$226,268	$342,635	$413,748	$103,437	$1,086,088
TOTAL GAS	$995,322	$1,368,040	$2,464,559	$359,788	$5,187,710

Transfers to NYSERDA	2010	2011	2012	2013	Total 2010-2013	Percentage of Total
Central Hudson	$18,227	$25,053	$45,133	$6,589	$95,002	1.83%
Con Edison	$253,264	$348,103	$627,117	$91,550	$1,320,034	25.45%
Corning	$8,811	$12,111	$21,817	$3,185	$45,924	0.89%
NYSEG	$61,843	$85,001	$153,132	$22,355	$322,331	6.21%
Niagara Mohawk	$116,168	$159,670	$287,649	$41,992	$605,479	11.67%
O&R	$27,683	$38,049	$68,546	$10,007	$144,284	2.78%
RG&E	$59,307	$81,516	$146,853	$21,438	$309,114	5.96%
KEDLI	$136,936	$188,215	$339,074	$49,500	$713,724	13.76%
KEDNY	$203,926	$280,290	$504,949	$73,715	$1,062,880	20.49%
NFG	$103,007	$141,579	$255,059	$37,235	$536,880	10.35%
St. Lawrence	$6,151	$8,454	$15,230	$2,223	$32,058	0.62%
TOTAL GAS	$995,322	$1,368,040	$2,464,559	$359,788	$5,187,710	100.00%

Table 5

EEPS Additional Annual Collections from Electric Ratepayers by Service Territory

	2010	2011	2012	2013	2014
Central Hudson	$1,994,981	$2,945,371	$476,114	$476,114	$192,586
Con Edison	$48,484,504	$53,970,043	$3,003,086	$3,003,086	$1,214,731
NYSEG	$0	$0	$1,149,987	$1,149,987	$465,163
Niagara Mohawk	$21,612,236	$29,680,283	$2,626,156	$2,626,156	$1,062,265
O&R	$2,457,000	$3,287,246	$352,151	$352,151	$142,443
RG&E	$0	$0	$554,927	$554,927	$224,465
TOTAL	$74,548,721	$89,882,943	$8,162,421	$8,162,421	$3,301,653

Table 6

EEPS Additional Annual Collections from Gas Ratepayers by Service Territory

	2010	2011	2012	2013
Central Hudson	$0	$0	$45,133	$6,589
Con Edison	$4,730,669	$7,656,907	$627,117	$91,550
Corning	$0	$23,743	$21,817	$3,185
NYSEG	$397,030	$1,154,984	$153,132	$22,355
Niagara Mohawk	$2,652,461	$4,156,349	$287,649	$41,992
O&R	$0	$50,825	$68,546	$10,007
RG&E	$439,682	$1,149,744	$146,853	$21,438
KEDLI	$3,229,500	$4,764,101	$339,074	$49,500
KEDNY	$5,258,092	$7,854,961	$504,949	$73,715
NFG	$2,010,755	$1,784,004	$255,059	$37,235
St. Lawrence	$0	$0	$15,230	$2,223
TOTAL	$18,718,191	$28,595,618	$2,464,559	$359,788