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September 27, 2007

VIA OVERNIGHT MAIL

Honorable Jaclyn A. Brillig  
Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

Re: Case 05-S-1376 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.

Dear Secretary Brillig:

The Commission's Order Determining Revenue Requirement and Rate Design, issued on September 22, 2006 in the above-referenced proceeding, requires that the Company's steam business department personnel meet with and/or contact developers, property owners, advisors, engineers, and/or architects. It further provides that "on or before September 30, 2007, the Company will file with the Commission a report that includes the number and nature of these meetings/contacts held through July 31, 2007, and a plan for addressing major issues raised during such meetings/contacts."

Enclosed please find an original and five copies of the report on the number of meetings/contacts and the Company's plan for addressing major issues raised during such meetings.

Please contact me if you have any questions regarding this matter.

Very truly yours,

Richard B. Miller

cc: Active Parties (via e-mail)

*Con Edison Plan for Addressing Major Issues  
Raised During Customer Meetings/Contacts*

This report summarizes the major issues and concerns raised during customer meetings and contacts during the period October 1, 2006 through July 31, 2007. It also outlines the actions that Con Edison has taken and will continue to take as a result of these contacts.

**Major Issue:** The introduction of demand billing is a customer concern.

**Summary of Actions:**

- Developed a steam demand reduction technique, Storage of Thermal Energy in Existing Mechanical systems (STEEMs), which involves using stored thermal energy in buildings to shift or reduce customers' steam peak. This technique has been tested at two locations. A number of demand customers have expressed interest in implementing STEEMs to reduce their peak demand.
- Provided sample bills to customers for the November through April billing cycles for the past two years. The purpose of the sample bills was to provide demand billed customers with an estimate of their monthly costs under demand billing versus their current steam bills. The sample bills were used by the Steam Business Development (SBD) staff in customer meetings to help explain the potential impact of demand billing and provide suggestions on how to improve operations and lower costs. We will continue customer meetings to explain demand billing and how it will affect customers' budgets.
- Modified the demand rate from a six-month to a four-month winter period to reduce the adverse impact of demand rates on steam cooling customers.
- Convened two educational seminars on October 12, 2006, and May 2, 2007, that addressed demand billing, among other steam-related topics. Approximately 160 customers and consultants attended the seminars. We will address demand billing at our Hybrid Cooling seminar on October 11, 2007.
- Completed a pilot program, General Voluntary Demand Reduction Program (GVDRP), to identify effective demand reduction techniques for customers. These techniques are posted on the Con Edison Steam Web site.
- Conducted energy audits for 30 selected customers. The objective of this program is to distribute a "best practices" steam efficiency report to all steam customers. The initial set of recommendations for heating customers is posted on the Con Edison Steam Web site. The best practices report for heating and cooling customers will be completed by December 2007.

**Major Issue:** Current incentives are insufficient to offset the costs associated with steam cooling systems.

**Summary of Actions:**

- In all customer meetings related to steam cooling or hybrid cooling, the members of the SBD staff provide information about the NYSERDA incentives, as well as Con Edison's rate discounts for steam cooling.
- Conducted analyses and determined that an increase in the project cap (currently \$1.25 million) is necessary to make steam a more attractive option for cooling. We are working with NYSERDA to raise the project cap further for New York City projects.

- Working with the City of New York to obtain additional incentives that would encourage steam use by modifying the City's Energy Cost Savings Program to include discounts for steam cooling.
- The electric rate case filing includes a plan for Demand Side Management, which, if approved, would include incentives for steam chillers.

**Major Issue:** There is a growing negative perception in the market about the operation of steam cooling equipment.

**Summary of Actions:**

- Established an advisory group of customers, developers, advisors, vendors, engineers, architects, and other interested parties. The purpose of the group was to provide input and feedback on issues associated with the installation and use of steam cooling and hybrid chiller systems.
- Working with steam cooling equipment vendors to overcome existing market perceptions.
- Met with several customers to promote the economic benefits of switching to a hybrid chiller system.
- Held a seminar on May 2, 2007 to present hybrid cooling information to customers. We will hold a second forum on the use and benefits of hybrid chiller systems on October 11, 2007.

**Major Issue:** There are issues related to the interconnection of customer Combined Heat & Power (CHP) systems.

**Summary of Actions:**

- Along with Steam Distribution Engineering, completed the steam interconnection specifications for CHP and posted this information on the Con Edison Steam Web site.
- Continue to work with customers who are actively pursuing CHP at their sites to ensure understanding of Con Edison specifications.

**Major Issue:** With the growing interest in Leadership in Energy & Environmental Design (LEED) certification, customers are looking for Con Edison Steam to be a partner in their pursuit of LEED certification.

**Summary of Actions:**

- Working with the EPA and U.S. Green Buildings Council (USGBC) to gain LEED recognition for district steam as an environmentally green product. We are working with several customers and their representatives to achieve LEED-Existing Building (EB) certification. One of these customers received a LEED Innovation Credit for installing a steam microturbine.
- Working with several organizations to encourage the EPA to revise its Energy Portfolio Manager to more accurately reflect the benefits of co-generation in a district steam system. This Portfolio Manager is used, among other things, to rate a building's energy score for LEED-EB certification.
- Identified condensate heat recovery as an additional method that may increase a building's EnergyStar Performance Rating, thereby helping a building gain LEED certification.

**Case 05-S-1376 - CON EDISON PERFORMANCE INDICATORS REPORT  
CONTACTS -- OCTOBER 2006 THROUGH JULY 2007**

Month	# of meetings	Nature of Meetings
October-06	10	steam chillers, peak reduction techniques, metering, new business opportunities, CHP system, customer load
November-06	13	demand metering and billing, steam chillers, stand-by rate, pulse data, peak reduction techniques, new business opportunities, connection to CHP system
December-06	13	demand billing, new business opportunities, connection to CHP system, energy audits
January-07	15	meter station design, demand billing, new business opportunities, energy audits
February-07	22	demand billing, leak investigation, steam cooling incentives, peak reduction techniques, boiler to steam conversion, negotiated steam service agreement, new business opportunities, energy audits
March-07	35	condensate reuse, new business turn-on, environmental benefits of steam, negotiated steam service agreement, steam cooling retention, steam microturbine, new business opportunities
April-07	31	LEED-EB certification, demand billing, BOMA Energy Awareness Day, boiler to steam conversion, new business opportunities, negotiated steam service agreement, steam cooling incentives, steam repair service
May-07	31	steam chiller inspection, steam-related training for maintenance staff, negotiated steam service agreement, Fuel Adjustment Charge, future heating costs, monthly customer steam seminar, construction schedule, LEED-EB certification, connection to CHP system, new business opportunities
June-07	25	peak reduction technique, new business opportunities, LEED-NC certification, demand billing, steam conservation techniques, oil to steam conversion, condensate reuse, energy audits
July-07	25	new business opportunities, steam chillers, meter station design, connection to CHP system, Lexington Avenue incident, energy audits
<b>Total</b>	<b>220</b>	

The 220 face-to-face meetings listed above were, in most cases, team meetings where two or more members of the Steam Business Development staff met with one or more customer representatives. These meetings are also exclusive of face-to-face meetings that occurred at the following industry events:

Buildings NY Tradeshow - Javits Center	332 Contacts (June 2007)
The Annual Co-op & Condo Expo	170 Contacts (April 2007)
Steam Demand Seminar	113 Contacts (October 2006)
Building on Steam Seminar	75 Contacts (May 2007)
ERRP Tours	16 Contacts (January 2007)

In addition to these face-to-face meetings, the members of the Steam Business Development staff had, on average, approximately 120 telephone and e-mail contacts per month during this period.