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Via Overnight Mail

Honorable Jaclyn A. Brilling
Secretary, State of New York Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Re: ***Case 07-M-0548 – Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard***

Dear Secretary Brilling:

CoolNRG USA, Inc. ("CoolNRG") submits this energy efficiency program proposal ("Proposal") to the State of New York Public Service Commission ("Commission") as an independent program administrator pursuant to the State of New York Public Service Commission Order Establishing Energy Efficiency Portfolio Standard and Approving Programs in Case 07-M-0548 ("Order"). The program described herein is referred to as the "CoolNRG Project", or "A Big Switch for The Big Apple".

What the Project Delivers

The Project will distribute a 2-pack of CFLs to approximately 1.35 million households, delivering a total of 2.7 million bulbs throughout New York City and the surrounding areas. (The full Project Proposal is attached hereto as Exhibit C.) The campaign will:

1. Achieve rapid deployment of energy efficiency with a total resource cost ("TRC") of 12.91 using a retention rate of 80 percent (source: ConEdison). CoolNRG's experience has shown that retention rates of more than 70 percent are achieved after 9 months following project completion.

2. Leverage in-kind support from project partners equivalent to approximately 65 percent (65%), equal to more than $3m of value. These contributions include logistics operations such as distribution, warehousing, packaging, point of sale transactions and media access.

Expected Project cost: **$5.54M**

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Project history

On August 7, 2008 CoolNRG submitted this Proposal as an independent program administrator to both Consolidated Edison Company of New York, Inc. ("ConEdison") and the New York State Energy Research and Development Authority ("NYSERDA") pursuant to the Order. In a letter dated September 5, 2008 (the "Response Letter"), ConEdison notified CoolNRG that it would not be including the Proposal in its September 22, 2008 filing to the New York Public Service Commission ("PSC") pursuant to the Order. CoolNRG has received notification from NYSERDA that the Proposal was received on August 7, 2008, but no further communication has taken place.

ConEdison's Response Letter

In the Response Letter, ConEdison states that the CoolNRG Project may be an effective tool to jump start awareness of the new era of energy efficiency in New York City and State (see excerpt below). Although, due to the current performance and incentive structures required from the Order, as well as the Order's focus on commercial and industrial programs, ConEdison has made a determination that the CoolNRG Project does not meet its filing objectives at this point in time. ConEdison also raised some concerns about the CoolNRG Project in its Response Letter, and CoolNRG desires to address those concerns in this letter to provide the PSC with additional information by which to evaluate the Proposal.

> The Company notes, however, that the CoolNRG proposal may be an effective marketing tool to jump start awareness of the new era of energy efficiency in New York City and State. It may be appropriate to raise this program at the PSC's Advisory Group on customer outreach and education/marketing policy. If the program were supported in such a capacity, we would look forward to supporting this effort to increase awareness of efficiency and engage the public.

Addressing the ConEdison Issues

In order to address the issues raised in the Response Letter, CoolNRG has undertaken the following activities to manage the concerns raised by ConEdison:

1. Evaluation, Measurement and Verification ("EM&V")

Working with an independent third party auditor, the management consulting firm ScottMadden, Inc. ("ScottMadden"), CoolNRG and ScottMadden have developed an approach for evaluating, measuring, and verifying the energy savings created from the CoolNRG Project, in order to ensure the greatest level of certainty of post implementation sampling. This approach will enable ScottMadden to maintain a "90/10" confidence to precision level. This ratio is specified in the EAG DPS EEPS Evaluation Guidance document, dated as September 10, 2008, and is consistent with the guidelines provided

in the 1978 Public Utilities Regulatory Policies Act ("PURPA"), describing necessary confidence to precision levels to be used when estimating demand. Attached to this letter as Exhibit B, is the ScottMadden EM&V Plan.

2. Retention Rate

CoolNRG has retained Scott Madden to undertake a evaluation and verfication activity to determine the most appropriate level for proposed program energy savings for the CoolNRG Project. This level is based upon determining the appropriate level of customer retention to deliver strong cost-effectiveness of an overall program, while keeping the figures conservative so as to manage the risk of not achieving the stated targets. This modeling is incorporated in the Scott Madden EM&V Plan described above.

3. Penetration Rates of CFLs & Sales Uplift from CoolNRG Projects

ConEdison contends that in order to make an energy efficient lighting campaign for compact fluorescent light bulbs ("CFLs") successful, two questions must be answered affirmatively: will the campaign encourage ongoing sales of CFLs, and does there still remain a need for replacing incandescent bulbs with CFLs. CoolNRG can answer authoritatively; yes to both questions. Based on previous projects delivered by CoolNRG, sales of CFLs increase between 14 and 30 percent following a CoolNRG project in that marketplace. It is also worth recognizing that sales for CFLs in the United States are down by a factor of 50 percent in 2008 from 2007 levels. [1] Finally, penetration rates in the New York State for CFLs still remain low at less than 20 percent.[2]

[1] Recent market information received from lighting manufacturers and suppliers

[2] In 2006, the market share for ENERGY STAR CFLs in New York State was approximately 11%. June 2007, NEW YORK ENERGY $mart PRODUCTS PROGRAM MARKET CHARACTERIZATION, MARKET ASSESSMENT AND CAUSALITY EVALUATION, Final Report, Prepared for New York State Energy Research and Development Authority, Victoria Engel Project Manager, Prepared by Quantec, LLC, Summit Blue Consulting, LLC

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Conclusion

CoolNRG believes that *A Big Switch for the Big Apple* offers an excellent opportunity for both ConEdison and the State of New York to achieve high quality, low cost energy savings as a jump start to the State's "15by15" goal. And although ConEdison has chosen not to include the CoolNRG Project in its filing on September 21, 2008 pursuant to the Order, it does desire to express its support for CoolNRG to deliver this project as an independent administrator

CoolNRG looks forward to working with the PSC to deliver this Project in a way that meets the needs of the PSC, and the needs of the State of New York.

Respectfully submitted,



Nicholas W. Brass

Chief Executive Officer, CoolNRG USA, Inc.

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