CoolNRG USA, Inc.

"A BIG SWITCH FOR THE BIG APPLE"

ENERGY EFFICIENCY PROGRAM PROPOSAL

August 6, 2008

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Introduction

CoolNRG USA, Inc. ("CoolNRG") submits this energy efficiency program proposal ("Proposal") to Consolidated Edison Company of New York, Inc. ("Con Edison") 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 in this Proposal is referred to as the "Program", "Project", or "A Big Switch for The Big Apple".

Section 1 Program Description

Section 1.1 Executive Summary

A Big Switch for The Big Apple has been designed to jump start Con Edison's pursuit of New York's "15 by 15" goal by delivering a highly publicized campaign to New York City residents through the distribution of 2.7 million energy efficient light bulbs in one week beginning on Thursday, March 19th, 2009.

The Project will result in a variety of benefits, including the following estimates:

- 860,890 MWh of energy savings over the life of the CFLs; equivalent to the yearly electricity usage of 80,000 American households
- 8,744 kW of demand reduction or 5,000 personal air conditioning units being turned off on a hot summer day
- 369,322 tons of CO_2 emissions reduced over the life of the CFLs; or the equivalent to taking 61,000 cars off the road for a year
- $21 million saved on ratepayers' electricity bills every year
- $25 of value to each participating household in the first year
- $117 of value to each participating household over the life of the CFLs
- Cost of less than 0.7c/kWh (after an installation rate of 80% and net-to-gross ratio of 80% have been applied)
- Benefit cost ratio over 9

A Big Switch for The Big Apple exemplifies CoolNRG's philosophy of scale and speed, and utilizes CoolNRG's ability to harness mutually beneficial partnerships between suppliers, distributors, media, utilities, and regulators. The roles and responsibilities of each partner are clearly defined in this Proposal and in "'A Big Switch for The Big Apple' Energy Efficiency Program Implementation Plan" (Appendix A). The Project has the written commitment of The New York Post, a major New York City newspaper ("Media Partner"), and the written commitment from Duane Reade, a major New York City retailer ("Distribution Partner") with approximately 224 stores in Con Edison's service territory.

The Project will extend throughout the five boroughs of New York City and will reach approximately 1.35 million, or 36% of New York City households. With a purchase of $5 or

more at selected Distribution Partner's stores, customers will receive a pack of 2 ENERGY STAR® CFLs at no extra cost.

Research shows that cost alone is often the single greatest barrier that CFLs present to customers. CoolNRG's experience in Australia shows that take up increases by a factor of 10 when shifting from a nominal cost per sale to a free offer (please see Appendix B – Product Volume According to Price). In addition, when a free offer is available, shelf sales increase significantly (please see Appendix C – Giveaway Campaigns Stimulate CFL Sales).

Customer information provided in aggregate from the Distribution Partner through their Reward Card System (as defined in Section 1.2(c)) will allow for transparent and robust sales tracking, reliable data for system planning purposes by the New York Independent System Operator, and accurate distribution of the energy savings and demand reduction among the utility service territories.

Evaluation, Measurement and Verification ("EM&V") services will be provided by an independent third party with considerable experience in this area. This ensures that the process will be unbiased and will result in the accurate quantification of the Project's benefits. A preliminary EM&V methodology is provided here, and a detailed plan describing the EM&V methodology and formal reporting process will be provided before September 21, 2008 for submission to the New York Public Service Commission.

The goals of the Project are ambitious and multi-faceted: to capture the attention of the City of New York; to deliver lasting energy savings, energy demand reduction, and greenhouse gas emission reduction; and to establish New York as a global leader in energy efficiency and climate change action.

Section 1.2 Implementation Overview

Individual project components are described in this section. For further details, please see Appendix A – Implementation Plan.

Section 1.2(a) Roles and Responsibilities

Role	Organization	Responsibilities
1. Independent Program Administrator	CoolNRG	- Primary Program administrator - Program design and implementation - Contract management - Supply management - Risk assessment - PR and promotion support - Minimize cost for partners - Maximize value for partners - Program review - Stakeholder communications management (including government)
2. Utility Partner / Funding Administrator	Con Edison	- Administrator of funds for PSC - Program oversight - Recipient of energy savings - Support for promotion of other energy efficiency programs, products, and services
3. Supply Partner	ENERGY STAR®-rated CFL Manufacturer (to be named upon PSC Approval)	- Manufacture, package and ship bulbs to Port of New York for target date and handover to Distribution Partner - Point of sale ("POS") display units
4. Distribution Partner	Duane Reade	- Manage stock from Port of New York to point of sale at 224 locations - Manage point of sale transaction - Collate sales and Reward Card information - Reconcile stock and sales
5. Media Partner	New York Post	Deliver the following: - Educational campaign on climate change over 2 weeks - Green Light promotion

		- 'Green' lift-out advertising energy efficiency programs, products, and services
6. Independent EM&V Service Provider	Scott Madden	- Validate EM&V methodology - Perform program evaluation, including post-program surveying and program evaluation report

Section 1.2(b) Supply

The product to be distributed in this Program is a high-quality, ENERGY STAR®-rated CFL with the following specifications:

Quantity	**2,700,000 bulbs**
Certification	ENERGY STAR®-rated CFL products ONLY
Wattage	13W
Hours	10,000
Color	Warm white light (2700K)
Lumens	900
Box	1,350,000 - 2 pack branded boxes with Partner logos
Display units	Point of sale display units with Partner logos and instructions

Working with the Supply Partner, CoolNRG will facilitate the design of a specially branded box to be used specifically for the Project (the "Branded Box"). The Branded Box will contain educational inserts that will promote other energy efficiency programs, products, services, and information regarding energy and water efficiency. The Branded Box will display the names and logos of all of the participating partners, including the Funding Administrator, the Distribution Partner, and the Media Partner. The Branded Box will also include information on issues related to mercury in CFLs and proper disposal through directing users to the Con Edison and NYCWasteLe$$ websites.

For information on the selection of the Supply Partner, please see Section 1.16 – Procurement.

Section 1.2(c) Distribution

A Big Switch for The Big Apple utilizes a retail distribution channel. The Distribution Partner will manage the stock from the Port of New York to the point of sale, ensuring that the CFLs are transported safely and prominently displayed at the front of the stores. In previous programs implemented by CoolNRG (please see Section 3 and Appendix D – Sample Material from CoolNRG Projects), distribution partners with an extensive retail chain system have been used as a way to leverage existing resources and maintain a uniform and singular campaign approach across the geographic landscape.

The Distribution Partner has approximately 224 stores in Con Edison's service territory. CoolNRG will work with the Distribution Partner to identify stores that are in "core

neighborhoods" embedded in the five boroughs of New York City, have a high concentration of Con Edison customers, and are not heavily exposed to commuters or tourists.

The table below shows the distribution of Duane Reade Store's by neighborhood:

By Borough	No. Stores
Bronx	11
Brooklyn	32
Manhattan	140
Queens	27
Staten Island	8
Westchester	6
Total	**224**

Targeting New York residents

The Distribution Partner maintains a reward card system (a "Reward Card", or the "Reward Card System") that enables shoppers to store personal information on the Reward Card and accrue benefits and rewards for customers who frequently shop at Distribution Partner's stores. A Reward Card is free, and can be obtained by filling out a form in any one of Distribution Partner's stores. Reward Card statistics show that more than 95 percent of cardholders are New York City residents. This provides for a unique way to focus the offer to the residents of New York City.

The Distribution Partner will utilize its Reward Card System to track the distribution of the product. Customer eligibility will require a purchase of $5 or more made with a Reward Card during the Project period, which will enable customers to access a pack of 2 CFLs at no extra charge. Field representatives, or "active sellers", will be on hand at key retail outlets in order to encourage customers to take up the CFLs, to facilitate an expected increase in Reward Card sign-ups, and to confirm that the product, signage, information, and retail staff support is being implemented smoothly. CoolNRG and the Distribution Partner have analyzed the resourcing needs for its network of stores during the Project and have agreed to ensure that adequate personnel will be available.

By implementing the eligibility criteria of a $5 purchase required by Rewards Cards members to receive a pack of bulbs, strong barriers have been created that will control leakage out of the State of New York and duplication (that is, the same household taking advantage of the offer multiple times).

The Distribution Partner will generate daily reports containing aggregated customer information from the transactions related to the Project. This innovative approach will provide for a streamlined approach to tracking and reporting activity. It will allow for the allocation of energy savings to the appropriate utility's service territory (for system planning purposes) and will support post-Program surveying for the determination of retention rates.

Finally, the distribution will continue over seven days, from March 19 to March 25, 2009, or until all of the Branded Boxes have been distributed, whichever is the first to occur.

Recognizing duplication, leakage and free-ridership

Despite all controls put in place, it is expected that there will be a small level of duplication and leakage outside the State of New York. Experience from similar programs around the world in equally densely populated cities such as London, UK, shows that only a small level of duplication and 'gaming' will occur. This has been found to be less than 3 percent of the total distributed product.

In New York, a net-to-gross adjustment factor of 0.8 has been put in place to recognize that expected portion or 'loss' of energy savings. This is consistent with the approach used in California for energy efficient lighting products. The cost effectiveness of the project is, however, not compromised.

Furthermore, previous CFL campaigns of this scale have witnessed a 12 percent uplift in sales of energy efficient products during the promotion period (please see Appendix C – Giveaway Campaigns Stimulate CFL Sales). These substantial 'free drivers' have not been factored into the Total Resource Cost for this project.

Section 1.2(d) Media

For A Big Switch for The Big Apple, CoolNRG has signed an agreement with a major media company with a major presence in the City of New York. The Media Partner's newspaper has a circulation of approximately 700,000. The media component will focus on encouraging participation in the Project and educating consumers about the benefits of CFLs and other energy efficiency programs, products, and services.

Media components:

- Major media blitz to kick off the Project
- Educational and promotional newspaper lift-out highlighting CFLs and other energy efficiency programs, products, and services
- Advertising and promotion of energy efficiency programs, products, and services including coupons for discount redemption if applicable
- Educational editorials
- Green Light promotion to motivate take-up and installation

Specifically, the NY Post will promote the giveaway with the following:

- In paper ads (During the campaign)
- 120 x 80 tile ad on NYPOST.com. Minimum of 500,000 impressions. (1 week before)
- Ads on pagesixmagazine.com. (1 week before)
- 2,000 posters at high traffic newsstands
- 750 hawker posters. Hawkers act as an extended street team and can wear branded hats and t-shirts
- 350 coffee cart posters

- Distribute promotional materials via The Post's table at Manhattan street fairs in spring

Education

A Big Switch for The Big Apple provides a massive opportunity to educate the public about energy efficiency and motivate behavior change. A number of customer communication points have been planned, including the media components listed above, the point of sale transaction, and the inserts that will be placed inside the Branded Boxes. These channels, particularly the educational and promotional lift-out, will enable effective communication on a variety of topics, including:

- Encouraging participation in the Project
- New York's 15 by 15 goal
- How individuals can save money with CFLs and other programs, products, and services related to energy and water efficiency
- How individuals can take action on climate change with CFLs and other programs, products, and services related to energy and water efficiency
- Programs, products, and services offered by other entities (e.g. NYSERDA, utilities, corporate partners)
- Coupons or other promotions
- The various types of energy efficient lighting products available and their recommended applications
- Mercury and proper disposal of CFLs and other hazardous goods (such as batteries)

The Media Partner is providing these elements in-kind, and they are of real value and would otherwise need to be paid for out of pocket to run an educational campaign of this scale. Although variable, the value contributed from the Media Partner is conservatively estimated at $310,000.

Green Light Promotion

In order to drive installation, CoolNRG in conjunction with the Media Partner will administer a promotional campaign that will see five lucky winners receive prizes for the discovery of Green Lights that illuminate green only when installed and turned on. The promotion emulates the well-known promotion used in Charlie and the Chocolate Factory to generate excitement around the campaign and to motivate installation. The Supply Partner will insert the Green Lights into the product inventory at random and when the lucky people install the bulbs within a specified time frame, they win! This method of Community engagement has been shown to be a highly effective way to promote rapid installation of the product in a short time frame, and it is also an excellent media launch opportunity for the Mayor, Governor, CEO, or other high-profile figures.

Section 1.2(e) Evaluation, Measurement and Verification

See discussion in Section 1.4

Section 1.3 Demand Reduction and System Benefits

Energy saving lights deliver significant energy savings into the electrical distribution system. When mass scale installations occur on a system wide level, the energy savings offer direct rate relief to rate-payers, and also indirect relief to all users both inside New York State and throughout the whole New England and PJM electrical distribution systems, by reducing the demand regularly placed on the system.

A conservative estimate of residential lighting use during peak power periods has been applied for estimates in this Proposal. The peak coincidence factor of 0.1 estimates that this Project will provide approximately 8,744 kW of peak demand reduction. These estimates will be adjusted according to feedback received from program evaluators and other market participants that may have better informed information such as NYSERDA. It should be noted that the value of this demand reduction has not been factored into the benefit cost calculations.

In addition, it is estimated that this Project will yield 860,890 MWh of energy savings, assuming a net-to-gross ("NTG") ratio of 0.8 to account for leakage outside of the State of New York and an installation rate of 0.8. After the Project is completed, the independent EM&V service provider will revise these figures to reflect the actual results of the Project to a 90 percent confidence level with a 10 percent margin of error.

The metrics for this Project have been calculated using conservative values and are highly reliable figures for use by T&D system planners.

Please see the following table and Appendix E – Technical Calculations for more information.

Energy Savings (per CFL)	**kWh / bulb**
Incandecent (W)	60
CFL (W)	13
Savings (W)	47
Rated average life of CFL (hours)	10000
Gross lifetime energy savings per CFL (kWh)	**470**
Net-to-gross ratio	80%
Installation rate	80%
Loss Saving Factor	1.06
Net lifetime energy savings per CFL (kWh)	**319**

Demand Reduction (per CFL)	**kW / bulb**
Peak-coincidence factor	0.10
Demand reduction at the house meter (kW)	0.0038
Line Loss Saving Factor for peak load	1.08
Demand reduction at the system busbar (kW)	**0.00324**

Total Energy Savings and Demand Reduction	
Number of CFLs	2,700,000
Annual energy savings of project (kWh)	**125,689,882**
Lifetime energy savings of project (kWh)	**860,889,600**
Demand reduction of project (kW)	**8,744**

Section 1.4 Evaluation

A clear evaluation, measurement and verification plan has been developed for this Project.

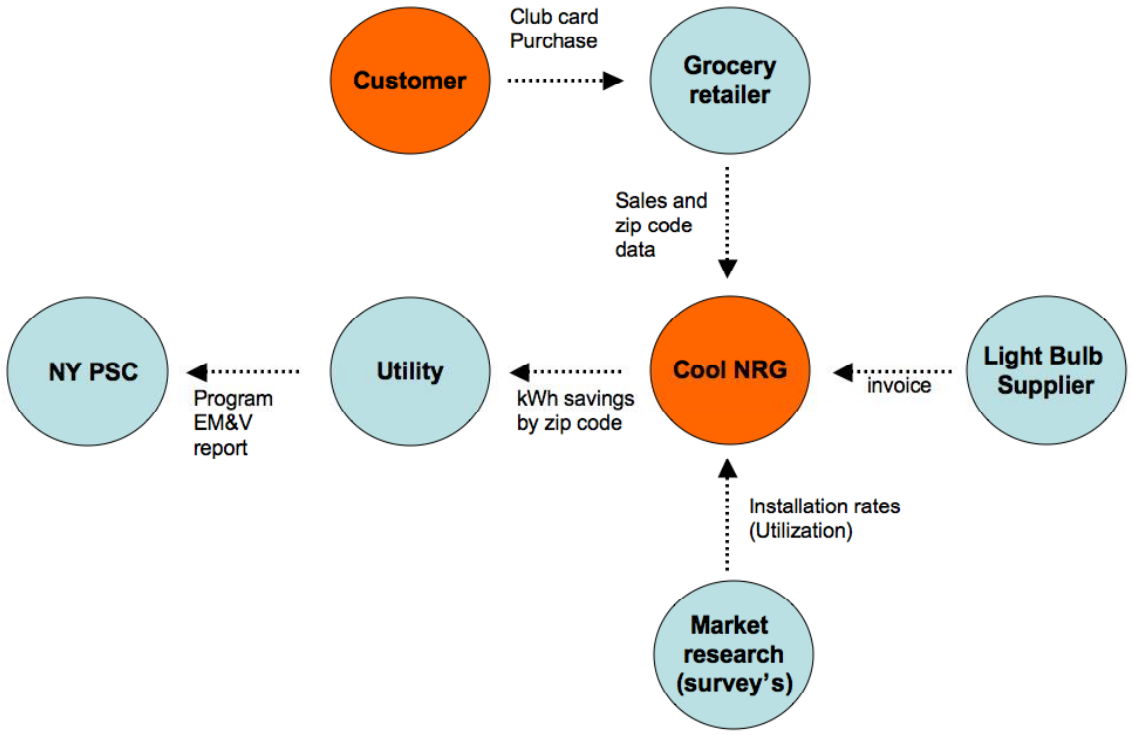
The Evaluation process will follow the following steps

1. The customer offer at the point of sale
2. Customer eligibility approved - $5 purchase with a Customer Rewards Card
3. Data collection and processing – stock reconciled with sales information
4. Energy savings calculation applied – deemed energy savings applied
5. Post program surveying – retention rates and leakage variables (NTG) determined
6. Program reporting – energy savings attributed to appropriate system areas and adjusted energy savings values reported

The Project will employ an innovative approach by enabling the Reward Card System of the Distribution Partner to track the distribution of the CFLs. This will provide:

- An additional method to track the number of CFLs distributed
- Zip code information of recipients to determine the geographic distribution of the CFLs for system planning purposes and the allocation of 'credits' to the appropriate Utilities
- Information to assist the post-Program survey process to determine achieved installation rates
- The ability to analyze customer purchase trends to assess "free drivers"

The following diagram described the flow of information from the point of sale transaction to the appropriate utility service territory.



A preliminary EM&V methodology has been developed for this Program (Appendix F). The Program utilizes a deemed savings approach. The deemed savings value is 319 kWh of lifetime energy savings per CFL and was derived from the preliminary EM&V methodology in Appendix F and the technical calculations in Appendix E. A detailed plan describing the EM&V methodology and formal reporting process will be provided before September 21, 2008 for submission to the New York Public Service Commission.

In order to ensure that the process will be transparent and will result in the accurate quantification of the Program's benefits, EM&V services will be provided by an independent third party with considerable experience in this area. Please see Section 1.16 – Procurement for more information on the selection process that lead to the decision to appoint Scott-Madden as the independent EM&V service provider.

The EM&V service provider will play a number of key roles. First, the service provider will validate the preliminary methodology described in Appendix F to ensure that it meets all of the EM&V objectives and complies with all guidelines, regulations, and industry standards regarding the EM&V process, including those provided by the Director of the Office of Energy Efficiency and Environment.

The service provider will also perform the program evaluation, including conducting post-program surveying and generating the program evaluation report. The performance of these services will meet all of the EM&V objectives and comply with all guidelines, regulations, and industry standards regarding the EM&V process. The net-to-gross ratio and the installation rate estimates will be revised to reflect the actual results of the Program to a 90 percent confidence level with a 10 percent margin of error, yielding reliable quantification of the Program's benefits.

Section 1.5 Market Segment Need

Increasingly global climate change and energy security have become major media issues and the cause of much social debate. Many of the solutions to these national and global issues are out of the hands of individuals and often focused on long-term industrial-scale action. Residential energy efficiency solutions are one of the fastest and lowest cost ways to tackle both of these issues, yet little has been done to motivate mass consumer action.

Energy efficient lamps such as the CFL are one technology that allows for mass scale individual action on a community wide scale. Campaigns such as that proposed here deliver high profile, rapid action that empowers people to act, delivers education and awareness into the community about other energy efficiency opportunities and achieves real carbon reduction and energy security.

Compact fluorescent lamps are not new to the market; however, take up has been relatively slow in the USA compared to other markets around the world. According to a study by the US EPA in 2006, the primary market barriers to the sale of ENERGY STAR compact fluorescent light (CFL) bulbs and fixtures include high first cost, lack of awareness, and insufficient style

options.[1] In addition, consumer experiences with CFL's in the past has created bad perceptions of the product. From faulty product to the harsh color rendering of early market models has resulted in sluggish take up.

In 2006, the market share for ENERGY STAR CFLs in New York State was approximately 11%.[2] In comparison, 80% of household lighting was provided by fluorescent lamps in Japan, 56% of households in the Netherlands, 50% of households in Germany, 46% of households in Denmark, and 20% of households in the United Kingdom had CFLs installed.[3]

Although CFL's have an excellent economic payback in their own right, it has been shown, however, that consumers do not act rationally when it comes purchasing energy efficient products, especially in the case of consumable products that have an initial cost 5 to 10 times that of the equivalent inefficient option (i.e the incandescent bulb). In fact even this year (2008), suppliers have indicated that efficient lighting sales have slowed in the USA. They attribute this to high gas prices, consumer perception of a tightening economy and also complacency by retailers following WalMart's highly publicized campaign last year.

Even though familiarity with energy efficient lights has improved drastically over the past few years, there is still a strong need for market interventions to promote take up and ensure ongoing market acceptance of the technology.

A Big Switch for The Big Apple will:

Support a shift in Consumer Behavior

Previous campaigns delivered by CoolNRG show that large-scale campaigns will achieve 900% increase in take up compared to a subsidy program when product is available at less than 10% of recommended retail prices (please see Appendix B – Product Volume According to Price).

According to the 'Green Barometer' study undertaken by the Energy Saving Trust in the UK (Feb 2008), commenting on the CoolNRG project delivered in the UK in January 2008 where 4.5 million CFLs were distributed in a single day (the Great British Light Switch"), "the campaign managed to target areas of the population that are known to be laggards in terms of adoption of green behaviors". It was found that 26% of people who received the free bulbs say it is the first time their household has had energy-saving light bulbs.

Expert observers of the campaign also suggest the campaign adds to broader society wide behavior change. Phil Woolas, UK Climate Change Minister, specifically cited the impact of the CoolNRG campaign on behavior, saying, "This will do more to change

[1] "Compact Fluorescent Lighting in America: Lessons Learned on the Way to Market" (2006) for U.S. Department of Energy Office of Energy Efficiency and Renewable Energy Building Technologies Program.
[2] 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
[3] "Compact Fluorescent Lighting in America: Lessons Learned on the Way to Market" (2006)

behaviour than almost anything else in the UK. It's not just the savings from the light bulbs but the knock on effect on people's awareness and behaviour - congratulations!"

Access consumers in normal behavior patterns

According to a Study undertaken by the EPA, "*Americans typically purchase light bulbs at grocery stores; however, until recently it was not likely that CFLs could be found there in any significant numbers or at competitive prices. This lack of availability of CFLs at the location where consumers are making light bulb purchases doubtless hurt early sales. …. But old habits die hard, especially when buying incandescents is as convenient as buying a gallon of milk.* [4]

In March of 2008 only 4 of the Duane Reade stores in New York City sold energy efficient light bulbs. And Duane Reade is the largest single retailer in New York City. By partnering with Duane Reade for this Program, the campaign will capture residents in their daily life, by offering CFLs, for free, in a retail outlet where these residents typically and frequently shop.

Motivate additional take up (free drivers)
As illustrated in Appendix C – Giveaway Campaigns Stimulate CFL Sales, CoolNRG's experience in NSW Australia shows that sales of energy saving lights increased by more than 14 percent after a free giveaway when compared to sales in neighboring states where there was no free giveaway.

15 by 15 is an aggressive target. This Program will deliver approximately half of one-percent of the energy savings towards the 15 by 15 target in less than one week. This will deliver low cost, high value energy efficiency into the community while at the same time promote significant additional energy efficiency activity in the community at no cost to the campaign itself.

Section 1.6 Coordination

This campaign will be a one-time, high profile event. It will take place during one week in March 2009, generating significant media attention and excitement in the community. The campaign provides for an excellent opportunity to leverage the promotion of other energy efficiency opportunities available throughout New York City and the State of New York.

1.6(a) Free drivers and co-promotions

As previously discussed, significant free drivers are achieved through giveaway campaigns whereby an increase in off-shelf sales is achieved along with the take up of other energy efficiency opportunities.

Each box of CFLs will include a flyer to promote the second chance draw as part of the Green Light promotion (see Appendix G for a sample form). This form provides the opportunity to:

[4] IBID

1. Generate leads for other energy efficiency programs being offered by Con Edison or NYSERDA to New York residents
2. Deliver coupons for direct redemption by program participants on other energy efficiency equipment (eg. Second pack of CFL's at local retailers, ENERGY STAR HVAC units and high efficiency white goods etc)
3. Collect information from program participants about product installation and retention

In addition to the direct 'free drivers' of the program, complimentary programs offered by NYSERDA's 'Get Energy Smart' products program will help to ensure that both participating and non-participating stores in New York City are well resourced to facilitate on-going energy efficient product sales, and that promotions and education are represented in retail outlets throughout New York during the campaign and on an ongoing basis after the Program.

In previous CoolNRG campaigns significant 'free drivers' have been achieved through large scale, high profile promotions. In Australia and the United Kingdom, on-shelf sales of CFLs increased by 14-30 percent during the promotion period and were sustained through following months (please see Appendix C – Giveaway Campaigns Stimulate CFL Sales). These promotions get people to not only access the free CFLs, but it motivates householders to buy additional CFLs for all the light sockets in their home!

Section 1.7 Co-benefits

The focus of this document has been to describe the energy efficiency opportunity of delivering 2.7 million energy savings lights to residents of New York City. There are, however, a number of sources of external value that substantially augment the value of the Program, such as those described below. It should be noted that these have not been included in the benefit cost calculations for the Program.

Section 1.7(a) The education and awareness raising value of empowering action

The media components of this campaign are significant. During the week of program delivery, messaging about energy efficiency and climate action will be present through a broad range of channels including: newspaper, local television, radio, electronic billboards etc. This messaging will both educate the community about the things people can do to around energy efficiency, but more importantly shift consumer perceptions from the traditional expectation that 'it costs more for achieving positive energy efficiency and climate action.'

It is estimated that approximate $300,000 of 'marketing value' has been leveraged for the development of this campaign. It is highly likely that substantial additional value will be created through the inclusion of the retail partners point of sale messaging, local television adoption of the campaign and general media hype and excitement.

Section 1.7(b) The ability to access hard-to-reach markets segments

CoolNRG's campaigns reach a very high proportion of 'green laggards' precisely because the offer is a giveaway (as distinct from discounted). A green laggard is defined as a consumer who

does not choose environmentally friendly products although environmentally friendly alternatives exist. Green laggards tend to correlate with low-income, elderly and ethnic sectors of the community, who tend to experience greater cost barriers to energy efficiency (which is one reason they are laggards). But it is also this segment that is most attracted by a 'free' offer and who receive the greatest social and financial benefit proportionate to their income for energy efficiency measures.

Section 1.7(c) The economy-wide financial benefits of delivering rate relief

Providing two CFLs to residents across New York City will help all residents manage rising energy costs, especially low-income residents for whom lighting contributes a higher proportion of discretionary income. As such, for those people whereby lighting represents a higher proportion of their total energy usage, they stand to benefit from the value of the energy savings in a significant way.

From the consumer standpoint, each CFL should save $6-7 dollars a year in electricity costs, totaling more than $117 of value per pack over the life of the product. In aggregate, over the life of the CFLs, the Program is expected to save residents of New York City more than **$**140 million on energy costs.

Also, the societal and economic benefits are widespread: money saved on energy bills will most likely be spent on other goods and services in our local economy, providing an important economic boost to local communities.

Section 1.7(d) Creating a foundation for future energy efficiency endeavors

In addition, the Project will create the foundations of commercial relationships and a distribution network within New York that can be effectively used in future energy efficiency initiatives. This means that funds spent on this Project will not only result in avoided electricity supply costs, but may also reduce the cost of future energy efficiency projects in New York.

Section 1.8 Portfolio Balance

As previously described in Section 1.6, the Program has been designed to market other energy efficiency initiatives to New York City residents, through an insert promoting other selected activities that will be inserted inside each Branded Box. The Program Administrator will liaise with NYSERDA and the energy efficiency program managers at the other Utilities to coordinate action between programs.

Specifically, this campaign will be highly effective in promoting other energy efficiency programs, products, and services. Please refer to Appendix G – Sample Entry Form for one example of how this can be accomplished.

Section 1.9 Depth of Savings

A Big Switch for The Big Apple has been designed to 'jump start' the 15by15 initiative for New York State. It is intended to mobilize the residents of New York into action by providing people with access to energy efficient products that they can take home and install themselves.

Due diligence was undertaken to determine what other energy saving products (such as low flow showerheads and standby reduction devices) may be distributed at the same time, to maximize the value of an interaction with consumers. It was determined, however, that due to budgetary constraints of the New York 15by15 initiative, that these measures not be included in this Program.

The Program will provide significant value by capitalizing on the unique customer communications opportunities made available through the Program, to engage with the people of New York City in a conversation about energy efficiency.

To begin with, the media component will include communications through the Media Partner's newspaper with a circulation of approximately 700,000. During the Project, the Media Partner will include an educational and promotional lift-out in its newspapers. The lift-out will help readers understand how CFLs and other energy efficiency programs, products, and services save money through reduced utility bills, and reduce greenhouse gas emissions and global climate change. Please see Section 1.2(d) – Media for more information.

In addition, the Project will intersect a broad cross-section of the community in their daily lives by utilizing a popular retail outlet as the distribution channel, with approximately 224 stores in Con Edison's service territory.

Customers will be reached at the point of sale transaction, and will be reached again when they open their CFLs in the Braded Box and find educational and promotional inserts inside the Branded Box. Please see Section 1.2(b) – Supply and Section 1.14 – Fuel Integration for more information.

Section 1.10 Underserved Markets

New York City offers some unique challenges for the promotion the take up of energy efficient equipment due to the high proportion of renters found in the area. Rental units account for approximately 68 percent of the housing stock available in New York City.[5]

Large-scale energy efficiency can only be achieved by accessing and engaging a cross-section of society in action. Everyone must participate in order to effect demonstrative change. Therefore, in the development of this Program, every effort has been made to identify and target all markets residing in the Project Area, particularly, those markets which are historically underserved by energy efficiency programs.

Section 1.10(a) Rental Housing

Many energy efficiency programs which are implemented in this country and aimed at the residential sector, are geared towards home owners. This Program, seeks to engage renters and home owners alike. The Program will be particularly attractive to renters because changing a light from an old incandescent to a new energy efficient bulb, is one of the few things a renter can and will do to make their rental homes more energy efficient. Renters typically do not make

[5] http://www.housingnyc.com/html/research/hvs96/96findings.html

physical improvements to homes that they do not own, but by making a change to an energy efficient light bulb, renters can begin to act towards combating climate change and soaring electricity bills in their homes. The light bulb is the best medium for renters to access to make this change in their rental homes. The media message will help to illustrate this point and get renters excited and engaged in participating. Installing CFLs will enable renters to take "ownership" over the energy efficiency in their homes.

Section 1.10(b) Low-Income

Reports have shown that the single greatest barrier for take up of CFLs by the low-income, ethnic and elderly market segments is the high initial product cost. A CFL in New York State costs around $5 per bulb. This Program is ultimately attractive to residents in these demographics because it affords them the opportunity to access CFLs at no direct retail cost. Due to the current financial climate, with energy costs soaring and other financial constraints pulling at the purse strings of Americans, low-income residents are not opting for a product that costs 8 to 10 times as much as the standard incandescent. But, through the media message and education program wrapped around the giveaway of the CFLs, people begin to understand that paying slightly more for an energy efficiency product, like a CFL, today, can result in lower utility bills in the future. This Program also delivers direct cost savings to the low-income market, as low-income people who access a free pack of CFLs during this Program and install those bulbs will see a decrease in their utility bills.

Additionally, the Program has worked with a New York City based non-profit organization to identify neighborhoods which are described as low-income, and a concerted effort has been made to deliver the campaign's message, and the offer for free CFLs, into those neighborhoods. To achieve this, News Corporation will use their community based weekly newspapers, with a circulation over 250,000, to promote the message in several languages, including Spanish, to ensure that the low-income residents of the surrounding boroughs of New York City are involved and engaged in the Program.

Section 1.10(c) Age Neutral

The Program seeks to engage all of society in New York City during the campaign period, young and old alike. School-aged children, those who do not own houses but live with their parents, are the members of society who are most quickly grasping the need for energy efficiency and climate change, because it is their generation who will be left with the legacy of the decisions made by today's leaders. We believe that young people will become inspired by this Program and will encourage their parents to act.

Section 1.11 Commitment

The Big Switch for The Big Apple will see the distribution of 2.7 million CFLs to more than 1.35 million households during one week in March 2009.

The campaign will require 4 months from approval to delivery, in which time the preparations will be made for the logistical coordination of all activities along with the development of the marketing and promotional messages.

A detailed breakdown of the roles and responsibilities of each party active in the campaign, combined with a timeline of events can be found in the Implementation Plan listed in Appendix A.

Section 1.12 Customer Outreach

A Big Switch for The Big Apple will reach approximately 1.35 million (36%) of New York households in less than one week.

The offer to access a pack of 2 CFL's has been designed in a way to make the offer easily accessible at the point of sale at New York City's most represented retail outlet. A broad cross section of New York residents will be able to access this offer at no additional costs with any purchase over $5 made with a Customer Rewards Card.

Additional customer outreach will be achieved in large part by the media component and the Media Partner's circulation of approximately 700,000 newspapers. During the Project, the Media Partner will include an educational and promotional lift-out in their newspapers. Please see Section 1.2(d) – Media for more information.

Because it is a giveaway, the nature of the Project itself will encourage participation. Cost alone is often the single greatest barrier that CFLs present to customers. CoolNRG's experience in Australia shows that take up increases by a factor of 10 when shifting from a nominal cost per sale to a free offer (Appendix B – Product Volume According to Price). In addition, when a free offer is available, shelf sales increase significantly (Appendix C – Giveaway Campaigns Stimulate CFL Sales).

In addition, $75,000 worth of prizes will be distributed as part of the Green Light promotion to encourage participation and installation. Please see Section 1.2(d) – Media for more information.

Section 1.13 Collaborative Approach

In the 9 months of developing this Program, every effort has been made to reach out to other program administrators, service providers, consumer representatives and community organizations to allow for a collaborative effort in shaping the Program. The reason for doing this is to ensure for a robust program where all possible objectives are met, but also because by making the process a collaborative effort, the program has achieved a richer development, aided by the contribution of the various groups who have taken an interest in the project in one way or another. Below is a list of some of the organizations who we have spoken to during the development process of this program and who have aided in its design:

Administrators	Consumer Representatives	Community Organizations	Government	Service Providers

Consolidated Edison Company of New York	The New York Consumer Protection Board	Clinton Climate Group	Office of Mayor Bloomberg	Philips Lighting
New York State Energy Research and Development Authority	Natural Resource Defense Council	Citigroup Foundation	Former Governors George Pataki and Elliot Spitzer	General Electric
New York Power Authority	Sierra Club	The Together Group	New York State Deputy Secretary for Energy	Osram Sylvania
New York Housing Authority				Scott-Madden
New York City Economic Development Corporation				Navigant Consulting
Chairman of the New York State Public Service Commission ("PSC"); multiple Commissioners				RLW Analytics
PSC Staff				Applied Proactive Technologies, Inc.

Section 1.14 Fuel Integration

The design of the Project enables electricity, gas, and water efficiency measures to be addressed in a complementary manner. Customer communications will be designed to give customers information on the range of programs, products, and services available to them. Please see Section 1.2(b) – Supply and Section 1.9 – Depth of Savings for more information on the customer communications that will include this information.

Section 1.15 Transparency

CoolNRG has intended for this Program to be fully transparent. To achieve full transparency, a concerted and diligent effort has been made to open up the processes used to achieve specific

outcomes in this Program. A high level of detail has been provided in this submission, and additional information can be provided upon request.

Section 1.15(a) Information & Program Design

The Proposal has attempted to describe the program in great detail so that every step of the process leading to, during, and post-program is clearly articulated herein. Due to the nature of this campaign, with various partners contributing to the success of the campaign, the Proposal has taken great care in ensuring that each of the partner's expected roles and responsibilities are fully described, as are the outcomes that those roles and responsibilities will achieve. It is intended that this Proposal be a complete road-map for the Project, and that the information represented herein is a complete, full, and accurate description of the process which will lead to the implementation and delivery of the Project.

Section 1.15(b) Benefit/Cost Analysis

CoolNRG believes that this Project is particularly attractive because the benefits far out weigh the costs. To support this belief, we have included the reporting from the benefit cost analysis that CoolNRG has run in Section 6.1. All the material that was used to lead to the results in the attached benefit cost reports has been included. A highly conservative approach has been used and many factors were not calculated into the benefits, including: free drivers, promotion of other energy efficiency programs, products, and services, and other advertising, promotional, and educational value.

Section 1.15(c) Supporting Data

CoolNRG has made every effort to include in this Proposal the supporting data and assumptions that have been relied upon for the development of this campaign. Some of these assumptions are based on factual reporting from previous CFL campaigns designed and implemented by CoolNRG, and every attempt has been made to clearly articulate those results and the assumptions that were made based on those results. Please see Appendix E – Technical Calculations for the basis of some of the key calculations for the Program.

Section 1.16 Procurement

Due to the need for full transparency, and because this program will be funded by rate-payer funds, every effort has been made to make the procurement of product and services as competitive as possible. The two areas where procurement of product or services were used are: (1) for the order of the CFLs used in the campaign, and (2) the retaining of independent M&V auditors used to verify the energy savings generated as a result of this Project. The steps taken to ensure a competitive process for each of these two are discussed below.

Section 1.16(a) Light Bulb Supplier

CoolNRG distributed an Expression of Interest ("EOI") to the three largest manufacturers of brand name CFLs in North America: Philips, General Electric ("GE"), and Sylvania. Based on the responses from those EOIs, CoolNRG narrowed the list of suppliers down to two, with Philips and GE being the two finalists. Sylvania chose not to complete an EOI. The final decision will be made upon approval by the PSC, and such decision will be based on price, experience, feasibility of delivery, and presence in the market. CoolNRG feels that both Philips and GE offer the highest quality product as well as a brand name that consumers can feel comfortable with.

Manufacturer	Received EOI	Completed EOI
General Electric	Yes	Yes
Philips	Yes	Yes
Sylvania	Yes	No

Section 1.16(b) Independent EM&V Service Provider: Scope of work

CoolNRG requested information regarding the expected cost of providing the following services:

1. EM&V validation
   - Validate CoolNRG's existing EM&V methodology described in the project proposal documentation, making adjustments as necessary to ensure that the methodology will satisfy all project reporting requirements.
   - Using the EM&V methodology to develop a survey project evaluation report design for implementation during and post program delivery to compile the project report

2. Program evaluation

Perform a program evaluation report consistent with the EM&V methodology approved by CoolNRG. This will include:

- Post-program surveying activity to determine MWh and MW savings achieved by the program to a 90 percent confidence level
- A complete Project Analysis Report to include all project reporting requirements and other items identified by CoolNRG, including:
  - Installation / Utilization rate
  - Leakage
  - Customer information: familiarity with products, experience with products, impact of program to promote new users
  - Free drivers (eg. Marketing effect of promoting additional take up of EE products/services)

3. Responses received from the following organization
   - Con Edison provided a list of 9 suggested EM&V consultants that they have worked with in New York,
   - A request for quotation was sent to 6 of 9 suggested EM&V consultants based on intial email expression of interest
   - Formal responses were received from 3 consultants with pricing information as summarized in the table below

EM&V Firm	CFL M&V experience	EM&V validation	Survey & report	Total
Scott Madden	Y	$12,000-15,000	$50,000-60,000	$62,000-75,000
Navigant	Y	$10,000	$110,000	$120,000
RLW Analytics	Y	$9,000	$35,000	$54,000

CoolNRG responded to these proposals with phone interviews with each of the three. Key evaluation criteria included:

- Depth of experience
- Technical capacity and knowledge
- Cost of service

After an unbiased comparison of the proposals received and the phone interviews conducted, it was determined that Scott-Madden had the expertise and experience necessary to provide the independent third-party EM&V services in a competent manner.

The cost for the EM&V services is included in the total Project cost.

Section 2 Contact Information

Name: CoolNRG USA, Inc.
Address: PO Box 191866
San Francisco, CA 94119-1866
Primary Contact: Nick Brass
Title: CEO
Telephone: 415-395-6027
Fax: 1-866-298-3220
Email: nick.brass@coolnrg.com

Section 3 Experience and Qualifications

CoolNRG USA, Inc. is a wholly owned subsidiary of Cool nrg International Pty Ltd (collectively, "CoolNRG"). CoolNRG is a purpose driven, for profit enterprise that cuts greenhouse gas emissions through rapid, large-scale energy efficiency programs.

In 2006, the CoolNRG team delivered a campaign that distributed 3 million compact fluorescent lamps ("CFLs") and 340,000 water-saving showerheads to 500,000 households in the state of New South Wales, Australia. More recently, CoolNRG managed a project that delivered 500,000 CFLs to residents in Victoria, Australia. In January of 2008, CoolNRG orchestrated the largest energy efficiency campaign of its kind, distributing 4.5 million CFLs to residents in the United Kingdom in a single day ("The Great British Light Switch").

CoolNRG combines experience, innovation, and strategic media, supply, and distribution partnerships to deliver successful campaigns that provide energy savings and demand reductions,

cut greenhouse gas emissions, and empower individuals to have an impact on their energy consumption.

CoolNRG has offices in Australia, the United Kingdom, the United States, and Mexico. In the United States, CoolNRG has offices in Palo Alto, CA and New York, NY, where its Senior Advisor is based.

Section 4 Personnel Biographies

nic frances » executive chairman

A world leader in showing how social enterprise can lead markets to address global crises like climate change and poverty. Nic Frances established Easy Being Green in early 2004 to cut greenhouse gas emission through energy efficiency programs. Combining extensive experience in both the private and not-for-profit sectors, Nic understands the social and environmental costs involved in creating and maintaining a market. Nic holds an MBE from the British Government, an Australian Centenary Medal and in 2001 was invited to be one of the first 30 Schwab Foundation Social Entrepreneurs and regularly speaks at the World Economic Forum in Davos, Switzerland. In April 2007, Nic sold Easy Being Green to his business partner and established Cool nrg to deliver large-scale action on climate change globally using a market-based social enterprise.

matthew slatter » ceo & executive director

Matthew was appointed to the Cool nrg International Board in November 2007 and CEO of Cool nrg International in July 2008. He has close to 25 years experience in the financial services sector, encompassing investment banking, commercial banking, retail banking, life insurance and funds management. From 2002 to 2007, Matthew was the CEO and Managing Director of Tabcorp Holdings Limited, a publicly listed company and Australia's largest entertainment group. He was previously Chief Financial Officer and Director of AXA Asia Pacific Holdings Limited, and Chief Executive of the Bank of Melbourne. Prior to this he held numerous general management positions in banking in Australia, the UK and New Zealand. Matthew brings a wealth of general management and change management experience to Cool nrg, as well as considerable financial and deal-making skills.

matt deeble » head of business development

Matt comes to Cool nrg after careers in both the Internet and legal worlds. He was the CEO of myinternet, a schools Internet application provider, and jointly developed that business from start up to international success and ultimate trade sale. Prior to this he was a commercial lawyer with Minter Ellison. Matt lives in Melbourne with his wife and best friend Kate and their two wonderful daughters. He is excited to be part of the growing movement that applies commercial disciplines to environmental and social challenge.

nick brass » north america project

Nick started his career at Sustainability Victoria (formerly the Sustainable Energy Authority of Victoria), where he was seconded to Easy Being Green to support business development. In his 3 years at Easy Being Green, Nick was key in identifying, developing and testing new market opportunities. Based in San Francisco, Nick's role at Cool nrg is to investigate business opportunities for large scale energy efficiency programs in North America. Nick has a keen interest in the commercialisation of sustainable technologies and the development of renewable energy markets. When not working, Nick prefers to enjoy the ski season – wherever that happens to take him around the world!

field pickering » north america project

Field is part of the Cool nrg team in North America where he develops and structures commercial opportunities for high profile and large-scale energy efficiency campaigns. Field's responsibilities include assisting in the business development process, as well as directing the legal affairs in North America. Before Cool nrg, Field was an attorney for a U.S. based international law firm, working in the mergers & acquisitions and energy practice groups. Field received his B.A. from the University of Colorado-Boulder, and his J.D. from the University of San Francisco. When he is not thinking about energy efficiency, Field enjoys playing squash doubles, playing golf, and cheering for the New York Mets.

david siddiqui »
director of business systems & project manager

David comes to Cool nrg with a passion for sustainability that has driven him to work on a wide range of environmental issues. He has considerable experience with zero waste, energy efficiency, and green building, and strives to make tangible improvements to human and environmental health. David is a LEED Accredited Professional and graduated from UC Berkeley with a BS in Environmental Sciences. He is a multi-instrumentalist and composes, records, mixes, and produces his own music.

Project Manager

CoolNRG shall employ a seasoned project manager to manage the operations of the Project. CoolNRG has selected three finalists as candidates to fill this role. Those candidates were selected on a standard criteria used by CoolNRG throughout its business when it hires project managers to implement projects, and that criteria includes: experience in successfully planning, managing and monitoring projects of a medium to large scale; experience in coordinating project activities and managing multiple project partners; the ability to easily and articulately communicate with all audiences and all project partners; and strong leadership and management skills.

Section 5 Budget

This budget has been designed to maximize the value to New York ratepayers. Please find a full breakdown of project costs including budget notes in Appendix H.

Section 5.1 Cost of Goods (Capital Costs)

The capital costs associated with this campaign represent approximately 71% of the total program costs.

1.35 million specially branded 2-pack boxes of ENERGY STAR rated product will be supplied to Duane Reade for distribution as part of the campaign. The Supply Partner has offered to provide the specialty packaging at no additional cost to the Program. And the Retail Partner has agreed to cover the full cost of warehousing and distribution for the product from the New York dock to the point of sale at each of its stores, estimated at $1.20 per pack.

Section 5.2 Operating expenses

The operating expenses of the campaign represent approximately 29% of the total program costs.

Retail Infrastructure / Labor

Duane Reade has 224 Stores throughout the 5 boroughs of New York City. The capacity to facilitate the distribution of 1.35 million packs of energy saving bulbs has been made possible through the generous commitment and contribution of Duane Reade's point of sale resources. This in-kind support has been estimated at a value of $1,000 per store per day.

Despite the capacity to distribute the product through Duane Reade, CoolNRG will ensure that specially trained representatives (or, 'active sellers') are available at 100 stores during the promotion. This additional resource will provide for supporting point of sale staff with facilitating the transaction and also working to oversee operations in order to minimize duplication and customer gaming.

Direct project resources / Labor

CoolNRG will provide 2.4 full time equivalent ("FTE)" staff, including the hiring of a seasoned project manager, for 7 months to oversee project development and implementation functions. The staff will be supported by the CoolNRG USA executive team with business planning and corporate support functions. In addition, the expertise of the Coolnrg International staff will be drawn upon as necessary.

Incurred costs

Costs associated with legal services, insurance, travel and office expenses have been accounted for and are represented in the total operating expenses as described in Appendix H. These costs equate to less than 1 percent of total project costs.

Marketing prizes and promotions

The New York Post has generously offered to contribute in-kind services related to marketing, promotions and education to the campaign. These services have been conservatively valued at $310,000. In addition, Duane Reade will promote the campaign through existing communications and media channels; the value of this additional media activity has not been included in the budget.

The campaign will require some direct expenditure for marketing, public relations and prizes. This expense is minimal compared to the expected value created through the campaign partner

relationships. These costs are represented in the total operating expenses as described in Appendix H.

Evaluation, measurement and verification
Scott Madden has been selected as the independent provider of EM&V services. The expected costs of EM&V total $125,000, or two percent of total project costs.

Contingency
CoolNRG regularly builds in a contingency fee (the "Contingency") equal to 10 percent of the total operating expenses of a project. This buffer can support against unforeseen risks such as logistics reconfigurations, additional marketing expenses and additional resourcing requirements. For this Project, a Contingency of 10 percent of total operating expenses has been included.

Section 5.3 Project management fee
To develop, deliver and manage a project of this scale, CoolNRG charges a project management fee (the "Project Management Fee") of between 15 and 25 percent of total project cost. The Project Management Fee for this project shall equal 15 percent of the total project cost.

This Project Management Fee shall represent the resources expended by CoolNRG in the development of the Project, in the management and operations of delivering the project, and the risk management associated with ensuring all project partners perform their contractual roles and responsibilities. Furthermore, the Project Management Fee represents the additional value leveraged through the in-kind support of project partners, estimated at approximately $1.86 million and equivalent to 34 percent of total project costs (Please see Appendix H – Budget).

The Project Management Fee also includes a standard licensing fee applied to all international projects managed by Coolnrg, and that licensing fee includes an intellectual property register (the "IP Register") which represents the intellectual property of CoolNRG which is contributed to the Project. The IP Register will be distributed to the program administrator upon funding approval.

Section 6 Selection Criteria

Section 6.1 Total Resource Cost Test's Benefit-Cost Ratio

Con Edison has calculated the TRC of this Project as 12.91.

The Big Switch for the Big Apple delivers benefits in a number of ways to different groups. The groups considered here are:

- NYC Households that participate in the project
- NYC Households that do not participate
- Con Edison
- NY Government
- Society as a whole

The total program cost for 'A Big Switch for the Big Apple' is currently budgeted for approximately $5.5 million.

This amounts to a cost of $1.83 per New York City household (Con Edison Rate payer) and equates to approximately $0.06 cents per kWh. This is low cost compared to the $3.50 cents per kWh achieved on average for energy efficiency programs. The benefits outlined below should be considered in the context of that cost.

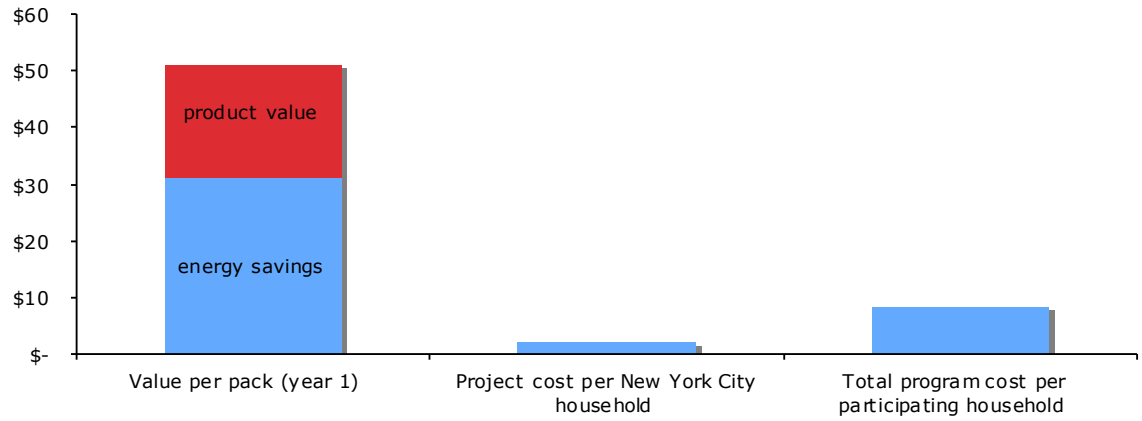
Participating households

Based on Coolnrg's estimates, it is expected that approximately 36 percent of New York City households will gain access to a pack of 2 CFLs during a one-week program (excluding the 20 percent of recipients from outside Con Edison's service territory). Each pack delivers more than $25 of value to each householder per year ($7.80 per bulb per year and a retail value of $4.95 per 13W bulb).

The following graph illustrates the cost benefit scenario for New York City households that receive a pack of bulbs. It is clear that the financial benefits far outweigh the financial costs of the program to participant households.

Further, the benefit cost analysis does not include elements of 'additional value' such as:

- 'Free drivers' achieved through incremental sales of energy efficient products and services
- Community education and awareness
- Access to hard-to-reach market segments (e.g. renters, low income, elderly)



* Note that the expected lifetime value resulting from the installation of each 2 pack equals $117

Non-Participating Households

For those households that do not receive a pack of bulbs, there are still significant benefits realized. By delivering a large-scale energy demand savings project into New York City, future infrastructure costs can be delayed (or reduced) which will ease pressure on future rate increases. Furthermore, experience shows that significant free drivers - in the form of increased market demand for energy saving products - will be expected when large promotional events are undertaken. This will be augmented by NYSERDA's existing Get Energy Smart, as well as other promotional activities facilitated through traditional retail channels, which will be incorporated in A Big Switch for The Big Apple.

Con Edison
Increased brand recognition and positive brand association will be achieved through the delivery of this program. In addition, as Con Edison moves to take an increasing roll as a provider of energy efficient products and services to ratepayers. Accordingly, this campaign offers an excellent opportunity to reposition the customer relationship.

Government
Through a one-week mass CFL distribution, this Project is expected to deliver approximately half of one percent of the total yearly savings as stated under the ambitions of the 15 by 15 target. This will provide significant value to the New York State Government by jump-starting the delivery of energy efficiency to New Yorkers in a way that delivers real tangible energy savings to households, and educates them about the State's ambitions.

Societal Benefits
A myriad of intangible, yet highly valued societal benefits will flow from the Project such as: increased knowledge and awareness about the benefits of energy saving technologies and behaviors; education about energy efficiency and it's link to climate change, information dissemination about the proper handling of hazardous waste products including CFLs (mercury) and electronic waste; and awareness of the Energy Star labeling system.

Section 6.2 Electric Rate Impact

A Big Switch for The Big Apple is a once-off campaign delivered to New York City residents. The only ongoing costs that will remain following the completion of the Program, is the cost for monitoring and verification activities to determine the market impact of the program. These costs are included in the total Project Budget.

1. This program will engage more than 35% of New York City householders in the 1 week (assuming a net to gross ratio of 0.8)
2. Cost per participating household = $4.30 resulting in a negligible impact on New York rate payers.
3. Cost per NY City Household = $1.92

Section 6.3 Electric Rate Impact per MWh Saved

[This metric provides the levelized rate impact per MWh saved, stated separately for delivery and overall rates, assuming: a) the program continues to expand and extends through 2015 and b) the program functions only for as long as proposed by its sponsor.]

[NOT COMPLETED]

Section 6.4 Electric Rate Impact per MW Saved

[Same as 3 above, except it is per MW saved at the time of system peak.]

[NOT COMPLETED]

Section 6.5 MWh Saved in 2015

[This metric reflects the amount of MWhs saved in 2015 assuming a) the program continues to expand and extends through 2015 and b) the program functions only for as long as proposed by its sponsor.]

[NOT COMPLETED]

Section 6.6 MW of Coincident MYISO Peak Saved in 2015

[This metric reflects savings in MWs at time of system peak. This metric should reflect MWs assuming a) the program continues to expand and extends through 2015 and b) the program functions only for as long as proposed by its sponsor.]

[NOT COMPLETED]

Section 6.7 Peak Coincidence Factor of MWh Saved in 2015

[This metric is a measure of the extent to which the MWhs saved for each program are concentrated at the time of system peak. The peak coincidence factor is a measure of the extent to which the MWhs saved are concentrated in peak hours versus distributed evenly across the 8760 hours a year. Peak coincidence factor is defined as:

$$\text{Peak coincidence factor} = \frac{\text{[annual MWh saved]}}{\text{[(MW saved on peak) x (8760 hours)]]}}$$

0.1

[NOT COMPLETED]

Section 6.8 Total Resource Cost Test's Benefit-Cost Ratio, with Carbon Externality Added, Assuming a Carbon Value of $15 per ton (TRC plus C)

[NOT COMPLETED]

Section 6.9 Number of Participants as a Percentage of the Number of Customers in the Class as of 2015

This program is expected to reach 36% of New York City households and 15% of households in New York State in 1 week.

Section 6.10 Gas Rate Impact

Not Applicable

Section 6.11 Gas Rate Impact per MBTU Saved, Levelized Over the Years Through 2015

Not Applicable

Section 7 Conclusion

A Big Switch for The Big Apple will drive mass consumer awareness and action to jump start New York State's ambitious drive towards the '15 by 15' energy efficiency goal. The Project offers a low cost, high value, high profile opportunity for the State of New York to show global leadership around energy efficiency and climate responsibility.

Appendix A Implementation Plan

CoolNRG USA, Inc.

"A BIG SWITCH FOR THE BIG APPLE"

ENERGY EFFICIENCY PROGRAM IMPLEMENTATION PLAN

August 6, 2008

Table of Contents

Introduction

CoolNRG USA, Inc. ("CoolNRG") submits this energy efficiency program implementation plan ("Implementation Plan") to Consolidated Edison Company of New York, Inc. ("Con Edison") 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 in this Implementation Plan is referred to as the "Program", "Project", or "A Big Switch for The Big Apple".

Con Edison, in conjunction with CoolNRG, will deliver a high profile mass-market energy efficient light bulb ("CFL") campaign to New York City and Westchester County residents through the distribution of 2.7 million CFL bulbs in one week ("Project") in March of 2009.

The New York Project will distribute a 2-pack of compact fluorescent lamps ("CFLs") bulbs to approximately 1.35 million households delivering a total of 2.7 million bulbs throughout New York City, and Westchester County. The campaign will use a 13 watt, Energy Star rated, 10,000-hour, warm-white CFL light bulb. Each pack can save a participating household up to $25 in the first year: $10 worth of product value and $15 of net energy savings. In total this will contribute $20 million in energy savings to New York ratepayers every year over the lifetime of the products.

CoolNRG has experience in delivering high profile mass-market energy efficient light bulb campaigns, including a campaign that delivered 4.5 million CFLs throughout the United Kingdom ("UK") in a single day in January of 2008, and a campaign that delivered 500,000 CFLs in a day in Victoria, Australia in February of 2008. Prior to CoolNRG's UK campaign, there was skepticism and resistance by regulators in the UK to allow large-scale CFL distributions, however with the successful realization of that CoolNRG campaign, regulators in the UK now view large-scale CFL distributions as a key contributor in achieving energy efficiency targets. Early market research shows that these programs achieve installation rates in excess of 75% and deliver significant education and awareness into the community about energy efficiency products and services, while dispelling myths about the inability of energy efficient products to be commercially acceptable.[6] The CoolNRG UK campaign was such a success that it inspired the UK's largest utility to announce in May 2008 that it will be distributing over 50 million CFLs to its customers in 2008 and 2009.

For the New York Project the CFLs will be distributed by Duane Reade, a well-known retailer with a network of 240 stores, through the Duane Reade Dollar Reward Card ("Reward Card") system. Customers will receive the 2-pack of CFLs with any $5 purchase when they use their Reward Card. The giveaway will be coupled with a high profile media campaign that will drive individuals to Duane Reade and more importantly to install the CFLs. CoolNRG has partnered with the New York Post, a newspaper with New York City's largest daily newspaper circulation, to serve as the Media Partner to promote the Project.

[6] February 2008, Independent market research commissioned by Cool nrg International Pty Ltd, "Interim Research Summary: Post-launch Questions".

A project budget of approximately $5.5 million has been estimated for this Project. The budget includes provisions for the purchase of 2.7 million CFLs, the cost of project operations, including (i) personnel, including project management by CoolNRG, (ii) distribution, (iii) marketing, (iv) promotion, (v) project risk mitigation, and (vi) follow-up surveys.

This Implementation Plan assumes a Project start date of Thursday, March 19th, 2009. The Project will last for a week from March 19th until Sunday, March 29th, or until all 2.7 million CFLs have been distributed, which ever is the first to occur. To place a CFL order of this magnitude, a light bulb supplier needs four months to fulfill the order. To have CFLs in stock in the stores of Duane Reade for the beginning of the Project on March 19, 2009, all of the product must land in the port of New York by February 22, 2009. Therefore, the order must be placed no later than November 21, 2008. These dates have been established so that the Project does not compete with any holiday season activities.

The Project

Project Partners

CoolNRG began developing the Project and meeting with the Project Partners in November of 2007. The project partners are listed below.

Con Edison – one of the largest investor owned utilities in the country, serving over three million customers

Duane Reade – the most recognized drug store chain in metropolitan New York, with over 240 stores in New York City and Westchester County

The New York Post (NY Post) – New York's largest daily newspaper by circulation, widely read by a cross section of the population in New York

Letters of intent have been secured from Duane Reade and the NY Post. Next steps include finalizing project partner agreements and contracts. The Next Step for CoolNRG is to finalize documentation with Con Edison, and execute Project Partner Agreements with Duane Reade and the New York Post.

Partners	Responsible entity	History of the Relationship	Next Steps	Estimated Completion Date
Con Edison	Administrator	1. Nov 12, 2007 - Initial meeting at Newscorp with R.Craft 2. December 26, 2007 signed NDA to explore opportunity 3. December 26, 2007 – First draft implementation plan submitted to Con Edison 4. January to May 08 – revised	1. Program Implementation Plan filed PSC approval received for project 2. Project Partner Agreement (final contract) 3. Purchase Order	1. Following PSC Approval; Week 1

		implementation planning	completed	
Duane Reade	Distribution	1. Feb 5, 2008 –Meeting with CEO, Dave D'Arezzo and Lee Colarco, commitment to participate received 2. March 3, 2008 - Signed NDA 3. April 18, 2008 – Signed Letter of Intent	1. Project Partner Agreement (final contract) signed 2. Sign off on logistics plan, resourcing and project timelines	1 Following PSC Approval; Week 1
NY Post	Media and Education	1. Nov 12, 2007 – Initial meeting 2. Jan 9, 2008 – Partners meeting, signed NDA	1. Receive NY Post project scope and commitments 2. Sign Project Partner Agreement	Following PSC Approval; Week 1
TBC	Supplier	1. April 23, 2008 - Expression of interest sent to the big three suppliers (GE, Philips, Osram/Sylvania) 2. May 2, 2008 – EOIs returned 3. May 30, Contract negotiations completed with successful party	1. Award contract to successful supplier 2. Finalize contract 3. Order placement	Week 1 (once PSC approval is received)
CoolNRG	Project Manager	4. November 29, 2007 – First presentation to PSC Staff (Alice Miller) 5. January 9, 2008 – Implementation Plan feedback meeting with Alice Miller, Bill Saxonis 6. February 13, 2008 – Monitoring and Verification Plan meeting Alice Miller, Bill Saxonis 7. February 13, 2008 – meeting with Chairman Brown and Judy Lee 8. Meetings with NYC Mayors Office, NYC-EDC, Governors Energy Office, NRDC Project partners	1. Submit final implementation plan to Con Edison 2. Partner Contracts and Agreements accepted by CoolNRG	1. August 7th, 2008, 2.Week 1

Product

The product selected for this project is an Energy Star rated, 13-Watt, 10,000-hour bulb. The CFLs will be manufactured and delivered by the Supplier (as defined below). Con Edison and CoolNRG have designed a specially branded box ("Branded Box") that will deliver a message to motivate installation of the bulbs. The Branded Box will contain an educational insert, which will give consumers websites and contact details for accessing additional information on the way they can make their homes more energy efficient. The Branded Box will display the names and logos of all of the participating partners, including, Con Edison, Duane Reade, and the NY Post. The Branded Box will also include information on issues related to mercury in CFLs and proper disposal methods.

Upon Project approval, CoolNRG will place the CFL order with the CFL manufacturer ("Supplier"). The Supplier will then need four 4 months to complete the order.

We have received confirmation from the two short listed suppliers, that they will be able to supply the requested order quantity to specification for a March 2009 campaign (that is February 22 delivery) if an order is placed before November 21, 2008.

Product Specifications:

Quantity	**2,700,000 bulbs**
Certification	ENERGY STAR®-rated CFL products ONLY
Wattage	13W
Hours	10,000
Color	Warm white light (2700K)
Lumens	900
Box	1,350,000 - 2 pack branded boxes with Partner logos
Display units	Point of sale display units with Partner logos and instructions

Product	**Tasks**	**Next Steps**	**Estimated Completion Date**
Supplier	Manufacture, package and ship bulbs to warehouse points for target date	1. Award contract 2. Agree to terms of Supply Agreement 3. Finalize box design 4. Instigate bulb order 5. First shipment arrives 6. Final shipment arrives 7. Product clears customs 8. Sign off	1. Week 1 2. Week 1 3. Week 1 4. Week 1 5. Week 6 6. Week 12 7. Week 12 8. Week 13
Con Edison	Graphic design of insert Administer funds for order payment these details have to be worked through the purchase order process.	1. First draft graphics 2. Partners provide logos and style guides 3. Sign off by all partners 4. Finalize funding arrangements 5. Additional escrow payments	1. Week 1 2. Week 1 3. Week 1 4. Week 1 5. Dependent upon final payment structure used
Duane Reade		1. Provide logo and style guide 2. Sign off	1. Week 1 2. Week 4
NY Post		1. Provide logo and style guide 2. Sign off	1. Week 1 2. Week 4
CoolNRG	Supply management, specification	1. Award contract	1. Week 1

Product	Tasks	Next Steps	Estimated Completion Date
	Define order specifications Manage EOI process Negotiate with Suppliers Place order and design Branded-Box Raise purchase requisition Complete payment	2. Agree to terms of Supply Agreement 3. Develop escrow terms 4. Sign off packaging design 5. Instigate bulb order 6. Finalize funding arrangements 7. Manage schedule 8. Sign off	2. Week 1 3. Week 1 4. Week 1 5. Week 1 6. Week 1 7. Week 1 8. Week 1

Marketing

The marketing and promotion of the Project is at the core of delivering a successful campaign. The goal of the campaign is to achieve broad-scale awareness throughout New York City and Westchester County by educating the people of New York City and Westchester County on the benefits of using energy efficient products and the environmental and societal benefits that go along with those products. Each partner has a role to play in the marketing and promotion of the campaign as described below.

The New York Post has agreed to help to market and deliver the message of the Project by promoting the Project on the front page of its newspaper. In addition to the New York Post, the Project will be marketed through billboard space and on buses throughout the project area, including a digital billboard leased by Duane Reade located in Times Square. The Project will also be marketed and advertised on the radio, and through the Fox News channel.

Con Edison

Con Edison will design the energy efficiency educational information for media and public relations efforts as it relates to the promotion of its other initiatives. Con Edison will also design the insert that goes into the boxes to further promote its other initiatives.

Duane Reade

Duane Reade shall be responsible for designing in-store promotions and point-of-sale information such as banners and signage inside and outside the stores. In addition, Duane Reade will also be promoting the Project through their regular advertising channels, including newspaper, radio, billboard, and weekly mailers.

NY Post

The NY Post shall be responsible for the campaign launch promotions including a special front-page cover (or, wrap-around) which shall alert all of its readers to the offer being presented by Con Edison. The NY Post will also develop a special advertising lift-out that will highlight other energy efficiency products that residents in New York City and Westchester County can use to improve energy efficiency in their homes. In addition, the NY Post will access their base of

community newspapers located in Queens, Brooklyn, and the Bronx to promote the campaign in the hard-to-reach neighborhoods of New York City and Westchester County. The NY Post will also work with its parent company, News Corporation, to promote the campaign through their affiliated Fox channels.

The Supplier

The Supplier is providing special box and retail display formatting for the Project, which will create a distinctive and memorable experience for the people of New York City and Westchester County.

CoolNRG

CoolNRG will design the graphics for the Branded Box and the point-of-sale display units in a manner that represents the interests of all of the project partners.

In addition, CoolNRG has devised a creative way to drive installation by inserting a number of "green lights" into the 2.7 million CFLS, which will be green when installed and activated. CoolNRG will administer this promotional campaign ("Green Light Competition") that will see the lucky winners receive prizes for the discovery of the green lights, which are green only when installed and turned on. The green bulbs will be inserted into the order at random and when the lucky participants install the bulbs within a specified time frame, they win a prize. Prizes will be awarded throughout the campaign to generate interest and excitement in the promotional activities and to motivate installation.

CoolNRG will also serve as the liaison between the project partners and a third party public relations agency to ensure that all of the project partners' interests are adequately represented in the delivery of the message.

The Next Step is to work with Con Edison and other partners to finalize the theme and slogan of the Project to be incorporated in their individual marketing efforts.

Marketing	Tasks	Next Steps	Estimated Completion Date
Con Edison	Design Con Edison's campaign graphics and style Facts and figures for all marketing material Communicate to customers through newsletter and bill inserts	1. Theme/Slogan 2. Design box insert 3. Pass designs to project partners 4. Text for editorial and 24 page lift-out 5. Internal communications to staff and customers	1. Week 1 to 3 2. Prior to Week 1 3. Week 1 4. Week 10 5. Week 8
Duane Reade	Design and produce in-store branding and promotions	1. First draft design 2. Project partners -sign off on brand usage for in-store signage 3. Production 4. In-store installation	1. Week 2 2. Week 4 3. Week 8 4. Week 14

Marketing	Tasks	Next Steps	Estimated Completion Date
NY Post	Green Light promotion Media campaign Advertising Lift out	1. Define media exposure for campaign and value 2. Design 24 page advertising lift out template 3. Green Light promotion design 4. Identify advertisers in lift out 5. Design front cover for day 1 of campaign 6. Partner sign off on creative for lift-out and front cover 7. Go to print 8. Green Light campaign competition winners	1. Week 1 2. Week 4 3. Week 6 4. Week 4 to 12 5. Week 10 6. Week 12 7. Week 15 and 16 8. Week 16
CoolNRG	Manage all partners to achieve timelines Provide creative input Public relations Identify advertisers for Lift Out	1. Project Management 2. Communication and Input from all project partners 3. Employ PR agency to facilitate non-NY Post communication	1. Week 1 to 16 2. Week 1 to 16 3. Week 1 to 17

Delivery

The essence of the Project's delivery and distribution is to get Con Edison customers to Duane Reade stores to pick up a 2-pack of CFLs. Duane Reade is the lead distribution partner for this Project and the Supplier will be responsible for manufacturing and delivering the bulbs to the Port of New York ("Port"). Upon delivery at the Port and after clearing customs, Duane Reade will take title of the bulbs. Duane Reade's logistics, warehousing, and point-of-sale infrastructure has the capability to facilitate the collection and distribution of 2.7 million CFLs in a week.

Duane Reade will devote prime store space using end-cap displays at the front of the store, for the display and promotion of the CFLs. Duane Reade will also have additional staff to serve as field representatives, or "active sellers", who will be on hand at the retail outlets in order to encourage customers to take up the CFLs and to confirm that the product, signage, information, and retail staff support is being implemented smoothly. They will also be focused on facilitating the sign-up of new Reward Card customers and capturing personal information from those customers, including validating zip code information.

Duane Reade has analyzed their store network to determine how the stock of CFLs will be allocated; each of their stores in New York City and Westchester County will receive adequate stock to service the expected customer demand. Those stores in transportation hubs that service New Jersey, Long Island and Connecticut will be provided with limited stock in order reduce

possible leakage outside Con Edison's service territory. Duane Reade will also work to ensure that only those customers living in a zip code located within the Con Edison service territory (an "Eligible Zip Code") may receive the product, and a list of Eligible Zip Codes will be provided to Duane Reade Stores.

In order to ensure that all segments of the population of New York City and Westchester County are represented, particularly the low income residents, Con Edison will produce an analysis of neighborhoods defined as low income and this will be analyzed by CoolNRG against the Duane Reade store network to determine where to focus additional promotional activities to engage these residents. In addition, CoolNRG will focus an ancillary marketing message through the NY Post's community newspapers, which are printed in English, Spanish, and Creole and read in the Bronx, Queens, Brooklyn, and Staten Island.

The Next Step is to finalize the delivery schedule for the shipment of the products to the Port of New York, which will then allow the parties to finalize a schedule for injecting the CFLs into the Duane Reade distribution system to get final numbers for allocation of stock into each of their stores.

Delivery	Tasks	Next Steps	Estimated Completion Date
Con Edison	Box/graphic design Deliver maximum value to Con Edison rate-payers	1. Finalize insert design 2. Overlay Con Edison customers with DR locations 3. Identify gaps where customers are not serviced by DR 4. Work with CoolNRG to develop strategies to make the offer available in these areas	1. Prior to Week 1 2. Week 2 3. Week 2 3. Week 3 to 5
The Supplier	Bulb manufacture and delivery (customs cleared)	1. Manufacture product 2. Ensure product arrives to NY port to clear customers 3. Ensure product meets all customs requirements (is appropriately labeled and UL certified)	1. Week 1 to 10 2. Week 4 to 12 3. Week 12
Duane Reade	Logistics Point of sale transaction	1. Determine stock volumes for each store (limit offer in transport hubs) 2. Staff resourcing schedule and 'active sellers' selected 3. Staff training sessions for point of sale information 4. Receive bulbs at port 5. Distribute into store 6. Facilitate point of sale transaction	1. Week 1 to 3 2. Week 4 3. Week 12 to 14 4. Week 12 to 15 5. Week 16

Delivery	Tasks	Next Steps	Estimated Completion Date
		to customers using DR club card with $2 purchase	6. Week 16
NY Post	Program communications launch and close-out	1. Implement lead in promotions to campaign 2. Drive awareness and promotion during campaign week 3. Coupons to drive take up	1. Week 1 to 3 2. Week 15 and 16 3. Week 15 and 16
CoolNRG	Facilitate relationships between parties Manage timelines and risks	1. Program design and conception 2. Identify project partners 3. Enroll project partners 4. Define partner responsibilities 5. Sign contracts with partners 6. Liaise between partners to provide certainty about roles and responsibilities 7. Support partners to meet commitments 8. Ensure program timelines are being achieved 9. Overall program management 10. Stakeholder communications (Partners and Government) 11. Manage primary distribution with DR 12. Develop strategies for hard-to-reach areas. 13. Establish strategy for secondary direct distribution channel	1. Completed 2. Completed 3. Completed 4. Prior to Week 1 5. Week 1 6. Week 1 to 16 7. Week 1 to 16 8. Week 1 to 16 9. Week 1 to 17 10. Week 1 to 17 11. Week 1 to 17 12. Week 1 to 4 13. Week 4 to 10

EM&V

CoolNRG understands that evaluation, measurement and verification ("EM&V") reporting lies at the core of this Program. Therefore, in order to ensure that conservative, robust and transparent EM&V reporting is achieved, CoolNRG will retain the services of Scott-Madden, an internationally renowned energy auditor, to manage the EM&V data collection and reporting. Scott-Madden will work directly with the Duane Reade Reward Card team to deliver EM&V that can withstand the highest level of scrutiny.

EM&V will be facilitated using the Reward Card customer data. Duane Reade will create reports on who is receiving the CFLs during the Project by tracking the customer information from the

Reward Card data. This data will provide the basis for tracking the CFLs given away during the Project. Duane Reade will be able to process the consumer data provided by the Reward Card, to provide CoolNRG with detailed reports on the consumers receiving the free bulbs. The reports will be generated daily. These reports will show the zip code of the customers receiving the bulbs, which will allow CoolNRG to determine with great accuracy and great certainty where the bulbs are being installed.

The energy savings for CFLs installed will draw on the existing adopted deemed savings values. CoolNRG will also implement a net-to-gross ("NTG") adjustment factor based on the default value of 0.8 applied by the California Public Utility Commission as the regulator of demand-side management programs in that State (CPUC, 2003). This standard is used based on California's experience as the leading market in the United States for large-scale energy efficiency programs. This conservative estimation of possible leakage outside of Con Edison's service territory provides an appropriate adjustment factor to ensure that the campaign delivers the energy savings funded by Con Edison customer. CoolNRG has adopted a similar value based on the potential leakage experienced with installation outside of Con Edison utility service territories. It is also worth recognizing that this program has been designed around the Reward Card to minimize the impact of factors that would lower net savings and maximize those that would tend to raise net savings, including: (i) leakage, (ii) permanence, (ii) non participants (free riders, spillovers), and (iv) the rebound effect, which is defined as negative behavior change resulting in consumers increasing the usage of energy efficient products because people think it is acceptable to leave an energy efficient product on for a longer period than a product not labeled as energy efficient. Other elements not considered in the NTG ratio include: (i) positive spillover, such as the free-drivers of increasing awareness of energy efficiency products and motivating consumers to purchase products they otherwise may not have considered and (ii) peak load reduction.

CoolNRG will produce a detailed report showing who received bulbs, awareness of the Project and where the participating customers live in order to evaluate: (a) total energy savings in kWh, (b) demand reduction in kW, and (c) the overall program's value to the customers of New York City and Westchester County. The Project Evaluation Report will discuss: (i) the Project's total cost-effectiveness, (ii) the effectiveness of the distribution model used, (iii) how free-ridership was addressed and dealt with, (iv) the number of CFLs distributed, (v) the scope of the distribution to determine where the CFLs were distributed, and (vi) on-shelf sales pre and post campaign for energy efficient lighting category (vii) the Project's success in accessing hard-to-reach customers.

CoolNRG recognizes that EM&V is the fundamental greatest concern for critics of this Program. Therefore, in order to allay that concern, CoolNRG will retain Scott-Madden as an independent third party energy auditor to conduct and manage the EM&V process. As part of this work, Scott-Madden will do surveying throughout the Con Edison service territory to learn about the breadth of the Project and its effect and reach on those residents living in the Con Edison service territory. Based on these findings, Scott-Madden will prepare a report on the project. That report will include factors such as: (i) bulbs transacted, (ii) zip code and demographic information, and (iii) customers contacted.

The Next Step is for CoolNRG and Con Edison to finalize the reporting requirements to use to track customer information and EM&V, which can then be given to Scott-Madden.

EM&V	Tasks	Next Steps	Estimated Completion Date
Con Edison	Customer geographic segmentation Customer survey information	1. Map customer service territory against DR store locations and club card holder zip codes 2. Work with CoolNRG to determine expected leakage variable 3. Compile EM&V report for submission to Public Service Commission	1. Completed 2. Prior to Week 1 3. Following Project Completion
Duane Reade	Data collection	1. Provide Con Edison with store locations by zip code 2. Collect point of sale transaction data 3. Provide project partners with daily sales and club card reports 4. Provide stock reconciliation report post program – stock received vs. stock distributed 5. Compile post program reports showing on-shelf sales pre and post program by club card holders	1. Completed 2. Week 16 3. Week 16 4. One month following Project completion 5. Monthly; for six months following Project completion
NY Post	2nd chance promotions	1. Collect customer information for 2nd chance draw for Con Edison marketing	
Scott-Madden	Market research	1. Validate proposed EM&V methodology 2. Develop EM&V plan for submission to PSC 3. Identify outbound phone market research 4. Develop market research questions 5. Conduct market research 6. Market research reports	1. 2nd Week of September 2008 2. 2nd Week of September 2008 3. Week 2 to 6 4. Week 6 to 8 5. Week 8 to 16 September 6. Quarterly for 12 months following Project Completion

CoolNRG	Manage the partners	1. Ensure that Scott-Madden has the information it needs to carry out the EM&V	Prior to Week 1; Weeks 1 to 17; for twelve months following Project Completion

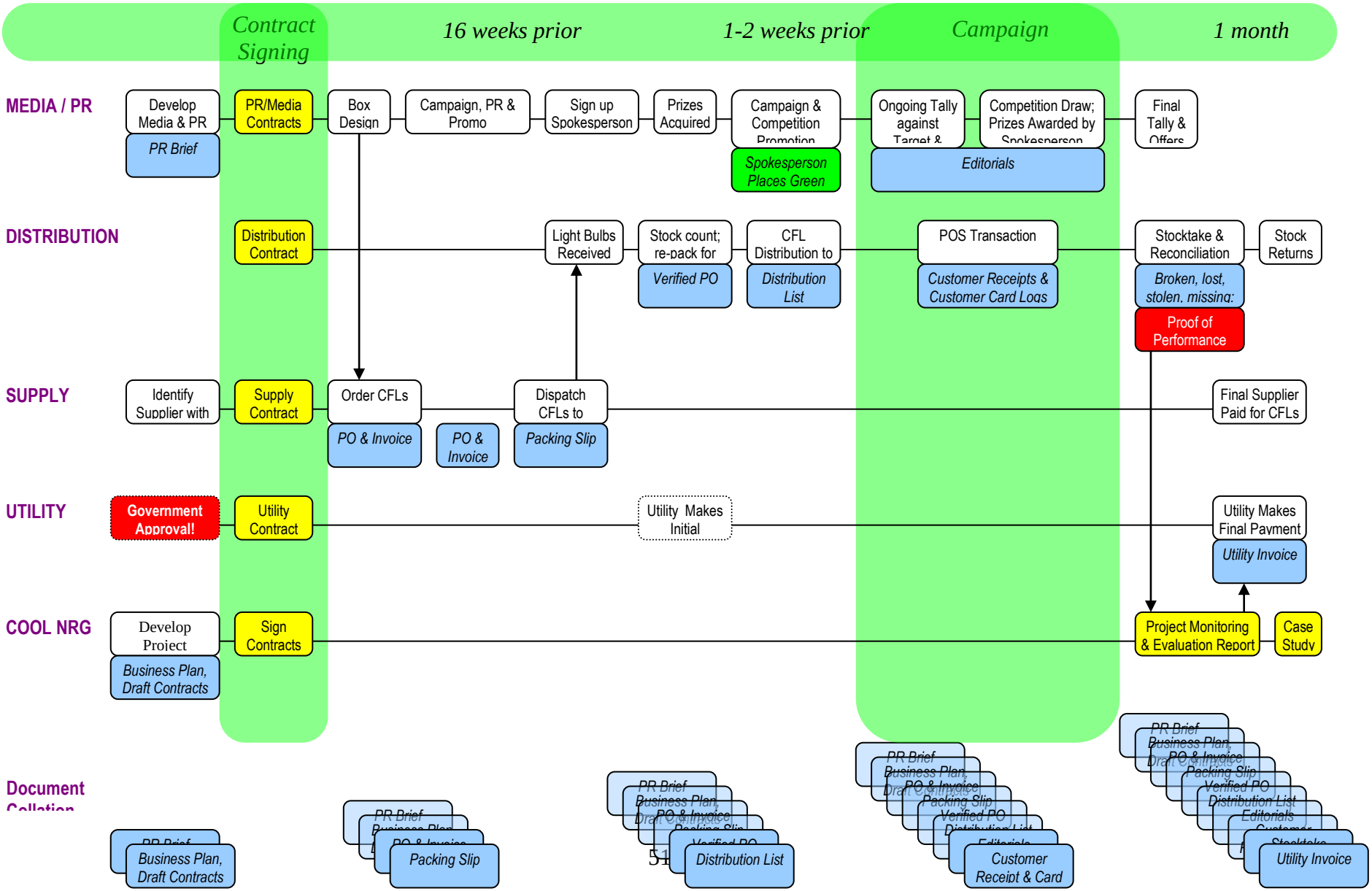
Estimated Timeline

ACTIVITY	TIME LINE	PROJECT PARTNERS				
		Con Edison	**Duane Reade**	**Supplier**	**NY Post**	**CoolNRG**
Commitment						
1. Conceptual agreement	Completed	▪ Letter of support and/or verbal intent to proceed	▪ Letter of support and/or verbal intent to proceed	▪ Supplier selection and verbal intent to proceed	▪ Letter of support and/or verbal intent to proceed	▪ Lead development of project concept
2. Detailed description of campaign, distribution, initial risk partner roles	Completed	▪ Feedback provided on draft version	▪ Feedback provided on draft version	▪ Feedback provided on draft version	▪ Feedback provided on draft version	▪ Lead development of documentation
3. Agreement to detailed role & project description	Completed	▪ Letter of support & confirmation of commitment to deliver relevant components of the project	▪ Letter of support & confirmation of commitment to deliver relevant components of the project	▪ Letter of support & confirmation of commitment to deliver relevant components of the project	▪ Letter of support & confirmation of commitment to deliver relevant components of the project	▪ Lead development of documentation and negotiation of agreements
4. Contract development	Prior to Week 1	▪ Define relevant parties contributions and formalize agreement	▪ Define relevant parties contributions and formalize agreement	▪ Define relevant parties contributions and formalize agreement	▪ Define relevant parties contributions and formalize agreement	▪ Define relevant parties contributions and formalize agreement **COST:** ▪ Legals
5. Contracts signed	Week 1	▪ Sign contract – confidential and exclusive partnership for project (Subject to PSC decision)	▪ Sign contract – confidential and exclusive partnership for project	▪ Sign contract	▪ Sign contract – confidential and exclusive partnership for project	▪ Lead development & sign contract – confidential and exclusive partnership for project
Project Delivery						
1. Submit project implementation plan to DPS	September 19, 2008	▪ Lead preparation of documentation				▪ Support preparation of documentation
2. DPS approval for project obtained	TBD	▪ Notify partners of DPS approval				▪ Notify partners of DPS approval
3. Deadline for print ready design for Packaging & insert to	Week 1	▪ Develop graphic design and content ▪ Primary approval for	▪ Provide logo's and design guidelines	▪ Legal requirements on packaging	▪ Provide logo's and design guidelines	▪ Design ▪ Approval on secondary sponsor logos, product

ACTIVITY	TIME LINE	PROJECT PARTNERS				
		Con Edison	Duane Reade	Supplier	NY Post	CoolNRG
supplier.		messaging & imagery				information
4. Order bulbs	Day Following PSC Approval - Commence Week 1			▪ Commence production of bulbs		▪ Order bulbs. Expected final arrival date September 19th. **COST:** ▪ Cost of bulbs
5. Project management	Week 4 to Week 17	▪ Attendance at weekly meeting ▪ Report to group against key milestones ▪ Identify any risks as they arise	▪ Attendance at weekly meeting ▪ Report to group against key milestones ▪ Identify any risks as they arise	▪ Attendance at weekly meeting (via phone) ▪ Report to group against key milestones ▪ Identify any risks as they arise	▪ Attendance at weekly meeting (via phone) ▪ Report to group against key milestones ▪ Identify any risks as they arise	▪ Co-ordination of project management, risks, communication ▪ Address risks as they arise
6. Bulbs arrive in NY port	By start of Week 12			▪		▪ Liaise between partners to ensure smooth logistical passage
7. Bulbs from Port to Store network	Week 12 to Week 15		▪ Transport globes **COST:** ▪ Transport			▪ Support transportation costs **COST:** ▪ Transport
8. The NY Post and Con Edison Green Light Campaign	Week 16	▪ Support media/PR campaign activities	▪ Support media/PR campaign activities		Media campaign runs for 1 week	▪ Support media/PR campaign activities ▪ Co-ordinate promotion with supporting partners
9. Launch event	Start of Week 16				▪ NY Post special edition with Cover page to signify campaign initiation	▪ Lead organization of event for key media and stakeholders **COST:** ▪ Event organization & delivery
10. PACK GIVEAWAY	Week 16		▪ Giveaway, 1 pack of 4 CFLs to each customer that spends $2 or more with their Duane Reade			

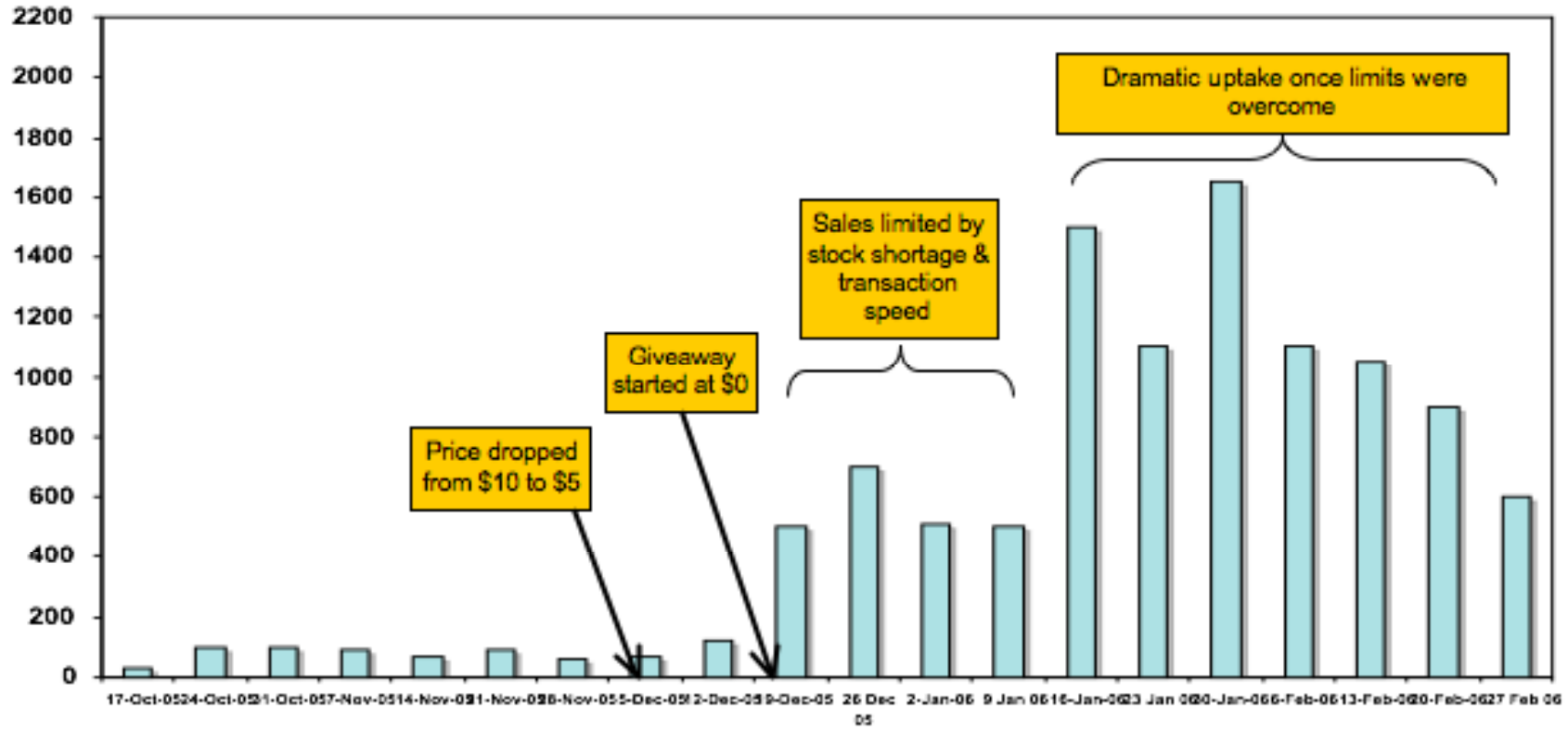
ACTIVITY	TIME LINE	PROJECT PARTNERS				
		Con Edison	Duane Reade	Supplier	NY Post	CoolNRG
			Club Card			
11. Register for green light prize	Week 16				▪ Green Light winners register for prizes	
12. Prize winners announced each day	Week 16		▪ Green Light grand prize & prize winners announced			
13. Unused stock distributed until clear (if necessary)	Week 17		▪ Additional resourcing **COST:** ▪ Man power			
14. Campaign review for key stakeholders	Two weeks following Project Completion					▪ Campaign review
15. Post program surveys	One month following Project Completion					▪ Surveying undertaken by 3rd part market research firm
16. Project results reported to DPS	Two months following Project completion	▪ Outcomes of activities reported to DPS as required				

Implementation Plan Schematic and Paper Trail



Appendix B Product Volume According to Price

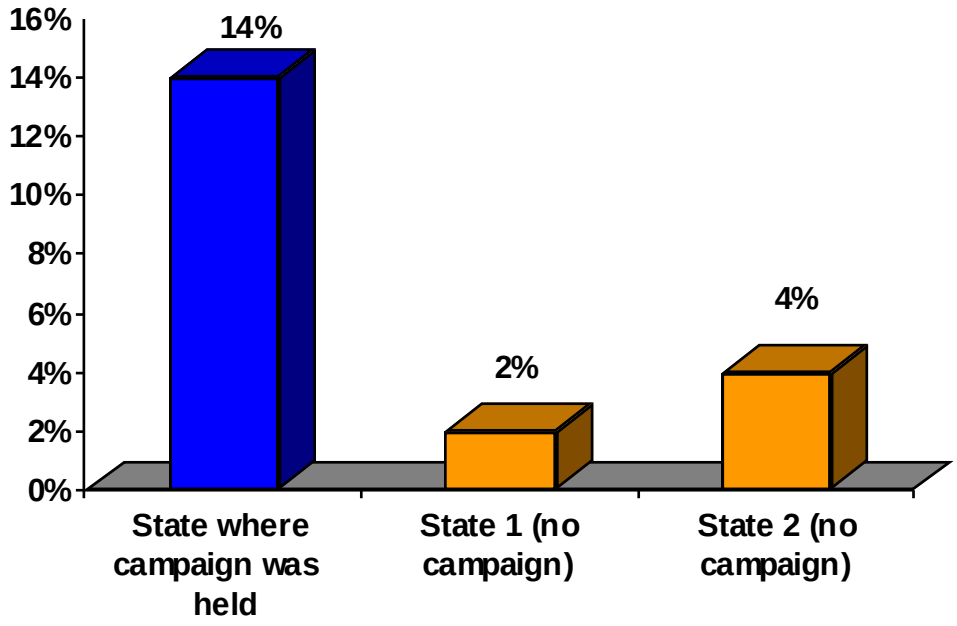
Product Volume According to Price (% sales volume increase, 100% = Oct 17)



Source: Easy Being Green Sales Volume 2005-6

Appendix C Giveaway Campaigns Stimulate CFL Sales

Experience from CoolNRG's UK and Australian programs show significant positive spillover effects occur as a result of increased awareness of energy efficient products during the campaign. The following chart illustrates the increase in retail sales of 12% as a result of the campaign in New South Wales compared to neighboring States.



Figures DO NOT include light bulbs that were given away
Source: Major Lighting Supplier, Australia

Appendix D Sample Material from CoolNRG Projects


NEWSPAPERS
Herald Sun
change the globe
Get your free* energy saving globe with Saturday's Herald Sun.
Herald Sun
change the globe
Get your free* energy saving globe with Saturday's Herald Sun.
resourceSmart
Herald Sun
FREE
ENERGY-SAVING LIGHT GLOBE
VALUED AT $5
1 Free Energy Saving Light Globe

Appendix E Technical Calculations

New York City - 15by15 Kick Start Campaign

Number of CFLs		**2,700,000**	
Incandecent (W)		**60**	
CFL (W)		**13**	
Rated average life of CFL (hours)		**10,000**	a
In years		6.85	
New York Emissions Factor (tonsCO2/MWh)	**$**	**0.429**	b

Energy Savings

Energy Savings per CFL (W)		**47**	
Daily use (hours)		**4.00**	c
Retention Rate		**0.80**	d
Annual Savings (kWh)		**54.90**	
Net Gross Ratio		**0.80**	e
Loss Saving Factor		**1.06**	f
Annual savings at the system busbar (kWh)		**46.55**	

Deemed lifetime energy savings per bulb (kWh)		**319**	

Demand reduction

Peak-coincidence factor		**0.10**	g
Demand reduction at the house meter (kW)		**0.0038**	
Net-to-gross ratio		**0.80**	h
Line Loss Saving Factor for peak load		**1.08**	I
Demand reduction at the system busbar (kW)		**0.0032**	

Demand reduction of project (kW)		8,744
Annual energy savings of project (kWh)		125,689,882
Lifetime energy savings of project (kWh)		**860,889,600**

Carbon Savings per Bulb per year (tons CO2)		0.020
Carbon Savings per Bulb Lifetime (tons CO2)		0.137
Carbon Savings project per year (tons CO2)		53,921
Carbon Savings project Lifetime (tons CO2)		**369,322**

Cost per kWh saved	$	0.0064
Cost per bulb	$	2.05
Project total cost	**$**	**5,542,250**

Notes

a. rated life expectancy of product
b. Updated State-level Greenhouse Gas Emission Coefficients for Electricity Generation April 2002
c. Based on usage information provided by ConEdison
d. Based on previous market research and experience from other international markets eg. UK, Australia
e. Based on California net-to-gross adjustment factors for Utility EE programs
f. Based on information provided by ConEdison
g. Estimate
h. Based on California net-to-gross adjustment factors for Utility EE programs
I. Based on information provided by ConEdison

Appendix F Preliminary EM&V Methodology

To control the distribution of CFL packs, customer monitoring and validation will be facilitated using the Distribution Partner's Reward Card System. This provides the capacity to:

- Track customer sales
- Collate zip code information of recipients to determine the utility service territory in which the energy efficiency will be delivered
- Analyze customer purchase history

The preliminary EM&V methodology is comprised of the following steps:

1.	CUSTOMER OFFER
2.	VALIDATION – REWARD CARD SYSTEM
3.	DATA PROCESSING
4.	ENERGY SAVINGS
5.	NET-TO-GROSS RATIO ADJUSTMENT
6.	REPORTING

1. Customer Offer

- Club Card customers making a purchase of $5 or more will be eligible to receive a pack of 2 CFLs at no cost.

2. Validation – Reward Card System

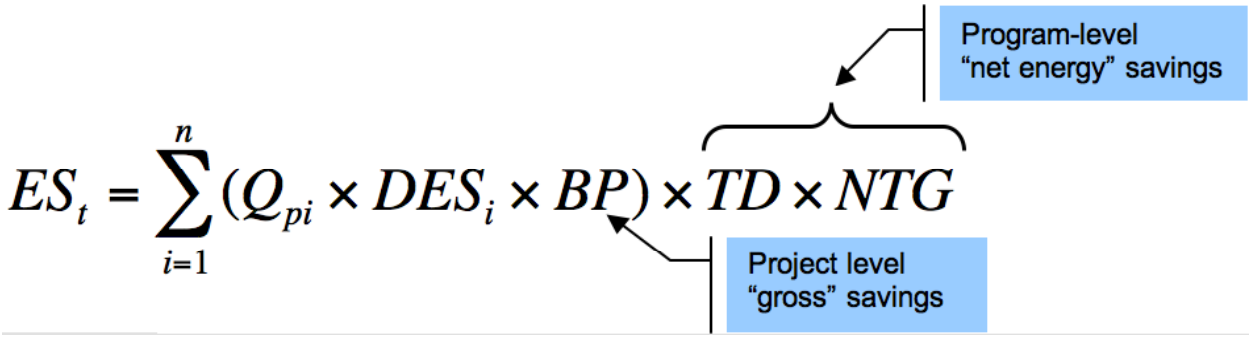
- Every shopper who receives a pack of CFLs will be required to show their Reward Card in exchange for a pack of CFLs.
- A limit of 1 free pack of bulbs will be offered to each Club Card holder. The customer representative will ensure control against duplication by validating Reward Cards.
- Stock and sales will be reconciled against Reward Card transactions to uncover discrepancies and ensure data integrity.

3. Data Processing

- Collate zip code information of recipients to determine the utility service territory in which the energy efficiency will be delivered
- Analyze customer purchase history to determine how the offer promotes incremental sales

4. Energy Savings

To determine the energy savings delivered in the Program, the following algorithm is recommended:



ESt = net electricity saved for program period t (kWh)

Qpi = number (quantity) of pieces of equipment of type i installed under the program.

i = counter for equipment type according to specifications in x

n = number of types of equipment as defined in the Appendix

DESi = lifetime deemed electricity savings (kWh) for equipment of type i, as stipulated in the Appendix for the relevant equipment type

BP = baseline penetration factor (BP = # of pieces baseline equipment / total # of pieces of equipment for replacements and/or new installation, based on pre-installation survey; for retrofits, BP = 1 for a period equal to the typical lifetime of baseline equipment, as indicated in the Appendix; for retrofit programs that target low-income households, the factor can be set at BP = 1 throughout the crediting period)

TD = transmission & distribution loss factor (TD = 1 / (1 – (T&D losses / total electricity entering the grid)); if reliable data are unavailable, a default value of 1.11 can be used)

NTG = net-to-gross adjustment factor stipulated in the Appendix for the relevant technology category

Deemed Savings Values

The energy savings for CFLs installed in New York will draw on the deemed savings value of 319 kWh of lifetime energy savings per CFL as calculated in Appendix E – Technical Calculations.

Baseline

The lighting market is quickly transforming as the incandescent bulb is replaced by the more efficient and longer life CFL. Although CFL technology adoption is growing quickly, there are still significant market barriers that need to be addressed before CFL technology will be adopted by the mainstream market. Specifically, even in the mid term, the CFL will not compete comparably with the incandescent bulb on price. As such, it will be necessary to adopt strategies to reduce the upfront cost to consumers in order to cement it as the technology of choice to a pragmatic and conservative set of mainstream consumers (the mass market).

In order to establish a baseline for the penetration of CFL technology in the market, three methods may be employed, each dependant on data availability:

1. Manufacturer sales data to determine market wide CFL category growth
2. Retailers sales data to determine retail CFL category growth
3. Unique customer data trends: if available this information will allow us to analyze customer purchase history and identify trends pre- and post-program. This can also provide information relating to first time adoption of the technology by customers.

CoolNRG expects the current Baseline Penetration Rate to be approximately 5 percent.

5. Net-To-Gross Ratio Adjustment

Other effects are included in a net-to-gross (NTG) adjustment factor. The starting point for setting the NTG for residential CFL programs in the Appendix to the proposed new methodology was the default value of 0.8 applied by the California Public Utility Commission as the regulator of demand-side management programs in that State (CPUC, 2003). We have adopted a similar value based on the potential leakage experienced with installation outside of New York utility service territories. It is also worth recognizing that this program has been designed to minimize the impact of factors that would lower net savings and maximize those that would tend to raise net savings (refer to "Summary Table of Factors that Influence Net Energy Savings of CFL Programs"), including:

- Leakage
- Non participants (free riders, spillovers)
- Rebound effect

Other elements not considered in the NTG ratio include:

- Positive spillover
- Peak load reduction

It is possible to include both these factors into the calculation if reliable data is available.

Other Required Specifications

- Incandescent lamps will be distributed with the lowest eligible CFL wattage as indicated in the Appendix, as the minimum CFL wattage delivers the equivalent or better lumen output than the baseline lamp.
- CFL technology under the project activity: screw-in uncovered compact fluorescent lamp with integrated electronic ballast; marked for the program; must meet international testing and quality standards (e.g., US EPA Energy Star products or Efficient Lighting Initiative (ELI, 2006) specification)
- Warranty: Failed lamps must be replaced free of charge within the first 12 months of use

Further discussion outlining the rationale behind each of the elements that make up the net to gross adjustment factor can be provided upon request.

Summary Table of Factors that Influence Net Energy Savings of CFL Programs

Parameter	Impact on net savings	Conservative assumptions	Relative order of magnitude	Adjustment factor
Grid efficiency improvement (load factor)	Increase (+)	Calculated energy savings do not include effect of improved load factor	Variable, depending on size of program	Not included
Spillover effects	Increase (+)	Calculated energy savings do not include spillover effects. Program experience shows increase in non program activity of 12%	Medium	1.10
Free riders	Decrease (-)	Program design will aim to restrict offer and limit number of lamps received per household. A correction factor will be applied to reflect current average market penetration of CFLs in baseline	Small	0.95
Leakage	Decrease (-)	Calculation recognizes that some bulbs will be installed outside of Utility Service Territory. Minimal use of incandescent transferred to previously unused fittings	Medium	0.8
Rebound	Decrease (-)	Calculated energy savings do not vary with hours of operation in the baseline	Uncertain (negligible)	0.98
Permanence	Decrease (-)	Only Energy Star technology will be implemented. Conservative assumptions of CFL lifetime (discount of minimum lifetime rates). 12 month warranty required`	Negligible	0.98
Aggregate NTG ratio				**0.80**

6. Reporting

CoolNRG will retain a third party market research company to do surveying throughout the Con Edison service territory to learn about the breadth of the Project and its effect and reach on those residents living in the Con Edison service territory. Based on these findings, the third party market research company will prepare a report on the project. That report will include factors such as:

- Bulbs transacted
- Zip code and demographic information
- Customers contacted

A detailed plan describing the EM&V methodology and formal reporting process will be provided before September 21, 2008 for submission to the New York Public Service Commission.

Appendix G Sample Entry Form

*Note: The following form does not contain graphic design elements and is only a text sample.

Sign up and win!

To become eligible to win, you must provide the contact information below, answer the question about your CFL installation, and select at least one program from the list that interests you.

By submitting this form, you agree that Duane Reade or the program administrator may contact you about this offer.

Name: _____ Phone: ( ) _____
Address: _____ Email: _____
_____

How many of the CFLs you were given have you installed? 2 ☐ 1 ☐ 0 ☐

☐ **Con Edison Energy Smart HVAC Program**

☐ **Other Energy Efficiency Programs, Products and Services may be listed here**

Appendix H Budget

New York City - 15by15 Kick Start Campaign - Program budget

CoolNRG Program Administrator	
Number of Bulbs	2,700,000
Bulbs per Pack	2

	Quantum	Price per Bulb	Total Price	%	Partner contribution	
Cost of Goods						
1 Bulbs	2,700,000	$ 1.45	$ 3,915,000			
2 Print & Package	1,350,000	$ -	$ -		$ 0.08	$ 108,000
3 Warehouse & Distribution	1,350,000	$ -	$ -		$ 1.20	$ 1,620,000
Subtotal			$ 3,915,000	71%		
Operating Expenses						
4 Retail infrastructure / labor	100	$ 0.05	145,000	3%	$ 0.57	$ 1,549,000
5 Direct project resources	2.4	$ 0.07	196,000	4%		
6 Incurred costs		$ 0.06	166,000	3%		
7 Marketing/PR/Prizes		$ 0.07	200,000	4%	$ 0.11	310,000
8 Verification & Monitoring		$ 0.05	125,000	2%		
9 Contingency		$ 0.03	83,200	2%		
Subtotal			$ 915,200	17%		
Total			$ 4,830,200			$ 1,859,000
Project management fee						
10 Percentage of total cost	15%		$ 712,050	13%	34%	
Grand Total			**$ 5,542,250**			**$1,859,000**
Price per bulb			$ 2.05			$ 0.69
price per kWh			$ 0.0064			$ 0.0022

New York City - 15by15 Kick Start Campaign - Budget Workings

Cost of staffing the stores	Quantity	Notes
stores	100	Active sellers
daily rate per person	173	8 hours, $18/hour, 20% overhead
days	8	7 days + 1 day training
training	5,000	1 day training and expenses
uniforms	1,500	specially branded t-shirts $10/piece
Sub total	144,740	
Total	**$ 145,000**	

Cost of Project Management Resourcing					
Position	No resources	FTE	Annual Salary	Active time (months)	Cost (with o/head)
senior project consultant	1	0.4	200,000	7	$ 46,667
project manager	1	1	120,000	7	$ 70,000
project support staff	1	1	80,000	7	$ 46,667
corporate o/h	0.2				$ 32,667
				Total	**$ 196,000**

Project management incurred costs			
Item	monthly costs	total	Notes
Travel	$ 5,000	$ 35,000	
Legal fees		$ 50,000	expected legal services for development of partner contracts
Insurance		$ 60,000	public indemnity, public liability and corporate insurance
Office	$ 3,000	$ 21,000	
	Total	**$ 166,000**	

Marketing/PR/Prizes		
Item	Cost	
Marketing	$ 50,000	radio and newspaper advertising
PR	$ 75,000	outsource PR/advertising/graphic design services
Prizes	$ 75,000	$50k major prize, 5 runner up prizes of $5k ea
Total	**$ 200,000**	

EM&V		
Item	Cost	
Independent EM&V consultant	$ 75,000	validate assumptions - expected kWh, kW savings
Post program surveys	$ 50,000	including 1 phone based survey with limited direct contact
Total	**$ 125,000**	

New York City - 15by15 Kick Start Campaign (Notes)

Notes	
1	Product costing based on Expression of Interest received from manufacturers. This includes print and package
2	The insert will facilitate the promotion of other EE products and services, plus second chance draw and EM&V data collection
3	Duane Reade have agreed to provide the warehousing and distribution services in-full on a pro-bono basis. This support is estimated at a valu of approximately $1.20 per pack of CFLs
4	Budget for 1 active-seller (dedicated point of sale representative) at 100 stores for 7 days + 1 day of paid training. Duane Reade will faciitate the point of sale transaction, providing value equal to approximately $1000/ store per day of operation
5	See assumptions workings
6	Travel, legal, insurance, office
7	New York Post to provide in-kind support around campaign messaging, website content, special edition lift-out with EE product and services information, plus the potential for coupon distribution if required. This is valued at $310,000
8	See assumptions workings
9	Contingency includes 10% of OPEX
10	Based on percentage of direct project costs less contingency