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1.0 EXECUTIVE SUMMARY

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) submits this quarterly report on the progress of the Building Efficiency Marketplace REV demonstration project (the “Project”) it is implementing as part of the Reforming the Energy Vision (“REV”) proceeding, as required by the Order Adopting Regulatory Policy Framework and Implementation Plan, issued by the New York State Public Service Commission (“Commission”) on February 26, 2015.

1.1 PROGRAM ACHIEVEMENTS

On July 1, 2015, Con Edison submitted the Project for approval by Department of Public Service Staff (“DPS Staff”); on November 10, 2015, DPS Staff approved the Project. Con Edison filed an implementation plan for the Project with the Commission on November 20, 2015. In Q1 2017, the Company continued the execution of the Project, focusing on customer engagement and documenting customer feedback.

1.2 CYBERSECURITY AND PERSONALLY-IDENTIFIABLE INFORMATION PROTECTION

Consistent with corporate instructions and Commission policy related to cybersecurity and the protection of personally-identifiable information (“PII”), each partner agreement executed for the implementation of the Project includes specific protections related to cybersecurity and PII. Assurance of this protection is critical in encouraging customers to sign up with new and innovative services offered by utilities.

1.3 ACCOUNTING PROCEDURE ESTABLISHED

On February 16, 2016, in Case 15-E-0229, Con Edison filed an accounting procedure for the accounting and recovery of all REV demonstration project costs. This accounting procedure establishes a standardized framework that will govern how the Company categorizes and allocates the costs of the REV demonstration projects, and will facilitate analyzing each project to determine the overall financial benefits of the program to customers.

1.4 COSTS, BENEFITS, AND OPERATIONAL SAVINGS

Budget information for all of the Company’s REV demonstration projects is being filed confidentially with the Commission, concurrently with the filing of this document. All
costs filed are incremental costs needed to implement the projects. To date, no tax credits or grants have been available to reduce the net costs of the projects, but Con Edison will take advantage of such offsetting benefits when they are available. Due to the early stage of implementation for the Project, there are no operational savings to report at this time.

1.5 BUILDING EFFICIENCY MARKETPLACE

The Project is designed to examine how interval meter data analytics can be leveraged to enable targeting and multi-channel engagement of commercial customers with high energy efficiency savings and demand reduction potential. The Project has developed a web-based portal to engage customers with details about how their buildings consume energy today, their potential energy savings and demand reduction opportunities, as well as the Energy Insights Marketplace to streamline connections between customers and energy efficiency market partners. Virtual, automated savings measurement and verification will be provided to customers, giving them visibility into achieved savings and maximizing the likelihood that implemented projects continue to perform over time. Con Edison is implementing the Project with its partner Retroficiency, a leading provider of data analytics and software solutions to utilities and commercial customers. As of January 1, 2017, Retroficiency has merged with and into its sole owner, Ecova, Inc.

In Q2 2017, the Project team continued implementation, promoting the Energy Insights Portal (“Portal”) to a targeted group of large commercial customers, while launching the Energy Insights Marketplace. The Portal allows customers to identify specific measure level recommendations and develop potential projects via the Action Plans page. After developing a project in the Portal, customers will be able to submit their project scopes to Market Partners to elicit project proposals. The Project assumes this level of connection between customers and Market Partners will drive new energy efficiency projects. The Project team will be gathering data throughout the life of the Project to inform this assumption.
2.1 DEMONSTRATION HIGHLIGHTS

2.1.1 Since Previous Quarter - Major Task Completion

- Customer Engagement
  - Continued high-touch outreach to Phase 1 customers
  - Refined buildings assessments to develop projects scopes
  - Worked with customers to populate Action Plans
  - Gathered insight, feedback and perspective from Phase 1 customers which will inform Phase 2 of the Project
  - Applied learnings of existing conditions to refine buildings assessments

- Launch of the Energy Insights Marketplace
  - Marketplace features available in the Portal as of March 31, 2017
  - Worked with Phase 1 customers to develop Projects in Portal
  - Developed Project Scopes in the Portal
  - Developed Projects through the Marketplace

- Market Partners
  - Invited Market Partners to participate in Projects
  - Finalized randomization feature for customers

2.1.2 Activities Overview

The Energy Insights Marketplace launched on the last day of the first quarter. The Project team worked with our partners to finalize the structure and customer journey. The Project team used examples of historical energy efficiency projects to craft the design and use-cases for these structures. In addition, the Project team met with a handful of Market Partners to gain perspective into how these firms currently structure projects and to receive feedback on the initial bid documents.

Early meetings with customers in Phase 1 resulted in customers expressing interest in the Energy Insights Marketplace. Customers provided a variety of reasons for their interest in working with new Market Partners, and the Project team was eager to document these motivations. The Project team was able to revisit with certain customers who had worked to develop Action Plans in the Portal.

During the second quarter, the Project team was able to work on specific customer Projects. The Project team used the energy data analytics to initially identify opportunities, worked with customers to develop project scopes, and put the tools in the customers’ hands to send the Project scopes to appropriate Market Partners. After managing the bid process, the Project team was able to leverage the Honest
Buildings Project Portal to present all relevant project documentation to the customers, allowing for side by side comparisons.

Expansion of our customer population is on the horizon for Phase 2. Included in this is the secure transmission of additional customer data to our partner, Ecova. This process began in the second quarter and will complete in the third quarter. From this process, the Project team will have additional customer buildings to consider for eligibility into the Demonstration Project.

### 2.1.3 Key Metrics

#### Customer and Market Partner Engagement:

This metric tracks how many Action Plans have been populated in the Energy Insights Portal. The checkpoint goal for this stage of the Project is six Action Plans and there are currently nine. Translating analytical services into energy efficiency projects is critical to demonstrating the value in the marketplace and overall customer interest/affordability in energy efficiency.

#### Projects Contracted by Utility Consulting Service:

This metric tracks how many projects have been contracted for “Utility Consulting Service.” The Project team has not begun to test contracting with customers for Utility Consulting Service. As we continue to meet with customers and engage them with opportunities for energy efficiency, we are collecting qualitative data on the customer experience that will inform a strategy for Utility Consulting Services. The Project team will revisit this Metric in Phase 2, year 1 midpoint.

### 2.1.4 Next Quarter Forecast

In Q3 2017, the Project team will continue to work with customers to develop projects in the Energy Insights Marketplace. The Project team will continue to track insights gathered through the Energy Insights Marketplace in order to inform new ways of interacting with our customers in the Demonstration Project.

Phase 2 of the Demonstration Project will launch in Q3 2017. This will be the final Phase in the initial demonstration period. The most immediate task will be to expand our customer population. The Project team will work with internal stakeholders to determine which customers will be targeted in Phase 2. Unlike Phase 1, the Project team will leave an allotment of Assessments available for customers that could be included past the go live date for Phase 2.
2.1.5 Checkpoints/Milestone Progress

<table>
<thead>
<tr>
<th>Checkpoint/Milestone</th>
<th>Timing*</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participating Market Partners Engaged in Energy Conservation Measures</td>
<td>Phase 2 Initial/Midpoint / End</td>
<td>☢</td>
</tr>
<tr>
<td></td>
<td></td>
<td>☢</td>
</tr>
<tr>
<td></td>
<td></td>
<td>☢</td>
</tr>
<tr>
<td>Customer and Market Partner Engagement</td>
<td>Phase 1 Midpoint / End</td>
<td>☢</td>
</tr>
<tr>
<td></td>
<td>Phase 2 Midpoint / End</td>
<td>☢</td>
</tr>
<tr>
<td></td>
<td></td>
<td>☢</td>
</tr>
<tr>
<td>Projects Contracted by Utility Consulting Services</td>
<td>Phase 1 Midpoint / End</td>
<td>☢</td>
</tr>
<tr>
<td></td>
<td>Phase 2: Midpoint Year 1 / End</td>
<td>☢</td>
</tr>
<tr>
<td></td>
<td></td>
<td>☢</td>
</tr>
<tr>
<td>Revenue Realization</td>
<td>Phase 1 End, Phase 2 End of Year 1</td>
<td>☢</td>
</tr>
<tr>
<td></td>
<td></td>
<td>☢</td>
</tr>
<tr>
<td>Project Impact</td>
<td>Phase 1 End, Phase 2 End of Year 1</td>
<td>☢</td>
</tr>
</tbody>
</table>

*Detailed descriptions of the Phases can be found in the Appendices.

Legend

- On Schedule
- Delayed w/out Major Impact
- Delayed or Stopped – Project Goals Impacted

2.1.6 Planned Activities

2.1.6.1 Participating Market Partners Engaged in Energy Conservation Measures

Status: Green

Expected Target by Phase 2 Start: 30 market partners engaged

Actual by Phase 2 Start: N/A

Solutions/strategies in case of results below expectations: In line with root-cause analysis, actions may include reassessing target, increasing marketing and outreach efforts, or adjusting monetization strategies to encourage market partner participation.

2.1.6.2 Customer and Market Partner Engagement

Status: Green
Expected Target by Phase 1 Midpoint: 6 Customers

Actual by Phase 1 Midpoint: 9 Customers

Solutions/strategies in case of results below expectations: In-line with root-cause analysis, actions may include reassessing target, increasing marketing and outreach efforts, or portal redesign to increase outreach and drive portal awareness along with surveying customers to inform them of other marketing and customer engagement options.

2.1.6.3 Projects Contracted by Utility Consulting Services

Status: Yellow

Expected Target by Phase 1 Midpoint: 5% under contract

Actual by Phase 1 Midpoint: This will be revisited Phase 2, Year 1 Midpoint

Solutions/strategies in case of results below expectations: In-line with root-cause analysis, actions may include reassessing target, increased consumer and market partners’ outreach to drive portal awareness along with surveying customers to inform them of other marketing and customer engagement options.

2.1.6.4 Revenue Realization

Status: Green

Expected Target by Phase 1 End: $177,000

Actual by Phase 1 End: N/A

Solutions/strategies in case of results below expectations: In-line with root-cause analysis, actions may include assessing and analyzing the number of participants, average ECM project and projected savings, reassessing target, and engagement success. Depending on which area is identified as a limitation, coordinate with partners on best solution.

2.1.6.5 Project Impact

Status: Green

Expected Target by Phase 1 End: 4.32 Million KWh

Actual by Phase 2 Midpoint: N/A

Solutions/strategies in case of results below expectations: In-line with root-cause analysis, actions may include assessing and analyzing number of participants, average ECM project and projected savings, engagement success,
reassessing target, and model validation. In addition, review ECM projects for projected versus actual outcomes and re-validate savings potential. Depending on which area is identified as a limitation, coordinate with partners on best solution.

2.2 CHANGES TO THE PROJECT DESIGN

No major changes to the project design occurred in the second quarter.

2.3 WORK PLAN & BUDGET REVIEW

2.3.1 Phase Review

2.3.1.1 Phase Progress

The team has concluded work in Phase 0 (Demonstration Planning). Phase 0 consisted of Project Management, Configuration of Customer Portal, Marketing Strategy & Planning, Data Integration, and Building Analysis. Phase 1 (Demonstration Implementation) tasks began in Q3 2016 and will conclude in Q3 2017.
## 2.3.2 Work Plan

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
<th>Status</th>
<th>Lead</th>
</tr>
</thead>
<tbody>
<tr>
<td>04</td>
<td>Phase 0: Demonstration Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Project Management</td>
<td>COMPLETE</td>
<td>Con Edison &amp; Retroficiency</td>
</tr>
<tr>
<td>1.2</td>
<td>1A.2.1</td>
<td>COMPLETE</td>
<td>Retroficiency</td>
</tr>
<tr>
<td>1.3</td>
<td>Complete SOW with partner</td>
<td>COMPLETE</td>
<td>Con Edison &amp; Retroficiency</td>
</tr>
<tr>
<td>1.4</td>
<td>Marketing/Planning</td>
<td>COMPLETE</td>
<td>Con Edison &amp; Retroficiency</td>
</tr>
<tr>
<td>1.5</td>
<td>Engagement Specialist Onboarding</td>
<td>COMPLETE</td>
<td>Retroficiency</td>
</tr>
<tr>
<td>1.6</td>
<td>Software Development/Testing</td>
<td>COMPLETE</td>
<td>Retroficiency</td>
</tr>
<tr>
<td>2.0</td>
<td>Phase 1: Demonstration Implementation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Demonstration Project - Building Efficiency Marketplace</td>
<td>Status</td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td>Customer Portal Configuration</td>
<td>COMPLETE</td>
<td>Con Edison &amp; Retroficiency</td>
</tr>
<tr>
<td>2.3</td>
<td>Software Development (Configuration/Testing/launch)</td>
<td>COMPLETE</td>
<td>Retroficiency</td>
</tr>
<tr>
<td>2.4</td>
<td>Customer Portal Configuration</td>
<td>COMPLETE</td>
<td>Con Edison &amp; Retroficiency</td>
</tr>
<tr>
<td>2.5</td>
<td>Continuous release of updates (every 2 weeks)</td>
<td>COMPLETE</td>
<td>Retroficiency</td>
</tr>
</tbody>
</table>

### 2.3.3 Updated Budget

Budget information is being filed confidentially with the Commission.
2.4 CONCLUSION

2.4.1 Lessons Learned

Initial engagements with the Energy Insights Marketplace have provided new levels of insight into customer behavior as well as Market Partner activity. Never before has the Company been able to encounter this level of perspective. Before any conclusions can be drawn about the success of interacting with customers and Market Partners, through the Energy Insights Marketplace, the Project team needs to gather more project level feedback.

2.4.2 Recommendations

The Company recommends maintaining a focus on the Energy Insights Marketplace as the Project team expands into Phase 2. While there have been some exciting initial interactions occurring, the Project team needs to do more projects through the Energy Insights Marketplace before conclusions can be made and assumptions can be confirmed.

2.5 INCLUDED APPENDICES

The following appendices are included at the end of this Quarterly Progress Report:

Appendix A: Energy Insights Customer Portal Overview Page

Appendix B: Energy Insights Action Plan Page

Appendix C: Building Efficiency Marketplace Description of Phases
Appendix A: Energy Insights Portal – Overview Page

**MARCH BILL ANALYSIS**

$28,834.39

16% decrease since last year

The primary factor that contributed to these changes in your bills is:

16% decrease in your consumption

View usage to get more details

**CREATE ENERGY-SAVING ACTION PLANS WITH 1 CLICK**

**PROPERTY DETAILS**

How many floors does your space include?
**Appendix B: Energy Insights Portal – Action Plan Page**

### Lighting & Controls Plan

<table>
<thead>
<tr>
<th>My Actions</th>
<th>Status</th>
<th>Cost</th>
<th>Annual Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrade Existing Lighting Fixtures to High...</td>
<td>Planned</td>
<td>$30,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>Advances in lighting technology are dramatically reducing the amount of power needed to meet illumination standards. Most incandescent, T12, and T5 fixtures can be upgraded to options that reduce energy consumption and improve lighting quality.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start Date</td>
<td>3/27/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completion Date</td>
<td>2/28/17</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Optimize/Install Lighting Control System         | Planned  | $10,000 | $2,000         |
| Installs or optimizes lighting control systems to ensure that users are customizing their lighting to meet specific needs. Control methods include occupancy sensors, dimmers, and photosensors. This is particularly useful in areas with set schedules of occupancy, preventing unnecessary lighting during unoccupied times. |
| Start Date                                      | 1/31/17  |        |                |
| Completion Date                                 | 2/28/17  |        |                |
### Appendix C: Building Efficiency Marketplace Description of Phases

<table>
<thead>
<tr>
<th>Phase</th>
<th>0. Demonstration Planning</th>
<th>1. Demonstration Implementation</th>
<th>2. Market Launch</th>
</tr>
</thead>
</table>
| **Milestone (Stage Gate to Next Phase)** | Successful Platform Build:  
- Partner contracts signed  
- DPS approval  
- Launch Customer Facing Portal | Platform Utilization:  
- Successful data transfer  
- Launch of Efficiency Project Portal (Marketplace) | Marketplace Participation:  
- Expansion of Test Population |
| **Key Elements**              |                           |                                 |                                   |
| Platform partner contracted  |                           |                                 |                                   |
| Configuration of Customer Portal |                           |                                 |                                   |
| Data Integration             |                           |                                 |                                   |
| Building Analysis and Reporting |                           |                                 |                                   |
| Develop Marketing Plan       |                           |                                 |                                   |
| Customer and Market Engagement |                           |                                 |                                   |
| Configure Efficiency Project Portal (Marketplace) |                           |                                 |                                   |
| N/A                           |                           |                                 |                                   |
| Energy Efficiency Measures   |                           |                                 |                                   |
| Energy Efficiency Measures   |                           |                                 | Demand Side Management            |
| Demand Side Management       |                           |                                 |                                   |