



Final Energy Efficiency Transition Implementation Plan (ETIP) 2016-2018

Consolidated Edison Company of New York, Inc.

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Case 15-M-0252

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1. Introduction

Update since Draft Filing

Since the filing of the draft Energy Efficiency Transition Implementation Plans (“ETIP”) on July 15, 2015, the Joint Utilities (“JU”) as a whole, and Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) individually, received many comments from various stakeholders. Comments varied from approving of new concepts such as “Test and Learn” to advocating for increasing goals year over year. Others sought increased integration of demand response and demand management with energy efficiency programs. Con Edison largely agrees with the recommendations to expand goals and associated budgets, and to advance the integration of energy efficiency with demand management programs. These recommendations will help guide future program development and advance REV policy objectives, and will be discussed further in the Company’s draft 2017-2019 ETIP filing, to be filed May 1, 2016.

The Company’s 2016-2018 ETIP budgets and goals are set forth in the Public Service Commission’s (“PSC” or the “Commission”) *Order Authorizing Utility-Administered Energy Efficiency Portfolio Budgets and Targets for 2016 – 2018* (ETIP Order).¹ Con Edison will work within these budgetary constraints to develop, implement and advance innovative customer-oriented and cost effective programs, as discussed in this Final ETIP. In the upcoming May 1, 2016 draft ETIP filing the Company will endeavor to increase energy savings and broaden the scope and scale of existing program coordination, including energy efficiency, demand management and demand response offerings.

Introduction

Pursuant to the Commission’s Order in the Reforming the Energy Vision (“REV”) proceeding REV Track One Order,² the Company submits this Final ETIP describing the Company’s energy efficiency programs and plans for the period 2016-2018. Subsequent ETIP updates will reflect changes in market conditions, continued lessons learned from customers and changes in New York’s regulatory environment, including those resulting from the REV proceeding.³ This ETIP begins the process of developing a framework for a more integrated approach to customer-oriented demand side management (“DSM”) offerings. The Company plans to bring together currently separate DSM programs and offerings to better address the

¹ Case 15-M-0252, *In the Matter of Utility Energy Efficiency Programs*, Order Authorizing Utility-Administered Energy Efficiency Portfolio Budgets and Targets for 2016 – 2018, issued and effective January 22, 2016, Appendix B, p.18-19.

² Case 14-M-0101, *Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision*, Order Adopting Regulatory Policy Framework and Implementation Plan, issued and effective February 26, 2015, p.133.

³ ETIP filings will conform to the schedule and elements set forth within the Clean Energy Guidance CE-01: Utility Energy Efficiency Program Cycle, http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/255ea3546df802b585257e38005460f9/%24FILE/ATTD5TB3.pdf/CE-01_Utility%20Energy%20Efficiency%20Program%20Cycle%20Guidance.pdf and Clean Energy Guidance CE-02: ETIP Guidance [http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/96006876d01739b785257c85005a58e3/\\$FILE/ATTRWZOT.pdf/ETIP%20Guidance%20DRAFT_4-24-15.pdf](http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/96006876d01739b785257c85005a58e3/$FILE/ATTRWZOT.pdf/ETIP%20Guidance%20DRAFT_4-24-15.pdf), as updated and filed in Case 15-M-0252.

needs of the Company's customers, utility operations, and ultimately a distributed system platform ("DSP") centered energy market as envisioned by the REV proceeding. The ultimate goal is a more thorough integration of energy efficiency, permanent demand reduction, load shaping, and demand response programs into a single regulatory framework that will enable a customer-oriented approach to achieving greater penetration of distributed energy resources ("DERs") throughout the Company's territory. The Company's goal will be implemented over several cycles of ETIP filings that, in conjunction with Con Edison's DSP filing(s), will support the REV proceeding goals of animating the clean energy marketplace, reducing utility infrastructure costs, and achieving state environmental policy objectives.⁴

The Company believes that the flexible framework proposed by the PSC in the REV Track One Order, used as the basis for this ETIP filing, will support the Company's achievement of its goal. The Company anticipates customers will continue to have more access, over time, to clean energy products and energy management services as the animated marketplace envisioned under REV develops. This transition is expected to be supported by significant changes to the development, pricing, and delivery⁵ of energy efficiency related products and services, as well as the associated regulatory approach that will oversee these markets.

The 2016 electric and gas portfolios of energy efficiency programs for the residential, multifamily, and commercial sectors are based on a continuation of 2015 portfolio-level budgets and goals. In addition, to better align with customer needs, improve cost effectiveness, and begin to lay the foundation for a more integrated DSM approach, some funding has been allocated to portfolio-level support initiatives as well as new program initiatives. In this initial ETIP, Con Edison is proposing several new programs and mechanisms to grow energy efficiency within its service territory and prepare for a more REV-like environment. These proposals include:

- Greater access for low-income customers to participate in the multifamily program;
- Launching a Self-Direct program for large commercial/industrial customers;⁶ and
- Establishing a customer-driven test-and-learn ("T&L") process for new programs and delivery mechanisms that will initially include, for example, efforts aimed at school-aged children and their families, and retailers and distributors.

For this first ETIP, the programs, budgets and goals for years two and three (2017-18) are described as a

⁴ The ETIP filings also will be informed by and benefit from the REV demonstration projects the Company filed with the Commission on July 1, 2015 in the REV Proceeding.

⁵ For example, some of the Company's current energy efficiency programs rely upon specific contractors who may or may not use subcontractors for the delivery of program offerings to customers. In other cases, such as the appliance recycling component of the Residential program, the entire suite of Multifamily Low-Income offerings, and the Demand Management Program ("DMP (defined" (discussed below), the Company delivers programs and services in partnership with third parties. The Company expects that as REV evolves, delivery of energy efficiency, and DSM more generally, will be accomplished through partnerships such as these as well as a variety of other mechanisms being tested in the Brooklyn Queens Demand Management Program ("BQDM") program (discussed below), the REV demonstration projects and in other markets.

⁶ Pursuant to the REV Track One Order.

continuation of the 2016 program year. As the REV vision evolves and infrastructure is established to support the new DSP environment, subsequent updates to the ETIP will include changes to the portfolio to better align with customer preferences and REV objectives, as may be appropriate at that time. These changes will include, for example, integration of energy efficiency programs with demand response offerings and other demand management approaches. Additional learning will be provided by the Company's demonstration projects. The Company also expects that there will be opportunities for further integration and achievement of REV goals, as well as opportunities for energy savings after automated metering infrastructure is deployed and opportunities for behind the meter services evolve.

The Company already delivers unique programs that result in improved utility operations through empowering customers to better manage their energy use. These include demand response programs with direct load control for thermostats and air conditioners, including options for customers to enroll their own smart devices that can receive signals from the Company during events to support distribution system operation. Additionally, the Company has designed and deployed the Demand Management Program ("DMP") in support of the potential closing of the Indian Point Energy Center, and the Brooklyn Queens Demand Management ("BQDM") program designed to use a combination of customer-side, non-traditional utility, and traditional system solutions to defer an electric substation.

While non-EEPS programs (e.g., the DMP, the BQDM program, REV demonstration projects, and the commercial and residential demand response programs) were authorized in separate proceedings, the Company anticipates that the innovative solutions being considered and implemented as part of such offerings will be integrated in subsequent ETIP updates. The end goal will be to provide a seamless opportunity for customers and reduced costs for delivery and incentives.

The following sections of this ETIP describe Con Edison's three-year plan, including:

Section 2: Portfolio-Level Management – outlines Con Edison's vision for managing its portfolio of energy efficiency programs, including program development based upon continuous improvement and a T&L strategy to more systematically evolve DSM initiatives to meet objectives outlined in the REV proceeding. This section also describes portfolio-level support services needed to support existing programs and new evolving initiatives that will be identified and developed on an ongoing basis.

Section 3: Portfolio Forecast – sets forth Con Edison's proposed energy efficiency program portfolio budget and metrics as required by the REV Track One Order, along with summary plans for Evaluation, Measurement and Verification ("EM&V").

Section 4: Program Summaries – includes program descriptions for all programs within the proposed 2016-2018 portfolio.

2. Portfolio-Level Management

As directed by the Commission in its REV Track One Order, the Company will manage energy efficiency programs using a portfolio-level benefit-cost analysis.⁷ The Company also will continue to monitor individual programs and measures to inform and guide performance. This portfolio-level managed approach will ultimately enable responsive, intra-year movement of funds and other resources from one program or initiative to another based on opportunity, cost effectiveness, customer feedback, and market and operational factors. As the Company moves funds and program resources, the Company will closely track and report on program costs, benefits, and attendant energy savings by customer segment.

Flexible Portfolio Management

The REV Track One Order established a flexible regulatory structure for energy efficiency going forward. The Company will manage its efficiency offerings to take advantage of that framework.

New programs may be added or existing programs may be eliminated (or both) during annual ETIP updates based on market conditions or customer needs (or both). These potential program-level changes will be identified and implemented annually; however, the Company may implement changes between annual portfolio cycles following notification to Department of Public Service (“DPS”) Staff (“Staff”). The Company will track all program changes and performance and continue to measure and report cost effectiveness at the portfolio level.

The annual ETIP filing will be used to both highlight and summarize the enhancements the Company has made or plans to make to existing programs and offerings, as well as the design and implementation of new program elements. In this first ETIP, the Company is also introducing a new T&L concept for managing new projects and programs (this T&L concept is described in the following section).

⁷ REV Track One Order, Appendix B, p.2.

Systematic Evolution to REV Environment

Recognizing the importance of continuing the market momentum established through the Company's Energy Efficiency Portfolio Standard ("EEPS") 1 and 2 programs since 2008, Con Edison is implementing near-term, cost-effective enhancements to existing programs and initiatives while transitioning to a REV environment. To this end, this ETIP establishes the following priorities, which are described in more detail below:

1. Continuing and enhancing EEPS 2 programs for 2016;
2. Integrating a T&L process to test new innovative, market-based programs, program design, and implementation; and
3. Assessing opportunities to coordinate and integrate energy efficiency with demand management and demand response.

Continuation and Enhancements of Existing Programs

In accordance with the REV Track One Order and the various Clean Energy Guidance Documents, the Company has continued its EEPS 2 programs and initiatives in 2016 with several key enhancements, including:

- **Broaden customer sector offerings.** Sector-level offerings and activities are based on customer interest and need, market opportunity, distribution system needs, and Con Edison operational capabilities, including DSM budgets and resources and back office delivery systems. Con Edison targets ETIP programs and initiatives to three customer sectors: (1) Commercial & Industrial ("C&I"); (2) Residential; and (3) Multifamily. To facilitate greater emphasis on sector-level management, Con Edison has made certain changes in 2016:
 - The low-income natural gas program, previously addressed as a separate customer sector, has been incorporated into the Multifamily customer sector offering so Con Edison can deliver a more cost-effective solution to increase overall low-income customer participation;
 - Large commercial customers will be able to apply to participate in the initial offering of the Self-Direct program, scheduled to commence on January 1, 2017. This will give the largest customers an additional measure of choice in how they choose to interact with the Company's energy efficiency programs; and
 - The small business population has been further segmented and those segments are being approached with tailored offerings.

- **Design and implement portfolio-level, cross-program trade ally engagement and management.** Trade-specific contractors with existing relationships with customers, referred to as trade allies or market partners, represent a critical component of the Company's programs and can greatly enhance participation and feedback in energy efficiency initiatives. To more cost-effectively engage and manage this diverse and critical market delivery channel, more formalized trade ally management across the portfolio is being developed throughout 2016 to support both individual programs and portfolio initiatives in general. Existing partnerships, such as those with retailers to support the appliance recycling component of the Residential program, are being expanded to include more entities to support the delivery of programs. The Company also plans to expand the Multifamily Low-Income program beyond New York City Housing Authority ("NYCHA") and the various Westchester County housing authorities and expects to work with third parties to drive that program expansion as part of an integrated Multifamily program.
- **Increase coordination with National Grid and other utilities and governmental agencies.** In order to improve customer outreach and engagement, the Company is increasing its coordination with National Grid, other utilities, and government agencies. Coordination can help all parties maximize savings potential per dollar spent for each customer sector. The Company already works with National Grid in areas where their respective service territories overlap, works with New York State Energy Research and Development Authority ("NYSERDA") on implementation and management of the DMP, and is actively engaged with NYCHA, the New York City Department of Design and Construction and the Department of City-wide Administrative Services in the BQDM program. The Company expects that a continued and enhanced cooperative approach among program administrators and governmental agencies, across the portfolio rather than by program, will accelerate market animation, provide comprehensive energy solutions to customers, increase customer engagement, and create a more positive customer experience.

Test-and-Learn Implementation Strategy

Transitioning to a more customer-centric and market-based DSM portfolio requires a systematic method of identifying, designing and implementing new technologies, programs, initiatives and campaigns. To this end, in 2016 the Company has begun to implement an ongoing T&L strategy and implementation process. The T&L strategy is used to identify new measures, uses and delivery mechanisms for existing offerings, and to identify and test new programs and initiatives before full-scale implementation is undertaken.

The Company's Residential Smart Appliance Program and the incorporation of the Bring Your Own Thermostat into the Direct Load Control program are examples of how the Company has used this strategy outside of energy efficiency programs. As described below, the Company is using the T&L process for two new programs: the Retailer Incentive Program and the Smart Kids Education program. The Company will also use the T&L process for certain elements of program delivery within the traditional programs.

The goal of this process is to be more responsive to customers and flexible and able to adapt to dynamic market conditions. The process evaluates DSM ideas and delivery mechanisms against predetermined portfolio goals and objectives, and identifies key parameters and elements for successful and sustained delivery. The process also takes advantage of market research and analysis to focus new efforts on meeting customer needs first, consistent with cost-effectiveness considerations. Once customer interest is clear and program offerings and mechanisms are established in the marketplace, evaluation and monitoring of program performance are included in ongoing program management to assess whether programs maintain customer engagement and achieve cost-effective customer energy savings, and to identify where any changes would be beneficial.

Key Elements of Test-and-Learn

The key elements of the T&L process include:

- **Idea Screening and Validation** – new program ideas and delivery mechanisms are generated both from the marketplace and internally. The Company will establish an initiative screening and validation process to vet ideas and ensure alignment with portfolio objectives and delivery capabilities as necessary. Currently the Company uses several criteria⁸ to evaluate new technologies and will expand this process to screen and validate program design and delivery.
- **Market Testing & Refinement** – once new ideas have been initially screened and validated, market deployment based upon a controlled design will be implemented to measure customer acceptance and market performance. This stage of the T&L process will determine which customer segments might respond best to, or accept, the new concept, as well as identify positive and negative attributes to incorporate before full program launch, which will help to avoid early and potentially expensive missteps.
- **Planning** – once initial market testing has been completed and validated, pre-deployment analysis, planning, scheduling and coordination will be conducted to ensure implementation and delivery mechanisms are aligned with marketing strategies and market readiness before full-scale launch. These activities may include issuing Requests for Proposals for third-party implementation support or implementation, which will align with the ability for third-party business partners to include offerings in customer engagement strategies, in partnership with Con Edison.
- **Launch & Management** – the planning stage will inform the schedule and tasks needed to launch the program or initiative. The initial phases of the launch will include heightened focus on delivery systems to ensure seamless customer engagement and experience. These delivery systems will be calibrated to marketing and communications tasks and schedules, which also will have been developed through the T&L process.

⁸ The current new technology evaluation criteria look at several factors including market potential, ease of implementation, cost effectiveness, impact on Con Edison's other businesses, and market status (maturity of product)

- **Feedback Loop** – as the program or initiative is delivered, the Company will proactively solicit and incorporate customer feedback with tracked performance data through an omni-channel feedback process that includes quantitative and qualitative survey and research data collection and analysis. Applicable survey instruments will be designed and deployed based upon time sensitivities and participant applicability, and then incorporated into improvement initiatives and final T&L results.
- **Testing** - examples of opportunities to put T&L strategies into effect throughout 2016-2018 are included throughout the Program Descriptions section of this ETIP filing.

3. Portfolio Forecast: 2016-2018

As required by the Commission’s REV Track One Order, this ETIP addresses Con Edison’s energy efficiency efforts and associated proposed budgets and targets.

Budget and Target Summary

Three-Year Budgets

The tables below include three-year projected budgets for Con Edison’s electric and gas programs and portfolios. The Portfolio Administration budget category includes all marketing and trade ally training, market research and analytics, technology development, and program planning costs. As part of this ETIP filing, the Company is not proposing to move recovery of any portion of program costs into base rates.⁹

⁹ This is consistent with the Commission’s June 19, 2015 *Order Authorizing Utility-Administered Gas Energy Efficiency Portfolios for Implementation Beginning January 1, 2016*, ordering clauses 2 and 3, issued in Case 15-M-0252.

Table 1: Three-Year Budgets: Electric Portfolio¹⁰

Electric Portfolio	2016	2017	2018
<i>Commercial & Industrial Sector</i>			
C&I			
Incentives & Services	\$11,282,099	\$8,889,373	\$8,889,373
Program Implementation	\$5,467,091	\$4,309,209	\$4,309,209
Total Budget	\$16,749,190	\$13,198,582	\$13,198,582
Self-Direct			
Incentives & Services	\$0	\$8,500,000	\$8,500,000
Program Implementation	\$0	\$0	\$0
Total Budget	\$0	\$8,500,000	\$8,500,000
Small Business Direct Install			
Incentives & Services	\$22,504,811	\$22,504,811	\$22,504,811
Program Implementation	\$4,000,000	\$4,000,000	\$4,000,000
Total Budget	\$26,504,811	\$26,504,811	\$26,504,811
<i>Residential Sector</i>			
Residential			
Incentives & Services	\$4,565,025	\$4,565,025	\$4,565,025
Program Implementation	\$2,596,178	\$2,596,178	\$2,596,178
Total Budget	\$7,161,203	\$7,161,203	\$7,161,203
Smart Kids Energy Education			
Incentives & Services	\$2,054,575	\$2,054,575	\$2,054,575
Program Implementation	\$902,317	\$902,317	\$902,317
Total Budget	\$2,956,892	\$2,956,892	\$2,956,892
Retailer Incentive Program			
Incentives & Services	\$320,000	\$320,000	\$320,000
Program Implementation	\$150,000	\$150,000	\$150,000
Total Budget	\$470,000	\$470,000	\$470,000
<i>Multifamily Sector</i>			
Multifamily			
Incentives & Services	\$5,331,789	\$5,331,789	\$5,331,789
Program Implementation	\$2,000,000	\$2,000,000	\$2,000,000
Total Budget	\$7,331,789	\$7,331,789	\$7,331,789
<i>Total Portfolio</i>			
Total Electric Portfolio			
Total C&I Programs	\$43,254,001	\$48,203,393	\$48,203,393
Total Residential Programs	\$10,588,095	\$10,588,095	\$10,588,095
Total Multifamily Programs	\$7,331,789	\$7,331,789	\$7,331,789
Portfolio Administration	\$20,695,238	\$15,745,846	\$15,745,846
Portfolio EM&V	\$4,308,901	\$4,308,901	\$4,308,901
Total Electric Portfolio Budget	\$86,178,022	\$86,178,022	\$86,178,022

¹⁰ These budgets represent the Company's best estimate of the individual components of the total electric portfolio as of the time of the draft 2016-2018 ETIP filing on July 15, 2015. They are subject to change going forward.

Table 2: Three-Year Budgets: Natural Gas Portfolio¹¹

Natural Gas Portfolio	2016	2017	2018
<i>Commercial & Industrial Sector</i>			
C&I			
Incentives & Services	\$1,881,076	\$1,881,076	\$1,881,076
Program Implementation	\$889,013	\$889,013	\$889,013
Total Budget	\$2,770,089	\$2,770,089	\$2,770,089
<i>Residential Sector</i>			
Residential			
Incentives & Services	\$915,430	\$915,430	\$915,430
Program Implementation	\$522,414	\$522,414	\$522,414
Total Budget	\$1,437,844	\$1,437,844	\$1,437,844
Smart Kids Energy Education			
Incentives & Services	\$445,154	\$445,154	\$445,154
Program Implementation	\$258,548	\$258,548	\$258,548
Total Budget	\$703,702	\$703,702	\$703,702
<i>Multifamily Sector</i>			
Multifamily			
Incentives & Services	\$4,639,950	\$4,639,950	\$4,639,950
Program Implementation	\$1,800,000	\$1,800,000	\$1,800,000
Total Budget	\$6,439,950	\$6,439,950	\$6,439,950
<i>Total Portfolio</i>			
Total Natural Gas Portfolio			
Total C&I Programs	\$2,770,089	\$2,770,089	\$2,770,089
Total Residential Programs	\$2,141,546	\$2,141,546	\$2,141,546
Total Multifamily Programs	\$6,439,950	\$6,439,950	\$6,439,950
Portfolio Administration	\$2,455,208	\$2,455,208	\$2,455,208
Portfolio EM&V	\$726,673	\$726,673	\$726,673
Total Gas Portfolio Budget	\$14,533,466	\$14,533,466	\$14,533,466

¹¹ These budgets represent the Company's best estimate of the individual components of the total gas portfolio as of the time of the draft 2016-2018 ETIP filing on July 15, 2015. They are subject to change going forward.

Three-Year Targets

Table 3 and Table 4 include three-year targets for Con Edison's electric and gas programs and portfolios.

Table 3: Three-Year Targets: Electric Portfolio¹²

Electric Portfolio	2016	2017	2018
<i>Commercial & Industrial Sector</i>			
C&I			
<i>MWh</i>	66,890	52,721	52,721
Small Business Direct Install			
<i>MWh</i>	85,722	85,722	85,722
Self-Direct			
<i>MWh</i>	0	14,169	14,169
<i>Residential Sector</i>			
Residential			
<i>MWh</i>	10,176	10,176	10,176
<i>Multifamily Sector</i>			
Multifamily			
<i>MWh</i>	17,485	17,485	17,485
<i>Total Portfolio</i>			
Total Electric Portfolio			
<i>MWh</i>	180,272	180,272	180,272

Table 4: Three-Year Targets: Natural Gas Portfolio

Natural Gas Portfolio	2016	2017	2018
<i>Commercial & Industrial Sector</i>			
C&I			
<i>Dekatherms</i>	73,194	73,194	73,194
<i>Residential Sector</i>			
Residential			
<i>Dekatherms</i>	22,752	22,752	22,752
<i>Multifamily Sector</i>			
Multifamily			
<i>Dekatherms</i>	183,224	183,224	183,224
<i>Total Portfolio</i>			
Total Natural Gas Portfolio			
<i>Dekatherms</i>	279,170	279,170	279,170

¹² The electric and gas targets in Tables 3 and 4, respectively, represent the Company's best estimate of the individual components of the total portfolio as of the time of the draft 2016-2018 ETIP filing on July 15, 2015. They are subject to change going forward.

Forecasted Portfolio-Level Activity

The following tables include forecasted expenditures and achievements for Con Edison's portfolio of electric and natural gas programs.¹³

Table 5: Forecasted Electric Expenditures

Budgets	Forecasted Expenditures			
	2016	2017	2018	2019
2016: \$81,869,122	\$75,844,365	\$3,512,379	\$2,512,379	\$0
2017: \$81,869,122	N/A	\$76,909,547	\$2,979,787	\$1,979,787
2018: \$81,869,122	N/A	N/A	\$76,909,547	\$2,979,787
Total Portfolio	\$75,844,365	\$80,421,926	\$82,401,713	\$4,959,575

Table 6: Forecasted Gas Expenditures

Budgets	Forecasted Expenditures			
	2016	2017	2018	2019
2016: \$13,806,792	\$12,175,766	\$1,215,513	\$415,513	\$0
2017: \$13,806,792	N/A	\$12,175,766	\$1,215,513	\$415,513
2018: \$13,806,792	N/A	N/A	\$12,175,766	\$1,215,513
Total Portfolio	\$12,175,766	\$13,391,279	\$13,806,792	\$1,631,027

Table 7: Forecasted Electric Program Achievements

Targets	Forecasted Achievements (MWh)			
	2016	2017	2018	2019
2016: 180,323	129,651	28,326	22,297	0
2017: 180,323	N/A	129,651	28,326	22,297
2018: 180,323	N/A	N/A	129,651	28,326
Total Portfolio	129,651	157,976	180,273	50,622

Table 8: Forecasted Gas Program Achievements

Targets	Forecasted Achievements (Dth)			
	2016	2017	2018	2019
2016: 279,170	211,462	43,310	24,398	0
2017: 279,170	N/A	211,462	43,310	24,398
2018: 279,170	N/A	N/A	211,462	43,310
Total Portfolio	211,462	254,772	279,170	67,708

¹³ Per EE-10: Reporting Requirements Guidance (p.4), Con Edison understands savings "achievements" to be defined as when the funds associated with the measure or project have been spent (i.e., a rebate check has been sent to the participant on a specific date or the PA has authorized payment for the project).

¹⁴ Excludes EM&V expenditures.

¹⁵ Excludes EM&V expenditures.

Funding

Energy Efficiency Tracker Collections

Funds for the Con Edison energy efficiency programs are collected through the Company's Energy Efficiency Tracker ("EE Tracker"), effective as of January 1, 2016.¹⁶ Using this mechanism, the Company will continue to accommodate any exemptions that currently apply to the SBC/EEPS/RPS collections, as suggested in Clean Energy Guidance CE-02.

The Company proposes below to allocate unspent funds across all three years of this ETIP cycle. By doing so, the Company can maintain a level customer charge and still offset collections.

Table 9: Sources of Electric Funds for Future Programs

Source	2016	2017	2018
Total EE Tracker Collections	\$ 86,178,022	\$ 86,178,022	\$ 86,178,022

Table 10: Sources of Gas Funds for Future Programs

Source	2016	2017	2018
Total EE Tracker Collections	\$ 14,533,466	\$ 14,533,466	\$ 14,533,466

¹⁶ The EE Tracker was filed in compliance with the Commission's June 19, 2015 *Order Authorizing Utility-Administered Gas Energy Efficiency Portfolios for Implementation Beginning January 1, 2016*, ordering clauses 2 and 3, issued in Case 15-M-0252.

Evaluation, Measurement and Verification

The Company's EM&V process is transitioning away from traditional program-specific process and impact evaluations and instead is focusing on conducting more strategic and targeted reviews so the Company can proactively modify programs and be responsive to specific implementation requests. Examples of this new approach are: assisting with a customer segmentation analysis and analyzing the energy efficiency impacts of specific technologies such as ductless mini splits, smart thermostats, and building management systems ("BMS"). Traditional efficiency program related evaluations will be conducted only when required, and will commence in the quarter following the introduction of new programs into the marketplace. Typically a new program should be implemented for a minimum of 3-6 months before a process evaluation assessment begins. That period would stretch to 6-12 months before an impact evaluation assessment begins.

The Company has proposed that the budget for EM&V activities in 2016-2018 continue at five percent of the total annual portfolio level.

Impact Evaluation

In future program years, and in contrast to past impact evaluations, Con Edison intends to conduct strategic and targeted impact evaluation activities during the program year cycle to provide rapid feedback to stakeholders for use in strategic program planning and to inform Technical Resource Manual ("TRM") updates.

At the start of each impact evaluation, Con Edison's program and marketing staff, vendor managers and market research team collaborate to identify the focus of the required evaluation research. This may include:

- assessing measure specific realization rates;
- segmenting measure savings by sector/building type/geography;
- informing TRM updates;
- supporting future program planning efforts;
- informing cost effectiveness; and
- providing other information that would add value to program design and operations.

All impact evaluation work will meet and comply with the prevailing DPS evaluation guidelines.

The Company believes that by incorporating more measurement and verification ("M&V") on the front end of proposed projects, it will be able to accumulate more pertinent information on equipment and systems to expedite how actual savings will be acquired and achieved. The determination of more clearly defined baselines and usage patterns of higher efficiency equipment will lead to better quantification of efficiency savings over a shorter period of time. Additionally, while the Company believes that less emphasis should be placed on Net-To Gross ("NTG") analysis and surveys, it will continue to assess and quantify NTG in a less traditional manner by using a NTG battery of questions

while administering customer satisfaction surveys with customers who recently completed their experiences with one or more of the Con Edison program efforts. By doing so, the Company can better assess what drives customer participation and other choices with respect to programs and measures while the actual experience is still fresh in customers' minds. This mitigates the need to ask these questions many months (or years) later to try to quantify and assess "the counterfactual", i.e., what that customer would have done (with respect to the equipment that was installed in their home or business) had no efficiency program incentives been present and available.

Process Evaluation

These evaluations are generally used to assess and analyze program operations for new programs or those in a pilot or test mode. Process evaluations are also effective at diagnosing problems in programs that are under performing or experiencing operational challenges. Since process evaluations most often examine program or portfolio operations, they can identify ways to make program or portfolio enhancements and improvements that reduce operating costs, expedite delivery, improve satisfaction, and fine-tune objectives. The Company believes that using EM&V results in a real-time environment allows for regular program implementation decisions that best reflect current program issues and market conditions. As described above with respect to NTG analysis, incorporating appropriate questions in the customer satisfaction surveys administered quickly after program participation enables the Company to gather more meaningful intelligence, which can be quickly injected back into program operations to improve any gaps in service.

New programs or programs that undergo major program redesign will be targeted for process evaluation activity. All process evaluation work will meet and comply with the prevailing DPS evaluation guidelines.¹⁷ Selective research activities may also take place for existing programs that do not require a full process evaluation.

Measurement & Verification

M&V will play a critical role in updating the TRM, providing data for use in Company load forecasts (i.e., load shapes), and in identifying potential impacts of new technologies for inclusion into the energy efficiency portfolios.

All M&V work will meet and comply with the International Performance Measurement and Verification Protocol ("IPMVP") standards. The protocol selected within IPMVP will depend on the measures included within a project and/or historical performance of the measure. Projects selected for M&V will receive:

¹⁷ Currently, process evaluations are governed by the *New York State Process Evaluation Protocols*, issued April 5, 2013.

<http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/766a83dce56eca35852576da006d79a7/%24FILE/Proc%20Eval%20Protocols-final-1-06-2012%20revised%204-5-2013.pdf>

1. A Site Specific Measurement and Verification Plan (“SSMVP”);
2. A preliminary report showing results of an engineering desk review and/or pre-installation M&V; and
3. A final report with results of measured savings.

M&V data can be more robust than data collected in traditional impact evaluation work because it verifies preconditions before a project is implemented. The Company intends to use M&V data to enhance impact evaluations. The data will either supplement the impact evaluation to provide more accurate results, or offset required impact data to reduce costs. M&V will also provide oversight of a contractor’s work and reported savings. The M&V data also will provide intelligence for load forecasting efforts to assess peak load impacts on utility distribution infrastructure.

Con Edison currently retains three engineering based consulting firms to complete all M&V related work. The Company will be adding two additional consulting firms to bolster its M&V portfolio. This will allow the Company to respond more quickly to the needs of customers, market partners and aggregators, and to respond to unexpected occurrences should they arise.

Quality Assurance/Quality Control

Quality Assurance/Quality Control (“QA/QC”) is less rigorous when compared to M&V; however, it is an important check and balance procedure to have in place. Utilizing third party verification of contracted or market partner work significantly reduces the likelihood of data inconsistencies, under- or over-reported savings, customer complaints, or even, in rare cases, fraud. For example, as part of the C&I program, random inspections are conducted by phone and/or onsite to verify incentivized measure installation information is consistent with application data.

QA/QC work serves as an additional safeguard to maintain work integrity and ensure ratepayer funds are used appropriately. QA/QC site work also provides an opportunity to collect additional data that would supplement the process and/or impact evaluations (i.e., customer surveys, operating hour verifications). The Company is currently in the process of procuring a new QA/QC contractor to facilitate new and more stringent QA/QC protocols across the entire ETIP efficiency program portfolio.

Other

The Company also responds to *ad-hoc* requests that could inform REV-aligned activities, but are not already captured in any of the above activities identified. *Ad-hoc* requests may include participating in a regional study, including new technology assessments, which would include Con Edison’s service territory and could contribute to offsetting M&V costs through sharing of the costs with other utilities.

Activities and Expenditures

Table 13: Three-Year EM&V Activity Schedule (Electric and Gas)

EM&V Activity	Start Date	Date Filed	Cycle Year Informed
¹⁸ Impact Evaluation	2015	September 2016	2016, 2017, 2018
¹⁹ Process Evaluation	2016	September 2017	2018, 2019, 2020
²⁰ M&V	On-going	2016	2017, 2018, 2019
²¹ QA/QC	On-going	September 2016	2016, 2017, 2018

Table 14: EM&V Activity Expenditures (Electric)

EM&V Activity	2016	2017	2018
Impact Evaluation	\$1,322,044	\$1,322,044	\$1,322,044
Process Evaluation	\$370,800	\$370,800	\$370,800
M&V	\$1,384,510	\$1,384,510	\$1,384,510
QA/QC	\$350,834	\$350,834	\$350,834
Statewide Studies	\$213,923	\$213,923	\$213,923
EM&V Administration	\$581,221	\$581,221	\$581,221
Other	\$85,569	\$85,569	\$85,569
Total	\$4,308,901	\$4,308,901	\$4,308,901

Table 15: EM&V Activity Expenditures (Gas)

EM&V Activity	2016	2017	2018
Impact Evaluation	\$222,956	\$222,956	\$222,956
Process Evaluation	\$62,533	\$62,533	\$62,533
M&V	\$233,490	\$233,490	\$233,490
QA/QC	\$59,166	\$59,166	\$59,166
Statewide Studies	\$36,077	\$36,077	\$36,077
EM&V Administration	\$98,020	\$98,020	\$98,020
Other	\$14,431	\$14,431	\$14,431
Total	\$726,673	\$726,673	\$726,673

¹⁸ Committed EEPS 2 evaluation funding has been repurposed for ETIP. Focus Evaluation focus is now directed towards targeted research to inform measures, technologies, and ETIP activities in the future, and away from program-related assessments.

¹⁹ Contingent upon new program or revised program start dates.

²⁰ Data collected will inform and complement impact evaluation activity.

²¹ Data verified from QA/QC reviews and efforts will dovetail with ongoing impact evaluation efforts to validate projected project related energy & demand savings.

Benefit Cost Analysis

Table 16 includes benefits and costs for the Company's electric portfolio, based on the current metrics.²²

Table 16: Three-Year Benefit Cost Ratios: Electric Portfolio

Electric Portfolio	2016	2017	2018
<i>Commercial & Industrial Sector</i>			
C&I			
Benefits	\$109,600,257	\$87,288,775	\$89,267,675
Costs	\$52,791,116	\$40,954,282	\$41,659,186
Benefit Cost Ratio	2.08	2.13	2.14
Small Business Direct Install			
Benefits	\$95,525,720	\$97,837,011	\$100,055,047
Costs	\$50,621,244	\$48,846,631	\$49,650,330
Benefit Cost Ratio	1.89	2.00	2.02
Self-Direct			
Benefits	\$0	\$23,941,964	\$24,484,746
Costs	\$0	\$9,310,650	\$9,474,674
Benefit Cost Ratio	n/a	2.57	2.58
<i>Residential Sector</i>			
Residential			
Benefits	\$13,992,354	\$14,330,905	\$14,655,797
Costs	\$12,843,341	\$12,269,386	\$12,425,915
Benefit Cost Ratio	1.09	1.17	1.18
Smart Kids Energy Education			
Benefits	\$0	\$0	\$0
Costs	\$3,071,374	\$3,095,499	\$3,120,131
Benefit Cost Ratio	0	0	0
Retailer Incentive Program			
Benefits	\$0	\$0	\$0
Costs	\$1,666,300	\$1,692,892	\$1,720,043
Benefit Cost Ratio	0	0	0
<i>Multifamily Sector</i>			
Multifamily			
Benefits	\$26,961,115	\$27,613,452	\$28,239,469
Costs	\$12,622,860	\$12,085,691	\$12,259,604
Benefit Cost Ratio	2.20	2.28	2.24
<i>Total Electric Portfolio</i>			
Total Benefits	\$245,431,641	\$251,369,976	\$257,068,717
Total Costs ²³	\$137,925,135	\$132,563,933	\$134,618,784
Portfolio Benefit Cost Ratio	1.78	1.90	1.91

²² In future ETIPs, the Company will transition to the benefit cost analysis adopted in the REV proceeding.

²³ Including Portfolio Administration and EM&V costs.

Table 17 includes benefits and costs for the Company's natural gas portfolio.

Table 17: Three-Year Benefit Cost Ratios: Natural Gas Portfolio

Natural Gas Portfolio	2016	2017	2018
<i>Commercial & Industrial Sector</i>			
C&I			
Benefits	\$13,347,475	\$13,670,424	\$13,980,342
Costs	\$8,813,196	\$8,957,383	\$9,104,597
Benefit Cost Ratio	1. 51	1. 53	1. 54
<i>Residential Sector</i>			
Residential			
Benefits	\$4,381,842	\$4,487,863	\$4,589,606
Costs	\$2,196,903	\$2,222,560	\$2,248,755
Benefit Cost Ratio	1. 99	2. 02	2. 04
Smart Kids Energy Education²⁴			
Benefits	\$0	\$0	\$0
Costs	\$799,956	\$805,187	\$810,528
Benefit Cost Ratio	0	0	0
<i>Multifamily Sector</i>			
Multifamily			
Benefits	\$30,405,676	\$31,141,355	\$31,847,353
Costs	\$9,617,758	\$9,759,696	\$9,904,614
Benefit Cost Ratio	3. 16	3. 19	3. 22
<i>Total Natural Gas Portfolio</i>			
Total Benefits	\$48,134,993	\$49,299,642	\$50,417,301
Total Costs²⁵	\$22,154,487	\$22,471,498	\$22,795,167
Portfolio Benefit Cost Ratio	2. 17	2. 19	2. 21

²⁴ Using the T&L process, the Company will continually monitor and evaluate the Smart Kids program after it is launched in 2016. If it proves cost beneficial and customers respond positively, the program may expand and the Company may incorporate the benefits and energy savings acquired as part of the ETIP goal.

²⁵ Including Portfolio Administration and EM&V costs.

4. Program Descriptions

This section includes detailed descriptions of each program, including those under the T&L framework. This section does not include the separate, but related, REV demonstration projects filed on July 1, 2015 in Case 14-M-0101.²⁶ The demonstration projects will inform program development and future ETIPs.

Commercial & Industrial Sector

Commercial & Industrial Electric & Gas Programs

The C&I program is a traditional equipment replacement program that is designed to encourage C&I customers to identify energy saving opportunities, develop a building performance improvement plan, and implement cost-effective retrofit projects. The program includes prescriptive rebates for high efficiency lighting and controls, chillers, heating, ventilation and air-conditioning (“HVAC”) measures, insulation, and motors, along with rebates for custom efficiency projects up to \$1 million for electric and \$250,000 for natural gas. To evolve the C&I program in the future, the Company will evaluate maintenance-type measures, including continuous commissioning, for inclusion in the program.

All pertinent program information will be tracked in a database developed for the program. In 2016, the Company initiated a Drop Ship Customer Install (“DSCI”) offering, which will provide a lighting audit followed by direct shipment of lighting upgrade materials to be installed by the customer, in an effort to increase penetration with B- and C-class real estate and reduce program administration costs. The Company also has begun to integrate Strategic Energy Management (“SEM”) measures, including building management systems, lighting controls, and zoning for C&I customers and common areas for multifamily and mixed-use properties. These SEM measures are being rolled-out for specific types of facilities based upon size or industry type, or both, to determine the optimal design and target market.

The Company is also working to develop and deploy an “open bid” approach for performance-based, market-driven DSM initiatives with third-party business partners, similar to the Request for Information (“RFI”) approach taken in the BQDM program. This type of T&L initiative would include ongoing solicitation from competitive market participants for turn-key energy savings technologies or programs where performance incentives are only paid based upon actual realized energy or demand savings, or both, depending on the goal.

The C&I program is delivered primarily by contractors and other market partners who provide various services directly to customers, including project administration, technical evaluation, marketing,

²⁶ As described in the Company’s July 1 filing, the first demonstration project, Connected Homes Platform, will allow DER messaging for customers to be used in partnership with energy service providers (“ESPs”). The second demonstration project, Building Efficiency Marketplace, will develop a marketplace for buildings that will achieve increased customer awareness and adoption of DER through a platform for medium to large commercial customers and ESPs to interact and explore energy efficiency and demand reduction opportunities.

inspections, and project development. The implementation contractor model is being tested during 2016 to see if alternate strategies for program delivery can be more cost effective; these learnings will be incorporated into program offerings for 2017.

Commercial customers who are separately-metered in the Company's service territory, who are billed on a commercial rate schedule, and pay into the Systems Benefit /EE Tracker are eligible to participate in the C&I program. To expand the program, the Company is exploring the viability of extending program eligibility to customers who are not directly metered.

The C&I program deploys marketing and market partners to maximize customer participation and energy efficiency improvements. To expand program delivery, the C&I program has begun to establish new commercial vertical industry partnerships that will leverage third-party organizations and market partners by offering solutions targeted to the needs of specific customer segments. As REV evolves the market for energy products and services, the Company will deploy a platform to assist customers in identifying opportunities, developing an energy improvement plan, and contracting for services with third-party providers. This envisioned customer portal will create an automated, easy-to-use project development tool to increase program penetration with smaller customers without professional energy staff. Going forward, the Company anticipates some pilot platform activity with a rollout of full capabilities in upcoming cycles, and potential integration with the Building Efficiency Marketplace demonstration project as it proves viable.

Large Power User Self-Direct Program

The Large Power User Self-Direct program recognizes that certain large business customers already may be committed to and possess considerable expertise regarding energy efficiency. The program allows eligible business customers the opportunity to administer their own energy efficiency efforts in lieu of participating in the Company's electric C&I Program. The program design is informed by collaboration with prospective customers and their trade groups such as the Real Estate Board of New York ("REBNY"), the Building Owners and Managers Association ("BOMA"), and the New York Energy Consumers Council ("NYECC").

Each program cycle will be comprised of a three-year non-competitive phase, followed by a one-year competitive phase. The first program cycle will begin on January 1, 2017 and go through December 31, 2020. The Company expects to open customer enrollment for the first three-year non-competitive phase in the second quarter 2016.

Customer eligibility is set forth in the Self-Direct Program Guidance.²⁷ The Company is proposing an annual budget cap of \$8.5 million for the Self-Direct program, beginning in 2017. This budget may be subject to ongoing revision. Customers will opt into the program through an application process on a first-come, first-in basis.

²⁷ Clean Energy Guidance CE-03: Self-Direct Program Guidance
[http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/255ea3546df802b585257e38005460f9/\\$FILE/75382452.pdf/Self-Direct%20Program%20Guidance_FINAL_08-03-2015.pdf](http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/255ea3546df802b585257e38005460f9/$FILE/75382452.pdf/Self-Direct%20Program%20Guidance_FINAL_08-03-2015.pdf)

Eligible customers will be assigned an energy savings goal and provided a funding allocation for their respective personal Energy Savings Accounts (“ESA”). Customers will be responsible for developing cost²⁸ effective projects to achieve their defined energy saving goals by utilizing their funding allocation. Customers who choose to participate will receive a schedule for estimated deposits to be made to the²⁹ ESA, based on the customer’s estimated collections from January 1, 2017 through December 31, 2019. Through the first program cycle (2017 – 2020), energy efficiency retrofits installed by December 14, 2020 (and subject to other detailed program rules) will be eligible for reimbursement through the ESA.

Deposits made into the customer’s ESA will be scheduled based on the estimated EE Tracker contributions the participating customer is expected to pay during the three-year non-competitive phase, minus 15 percent to cover Con Edison’s cost of administering the program as well as EM&V. Participating customers must use their self-direct allocation and cannot receive funding from other programs paid for through the EE Tracker.

Customers who do not meet their reduction goal and who do not fully utilize the funds for their reduction goal within a designated time period will forfeit their remaining balance. Unspent and uncommitted monies left over in customer ESAs after the close of a program cycle will be collectively pooled and made available for efficiency projects through a competitive solicitation. The competitive solicitation will evaluate responses from all Self-Direct customers in the territory and third-party managers or customers conducting energy efficiency work in a network area targeted for load deferral.

A customer will be allowed to withdraw from the program during first two years of the program cycle. If the customer withdraws from the Self-Direct program, all remaining ESA funds will be reallocated to Con Edison’s energy efficiency portfolio budget to be used for all energy efficiency programs.

Small Business Direct Install Program

The Small Business Direct Install (“SBDI”) program currently offers a free energy efficiency survey and installs selected measures at low or no cost for various electric efficiency projects to customers whose average monthly demand is 110 kW or less. In 2016, the SBDI program has continued to offer energy efficiency measure upgrades with incentives of up to 70 percent of the total material and installation costs, but has expanded the market to include all customers with an average monthly demand of up to 300 kW. The Company also changed the structure of the program to offer these measures only to customers with an average monthly demand of 60 kW or less (“low-demand small businesses”) and limit the no-cost measures to lighting with a total installed cost of up to \$450.

Incentive payments are (and will continue to be) made to the implementation contractors who employ the incentives to reduce the cost of delivering the energy efficiency services to customers. The measure equipment and installation are offered at reduced or no cost to the customer, who is responsible for paying any associated costs directly to the implementation contractor. Sales feedback from both EEPS

²⁸ Customers may also choose to contribute additional funds of their own towards the energy efficiency project(s).

²⁹ Subsequent cycles would be funded based on three years of collections.

cycles has suggested that customer co-payments have been a significant barrier to participation in the SBDI program. The Company has started eliminating or reducing lighting co-payments for low-demand small businesses in order to reduce administrative costs attributable to time and effort spent collecting on outstanding co-payments for these types of customers. Administrative costs are then further reduced as surveys no longer are required in order to receive free lighting, and installation of free measures may occur on the spot rather than requiring visits on more than one day.

The SBDI program accommodates the flexibility to design for and respond to system reliability needs by using the T&L process to offer pilot program solutions outside but alongside the traditional SBDI program. The Company has continued its 2015 efforts to offer customers increased opportunities for financing the installation of energy efficiency measures. The Company is currently working with the New York City Energy Efficiency Corporation (“NYCEEC”) and offers the NYCEEC financing opportunity to an expanded pool of customers. The Company is also looking to leverage the proposed DSCI offering in the C&I program, to create a drop ship lighting pilot for large stores and warehouses that have dedicated facilities staff. For future years, the Company will also evaluate the value of an SBDI gas savings program.

Residential Sector

Residential Electric & Gas Programs

The Residential Rebate Programs consist of electric and gas rebate measures, including appliance rebates, appliance recycling, and electric and gas HVAC efficiency rebates. The Company continues to target residential customers and building owners living in existing residential 1-4 family housing for the appliance recycling program, and electric and gas HVAC efficiency rebate programs. Additionally, the appliance rebate program has expanded to now target all individually metered residential electric customers in the Company’s service territory, to align program with the existing structure of the room air conditioner rebate offer.

Going forward, the Company will use the T&L process to investigate additional program measures that enable better integration with demand response programs and technologies and to test additional programs and delivery. As an example, the Company will explore the creation of an online energy efficiency and load management e-learning web portal for customers, retailers and contractors to learn about general energy efficiency and Con Edison’s programs. Included will be e-training materials for contractors and retailers, customer education, tips, and referrals for purchasing and installations. Interactive videos and calculators will be designed to drive customer engagement and participation across the Company’s suite of mass market programs.

At the start of the EEPs 2 cycle, Con Edison offered residential customers a direct install program that aimed to get energy efficiency experts into customers’ homes for the purpose of completing a home energy assessment and to recommend energy efficient upgrades. The initial \$50 cost for the in-home assessment was a deterrent to customer participation and, in 2013, the direct install program was discontinued. The Company is exploring alternative delivery methods for the residential sector,

including those that cost-effectively offer the opportunity for energy assessments, insulation, and weatherization measures. The Company is also exploring on-bill financing or recovery as an added feature of the program.

Currently, the Company partners with certain retailers to both market appliance rebates as well as coordinate recycling of old appliances. This model presents cost savings opportunities as well as targeted marketing, and the Company is working to expand its partnerships with additional retailers in the future.

Smart Kids Energy Education Program

Under the T&L process, the Company will implement a Smart Kids Energy Education (“Smart Kids”) program that will provide fifth grade students in Con Edison’s service territory with a take-home kit of energy efficiency measures and accompanying classroom instruction on behavior change that can lead to reduced energy use. Changing behavior through interaction in a classroom environment and incorporating parent involvement is a powerful way that utilities can become involved in changing the way consumers learn about energy efficiency and conserving energy. This program will provide grade school students with a hands-on approach to learning the behavior changes required to drive energy efficiency.

Along with the kit, students will use a workbook to help their parents install the measures (high-efficiency water measures and LED lamps), document behavioral choices that reduce energy usage, and gather valuable information about their home to report back in a survey. Each kit will offer differentiated instruction that provides visual, auditory, and kinesthetic learning aimed at enabling all participating students to share their newfound understanding with family members.

This type of program has been successfully (and widely) implemented elsewhere in the United States. In the classroom, students will focus on subjects required by national and state learning standards to understand and appreciate the value of electricity, natural gas and water in daily life. The program shapes new behaviors and achieves immediate savings results through an innovative mix of new measure installation and energy and water efficiency knowledge.

Con Edison will seek to establish a method to quantify savings associated with the behavioral changes the educational material induces. Until enough data is collected to support such this type of quantification, only savings attributed to the free measures will be used for program design.

Retailer Incentive Program

The proposed Retailer Incentive Program will use the T&L process to engage retailers through incentive payments in an effort to increase adoption of the most energy-efficient residential plug-load and appliance products in the market. This program will enhance the effectiveness of Con Edison’s current Residential Electric Rebate program while continuing to drive sales of select ENERGY STAR® certified products.

With a combination of incentives and engagement, retailers will assort, stock, and promote more energy efficient models than they would have absent the program. Under this program, Con Edison will engage national retailers through the ENERGY STAR® Retail Products Platform (“ESRPP”), an initiative facilitated by the U. S. Environmental Protection Agency. The goal of the ESRPP is to streamline and harmonize utility energy efficiency programs with retailers, making them less complex and more cost-effective. EPA and other participating utilities are actively engaging Con Edison as to be part of this national initiative. The program will only apply to retailers who have signed a Retail Products Platform Statement of Work with Con Edison.

The Retailer Incentive Program will leverage nationally-facilitated relationships and avoid dedicated marketing efforts, thereby lowering administrative costs as a percentage of program costs. The national platform lowers barriers to retailer participation in energy efficiency programs by reducing program complexity while allowing retailers flexibility to determine the best path to reach sales goals. Customer responsibility for submitting rebate forms is eliminated, and Con Edison gains unprecedented access to high quality, detailed sales data directly from retailers in order to verify savings.

The ESRPP will give Con Edison access to a low-cost retail program through national coordination. This shift in product availability will generate energy savings as Con Edison customers purchase and install these more efficient models in their residences.

Multifamily Sector

Multifamily Electric & Gas Programs

Con Edison’s Multifamily program promotes energy efficiency for existing multifamily electric and gas customers within the Company’s service territory. Prescriptive and direct install rebates are available for lighting, high-efficiency water measures, HVAC maintenance and weatherization, in-unit appliances, occupancy sensors, boilers, control systems, and insulation. Custom rebates are also available for both electric and gas customers. The program also coordinates with NYCEEC to provide financing.

The Multifamily program directly targets building owners and property managers, since they often have the decision-making authority over the facilities. The owners and/or managers serve as the gateway through which the building residents can engage in wide-scale energy efficiency measures.³⁰ To circumvent the split-incentive issue (i.e., a measure which the building owner must pay for while the energy benefits accrue to the resident), the program continues to offer a broad suite of direct-install measures which are done at no cost to either the building owner or the consumer.³¹

³⁰ During the EEPs program cycles, the Company has seen that more than 50 percent of the energy savings achieved was attributed to measures performed within the residential apartments.

³¹ These may include installation of thermostatic radiator valves, high efficiency in-unit lighting, and low-flow faucet aerators.

While the program has historically only been available to buildings with between 5-75 units, in 2016 the Multifamily program is now available to all existing multifamily buildings within the Company's service territory. As of 2016, three formerly-separate EEPS programs have been combined under the Multifamily Program: the Multifamily Electric Energy Efficiency Program, Multifamily Gas Energy Efficiency Program, and Multifamily Low Income ("MFLI") Program. These programs are now integrated into a single program offering, although electric and gas funding and spending are kept separate.

In prior years, the MFLI Program was exclusively available to the NYCHA and all housing authorities in Westchester County. Although the Company anticipates that the EEPS 2 MFLI program will meet its EEPS savings goals by the end of 2015, the level of participation to date has only been eight customers. The program administrator received two primary customer complaints during the EEPS cycle: (1) residents in MFLI Program eligible buildings should be eligible to receive incentives and services from the regular Multifamily program as well, particularly the direct install in-unit measures; and (2) owners and residents of non-MFLI Program eligible buildings, who classify themselves as low-to-moderate income ("LMI") based on their income status, should be able to access better incentives and services than are available in the regular Multifamily program. Additionally, the program administrator conducted a study of the residential customers who participated in the Multifamily program during the EEPS cycle and observed that approximately 50 percent of them could be classified as LMI.³² The Company believes that consolidating its Multifamily program design addresses these criticisms and better support energy efficiency in the LMI customer segment in its service territory.

In order to successfully enroll a high volume of LMI customers, the Company is building off of the current relationships it has through the exiting Multifamily program with government agencies and community-based organizations. Many of these organizations already benefit from financial support through Con Edison's Strategic Partnership/Power of Giving Program. Leveraging these relationships, as well as the Company's history of energy efficiency program engagement, encourages these organizations to play a key role in recruiting new LMI customers to the Multifamily program.

The Company also presents the opportunity for all Multifamily program customers to participate in custom energy efficiency measures. Custom measures are defined in the TRM as unique or complex technologies that may require a site-specific analysis in order to estimate the energy savings. Customers that the Company deems LMI are able to take advantage of a free enhanced energy audit to produce the required site-specific analytics. Incentive payments are then computed based on the site-specific analytics.

The Company will use the T&L process to explore the direct installation of common area measures and the bulk-discounted purchase of prescriptive in-unit appliance measures for LMI customers. Depending on the outcome of the T&L efforts, these measures may become fully available to all customers.

³² This study looked at the quantity of Multifamily program participants who reside in zip codes where the median household income is below the federal poverty line as defined by the U.S. Department of Health and Human Services in 2015 for a family of four (\$24,250).