July 15, 2015

VIA ELECTRONIC SERVICE

Honorable Kathleen H. Burgess, Secretary
State of New York Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 14-M-0101 - Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision

Case 15-M-0252 – In the Matter of Utility Energy Efficiency Programs

Dear Secretary Burgess:

Pursuant to the New York State Public Service Commission's ("Commission") "Order Adopting Regulatory Policy Framework and Implementation Plan," dated February 26, 2015 its "Order Authorizing Utility-Administered Gas Energy Efficiency Portfolios for Implementation Beginning January 1, 2016," dated June 19, 2015 and the Department of Public Service Guidance Document "CE-02 – ETIP Guidance," dated and effective May 1, 2015, New York State Electric & Gas Corporation ("NYSEG") and Rochester Gas and Electric Corporation ("RG&E") (together, "the Companies") herby submit their Energy Efficiency Transition Implementation Plan (ETIP). With this initial ETIP, the Companies inform the Commission of their proposed budgets and metrics for program cycles 2016-2018.

Pursuant to the above referenced orders and guidance document, the Companies also today submit as a separate companion filing, their 2016-2018 Energy Efficiency Budgets and Metrics Plan to the Commission for approval.

If you have any questions, please do not hesitate to contact me at telephone number 607.725.3936 or via email at jjfishgertz@nyseg.com.

Respectfully Submitted,

Joni Fish-Gertz
Manager, Energy Efficiency Programs

xc: Director Colleen Gerwitz
Debra LaBelle
Kathryn Mammen
Thomas Rienzo
Jeremy Rosenthal

New York State Electric & Gas Corporation

and

Rochester Gas and Electric Corporation

Energy Efficiency Transition Implementation Plan

July 15, 2015

Table of Contents

Executive Summary and Introduction

New York State Electric & Gas Corporation ("NYSEG") and Rochester Gas and Electric Corporation ("RG&E") (together "the Companies") hereby submit their Energy Efficiency Transition Implementation Plan ("ETIP") in accordance with the New York State Public Service Commission's ("Commission") February 26, 2015, "Order Adopting Regulatory Policy Framework and Implementation Plan,"[1] ("Track 1 Order"), the Commission's June 19, 2015, "Order Authorizing Utility-Administered Gas Energy Efficiency Portfolios for Implementation Beginning January 1, 2016",[2] ("Gas Order") and the Department of Public Service Staff ("Staff") Guidance Document CE-02 - ETIP Guidance, dated and effective May 1, 2015 ("Guidance Document"). The Guidance Document recommended content and provided the framework for ETIPs.

Of particular importance to this plan are the concepts of continuation of successfully performing energy efficiency programs; careful analysis of regulatory and system needs relative to future energy efficiency programming; and integration into the energy efficiency planning process of projects initiated in the larger Reforming the Energy Vision (REV) proceeding and corresponding suite of related proceedings, which can have a substantial positive impact on energy efficiency.

This ETIP acknowledges the orders establishing 2016 energy efficiency budgets and targets. While the Companies appreciate the timely adoption of budgets and targets as important elements to continue uninterrupted energy efficiency programs, the Companies propose after careful analysis, savings targets for 2016 which are 10% lower than the 2015 electric savings targets for NYSEG and 8% lower than the 2015 electric savings targets for RG&E; and gas targets which are 15% lower for NYSEG and 18% lower for RG&E than the corresponding 2015 gas targets. The reasons for these proposed differences in savings are explained in more detail later in the document but, in short, are due to significantly lowered savings adopted in the updated New York State

[1] Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision.

[2] Case 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, and Case 15-M-0252, In the Matter of Utility Energy Efficiency Programs.

Technical Manual, the incorporation of lower savings represented in some evaluation results and the fact that programs must work harder over time to achieve program performance.

The Companies remain committed to energy efficiency efforts and note that no reduction in overall customer participation is anticipated; in fact the Companies hope to increase energy efficiency activity to mitigate some of the proposed savings reductions. The proposed budgets for 2016 mirror the 2015 budgets, and all programs and portfolios are cost effective, with Benefit Cost Analysis ("BCA") results well above 1.0 in all areas.[3]

The Companies appreciate the flexibility which the Commission has introduced for future energy efficiency program implementation. In particular, the Companies appreciate the opportunity to lower customer costs for energy efficiency through the utilization of unspent and uncommitted Energy Efficiency Portfolio Standard ("EEPS") I and II program and evaluation funds to lower the Energy Efficiency Tracker surcharge requirements by approximately 15% over the next 3 years.[4]

ETIP Development

In preparing this ETIP, the Companies analyzed past EEPS performance and participation data (and in particular the more recent data for the period of 2012 – 2014); considered market, technical and economic influences which may impact future participation, energy savings calculations and service costs; discussed future potential for energy efficiency services and the impact of these future energy efficiency services on current and future program partners; met with the New York State Energy Research & Development Authority ("NYSERDA"), other utility program administrators and the E2 Working Group; and coordinated with Company personnel who are actively engaged in the suite of REV and REV-related proceedings.

Through this process the Companies developed projections for potential future participation expectations and resulting energy savings and associated spending requirements, as well as operational improvements to more effectively provide energy efficiency services into the future.

---

[3] See the Benefit Cost Analysis or Total Resource Cost Test section, beginning on page 30 for additional information.

[4] 15% is the difference between the total of the 3 – year budgets for Energy Efficiency for all four portfolios (NYSEG Gas, NYSEG Electric, RG&E Gas and RG&E Electric), and the total projected Energy Efficiency Tracker surcharge for the same 3 years, as shown on Tables 5 A-D on pages 25-26.

At the forefront of the approach is recognition of the need to continue the gains in energy efficiency achieved by the Companies' EEPS I and EEPS II programs as well as the vision for potential future energy efficiency services which are flexible and can support REV principles; most notably those promoting system reliability and resiliency, market animation, leveraging ratepayer contributions, and the reduction of carbon emissions.[5]

Although this ETIP describes the Companies' current vision for energy efficiency activities in the context of REV-related guidance, many iterations of planning are anticipated in the process leading to the end state of REV. This ETIP includes an introductory look at some of the tools needed to operate programs in the transition period, but it does not describe all REV activities that are currently underway and/or expected to be in play through 2018. The Companies are exploring other avenues for discussion of demonstration projects, tariff offerings and other REV-related proceedings and opportunities simultaneously with this ETIP submission, and therefore some potential offerings are either mentioned at a strategic level or are not mentioned at all in this document. The Companies expect to be continually adopting the most appropriate service offerings throughout the REV and related proceedings, and thus regulatory and market strategy will evolve throughout the coming months and years.

Part of the planning for the evolving ETIP portfolio will include a detailed examination of the Companies' existing energy efficiency programs in light of system planning needs and changes in the marketplace, expected to commence later in 2015 and which will inform future ETIP submissions (most notably the May 2016 ETIP) as well as the Companies' other REV-related planning cycles. Additionally, the Companies' Staff who manage the energy efficiency programs are involved in various industry, customer and technology groups in an effort to better understand emerging opportunities in energy efficiency and related areas. Thus ETIPs and other Company planning documents will be updated as needed to keep pace with the evolving regulatory paradigm and requirements and to be synchronized with the 3-year planning cycle for ETIPs, which includes evaluation, changes to technical manual, and planning, as outlined in the "CE-01, Utility Energy

[5] Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, April 25, 2014 "Order Instituting Proceeding", ("REV Order"), page 2. Also the Companies note that the State Energy Plan was published as this plan was being finalized and expect to receive guidance in the future from the PSC concerning how the Companies EE programs can best contribute toward the achievement of the State Energy Plan targets.

Efficiency Program Cycle", the planning cycle guidance document published at the direction of the Commission by the Office of Clean Energy on 5/1/2015.

ETIP Organization

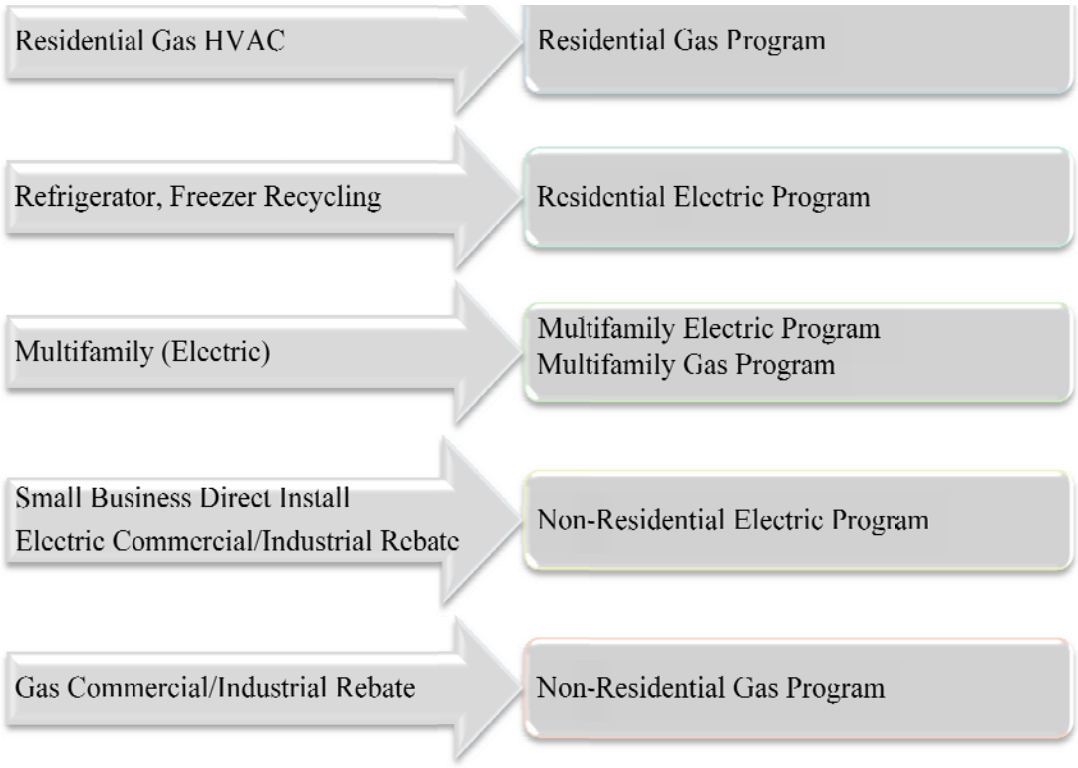
This ETIP utilizes the format provided in the Guidance Document, and presents the programs and portfolios proposed by NYSEG and RG&E collectively, although budgets and metrics are shown separately and will continue to be reported separately for each company. In addition, although separate tables for electric and gas budgets and metrics are included, the electric and gas portfolios are both included in this single ETIP document.

Portfolio Description

The Companies plan an electric and gas energy efficiency portfolio which builds on the successes of past EEPS I and II program offerings and incorporates over time additional activities in support of REV goals and consultation with NYSERDA regarding its emerging Clean Energy Fund activities.

As directed in the Track 1 Order, this ETIP covers a three year period (i.e. 2016 – 2018). Although Year 1 of the three-year program cycle retains much of the look and feel of EEPS II, efforts are underway (and some have already been undertaken) to identify and match energy efficiency programs to Distributed Energy Resource ("DER") distribution needs, to accommodate and incorporate new approaches and flexibility which is part of the REV paradigm and in particular part of the Track 1 Order, and to expand the Companies' activities beyond the Kilowatt Hour ("kWh") and Dekatherm ("Dth") savings targets used exclusively in pre-REV energy efficiency programming.

Beginning with 2016 programming, components of past EEPS II programs are combined into larger programs based on the applicable market sector and fuel, as follows:



This model also adds gas components to the Multifamily Program, thus creating a Gas Multifamily Program. (The Multifamily Program for EEPS I and II only included electric components).

The programs which are planned for continuation into 2016 and beyond represent the past successes in the Companies' portfolio, and take advantage of the opportunities which still exist to stimulate energy efficiency in the Companies' service territories. Further, this model utilizes the flexibility provided in the REV Order for utilities to design and manage energy efficiency portfolios to achieve targets in innovative and cost effective ways,[6] specifically by managing and reporting on activities at a higher level, eliminating the transfer of funds between smaller program budgets, and engaging customers on multiple levels (e.g. gas and electric, rebate and direct install).

Energy efficiency is considered both an opportunity in future system planning and operation and a core business component that offers the potential for Distributed Energy Resources ("DER"), customer engagement and cost savings for customers. One of the processes being used to ensure

[6] REV Order, at. 72.

that energy efficiency activities support REV goals is the development of potential alternative and expanded approaches to energy efficiency consistent with other elements of the NYSEG/RG&E DSIP filing. Customer engagement in energy efficiency is also considered a key element of the Companies' customer engagement and awareness strategy moving forward. Demonstration projects, both those which are a part of the formal REV process[7] and smaller, organic demonstration projects conducted within energy efficiency programs[8] are helping to inform and advance the contribution of energy efficiency activities toward the larger REV goals.

Similarly, one of the emerging functions which the Companies will fulfill as the Distribution System Provider ("DSP") is the suite of Distribution Level Demand Response ("DLDR") programs which were introduced July 1, 2015 as part of the December 15, 2014 Order Instituting Proceeding Regarding Dynamic Load Management and Directing Tariff Filings.[9] These programs, although organized and funded separately from the more traditional energy efficiency programs described in this ETIP, may provide future opportunities for synergies between demand response and energy efficiency outcome programs, achieving savings for both through measures and activities which could yield positive benefits in both areas. For that reason, planning and initial operation of the DLDR pilots are being conducted with the flexibility to evaluate the future

---

[7] RG&E filed a proposal on July 1 in Case 14-M-0101 for an RG&E demonstration project, the Energy Marketplace, to connect customers with the market and optimize our assets by: leveraging existing program offerings through millions of customer contact points and the strong RG&E brand; making customer engagement easy through integrated energy-wise offerings with point-of-sale rebate and incentive redemptions; providing a clear and efficient path to market by providing an efficient platform for DER providers to access customers; and developing a growth platform for NY and beyond (the modular platform which can expand as market and customer needs evolve). Although this program is financially supported outside of energy efficiency programming, the energy efficiency project team is actively engaged in the development, promotion and review of this pilot in order to evaluate the potential for replication of these activities on a larger scale, and using a model which decreases public funding for energy efficiency measure distribution while incorporating the inclusion of energy services companies in the marketplace.

[8] A "pilot" project was conducted in 2014 which used existing energy efficiency programs to maximize electricity demand reductions on circuits which had identified high loading, and record the reduced demand; both as byproducts of the primary project goal, which was to achieve higher energy (kWh) savings than had previously been achieved in that small geographic area. This pilot not only increased energy efficiency results in an area with previously low participation, it also created some demand reductions and contributed to the understanding of the potential effectiveness of energy efficiency used for demand reduction. This "Silver Creek Pilot" will be used as a learning laboratory, and will generate additional analysis; in addition, and most importantly, activities similar to those undertaken in the Silver Creek pilot may be incorporated in the Companies' energy efficiency offerings in the future.

[9] Case 14-E-0423 – Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs.

inclusion of multiple purposes and metrics for these programs in future ETIP filings. Through these and other activities, the Companies' energy efficiency programs will gradually evolve to align with developing REV approaches.

NYSERDA's Clean Energy Fund Proposal described potential future programming at a strategic level, and in the months leading to the development of the Companies' ETIP, individual meetings between NYSEG/RG&E and NYSERDA have further illuminated NYSERDA's planned market transformation role in support of the State's Clean Energy Goals. Based on the information exchanged thus far, the Companies strongly support NYSERDA's planned future strategy to enhance energy efficiency from an upstream vantage and to provide the necessary foundational underpinnings (such as financing, codes and standards development plus training, trade ally training and support and platform development). The Companies recognize that perhaps the single most streamlining opportunity presented to the energy efficiency marketplace is the elimination of competition between utility-run and NYSERDA- run incentive programs, and therefore support NYSERDA's upstream efforts while assuming the responsibility for providing customer incentives to the sectors currently served by NYSEG and RG&E.

The Companies have shared the high level strategies contemplated in this ETIP with NYSERDA and have agreed to continue a dialogue in order to develop and transition to more effective and collaborative energy efficiency and Clean Energy programming as the next three-year programming cycle progresses.

Relatedly, in the Companies' "Direct Testimony of Revenue Allocation, Rate Design, Economic Development and Tariff Panel" dated May 20, 2015, the Companies request similar assistance be provided to customers who receive incentives through our own Energy Efficiency programs, to that which has been provided to customers who receive incentives via NYSERDA's energy efficiency programs. If granted, such assistance would significantly improve the acceptance and efficacy of the Companies' energy efficiency programs within certain market sectors.

Budget and Target Summary: See next pages

TABLE 1A: NYSEG THREE-YEAR ELECTRIC BUDGETS:

NYSEG			
PORTFOLIO (Electric)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Electric Program			
Incentives & Services	$11,085,775	$12,348,518	$12,348,518
Program Implementation	$2,302,096	$2,875,381	$2,935,764
Total Budget	$13,387,871	$15,223,899	$15,284,282
Residential Sector			
Residential Electric Program			
Incentives & Services	$1,306,334	$1,306,334	$1,306,334
Program Implementation	$535,512	$546,758	$558,240
Total Budget	$1,841,846	$1,853,092	$1,864,574
Multifamily Sector			
Multifamily Electric Program			
Incentives & Services	$652,366	$652,366	$652,366
Program Implementation	$233,380	$238,280	$243,284
Total Budget	$885,745	$890,646	$895,650
Total Portfolio			
Total Non-Residential Programs	$13,387,871	$15,223,899	$15,284,282
Total Residential Programs	$1,841,846	$1,853,092	$1,864,574
Total Multifamily Programs	$885,745	$890,646	$895,650
Portfolio Administration	$68,215	$76,580	$78,188
Portfolio EM&V	$851,773	$949,696	$953,826
Total Portfolio Budget	**$17,035,451**	**$18,993,914**	**$19,076,521**

TABLE 1B: NYSEG THREE-YEAR GAS BUDGETS:

NYSEG			
PORTFOLIO (Gas)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Gas Program			
Incentives & Services	$273,154	$273,154	$273,154
Program Implementation	$138,154	$141,055	$144,017
Total Budget	$411,308	$414,209	$417,171
Residential Sector			
Residential Gas Program			
Incentives & Services	$1,073,398	$1,073,398	$1,073,398
Program Implementation	$157,538	$160,846	$164,224
Total Budget	$1,230,936	$1,234,244	$1,237,622
Multifamily Sector			
Multifamily Gas Program			
Incentives & Services	$203,523	$203,523	$203,523
Program Implementation	$80,129	$81,812	$83,530
Total Budget	$283,653	$285,335	$287,053
Total Portfolio			
Total Non-Residential Programs	$411,308	$414,209	$417,171
Total Residential Programs	$1,230,936	$1,234,244	$1,237,622
Total Multifamily Programs	$283,653	$285,335	$287,053
Portfolio Administration	$10,409	$10,627	$10,850
Portfolio EM&V	$101,911	$102,338	$102,773
Total Portfolio Budget	**$2,038,215**	**$2,046,753**	**$2,055,470**

TABLE 1C: RG&E THREE-YEAR ELECTRIC BUDGETS:

RG&E			
PORTFOLIO (Electric)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Electric Program			
Incentives & Services	$6,066,378	$6,705,045	$6,705,045
Program Implementation	$1,393,583	$1,665,877	$1,700,861
Total Budget	$7,459,960	$8,370,922	$8,405,905
Residential Sector			
Residential Electric Program			
Incentives & Services	$962,180	$962,180	$962,180
Program Implementation	$392,713	$400,960	$409,380
Total Budget	$1,354,893	$1,363,140	$1,371,560
Multifamily Sector			
Multifamily Electric Program			
Incentives & Services	$857,993	$857,993	$857,993
Program Implementation	$243,741	$248,859	$254,085
Total Budget	$1,101,734	$1,106,852	$1,112,078
Total Portfolio			
Total Non-Residential Programs	$7,459,960	$8,370,922	$8,405,905
Total Residential Programs	$1,354,893	$1,363,140	$1,371,560
Total Multifamily Programs	$1,101,734	$1,106,852	$1,112,078
Portfolio Administration	$41,386	$45,941	$46,906
Portfolio EM&V	$524,104	$572,992	$575,603
Total Portfolio Budget	**$10,482,077**	**$11,459,847**	**$11,512,052**

TABLE 1D: RG&E THREE-YEAR GAS BUDGETS:

RG&E			
PORTFOLIO (Gas)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Gas Program			
Incentives & Services	$332,060	$332,060	$332,060
Program Implementation	$140,223	$143,167	$146,174
Total Budget	$472,283	$475,228	$478,234
Residential Sector			
Residential Gas Program			
Incentives & Services	$1,338,766	$1,338,766	$1,338,766
Program Implementation	$272,304	$278,022	$283,861
Total Budget	$1,611,070	$1,616,788	$1,622,627
Multifamily Sector			
Multifamily Gas Program			
Incentives & Services	$390,007	$390,007	$390,007
Program Implementation	$98,899	$100,976	$103,096
Total Budget	$488,906	$490,983	$493,103
Total Portfolio			
Total Non-Residential Programs	$472,283	$475,228	$478,234
Total Residential Programs	$1,611,070	$1,616,788	$1,622,627
Total Multifamily Programs	$488,906	$490,983	$493,103
Portfolio Administration	$12,454	$12,716	$12,983
Portfolio EM&V	$136,038	$136,617	$137,208
Total Portfolio Budget	**$2,720,750**	**$2,732,331**	**$2,744,155**

The “portfolio administration” budget category in tables 1 A–D includes costs such as, but not limited to, those for outreach, education and marketing activities which are not conducted by program implementation contractors; contractor support for reporting, data management and quality assurance; organization membership, conferences, training, travel and related expenses; all of which are not recovered through the Companies’ rates.

Administrative costs which are recovered in base rates are not included in tables 1 A-D, but are included in the costs used to determine the portfolio BCA (TRC + Carbon) in tables 8 A-D. Those costs include employee labor and employee benefits.

TABLE 2A: NYSEG THREE-YEAR PRIMARY[10] AND SECONDARY[11] ELECTRIC TARGETS:

NYSEG			
PORTFOLIO (Electric)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Electric Program			
MWh (Primary)	36,967	42,383	42,383
Residential Sector			
Residential Electric Program			
MWh (Primary)	7,886	7,886	7,886
Multifamily Sector			
Multifamily Electric Program			
MWh (Primary)	3,308	3,308	3,308
Total Portfolio			
MWh (Primary)	**48,161**	**53,577**	**53,577**

[10] The Companies anticipate savings achievements will be lower in 2016 than in 2015 as a direct result of New York Technical Resource Manual ("TRM") changes effective January 1, 2016. These TRM calculations result in downward adjustments to measure level savings due to reduced operating hours for furnaces, boilers, and interior lighting measures, and a lower deemed savings for recycled refrigerators and freezers. Deemed savings calculations were also reduced for low cost water savings measures. Overall TRM adjustments result in an increased cost per unit (MWh, Dth), thus the amount of energy savings which can be achieved with the same budget will be lower than it was prior to the TRM savings updates and corrections.

[11] The Guidance Document provided that utilities could propose additional metrics to align with REV-like outcomes, but no specific additional metrics were required. For this first ETIP planning cycle, the Companies therefore propose MWh and Dth targets – as recorded in these tables. In addition, the Companies propose to collect and report, but not to use initially for targets, both Demand Reduction in MW and Lifetime Savings in MWh at the program level. Greenhouse Gas reduction metrics may also be considered for future reporting based on ongoing discussions with the E2 Working Group. As a final note, before MW of Peak Demand Reduction becomes a viable metric for use in DSIP planning, discussions need to occur relative to the use of deemed vs. measured MW reduction, as well as the timing of the MW reduction relative to ISO Zonal Peak, Utility System Peak, local Substation Peak or Distribution Circuit Peak.

TABLE 2B: NYSEG THREE-YEAR PRIMARY[9] AND SECONDARY[10] GAS TARGETS:

NYSEG			
PORTFOLIO (Gas)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Gas Program			
Dth (Primary)	11,114	11,114	11,114
Residential Sector			
Residential Gas Program			
Dth (Primary)	47,979	47,979	47,979
Multifamily Sector			
Multifamily Gas Program			
Dth (Primary)	13,387	13,387	13,387
Total Portfolio			
Dth (Primary)	**72,480**	**72,480**	**72,480**

TABLE 2C: RG&ETHREE-YEAR PRIMARY[10] AND SECONDARY[11] ELECTRIC TARGETS:

RG&E			
PORTFOLIO (Electric)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Electric Program			
MWh (Primary)	20,160	22,646	22,646
Residential Sector			
Residential Electric Program			
MWh (Primary)	5,857	5,857	5,857
Multifamily Sector			
Multifamily Electric Program			
MWh (Primary)	3,273	3,273	3,273
Total Portfolio			
MWh (Primary)	**29,290**	**31,776**	**31,776**

TABLE 2D: RG&E THREE-YEAR PRIMARY[10] AND SECONDARY[11] GAS TARGETS:

RG&E			
PORTFOLIO (Gas)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Gas Program			
Dth (Primary)	15,552	15,552	15,552
Residential Sector			
Residential Gas Program			
Dth (Primary)	62,551	62,551	62,551
Multifamily Sector			
Multifamily Gas Program			
Dth (Primary)	25,653	25,653	25,653
Total Portfolio			
Dth (Primary)	**103,756**	**103,756**	**103,756**

Forecasted Portfolio-Level Activity[12]:

TABLE 3A: NYSEG THREE-YEAR ELECTRIC FORECASTED EXPENDITURES:

	NYSEG			
Budgets (Electric)	**Forecasted Expenditures**			
	Year 1 (2016)	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Program Year 1	$14,759,513	$2,275,938	$0	$0
Program Year 2	$0	$16,405,851	$2,588,063	$0
Program Year 3	$0	$0	$16,478,193	$2,598,328
Total Program	**$14,759,513**	**$18,681,789**	**$19,066,256**	**$2,598,328**

TABLE 3B: NYSEG THREE-YEAR GAS FORECASTED EXPENDITURES:

	NYSEG			
Budgets (Gas)	**Forecasted Expenditures**			
	Year 1 (2016)	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Program Year 1	$1,968,293	$69,922	$0	$0
Program Year 2	$0	$1,976,337	$70,415	$0
Program Year 3	$0	$0	$1,984,551	$70,919
Total Program	**$1,968,293**	**$2,046,260**	**$2,054,966**	**$70,919**

[12] As required in the Guidance Document, these tables capture forecasted expenditures and savings achievements such that funds expected to be encumbered and savings expected to be committed at the end of a program year are reflected in the future year in which funds are anticipated to be expended and savings are anticipated to be acquired. The Companies note that these amounts are forecasts only and are subject to change based upon customer demand, project lead time and other factors.

TABLE 3C: RG&E THREE-YEAR ELECTRIC FORECASTED EXPENDITURES:

RG&E				
Budgets (Electric)	**Forecasted Expenditures**			
	Year 1 (2016)	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Program Year 1	$9,213,884	$1,268,193	$0	$0
Program Year 2	$0	$10,036,791	$1,423,057	$0
Program Year 3	$0	$0	$10,083,048	$1,429,004
Total Program	**$9,213,884**	**$11,304,984**	**$11,506,105**	**$1,429,004**

TABLE 3D: RG&E THREE-YEAR GAS FORECASTED EXPENDITURES:

RG&E				
Budgets (Gas)	**Forecasted Expenditures**			
	Year 1 (2016)	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Program Year 1	$2,640,462	$80,288	$0	$0
Program Year 2	$0	$2,651,542	$80,789	$0
Program Year 3	$0	$0	$2,662,855	$81,300
Total Program	**$2,640,462**	**$2,731,830**	**$2,743,643**	**$81,300**

TABLE 4A: NYSEG FORECASTED ELECTRIC PROGRAM ACHIEVEMENTS (PRIMARY METRIC):

	NYSEG			
Targets (MWh)	**Forecasted Achievements**			
	Year 1 (2016)	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Program Year 1	41,877	6,284	0	0
Program Year 2	0	46,372	7,205	0
Program Year 3	0	0	46,372	7,205
Total Program	**41,877**	**52,656**	**53,577**	**7,205**

TABLE 4B: NYSEG FORECASTED GAS PROGRAM ACHIEVEMENTS (PRIMARY METRIC):

	NYSEG			
Targets (Dth)	**Forecasted Achievements**			
	Year 1 (2016)	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Program Year 1	70,591	1,889		
Program Year 2		70,590	1,889	
Program Year 3			70,590	1,889
Total Program	**70,591**	**72,480**	**72,480**	**1,889**

TABLE: 4C RG&E FORECASTED ELECTRIC PROGRAM ACHIEVEMENTS (PRIMARY METRIC):

	RG&E			
Targets (MWh)	**Forecasted Achievements**			
	Year 1 (2016)	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Program Year 1	25,863	3,427	0	0
Program Year 2	0	27,926	3,850	0
Program Year 3	0	0	27,926	3,850
Total Program	**25,863**	**31,353**	**31,776**	**3,850**

TABLE 4D: RG&E FORECASTED GAS PROGRAM ACHIEVEMENTS (PRIMARY METRIC):

	RG&E			
Targets (Dth)	**Forecasted Achievements**			
	Year 1 (2016)	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Program Year 1	101,112	2,644		
Program Year 2		101,112	2,644	
Program Year 3			101,112	2,644
Total Program	**101,112**	**103,756**	**103,756**	**2,644**

Funding Mechanism (EE Tracker)

The Companies propose recovering both electric and gas energy efficiency costs through a volumetric energy surcharge (collected via kWh and Therm billed volumes) on customer bills, similar to the current System Benefit Charge ("SBC") surcharge. The surcharge would be titled the Energy Efficiency Tracker Surcharge ("EETS"). Current SBC/EEPS/Renewable Portfolio Standard ("RPS") exemptions will be continued with respect to the new utility EETS (including but not necessarily limited to certain portions of New York Power Authority ("NYPA") provided

customer bills, interruptible gas customer bills and customers who may be exempt for other reasons).

The Companies also propose recovery of the earned Utility Shareholder Incentives for the 2009 – 2011 (EEPS I) period through the Energy Efficiency Tracker Surcharge, beginning January 1, 2016.[13] The Companies anticipate achieving targets for the EEPS II period which ends December 31, 2015; and similarly anticipate recovering those earnings via the Energy Efficiency Tracker Surcharge in future years.[14]

[13] Or through the current SBC mechanism until such time as the EETS has been fully implemented.

[14] Although the amounts associated with the earned Utility Financial Incentive for EEPS I are not shown on the above tables, recovery of those amounts would increase the amount required for collection in the Energy Efficiency Tracker surcharge. The Companies' projections of those EEPS incentives are $1,055,166 for NYSEG Electric, $165,690 for NYSEG Gas, $1,965,965 for RG&E Electric and $726,549 for RG&E Gas. The inclusion of the collection of these EEPS I incentive amounts into the EETS projected amounts shown on Tables 5A – 5D for collection across 2016 - 2018 would increase the total EETS collections amounts by about 4%, but collections for this period would still be significantly less than SBC collections for utility programs in recent years.

TABLE 5A: NYSEG EXPECTED SOURCES OF FUNDS FOR FUTURE ELECTRIC PROGRAMS:

	NYSEG			
Source (Electric)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Unspent EEPS1[15]	$754,808	$700,893	$700,893	$0
Unspent EEPS2[15]	$315,000	$292,500	$292,500	$0
Unspent EEPS EM&V[15]	$886,716	$823,379	$823,379	$0
EE Tracker Collections	$15,078,927	$17,177,142	$17,259,749	$0
Total Funding	**$17,035,451**	**$18,993,914**	**$19,076,521**	**$0**

TABLE 5B: NYSEG EXPECTED SOURCES OF FUNDS FOR FUTURE GAS PROGRAMS:

	NYSEG			
Source (Gas)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Unspent EEPS1[15]	$26,038	$24,178	$24,178	$0
Unspent EEPS2[15]	$420,000	$390,000	$390,000	$0
Unspent EEPS EM&V[15]	$155,991	$144,849	$144,849	$0
EE Tracker Collections	$1,436,186	$1,487,726	$1,496,443	$0
Total Funding	**$2,038,215**	**$2,046,753**	**$2,055,470**	**$0**

[15] For tables 5A – D, the "unspent EEPS I and II and Unspent EEPS EM&V" amounts are derived based on a comparison of EEPS Ordered Budgets to Actual and Projected (2015) EEPS spending. These amounts will likely change in the December 2015 "final" ETIP filing because the current projected spending will be replaced with actual spending as of December 2015. The amounts could go up or down, depending upon how closely actual participation matches current projections. In addition, these amounts do not exactly match the amounts which would be derived by comparing EEPS collections to Actual and Projected (2015) EEPS spending,

TABLE 5C: RG&E EXPECTED SOURCES OF FUNDS FOR FUTURE ELECTRIC PROGRAMS:

	RG&E			
Source (Electric)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Unspent EEPS1[15]	$579,525	$538,130	$538,130	$0
Unspent EEPS2[15]	$980,000	$910,000	$910,000	$0
Unspent EEPS EM&V[15]	$557,841	$517,995	$517,995	$0
EE Tracker Collections	$8,364,711	$9,493,722	$9,545,926	$0
Total Funding	**$10,482,077**	**$11,459,847**	**$11,512,052**	**$0**

TABLE 5D: RG&E EXPECTED SOURCES OF FUNDS FOR FUTURE GAS PROGRAMS:

	RG&E			
Source (Gas)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**	**Year 4 (2019)**
Unspent EEPS1[15]	$50,013	$46,441	$46,441	$0
Unspent EEPS2[15]	$280,000	$260,000	$260,000	$0
Unspent EEPS EM&V[15]	$222,988	$207,060	$207,060	$0
EE Tracker Collections	$2,167,750	$2,218,830	$2,230,654	$0
Total Funding	**$2,720,750**	**$2,732,331**	**$2,744,155**	**$0**

Evaluation Measurement and Verification (EM&V):

The following plan and schedule for EM&V activities clearly identifies the information being sought and the date by which it will be obtained to support the overall program and guidance cycle. EM&V activities listed may include, but are not limited to process evaluations that inform program design and

implementation, impact evaluations and measurement and verification activities that inform Technical Resource Manual revisions, as well as other market research.[16]

The portfolio-level annual EM&V budgets are allocated to the various tasks.

TABLE 6: THREE –YEAR EM&V ACTIVITY SCHEDULE:

EM&V Activity	Expected Start Date [17]	Expected Completion Date	Cycle Year Informed
Activity 1: UEEP (Utility Energy Efficiency Programs 15-M-0252) Annual Non-Res Electric and Gas Program Impact Evaluations	September 1, 2016; September 1, 2017; September 1, 2018	September 1, 2017; September 1, 2018; September 1, 2019	2018; 2019; 2020
Activity 2: UEEP Remaining Market Potential Study – Top 100 Customers Not Eligible for Self-Direct Program	September 1, 2016	September 1, 2017	2018
Activity 3: UEEP Res Gas Impact Evaluation Including On-Site Metering	September 1, 2016	September 1, 2017	2018
Activity 4: UEEP Annual Res and Non-Res Gas and Electric Outreach and Education Process Evaluation	September 1, 2016; September 1, 2017; September 1, 2018	September 1, 2017; September 1, 2018; September 1, 2019	2018; 2019; 2020
Activity 5: UEEP Small Non-Res Gas and Electric Market Potential Study Including Building Stock Assessment	September 1, 2016	September 1, 2017	2018

[16]The Companies are planning additional EM&V activities to be funded through remaining EEPS I and EEPS II unspent evaluation funds and which are expected to begin prior to January 1, 2016; because this document covers activities which begin January 1, 2016, those EEPS I and II evaluation activities are not described here.

[17] Expected start dates listed are assumed to be the dates of initial kick off meetings.

TABLE 7: THREE YEAR EM&V ACTIVITY EXPENDITURES:

EM&V Activity	Year 1 (2016)	Year 2 (2017)	Year 3 (2018)
Activity 1: UEEP (Utility Energy Efficiency Programs 15M-0252) Annual Non-Res Electric and Gas Program Impact Evaluations. Year 1 = 2017.	$0	$1,311,642	$1,319,410
Activity 2: UEEP Remaining Market Potential Study – Top 100 Customers Not Eligible for Self-Direct Program. Year 1 = 2016.	$563,825	0	0
Activity 3: UEEP Res Gas Impact Evaluation Including On-Site Metering. Year 1 = 2016.	$200,000	$250,000	$250,000
Activity 4: UEEP Annual Res and Non-Res Gas and Electric Outreach and Education Process Evaluation. Year 1 = 2016.	$200,000	$200,000	$200,000
Activity 5: UEEP Small Non-Res Gas and Electric Market Potential Study Including Building Stock Assessment. Year 1 = 2016.	$650,000	0	0
Total	**$1,613,825**	**$1,761,642**	**$1,769,410**

Activity 1 : UEEP (Utility Energy Efficiency Programs 15-M-0252) Annual Non-Residential Electric and Gas Program Impact Evaluations. Detailed measure and program impact evaluations including extensive on-site measurement and verification. New program measures to be evaluated within 12 months. *Information sought:* Measure and program energy savings, especially verified electric measure demand savings.

Activity 2: UEEP Remaining Market Potential Study – Top 100 Customers Not Eligible for Self-Direct Program. Detailed on-site energy assessment and building stock attributes. *Information sought:* Potential for energy savings (gas and electric) and electric demand reduction.

Activity 3: UEEP Residential Gas Impact Evaluation Including On-Site Metering. Impact evaluation of energy efficient furnace and boiler installations correlating billing analysis, building energy simulation modeling and on-site appliance metering. *Information sought:* Accurate furnace and boiler savings data to improve modeling and billing analysis results.

Activity 4: UEEP Annual Residential and Non-Residential Gas and Electric Outreach and Education Process Evaluation. Process evaluation including surveys, telephone interviews and focus groups. *Information sought:* Effectiveness of outreach, education and marketing channels.

Activity 5: UEEP Small Non-Residential Gas and Electric Market Potential Study Including Building Stock Assessment. Detailed on-site energy assessment and building stock attributes of a statistically valid sample of facility types of interest. *Information sought:* Potential for energy savings (gas and electric) and electric demand reduction.

Benefit Cost Analysis (BCA):[18] *See following pages.*

[18] The Guidance Document instructed the inclusion of a benefit cost ratio at the portfolio level and for each program, and further that the portfolio level BCA should be calculated using the total benefits and total costs of the portfolio, and should exceed 1.0. The Guidance Document also provided that, "Under REV – particularly in Track 2, a new BCA framework will be developed that will apply to energy efficiency. Until this BCA framework is in place, each utility will retain the total resource cost (TRC) test as the primary benefit cost analysis tool." Therefore, for this ETIP document, "BCA" is synonymous with "TRC". However, the Staff White Paper on Benefit-Cost Analysis in the REV Proceeding (Case 14-M-0101) was issued on July 1, 2015 and the Companies will carefully consider the methodologies discussed therein and any ensuing discussion for applicability to future iterations of this ETIP.

TABLE 8A: NYSEG THREE-YEAR BENEFIT COST RATIOS (ELECTRIC):

NYSEG			
PORTFOLIO (Electric)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Electric Program			
Benefits	$28,688,158	$33,563,060	$33,853,747
Costs	$21,779,001	$25,135,700	$25,164,472
Benefit Cost Ratio	1.32	1.34	1.35
Residential Sector			
Residential Electric Program			
Benefits	$3,557,333	$3,603,817	$3,641,228
Costs	$1,716,957	$1,728,322	$1,739,925
Benefit Cost Ratio	2.07	2.09	2.09
Multifamily Sector			
Multifamily Electric Program			
Benefits	$2,465,511	$2,495,715	$2,521,097
Costs	$900,439	$905,406	$910,478
Benefit Cost Ratio	2.74	2.76	2.77
Total Portfolio			
Total Benefits	$34,711,002	$39,662,592	$40,016,072
Total Costs	$25,981,243	$29,467,591	$29,529,885
Portfolio Benefit Cost Ratio	1.34	1.35	1.36

TABLE 8B: NYSEG THREE-YEAR BENEFIT COST RATIOS (GAS):

NYSEG			
PORTFOLIO (Gas)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Gas Program			
Benefits	$1,568,655	$1,570,039	$1,571,161
Costs	$740,954	$743,906	$746,920
Benefit Cost Ratio	2.12	2.11	2.10
Residential Sector			
Residential Gas Program			
Benefits	$7,081,692	$7,045,720	$7,003,945
Costs	$5,657,591	$5,661,004	$5,664,488
Benefit Cost Ratio	1.25	1.24	1.24
Multifamily Sector			
Multifamily Gas Program			
Benefits	$1,274,990	$1,276,968	$1,277,987
Costs	$266,339	$268,085	$269,867
Benefit Cost Ratio	4.79	4.76	4.74
Total Portfolio			
Total Benefits	$9,925,337	$9,892,727	$9,853,093
Total Costs	$6,848,139	$6,858,386	$6,868,846
Portfolio Benefit Cost Ratio	1.45	1.44	1.43

TABLE 8C: RG&E THREE-YEAR BENEFIT COST RATIOS (ELECTRIC):

RG&E			
PORTFOLIO (Electric)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Electric Program			
Benefits	$18,859,776	$21,807,735	$22,150,196
Costs	$12,270,149	$13,882,554	$13,918,291
Benefit Cost Ratio	1.54	1.57	1.59
Residential Sector			
Residential Electric Program			
Benefits	$3,166,908	$3,231,598	$3,282,725
Costs	$1,264,978	$1,273,358	$1,281,913
Benefit Cost Ratio	2.50	2.54	2.56
Multifamily Sector			
Multifamily Electric Program			
Benefits	$3,178,118	$3,234,032	$3,281,000
Costs	$1,218,200	$1,223,402	$1,228,693
Benefit Cost Ratio	2.61	2.64	2.67
Total Portfolio			
Total Benefits	$25,204,802	$28,273,365	$28,713,921
Total Costs	$15,744,729	$17,429,419	$17,491,632
Portfolio Benefit Cost Ratio	1.60	1.62	1.64

TABLE 8D: RG&E THREE-YEAR BENEFIT COST RATIOS (GAS):

RG&E			
PORTFOLIO (Gas)	**Year 1 (2016)**	**Year 2 (2017)**	**Year 3 (2018)**
Non-Residential Sector			
Non-Residential Gas Program			
Benefits	$2,065,086	$2,067,382	$2,068,565
Costs	$767,947	$770,925	$773,965
Benefit Cost Ratio	2.69	2.68	2.67
Residential Sector			
Residential Gas Program			
Benefits	$8,996,037	$8,997,257	$8,993,560
Costs	$7,989,714	$7,995,554	$8,001,517
Benefit Cost Ratio	1.13	1.13	1.12
Multifamily Sector			
Multifamily Gas Program			
Benefits	$2,443,596	$2,447,386	$2,449,338
Costs	$455,112	$457,296	$459,525
Benefit Cost Ratio	5.37	5.35	5.33
Total Portfolio			
Total Benefits	$13,504,719	$13,512,025	$13,511,463
Total Costs	$9,447,463	$9,460,538	$9,475,054
Portfolio Benefit Cost Ratio	1.43	1.43	1.43

Program Descriptions

As previously discussed, in EEPS I and II the Companies provided energy efficiency programs with very specific definitions and discrete energy savings targets and budgets. Most of that specificity was designed around the customer market being served, and in some cases, the energy efficiency product or service being provided (e.g. the Residential Gas HVAC Program incented heating, ventilating and air conditioning measures, the (Residential) Refrigerator-Freezer Recycling Program incented recycling for refrigerators and freezers). Defining program models in this distinct fashion increased uniformity of program types across the state, enabled detailed comparisons between programs offered by different program administrators, and provided the opportunity for the Commission and Staff to be involved in a comprehensive management capacity in the operation of energy efficiency programs. However, it neither optimized program administrator flexibility, nor anticipated the current regulatory model which seeks to maximize the performance of individual utility electric and gas delivery systems, (a model which is enhanced by programs tailored to those individual systems).

As EEPS programs evolved, service provision moved from a focus on these more narrowly-defined, individual program models to a broader, customer market sector approach. For the Companies, this transformation started with the combination of the Commercial/Industrial Prescriptive and Custom rebate programs into a single program (the Commercial/Industrial Rebate Program or “CIRP”), and continued with the inclusion of Block Bidding program activities in the CIRP program. The Companies plan to continue this movement to a broader, customer market sector approach, and going forward will include activities previously conducted as a separate “Small Business Direct Install” program, in the larger “Non-Residential Electric Program”, beginning January 1, 2016. Larger programs allow the Companies to make changes more quickly and to be more flexible in addressing changing customer and marketplace needs. Thus as further described in "Figure 1: Program Combinations” above and in the following section, the Companies will offer larger “programs” (such as the Non-Residential Electric Program) in some cases with smaller components which describe the more specific delivery mechanism used to deliver the service to customers. Specifically, the Non-Residential Electric Program now has multiple components, however the rest of the programs currently do not, but may in the future.

In this ETIP, the Companies plan to continue to provide both electric and gas energy efficiency services to all customer market sectors to which we have provided these services in the past, and initially in a very similar manner to the way in which those services were provided in EEPS II.[19] The Companies plan to continue to serve the residential electric and gas, non-residential electric and gas (including both small and large non-residential customers), and multifamily market sectors (which may be served as either residential or non-residential customer accounts). Within each sector, the Companies propose to operate one program which may be comprised of one or more components and in that way will continue to offer services, including but not limited to direct installation, appliance recycling, and customer incentives. The programs by sector and individual components if applicable are described in detail below. Further, the Companies look forward to the enhanced flexibility now contemplated by the Commission to allow us to quickly adapt to market conditions, NYSERDA's transitions, and new technologies through rapid incorporation of additional program and delivery components which emerge and which can help attain the Companies' and New York's energy efficiency and related goals.

The Companies expect the next iteration of this ETIP ("final" 2015 filing later this year) will be informed by additional planning and research, and subsequent iterations over time will continue to be developed within the evolving REV framework, and in consultation with Staff, NYSERDA and the other New York utilities.

Also as directed in the Track 1 Order, and cooperatively with Staff, the other utilities and additional stakeholders, the Companies have begun the development of a large customer self-directed program, which will be operational by January 1, 2017.

Non-Residential Electric and Gas Programs

The Non-Residential (formerly the "C&I") Electric and Gas Programs will continue to provide services to nonresidential electric and natural gas customers who pay the appropriate surcharge,

[19] The Companies' energy efficiency programs have evolved over the course of EEPS I and II (2009 – 2015) and in particular, the Companies plan to begin 2016 program activities using the activities in 2015 as the model. This means that program activities offered in earlier years, but not in 2015 will likely not be included in the mix of activities beginning in 2016. For example, the Home Energy Report (Behavioral) program which was offered in 2013/2014 will not be offered in 2016.

through direct customer incentives, direct installation of measures, or other delivery mechanisms. The Companies are currently in the procurement process to secure implementation services for 2016 and will likely continue with additional procurement activity in late 2015 or early 2016 to secure implementation vendors for 2017 and 2018. The Companies operate the Non-Residential Electric and Gas Rebate Components in the same manner, utilizing a single vendor for both, and thus for this ETIP, the Electric and Gas Rebate Components are described in the same section. In addition to the Non-Residential Electric and Gas Rebate Components, the Companies also describe the Direct Installation Component here.

Design

The rebate components incent eligible NYSEG/RG&E non-residential customers to improve the efficiency of eligible facilities through both prescriptive incentives (applicable when a customer's needs match a broad range of pre-determined measures) and custom incentives (applicable when a customer's project requires site-specific engineering and cost analysis).

The prescriptive electric incentives currently include those for lighting fixtures and controls, unitary HVAC equipment and chillers; prescriptive gas incentives include those for boilers, furnaces, controls and thermostats. Incented measures are and will continue to be reviewed frequently and updated based on the introduction of new technologies which the Companies determine warrant incentives, the saturation of a market with measures indicating customers may no longer require incentives to install the technology, or other factors which impact the need for a customer incentive to achieve savings goals. Prescriptive measure incentives are pre-set and are generally established to reduce the incrementally higher market price for selecting an incrementally higher efficiency measure, or in the case of lighting measures, based on Appendix O of the New York State Technical Manual. The incentive amounts are periodically reviewed and revised.

Custom projects require customers to identify and implement energy efficiency improvements in their facilities which are more involved than and for which prescriptive incentives are not available. Custom electric incentives are available for but not limited to measures such as energy management systems, energy recovery systems, energy efficient process improvements, day-lighting systems, variable frequency drives, and infrared radiant heaters; custom gas

incentives are available for but not limited to measures such as energy management systems, building thermal envelope upgrades, energy recovery systems, energy efficient process improvements, geothermal heating and cooling, infrared radiant heaters, and steam traps. Incentive amounts for custom projects are generally established to buy down up to 50% of the incrementally higher market price for selecting an incrementally higher efficiency measure, except for lighting measures (described above for prescriptive measure incentives). Incentive levels may be adjusted based on market conditions, technology and customer adoption.

Both prescriptive and custom incentives are available to active NYSEG/RG&E non-residential electric and/or gas commercial, industrial, and municipal customers, who pay the required surcharge.[20] There is no minimum or maximum kilowatt (kW) or dekatherm (Dth) limit required for eligibility but pre-approval is required for prescriptive applications totaling more than $10,000 and for all custom applications.

Delivery Method

The Companies utilize an implementation contractor to deliver services including: communications with customers and trade allies; assistance with applications and project development; providing engineering review for some custom projects; developing and refining detailed program design, marketing strategies, technical guidelines, program forms, and detailed program procedures in consultation with the Companies; as well as QA/QC activities.

In addition, some complex non-residential projects are initially evaluated for feasibility and energy savings potential by the Companies' in-house technical staff, prior to the analysis by the implementation contractor. This step is conducted with a few new technology or highly complex projects in order to make an initial determination regarding whether the project can be developed in a manner consistent with the program guidelines.

[20] Non-residential customers may include the common area portions of multifamily buildings or multifamily buildings which are not separately metered per dwelling unit.

Target Market, Customer Eligibility Rules and Anticipated Participation Levels

The target market for these incentives is all active commercial, industrial and municipal customers with NYSEG/RG&E electric or gas customer accounts and who pay the required surcharge[21] on at least a portion of their billed energy. Additionally,

- Electric customers are eligible for electric measure incentives; gas customers are eligible for gas measure incentives. A customer who is both an electric and gas NYSEG or RG&E customer is eligible for both electric and gas measure incentives from the Company with whom they are a customer.
- All incentivized equipment must be new. Used or rebuilt equipment is not eligible for incentives. Existing equipment must be removed and not reinstalled within the NYSEG or RG&E service area.
- NYSEG and RG&E reserve the right to cap the rebate amount afforded to any one customer and also reserve the right to deny any application that may result in either company exceeding its program budget.
- New construction projects are currently not eligible for rebates under the program, however as NYSERDA's energy efficiency portfolio transitions, new construction may be considered for eligibility.

Participation levels are anticipated to be as follows:

Non-Residential Rebate Component	**2016**	**2017**	**2018**
NYSEG Electric - # of Anticipated Projects	410	530	530
NYSEG Gas - # of Anticipated Projects	60	60	60
RGE Electric - # of Anticipated Projects	300	360	360
RGE Gas - # of Anticipated Projects	90	90	90

Anticipated Changes During Program Years 2 & 3

NYSEG and RG&E anticipate the programs offered to Non-Residential Customers will evolve over time. Potential changes could include expanding to provide services to fill areas created as

[21] Throughout EEPS I and EEPS II the referenced "required surcharge" was the utility portion of the SBC. Beginning January 1, 2016, the EETS will be the required surcharge, but it is currently expected to mirror the collection applicability of the SBC. Later references to the "required surcharge" in this document are meant to refer to the EETS.

NYSERDA transitions to a market transformation approach; the introduction of the Large Customer Self Direct Program; the utilization of Block Bid acquisition of energy savings (currently no Block Bid RFPs are planned for 2016, but the Companies may introduce Block Bid RFPs in the future if the market appears favorable); and filling other gaps or opportunities identified through upcoming planning processes, customer and trade ally feedback, and in coordination with REV opportunities.

Quality Assurance/Quality Control Procedures

The Companies provide QA/QC through a combination of implementation contractor activities and Company employee oversight and monitoring.

The QA/QC processes and controls undertaken by the implementation contractor are designed to ensure proper project energy savings calculations and incentive payments, and compliance with other program rules specific to the Companies' Non-Residential Program. QA/QC procedures include those for:

- Operations / Project Management
- Project Documentation
- Engineering Review
- Inspections
- Incentive Payment

Company employees monitor QA/QC activities during invoice processing, reporting (Scorecards) and monthly project documentation audits.[22] They also randomly choose projects and accompany the Implementation Contractor QA/QC inspectors on their scheduled pre- or post-inspections to verify compliance with the QA/QC procedures.

Incentives and Services/Program Implementation Budgets

Historically, program installation activity does not follow a seasonal pattern since it is based on customer schedules and varying customer demand; therefore energy savings and expenses are projected to be spread evenly during future program years with approximately 83% of incentive

[22] The Companies conduct a monthly analysis on a sampling of vendor-supplied savings reports for each program, reviewing the general accuracy and compliance with technical manual savings requirements.

budgets being acquired within the calendar year and the remaining 17% of incentive budgets being committed at year end.

Future programs with changes as well as new programs (including the Self Direct Program), are projected to perform at the same $/ kWh as planned for the current program. Any significant program design changes such as would occur with the introduction of significant new measures or due to an expansion of the program as the result of NYSERDA's transition away from direct customer incentives, would necessarily impact future program savings and expenses; however, such impacts are not included here.

Primary and Secondary Performance Targets

The Guidance Document instructions provided that utilities could propose additional metrics to align with REV-like outcomes, but no specific additional metrics were required. For this first ETIP planning cycle, the Companies therefore propose MWh and Dth targets. In addition, the Companies propose to collect and report, but not to use initially as targets, both MW and Lifetime MWh savings at the program level. Greenhouse Gas reduction metrics may also be considered for future reporting based on ongoing discussions with the E2 Working Group (including Staff, NYSERDA, other utilities and additional stakeholders).

Direct Install Component

Design

The Companies plan to continue offering a direct install component of the Non-Residential Electric Program, which is currently available to small non-residential electric customers who have electric demand of less than 110 kW.[23] This component is designed to identify cost-effective efficiency improvement opportunities and encourage customers to implement energy efficiency improvements by providing a free assessment of a customer's facilities and direct installation of the measures selected by the customer on a cost-shared basis; historically in

[23] Although the Companies' 2015 Non-Residential Direct Install Program (Small Business Direct Install) provides only electric services and only those to small businesses less than 110 kW, in the future the Companies may expand the provision of some direct install services to larger non-residential customers, and also expand to provide direct install gas services.

most cases, the cost-sharing mechanism has provided utility payment of up to 70% of the total installed measure cost.[24]

Measures offered include the retrofitting of existing fluorescent fixtures with higher efficiency lamps and ballasts; retrofitting exit signs to utilize LED lighting; occupancy sensors; incandescent bulbs retrofitted with compact fluorescent lights or LEDs; replacement LED High-Bay and canopy fixtures; and refrigeration measures.

Delivery Method

The Companies offer direct installation of selected measures to small non-residential customers as described above, and utilize an Implementation Contractor to qualify customers' eligibility, perform an assessment, obtain customer authorization for project installation, procure measures, remove old equipment and install new measures, bill customers for the cost sharing balance, and provide customer service and inspections.

Target Market, Customer Eligibility Rules and Anticipated Participation Levels

Although all active non-residential accounts of the appropriate size that pay the required surcharge and are willing to provide the required customer cost share are eligible to participate, eligibility is limited as a practical matter to those customers who have equipment installed in their facility which can be upgraded to more energy efficient equipment.

Participation levels are anticipated to be as follows:

Direct Install Component	**2016**	**2017**	**2018**
NYSEG - # of Anticipated Projects	1,340	1,340	1,340
RG&E - # of Anticipated Projects	630	630	630

[24] The Companies' generally provide up to 70% of the installed costs for Non-Residential Direct Installed projects, however the Companies have in the past, and may continue to offer projects where the Company Contribution is higher or lower, depending on customer and system needs and program targets.

Anticipated Changes During Program Years 2 and 3

In years two and three, the Direct Installation Component will continue to add new technologies, as available, to serve eligible non-residential customers. In addition, the Companies may seek to offer direct installation services both to larger electric non-residential customers and to natural gas non-residential customers. Performance of the Small Business Direct Installation Program, which is the legacy program of this type, indicates that the evolution of measures included within the program may require an increase in the customer cost sharing to enable this component to contribute in a cost-effective manner to the Companies' targeted savings goals.

Quality Assurance/Quality Control Procedures

The Companies provide QA/QC through a combination of implementation contractor activities and Company employee oversight and monitoring. QA/QC procedures include those requiring the Implementation Contractor removal and disposal of all removed measures (lights and ballasts) for each customer, handling all removed measures in accordance with New York State regulations and laws, and directly supervising measure installations conducted by its subcontractors.

Company employees monitor QA/QC activities during invoice processing, reporting (Scorecards) and monthly project documentation audits. They also randomly choose projects to conduct periodic audits of program activities such as customer installations and implementation contractor project documentation.

Incentives and Services and Program Implementation Budgets

Historically, program installation activity does not follow a seasonal pattern since it is based on customer adoption patterns which are unique and subject to change; therefore energy savings and expenses are projected to be spread evenly during future program years.

Any significant design changes such as would occur with the introduction of a significant number of new measures or due to an expansion of the program as the result of NYSERDA's transition away from direct customer incentives or other factors, would necessarily impact future program savings and expenses; however, such impacts are not included here.

Primary and Secondary Performance Targets

For this first ETIP planning cycle, the Companies propose MWh targets and if and when gas measures are added, Dth targets. As previously stated, the Companies plan to collect and report both MW and Lifetime MWh savings at the program level, but do not intend to utilize those initially as targets.

Residential Electric Program and Residential Gas Program

The Companies' Residential Electric and Gas Programs are currently managed separately and are presented separately in the next two sections (unlike the Companies' Non-Residential Rebate Components of the Non-Residential Electric and Gas Program and the Multifamily Electric and Gas Programs). The Companies are currently in the procurement process to secure implementation services for 2016 and will likely continue with procurement processes in late 2015 or early 2016 to secure implementation vendors for 2017 and 2018.

Program Design

The Companies' legacy program, the Refrigerator and Freezer Recycling Program ("RFRP"), was launched in May 2011 to encourage customers to recycle old inefficient refrigerators and freezers. It has been and will continue to be an effective way to reduce energy consumption, and thus moving into 2016 it will be the primary component of the Residential Electric Program. The Companies will continue to explore new technologies and potential offerings to residential customers, and expect the Residential Electric Program to expand both due to the adoption of new technologies and also potentially following additional discussions with NYSERDA as they consider activities related to market transformation rather than direct customer incentives.

The Refrigerator and Freezer Recycling Component offers customers free removal and recycling of an old refrigerator or freezer and a $50 rebate check. An efficient lighting package is also offered to customers at the time of appliance pickup if the customer signs a pledge to install the new lighting.

Delivery Method

The Companies utilize an implementation contractor to deliver services including: marketing and customer recruitment; customer service including a staffed call center; refrigerator/freezer

removal, transportation and recycling in accordance with accepted industry practices; and reporting and quality assurance.

Target Market, Customer Eligibility Rules and Anticipated Participation Levels

The target market for the program is all active Company residential electric customers who pay the required surcharge. Eligibility rules apply to the appliances which are eligible for recycling, including size, condition and total number per customer.

Participation in 2011 - the first year of the program, was strong due to heavy launch promotion and because the program had not previously been offered in the Companies' service territory: 9,569 refrigerators and freezers were recycled that year. The number of units recycled in 2012 declined to 7,602. 2013 saw an increase to 8,502 units, spurred in part by the shift to a $50 rebate in September of that year. Participation in 2014 increased dramatically to 12,971 due to a full year at the $50 rebate level and a substantial increase in advertising. 2015 participation in the first part of the year is trending up when compared to 2014 participation. Based on the current conditions and history, the Companies project 14,000 units will be recycled each year from 2016 - 2018.

Anticipated Changes to the Program During Program Years 2 and 3

The Companies may consider adding various additional appliances to the program, both for recycling and also for incentives for high efficiency appliance installation. Reported energy savings will comply with the most current technical manual, as deemed energy savings values are modified over time.

In addition, the Companies will continue to explore new energy efficiency opportunities, which may involve increased customer engagement in energy savings, the energy efficiency portion of residential demand response programs, and other program areas which may be developed due to REV activities and/or NYSERDA collaboration and/or other regulatory proceedings.

Quality Assurance/Quality Control Procedures

The Company maintains QA/QC processes and procedures which check both the quality of work performed and reporting data accuracy. Processes which assure vendor quality include:

- Vendor appointment scheduling, including call center flexibility, observation and monitoring, use of complaint handling processes, benchmarking against metrics

- (Refrigerator/Freezer) unit collections – managing appropriate crew size, training, supervision, onsite review for conditions and customer concerns, quality benchmarking against metrics
- Program reporting including regular performance reports, data needed for process and impact evaluations, maintenance of a tracking database

In addition, Company employees monitor QA/QC activities during invoice processing, reporting (Scorecards) and monthly project documentation audits.

Incentives and Services and Program Implementation Budgets

Traditionally, refrigerator and freezer recycling programs are promoted on a seasonal basis, with promotional activities beginning in the spring and ending in the fall each year. Experience shows that customers are less likely to surrender a secondary unit during the latter part of the year due to heavier use during the holidays. Consequently, expenditures and reported energy savings are generally lower from November through March than during the rest of each year.

The expectation is that the program will continue to operate across all three years, with energy savings and expenses consistent over the next three years.

Primary and Secondary Performance Targets

As described in previous sections, the Companies will utilize MWh savings as the target metric, but will report MW, and Lifetime MWh, and will explore reporting Greenhouse Gas Reductions as well.

Residential Natural Gas Program

Program Design

The Companies' legacy program, the Natural Gas HVAC Rebate Program, was launched in July 1, 2009 to encourage customers to install high efficiency natural gas furnaces, boilers and associated equipment. It has been and will continue to be an effective way to reduce natural gas energy consumption and lower greenhouse gas emissions. The program initially was available only for furnace, boiler, indirect water heater and thermostate incentives, however as prices for Energy Star storage and instantaneous water heaters declined, these units became more cost effective and were

added to the Measure Classification Listing,[25] and also to the Companies' program.

The program offers customers with residential natural gas service and who pay the required surcharge, rebates to install high efficiency natural gas space and domestic water heating equipment.

Program Delivery Method

The Companies utilize an implementation contractor to deliver services including: rebate application and payment processing; customer service including call center functions; reporting; and quality assurance, including field verification inspections.

Target Market, Customer Eligibility Rules and Anticipated Participation Levels

The target market for the program is all of the Companies' active residential natural gas customers who pay the required surcharge. Additional eligibility rules are designed to ensure the installation of new, high efficiency equipment, and installation by qualified contractors.

The Companies have seen limited growth in applications since beginning a cross promotional energy efficiency marketing campaign, but expect that the Companies' new geographically-targeted gas conversion rebate programs may increase participation. Participation for gas rebates is projected to be approximately 7,600 per year during 2016 - 2018.

Anticipated Changes to the Program During Program Years 2 and 3

The Companies anticipate that years 2 and 3 may see changes to the mix of rebate measures, due to ongoing analysis of measure performance and the evolution of new equipment such as combination heat and hot water boilers and web-enabled thermostats. Another possible program

[25] In its June 20, 2011, "Order Approving Modifications to the Energy Efficiency Portfolio Standard (EEPS) Program to Streamline and Increase Flexibility in Administration", in Case 07-M-0548, the Commission established 27 Classification Groups and granted program administrators the flexibility to offer, within a program in a Classification Group, any measure on the list of energy efficiency measures established for the Classification Group and make necessary changes to the construct of the eligibility list. In its December 26, 2013 "Order Approving EEPS Program Changes" in Case 07-M-0548, the Commission supported streamlined guidance outlining eligible measures and directed Staff to "work in conjunction with program administrators through the E2 Working group to develop a streamlined list of eligible EEPS measures." With consensus agreement from the E2 Working Group the Director of OEEE has the authority to add new measures. The Companies have utilized this approach since it became available, and will continue to use this approach to add new measures to all programs.

modification is the addition of thermal shell measures including air sealing and insulation which are being considered for potential addition in future years. The Companies will continue to coordinate future programming plans to fill in market gaps and avoid, as far as possible, market overlap.

Quality Assurance/Quality Control Procedures

The Company maintains QA/QC processes and procedures which check the quality of work performed and data accuracy. Processes which assure vendor quality include the following activities:

- Rebate application processing quality checks, including customer and equipment eligibility and non-duplication of incentives
- Sampling of installed equipment in the field to verify installation quality and savings veracity
- Program reporting including regular performance reports, data needed for process and impact evaluations, maintenance of a tracking database

In addition, Company employees monitor QA/QC activities during invoice processing, reporting (Scorecards) and monthly project documentation audits.

Incentives and Services and Program Implementation Budgets

The residential natural gas rebate program is promoted on a seasonal basis, with outreach activities beginning in the late summer and ending in March. Experience shows that customers are less likely to request heating equipment rebates during the spring and summer due to the seasonal equipment use and lack of concern during those times about residential heating equipment. Consequently, expenditures and reported energy savings are generally lower from April through August than during the other months of the year.

The expectation is that the program will continue to operate across all three years, with energy savings and expenses consistent in future program years.

Primary and Secondary Performance Targets for the Program

As described in previous sections, the Companies will utilize Dth savings as the target metric, but will also explore reporting Greenhouse Gas Reductions.

Multifamily Electric and Gas Programs

NYSEG and RG&E launched the legacy Multifamily electric program in late 2009 to offer direct installation of energy efficiency upgrades to multifamily property owners. The program currently offers electric measures such as lighting, smart power strips, and domestic hot water measures including efficient showerheads, faucet aerators, and pipe wrap.

A significant portion of the NYSEG, and a large majority of the RG&E multifamily properties served by the program use natural gas for water heating. Owners of these properties have requested that gas measures be added to the program, similar to other NY utilities' multifamily programs which currently include gas measures.

Beginning January 1, 2016, the Companies' Multifamily Program will be expanded to offer a limited number of gas measures, reported separately as the Multifamily Gas Program, including but not limited to free installation of dwelling unit efficient showerheads, faucet aerators, and pipe wrap. The list of measures offered may change over time as the program evolves. Both the Electric and Gas Multifamily programs will initially utilize a single Implementation Contractor and the programs will be described in this ETIP together for that reason. Additionally, there are no separate components of the Multifamily Electric and Gas Programs at this time, so the activities described below will be referred to using the "program" (higher level) nomenclature.

The Companies are currently in the procurement process to secure implementation services for 2016 and will likely continue with procurement processes in late 2015 or early 2016 to secure implementation vendors for 2017 and 2018.

Program Design

The Companies' Multifamily Electric Program offers the direct installation of energy efficiency upgrades to multifamily property owners. Originally, primarily a refrigerator replacement program, it evolved into a lighting program in 2010 after deemed savings for refrigerators were significantly reduced due to NY technical manual changes. Despite the removal of refrigerator replacements from the program, it has proven to be popular with our landlord customer base and is an effective way to reduce energy consumption. The list of measures offered by the program has expanded over time to include interior and exterior LEDs, dwelling unit domestic hot water measures, and smart power strips.

Dwelling unit measures and some common area lighting measures are provided at no charge to the customer. The Companies pay 70% of the cost of all other common area lighting upgrades, requiring the customer to cost-share the remaining 30% of the installed costs.

Program Delivery Method

The Companies utilize an implementation contractor to deliver services including: marketing and customer recruitment; customer service provided by field and office staff; performing audits; providing project proposals; scheduling and carrying out installation activities; assuring customer satisfaction with post-installation contacts; proper disposal of removed light and hot water measures; and reporting and quality assurance.

Target Market, Customer Eligibility Rules and Anticipated Participation Levels

The target market for the program is multifamily buildings with an active electric and/or natural gas account on which the required surcharge is paid. Eligibility in the past has been limited to buildings with between 5 and 50 dwelling units, which has proven to be a limiting factor; many property owners of buildings outside the 5 to 50 dwelling unit range have expressed interest in the program. In some cases there have been individual sites where buildings with between 5 and 50 units were co-located with other buildings outside that range. In these past cases, the program has only been able to serve the 5-50 unit buildings and not the entire set of buildings at the site. In light of customer interest the Company's Multifamily programs will begin serving buildings regardless of size as of January 1, 2016.

Participation in the program has remained steady over time, and in addition many multifamily buildings previously served through the Multifamily Electric Program use natural gas for water heating, and are therefore prospects for future participation in the Multifamily Gas Program. Sufficient prospective participants remain to allow the program to continue in future years. In addition, as new measures are added to the program, past participants are often interested in further efficiency upgrades.

Based on average sizes, and recognizing that few multifamily buildings are "average sized", the Companies estimate that 300 NYSEG and 180 RG&E multifamily complexes may participate in the program in 2016.

Anticipated Changes to the Programs During Program Years 2 and 3

As lighting technologies and prices evolve, the program will adapt by adding new measures and eliminating some old ones for which incentives are no longer necessary. LEDs are playing a larger role in the program and this expansion is expected to continue.

Additional changes to the programs will be considered in consultation with NYSERDA as their program transition plans develop.

Quality Assurance/Quality Control Procedures

The Company maintains QA/QC processes and procedures which check the quality of work performed and data accuracy. Processes which assure vendor quality include the following activities:

- Vendor appointment scheduling
- Measure installation – managing appropriate crew size, training, supervision, onsite review for conditions and customer concerns, quality benchmarking against metrics

Program reporting including regular performance reports, data needed for process and impact evaluations, maintenance of a tracking database.

In addition, Company employees monitor QA/QC activities during invoice processing, reporting (Scorecards) and utilizing monthly project documentation audits.

Incentives and Services/Program Implementation Budgets

Historically, program installation activity does not follow a seasonal pattern; therefore energy savings and expenses are projected to be spread evenly during future program years. Any significant changes to program design such as would occur with the introduction of new measures or due to an expansion of the program as the result of NYSERDA's transition away from direct customer incentives, would necessarily impact future program savings and expenses; however, such impacts are not included here.

Primary and Secondary Performance Targets for the Programs

As described in previous sections, the Companies will utilize MWh savings as the target metric, but will report MW, Lifetime MWh and will explore reporting Greenhouse Gas Reductions as well.