

Final Heat Pump Operating Economics Customer Engagement Plan

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1. Introduction

Consolidated Edison Company of New York, Inc. (“Con Edison” or the “Company”) submits this Final Heat Pump Operating Economics Customer Engagement Plan (“Engagement Plan”) pursuant to the terms of the Rate Plan.¹ This Engagement Plan describes the Company’s heat pump incentive program, provides an overview of optional residential rates, and then outlines strategies to increase heat pump customers’ awareness of and enrollments into the Company’s Steady Use Rate (SC 1 Rate IV). Heat pumps are roughly three times more efficient than traditional fossil fuel heating systems, and electrifying space heating is a key component of New York’s clean energy transition. To help with affordability, customers need to understand electric rate options and make selections that are best suited for them. The Steady Use Rate, the Company’s optional residential demand-based rate, is often the most beneficial rate option for residential heat pump customers in 1- to 4-family homes.

2. Clean Heat Overview

Con Edison’s Clean Heat Program incentivizes residential heat pumps for space and domestic hot water heating in 1- to 4-family homes.² The Company is committed to advancing energy efficiency and building electrification in line with the Company’s Clean Energy Commitment and in support of New York State’s decarbonization goals.³ As of March 2026, since beginning in 2020, the Company has incentivized over 50,000 projects in residential homes (1- to 4-family), over 30,000 of which decommissioned their legacy fossil fuel space heating systems.

3. Optional Rates Overview

Con Edison offers residential customers optional electric rates that can help them manage their bills. Specifically, within Service Class 1 (SC 1), which is applicable to residential customers, there are two rates that may benefit heat pump customers and for which the Company offers heat pump customers 12-month price guarantees:

- Rate III – Time of Use (TOU, also known as Voluntary Time of Day Rate) and
- Rate IV – the Steady Use Rate (formerly known as the Select Pricing Plan)

Although the optional rates above are available to all residential customers —i.e. customers in single family homes or individual apartments in larger multifamily buildings, the Company’s analysis indicates that the Time of Use rate and Steady Use Rate may be beneficial to heat pump customers in 1- to 4-family homes.⁴ As such, this Engagement Plan is limited to that market segment. Additional analysis is required to understand the bill impacts of optional rates for residential customers in multifamily buildings with 5 or more apartments before potentially expanding the scope of the engagement strategies detailed below to these buildings.

3.1 SC 1 Rate III - Time of Use (TOU)

Con Edison’s SC 1 Rate III Time of Use rate charges customers volumetric seasonal rates that vary by the time of day.⁵ Consistent with the terms of the Company’s Rate Plan,⁶ the Company will publish a study to identify potential improvements to Rate III and the appropriate peak period for Rate IV by November 30, 2026. The

¹ Case 25-E-0072 et al., *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service*. Order Adopting Terms of a Joint Proposal and Establishing Electric and Gas Rate Plans at 84 (January 22, 2026) (Order).

² Clean Heat in a prior iteration served multiple market segments and is now limited to small residential 1- to 4-family homes. Case 14-M-0094 et al., *Proceeding on Motion of the Commission to Consider a Clean Energy Fund*. Order Authorizing Non-Low- To Moderate-Income Energy Efficiency and Building Electrification Portfolios For 2026-2030 at 33 (May 15, 2025).

³ Our Clean Energy Commitment. <https://www.coned.com/en/our-energy-future/our-energy-vision/our-energy-future-commitment>

⁴ SC 1 Rate IV Assessment, 30 December 2023, <https://cdnc-dcxprod2-sitecore.azureedge.net/-/media/files/coned/documents/accountandbilling/your-bill/steady-use-rate/rate-assessment.pdf>

⁵ For more details on this rate see <https://coned.com/TOU>.

⁶ Order at 31.

Company will then file changes to be implemented as appropriate by May 31, 2027. Given the pending changes, particularly to Rate III, that may impact benefits for heat pump customers, the Company will evaluate changes to this Engagement Plan to implement Rate III promotion after June 1, 2027. As such, the Engagement Plan focuses on increasing enrollment in the Steady Use Rate.

3.2 SC 1 Rate IV – Steady Use Rate

The Steady Use Rate was established in Case 19-E-0065 and is Con Edison’s residential demand-based rate, where customers are charged for delivery based on demand. Demand (measured in kW) reflects how much electricity customers use at a specific point in time, rather than the total energy usage (measured in kWh), which is the basis for the standard volumetric rate over the course of a billing cycle. Customers on the Steady Use Rate are charged based on an average of the three highest 60-minute periods in the peak and off-peak times during their bill cycle. The Steady Use Rate also has different charges based on the time of day—peak and off-peak hours—as well as the time of year (summer and non-summer). For more details on the rate, visit conEd.com/SteadyUseRate.

As a demand-based rate, the Steady Use Rate benefits customers who use a large amount of electricity on a consistent basis with relatively fewer usage spikes than a typical customer. Heat pump customers who use their systems efficiently tend to consume more electricity than a customer with a traditional fossil fuel heating system, but with relatively smaller peaks in demand compared to overall electric use with heat pumps. The Company’s Rate IV assessment⁷ found that roughly 80% of customers who installed heat pumps through the residential Clean Heat Program (serving customers in 1- to 4-family homes) are likely to save money by enrolling in the Steady Use Rate. As of June 2026, over 1,060 heat pump customers enrolled in the Steady Use Rate, 794 of which have enrolled since January 2025. Over 400 customers were enrolled for the full 12 months leading to June 2026. On average, those customers saved \$867 over that 12-month period compared to what they would have paid for the same usage under the Standard Residential Electric Rate.

3.3 Price Guarantee

The Company offers a 12-month price guarantee for all verified heat pump customers who enroll in the Steady Use Rate and Time of Use Rate for the first time.⁸ This means that if, after a year, a customer pays more on these rates than they would have on SC 1 Rate I, the Company will credit them the difference on their next bill.

4. Engagement Plan

The following section outlines the Company’s plan to engage customers in 1- to 4-family homes with heat pumps and those considering heat pumps so that they are aware of the Steady Use Rate, have the information they need to decide whether it is right for them, and easily enroll in the rate.

4.1 Research and Feedback Informing the Plan

The Company developed the Engagement Plan based on primary research into key customer groups and contractors/installers, as well as feedback from other stakeholders interested in supporting affordability for heat pump customers and in continuing to decarbonize heating in homes throughout Con Edison’s service territory.

Customer Market Research: In 2025, the Company conducted three focus groups with heat pump customers: one with air-source heat pumps who had enrolled in the Steady Use Rate (formerly known as the Select Pricing

⁷ SC 1 Rate IV Assessment

⁸ Information on eligibility for the price guarantee is available in the Company’s Tariff, Schedule for Electric Service, P.S.C. No. 10 – Electricity.

Plan), one for air-source heat pump customers who had not enrolled in the rate, and one for ground-source heat pump customers. These focus groups investigated how the Company could increase awareness, move customers to enrollment, and generally improve the customer experience. Customers in the focus groups highlighted:

- The need to better emphasize the likely cost savings for heat pump customers and that, due to the price guarantee, enrolling is risk-free, which was the main reason most participants enrolled;
- That the name “Select Pricing Plan” connoted exclusivity and did not help customers understand how the rate is structured or the benefits; and
- That different customers require different levels of information to enroll. Some customers just want to know that they are likely to save and that it is risk free due to the price guarantee, while others want testimonials or a deeper understanding of how the rate is structured.

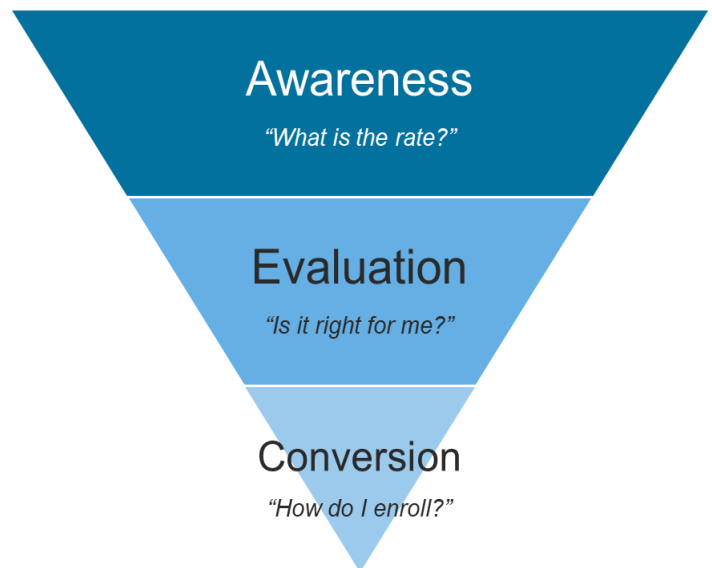
Contractor Engagement: The Clean Heat Participating Contractors—those that receive incentives through the Clean Heat program and install heat pumps for customers—provided, and continue to provide, input and feedback on what materials, background, and support they need to make customers aware of the Steady Use Rate. Through existing quarterly contractor interviews, events, and other conversations, these contractors have informed many of the tactics outlined below. Contractors highlighted that:

- Their customers are concerned about operating costs, so the Steady Use Rate may help them sell projects
- They would like more physical materials provided to them, rather than digital materials they must print themselves
- Testimonials of real customers on the rate would be helpful

4.2 Sales Funnel and Customer Segmentation

The Company used the model of a typical sales funnel—intended to help customers advance from awareness to evaluation to eventual conversion—to develop the Engagement Plan.

- In the first phase, “**Awareness**,” the Company wants to make sure customers know the rate exists and can answer the question, “What is the Steady Use Rate?” This means that customers should be informed of the rate at all points throughout their electrification journey—when they are first considering heat pumps as well as during and after installation.
- Once a customer is aware and interested in the rate, they will need information to “**Evaluate**” the rate and answer the question, “Is it right for me?” Evaluation requires the Company to provide different levels of information so that each customer has what they need to decide whether to enroll.
- Finally, “**Conversion**” answers the question, “How do I enroll?” The Company aims to make it easy for a customer to enroll, as well as to verify that the customer in fact uses a heat pump to heat their home.



4.3 Awareness

The Company's first goal is to make sure all Clean Heat participants and other identified heat pumps customers can answer yes to: "Have you heard of the Steady Use Rate?" To accomplish this, the Company seeks to advise customers who are considering electrifying or have electrified. These customers have been segmented into four parts:

- Customers considering participating in Clean Heat, both those who are first considering electrifying their heating system or those who are ready to install.
- Customers who recently participated in Clean Heat, who are learning how to operate their system, experiencing changes in their energy bills, and thinking more actively about their new system.
- Customers who participated in Clean Heat more than 12 months ago, who have at least one year of energy bills with their heat pumps and for whom it is possible to make a retrospective comparison against the Standard Electric Rate.
- Customers who did not participate in Clean Heat but have been identified as using a heat pump or moved into a home that previously participated in Clean Heat

Customers Considering Participating in Clean Heat

For customers who are considering participating in Clean Heat, it is important that they see "Steady Use Rate"—or understand that there are multiple rates that may benefit them after installing heat pumps—at every step of the process, whether through Con Edison materials or when speaking to their contractor.

Clean Heat Marketing: The Company will integrate rate information throughout Clean Heat marketing to address concerns about potential operating costs, while receiving all other essential information about heat pump installation.

To do this, the Company plans to:

- Add rate information more prominently on the Company's Clean Heat web page and printed materials
- Develop and publish case studies of Clean Heat customers who have enrolled on the Steady Use Rate
- Test rate messaging on regular email communications that promote Clean Heat

Note that all printed materials in this section and below, such as one-pagers and talking points, will be translated into Spanish and simplified Chinese.

Contractor Engagement: The Company will provide contractors with the information and materials they need to better educate customers and build awareness of the Steady Use Rate. The goal will be to position customers' awareness of the rate as a benefit to contractors when they are selling projects.

Clean Heat has over 200 Participating Contractors in the Con Edison service territory that can provide customers with incentives when they install qualifying heat pump systems. These contractors are required to sign a participation agreement agreeing to adhere to all program requirements. Once a contractor is approved as a Participating Contractor, they are required to participate in an ongoing series of touchpoints as described below. These contractors serve as the Company's main connection to customers installing heat pumps and are a valuable resource for increasing rate awareness.

The Company will reach Clean Heat Participating Contractors through a combination of existing touchpoints and new ones, as required. These include:

- Onboarding training
- Continuous learning/ongoing training/short videos

- Regular webinars
- Regular check-ins (account manager check-ins, quarterly interviews)

The Company will provide contractors with a suite of materials, including talking points, one-page leave-behinds, and updated Clean Heat marketing collateral.

The Company will also engage with third parties that may have contact with potential heat pump customers, such as manufacturers, distributors, Energy Hubs, and advocacy organizations. These groups can provide critical information to customers.

Customers Who Recently Participated in Clean Heat

Customers who recently participated in Clean Heat are likely to be actively thinking about their heating system, learning how to operate their heat pumps while managing changes to their energy bills. The Company will work to reach these customers early and provide information about how to manage costs through optional rates and operating tips. The Company will do this by:

- Continuing to offer a Clean Heat Customer Toolkit, which includes operating tips and tricks as well as information about the Steady Use Rate,
- Sending post-installation emails informing these customers of the rate, and
- Providing informational materials that inspectors will leave behind at the projects they visit and/or that contractors can leave behind after installation
- Include information on bills about the Steady Use Rate

Further, the Company is exploring Clean Heat Program process improvements that could allow Clean Heat customers to more easily enroll in the Steady Use Rate at or around the time of heat pump installation.

Customers Who Participated in Clean Heat More Than 12 Months Ago

Customers who participated in Clean Heat a year or more ago have experienced at least a full winter with their new systems. These customers present an opportunity as the Company can leverage its Advanced Metering Infrastructure (AMI) data to estimate how much they would have spent over the previous 12 months with a heat pump if they had enrolled in the Steady Use Rate. In February 2026, the Company sent personalized emails to customers who would have saved on the Steady Use Rate over the previous year, including exactly how much they would have saved. The Company will continue to send similar emails and/or direct mail, depending on their preference, to those customers at least once a year for the rest of the rate period.

Customers Who Electrified or are Considering Electrifying Outside of a Company Program

The Company will expand general and personalized communications beyond Clean Heat participants to other customers living in homes with heat pumps. This may include those who moved into homes that previously participated in Company programs, customers who participated in NYSERDA's Empower+ program, and other heat pump customers the Company identifies through other means. The Company is exploring updates to the Application for Service to allow customers to indicate whether their home is heated using a heat pump.

Once these customers are identified, the Company will provide personalized communications to those who appear to have had heat pumps for at least 12 months and could have saved on the Steady Use Rate during that period.

Further, the Company recognizes that there are contractors that install heat pumps outside of the Clean Heat Program whose customers should also be aware of the Steady Use Rate. While Clean Heat does not have a

direct connection to these contractors, the Company will strive to engage them through industry groups, manufacturers, and distributors, or other third parties. This will likely be a harder group to reach as the Company does not have the same ongoing communication with these contractors as with the Clean Heat Participating Contractors. However, the Company's experience working with Participating Contractors in the Clean Heat Program can help inform the right messaging to use for non-participating contractors. The Company will also use the engagement with third parties detailed above to reach non-participating customers.

4.4 Evaluation

Once a customer is aware of the Steady Use Rate, the Company will continue to provide them with clear and concise information they need to decide whether to enroll. This includes:

- Simple language on the website and materials explaining the benefits of the Steady Use Rate for heat pump customers,
- A detailed section explaining how the rate works, including FAQs,
- A new short video explaining how the rate works and how to enroll,
- New case studies of customers in different housing types and geographies who have enrolled in the rate and their experience, and

In addition, to help customers consider the Steady Use Rate and other optional rates, the Company's Customer Analytics Reporting and Engagement (CARE) program will develop a Rate Product that will provide residential customers with personalized bill comparisons using historic AMI usage data. The Rate Product will be available to customers through Con Edison's My Account portal, and the CARE program will also leverage other communication mechanisms. The CARE program will also launch, before the end of the rate period, enhancements that provide customers with projected bill impacts with the installation of clean energy technologies (e.g., rooftop solar, heat pumps, etc.).

- CARE will coordinate across the Company on outreach and communications to residential customers, which will be outlined in the CARE quarterly reports under Cases 25-E-0072 and 25-G-0073.
- CARE will also work across the Company to support responses to customer inquiries through trainings and reference materials for customer-facing employees.
- For information regarding the CARE Rate Product and timeline, please refer to the CARE quarterly reports under Cases 25-E-0072 and 25-G-0073.

Together, these tools will allow customers to determine whether to enroll in the Steady Use Rate.

4.5 Conversion

Finally, the Company will continue to evaluate the enrollment process and implement improvements that make enrollment easy while maintaining critical verification processes. This includes planned and iterative updates to the online Optional Rates enrollment form.⁹

While any residential customers can enroll in the Steady Use Rate, the Company verifies whether customers have heat pumps before offering them the 12-month price guarantee. On the enrollment form, customers can indicate whether they participated in Clean Heat, which the Company will subsequently verify against program records. If customers did not participate in Clean Heat and the Company has not verified that they have a heat pump through other means, customers must provide the make and model number or a photo of their heat pump to receive the price guarantee. The Company will explore streamlining this process by updating the form to allow

⁹ Rate Enrollment Form. <https://www.coned.com/en/accounts-billing/consolidated-rate-form?rp=spp>

customers to upload photos directly through the enrollment form, rather than through subsequent communications.

4.6 Ongoing Communication

After heat pump customers enroll in the Steady Use Rate, they receive an email confirming their enrollment in the rate and the price guarantee. The Company will update this communication to include tips for operating heat pumps efficiently and saving on the rate. In addition, the email will explain the seasonal nature of savings, including that customers may see savings over the course of a full year even if they temporarily experience higher bills during shoulder seasons or summer periods when rates are higher.

Once a customer is enrolled in the Steady Use Rate, they can track how their bills compare to what they would have paid on the Standard Electric Rate through Con Edison's My Account portal.¹⁰

Finally, at the end of the 12-month price guarantee, customers are notified that the guarantee has expired and, if they did not save, they will receive a credit on their next bill. Those customers who did not save are also reminded that they can unenroll if they wish to. To date, all customers who did not save unenrolled after receiving the credit.

5. Conclusion

Con Edison is committed to meeting its electrification goals and helping customers access optional rates and other resources to manage their bills. In addition, upon implementation of any changes to the Time of Use Rate as a result of the aforementioned study, the Company will expand this plan to include information on that rate, as appropriate.

¹⁰ My Account. <https://www.coned.com/myaccount>