

Draft 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 Heat Pump Operating Economics Customer Engagement Plan (“Engagement Plan”) pursuant to the terms of the Rate Plan.¹ This Engagement Plan outlines strategies to increase heat pump customers’ awareness of and enrollments into the Company’s Steady Use Rate (SC1 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.

2. Clean Heat Overview

Con Edison’s Clean Heat Program incentivizes residential heat pumps for space heating.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, 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)

3.1 SC1 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.⁴ Consistent with the terms of Company’s Rate Plan,⁵ 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 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 SC1 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

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

⁵ Order at 31.

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 without usage spikes. 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. The Company's Rate IV assessment⁶ found that roughly 80% of customers that installed heat pumps through the residential Clean Heat Program (serving customers in 1-4 family homes) are likely to save money by enrolling in the Steady Use Rate. These customers may save an average of 10% on their annual energy bill compared to the Standard Residential Electric Rate (SC 1 Rate I).

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. This means that if, after a year, a customer pays more on these rates than they would have on the Standard Residential Electric Rate, 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 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 customers who had and had not enrolled in the Steady Use Rate (formerly known as the Select Pricing Plan). 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.

⁶ SC1 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?rev=0d72925a50274a519a078025ed13bebd&hash=8259EDDC425194C887650E8935E9CEF7>

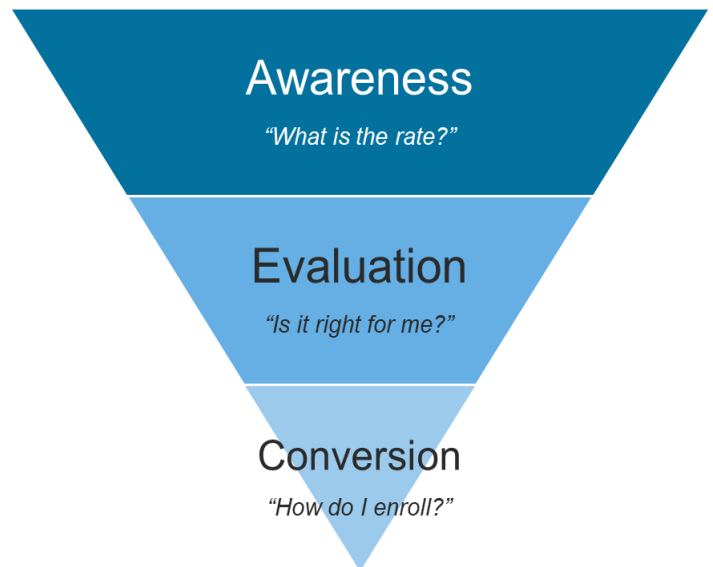
Contractor Engagement: The Clean Heat Participating Contractors – those that receive incentives through the program – provided, and continue to provide, input and feedback on what materials, background, and support they need to make customers aware of the Steady Use Rate. Through existing quarterly contractor 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 have to 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 heat pumps customers, where possible, can answer yes to: “Have you heard of the Steady Use Rate?” To accomplish this, the Company needs to advise customers of the rate at each step of their electrification journey, which is segmented into three parts:

- Customers considering heat pumps, both those who are first considering electrifying their heating system or those who are ready to install.
- Customers who recently installed heat pumps, who are learning how to operate their system, experiencing changes in their energy bills, and thinking more actively about their new system.

- Customers who installed heat pumps more than 12 months ago, who have at least one year of energy bills with an electrified heating system and for whom it is possible to do a retrospective comparison against the Standard Electric Rate.

Customers Considering Heat Pumps

For customers who are considering heat pumps, 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 stage to address concerns about potential operating costs, while receiving all other essential information about heat pump installation.

To do this, the Company will:

- 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 or standalone 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 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 on board, 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 video
- 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 recognizes that there are contractors that install heat pumps outside of the Clean Heat Program whose customers should also be aware of the 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 means. We will do this while being mindful that the Company does not have the same ongoing communication with these contractors as with the Clean Heat Participating Contractors to facilitate continuous education on Con Edison’s rates. As participating contractors engage with customers, the Company will evaluate the right messaging to use for non-participating contractors.

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

Customers Who Recently Installed

Customers who have recently installed their heat pumps are likely to be actively thinking about their heating system, learning how to operate their heat pumps while understanding their new 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

Customers Who Installed More Than 12 Months Ago

Customers who have had their heat pumps installed for a year or more have experienced at least a full winter with their new systems. These customers present an opportunity as the Company can leverage their 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 to those customers at least once a year for the rest of the rate period.

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 FAQ section explaining how the rate works,
- 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
- A Rate Product that will initially provide residential customers with personalized bill comparisons using historic AMI usage data. Before the end of the rate period, the Company will provide residential customers with projected bill impacts with the installation of clean energy technologies (e.g., rooftop solar, heat pumps, etc.)
 - For information regarding the Rate Product, please refer to the Customer Analytics Reporting and Engagement (CARE) quarterly reports under Cases 25-E-0072 and 25-G-0073.
 - CARE will coordinate across the Company on outreach and communications to residential customers.
 - CARE will also work across the Company to support responses to customer inquiries.

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 making enrollment easy while maintaining critical verification processes. This includes planned and iterative updates to the online Optional Rates enrollment form.⁷

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 help customers understand that savings are often seen over the course of a year, even if customers temporarily see higher bills on the Steady Use Rate during shoulder seasons or in summer 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 system.⁸

Finally, at the end of the 12-month price guarantee, customers are notified that the guarantee has expired and, if they did not save, that 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.

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, the Company will expand this plan to include information on that rate, as appropriate.

⁷ Rate Enrollment Form. <https://www.coned.com/en/accounts-billing/consolidated-rate-form?rp=spp>

⁸ My Account. <https://www.coned.com/myaccount>