STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on April 7, 2009

COMMISSIONERS PRESENT:

Garry A. Brown, Chairman
Patricia L. Acampora
Maureen F. Harris, abstained
Robert E. Curry, Jr.
James L. Larocca, recused

CASE 08-G-1004 - Petition of Orange and Rockland Utilities, Inc. for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Gas Energy Efficiency Program.

CASE 08-G-1008 - Petition of Consolidated Edison Company of New York, Inc., for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Gas Energy Efficiency Program.

CASE 08-G-1010 - Petition of Corning Natural Gas Corporation for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Gas Energy Efficiency Program.

CASE 08-G-1012 - Petition of New York State Electric & Gas Corporation for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Gas Energy Efficiency Program.

CASE 08-G-1013 - Petition of Rochester Gas and Electric Corporation for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Gas Energy Efficiency Program.

CASE 08-G-1015 - Petition of Niagara Mohawk Power Corporation for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Gas Energy Efficiency Program.

CASE 08-G-1016 - Petition of KeySpan Energy of New York for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Gas Energy Efficiency Program.

CASE 08-G-1017 - Petition of KeySpan Energy of Long Island for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Gas Energy Efficiency Program.

CASE 08-G-1020 - Petition of Central Hudson Gas & Electric Corporation for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Gas Energy Efficiency Program.

CASE 08-G-1021 - Petition of St. Lawrence Gas Company, Inc. for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Gas Energy Efficiency Program.

ORDER APPROVING "FAST TRACK" UTILITY-ADMINISTERED GAS ENERGY EFFICIENCY PROGRAMS WITH MODIFICATIONS

(Issued and Effective April 9, 2009)

BY THE COMMISSION:

INTRODUCTION

In this order, the Commission approves, with modifications, Energy Efficiency Portfolio Standard (EEPS) "Fast Track" utility-administered gas energy efficiency programs for Central Hudson Gas & Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc. (Con Edison), Corning Natural Gas Corporation (Corning), The Brooklyn Union Gas Company d/b/a National Grid (KeySpan NY), KeySpan Gas East Corporation d/b/a National Grid (KeySpan LI), New York State Electric & Gas Corporation (NYSEG), Rochester Gas and Electric Corporation (RG&E), Niagara Mohawk Power Corporation d/b/a National Grid (Niagara Mohawk), Orange and Rockland Utilities, Inc. (O&R), and St. Lawrence Gas Company, Inc. (St. Lawrence).

National Fuel Gas Corporation (NFG) already has a gas appliance rebate program that exceeds in cost the share allocated to it, so no further action is contemplated at this time as to NFG. The "Fast Track" utility-administered gas energy efficiency programs consist of a residential gas heating, ventilation and air conditioning program (Residential Gas HVAC Program). The purpose of the Residential Gas HVAC Program is to promote the installation of efficient, cost-effective, gas furnaces, boilers and other equipment at the time of replacement, primarily by providing rebates for the purchase and installation of approved equipment.

BACKGROUND AND SUMMARY

On June 23, 2008,[1] the Commission created an Energy Efficiency Portfolio Standard (EEPS) program for New York State to develop and encourage cost-effective energy efficiency over the long term, and immediately to commence or augment near-term efficiency measures. The gas utilities serving more than 14,000 customers were directed to submit for approval proposals for residential heating, ventilation and air conditioning (HVAC) "Fast Track" utility-administered gas energy efficiency programs and were authorized to establish surcharges to collect revenue to cover the associated costs. To the extent that gas utilities already offer programs comparable to the Residential Gas HVAC Program, the pro rata share of funding authorized did not supplement existing program funds. The program plans were to include detailed benefit/cost estimates using the Total Resource Cost methodology and were to demonstrate that collaborative discussions had been held including participating utilities, the New York State Energy Research and Development Authority

[1] Case 07-M-0548, Energy Efficiency Portfolio Standard (EEPS), Order Establishing Energy Efficiency Portfolio Standard and Approving Programs (issued June 23, 2008).

(NYSERDA), and other interested parties to establish uniformity, particularly with respect to eligible equipment and rebate levels, to the extent compatible with the needs of utilities to design programs that meet the needs of their service territories. The program plans were also to include a detailed plan for evaluation of each individual program, including details on the scope and method of measurement and verification activities. The Commission stated program cost targets for the desired program proposals (for details, see attached Appendix 1, Table 1).

Central Hudson, Con Edison, Corning, KeySpan NY, KeySpan LI, NYSEG, RG&E, Niagara Mohawk, O&R, and St. Lawrence filed petitions seeking approval of Energy Efficiency Portfolio Standard (EEPS) "Fast Track" utility-administered gas energy efficiency programs (collectively, the "Gas Petitions"). The following tables summarize the filings in relation to the original cost targets on an annual basis:

Central Hudson

	EEPS Order	As Filed	Difference
Residential Gas HVAC Program			
Dekatherm (dt) Savings		3,201	
Total Budget	$307,501	$292,287	-4.95%
B/C Ratio		2.16	
$$/dt		$91	

Con Edison

	EEPS Order	As Filed	Difference
Residential Gas HVAC Program			
Savings (dt)		111,908	
Total Budget	$4,272,679	$4,330,673	+1.36%
B/C Ratio		1.88	
$$/dt		$39	

Corning

	EEPS Order	As Filed	Difference
Residential Gas HVAC Program			
Savings (dt)		3,733	
Total Budget	$148,647	$150,000	+0.91%
B/C Ratio		Not Stated	
$$/dt		$40	

NYSEG

	EEPS Order	As Filed	Difference
Residential Gas HVAC Program			
Savings (dt)		22,383	
Total Budget	$1,043,319	$1,173,392	+12.47%
B/C Ratio		1.77	
$$/dt		$52	

Niagara Mohawk

	EEPS Order	As Filed	Difference
Residential Gas HVAC Program			
Savings (dt)		23,710	
Total Budget	$1,959,811	$1,959,429	-0.02%
B/C Ratio		1.56	
$$/dt		$83	

O&R

	EEPS Order	As Filed	Difference
Residential Gas HVAC Program			
Savings (dt)		5,122	
Total Budget	$467,019	$417,538	-10.59%
B/C Ratio		1.20	
$$/dt		$82	

RG&E

	EEPS Order	As Filed	Difference
Residential Gas HVAC Program			
Savings (dt)		22,383	
Total Budget	$1,000,540	$1,178,754	+17.81%
B/C Ratio		1.63	
$$/dt		$53	

KeySpan LI

	EEPS Order	As Filed	Difference
Residential Gas HVAC Program			
Savings (dt)		27,216	
Total Budget	$2,310,180	$2,316,923	+0.29%
B/C Ratio		1.72	
$$/dt		$85	

KeySpan NY

	EEPS Order	As Filed	Difference
Residential Gas HVAC Program			
Savings (dt)		36,951	
Total Budget	$3,440,325	$3,429,231	-0.32%
B/C Ratio		1.31	
$$/dt		$93	

St. Lawrence

	EEPS Order	As Filed	Difference
Residential Gas HVAC Program			
Savings (dt)		1,702	
Total Budget	$103,766	$103,766	0.00%
B/C Ratio		Not Stated	
$$/dt		$61	

Notes: Potential shareholder incentives are not included in the B/C Ratios.
The "as-filed" B/C Ratios are shown as stated by the utility company.

NOTICE OF PROPOSED RULEMAKING

An individual Notice of Proposed Rulemaking concerning each of the Gas Petitions was published in the State Register on September 17, 2008. The minimum period for the receipt of public comments pursuant to the State Administrative Procedure Act (SAPA) regarding those separate notices expired on November 3, 2008. The comments received are summarized in Appendix 3.

NOTICE SOLICITING COMMENTS

On October 31, 2008, a Notice Soliciting Comments was issued by the Secretary that invited interested parties to comment on the Gas Petitions. A deadline of December 15, 2008 was established for initial comments and December 22, 2008 for reply comments. These deadlines were further extended to December 17, 2008 for initial comments and January 19, 2009 for reply comments. The comments received are summarized in Appendix 3.

DISCUSSION

Long Run Avoided Costs (LRACs)

Estimates of Long Run Avoided Costs (LRACs) figure into the benefit side of the Total Resource Cost (TRC) test we use as the benefit/cost test part of our evaluation of energy efficiency program proposals. When we adopted the June 23, 2008 "EEPS Order", our invitation to utilities to propose expedited "Fast Track" programs was predicated on a certain set of LRAC assumptions. In their filings, the utilities relied on those assumptions, or made their own. In evaluating the filings, it is apparent as it was when we evaluated the electric "Fast Track" programs, that our original LRAC assumptions need refinement. The utilities make good arguments as to why changing the LRAC assumptions at this juncture makes it difficult for planners to design and implement programs around what is essentially a moving target. On the other hand, if the original LRAC assumptions are no longer valid, their usefulness as an evaluation tool is questionable. After examining the various estimates, our Advisory Staff has given us recommendations as to what LRAC estimates to use. We shall adopt those LRAC estimates and incorporate them into our analysis of the expedited "Fast Track" programs. In response to concerns about a moving target, it is our intention to continue to use these particular LRAC estimates to evaluate all gas energy efficiency proposals currently pending before us in these and other proceedings. So that parties may better understand and be prepared for the use of these LRAC estimates, we have attached in Appendix 2 to this order in tabular form the key price forecasts used. We invite other parties to share their forecasts and related assumptions as well, perhaps in an Evaluation Advisory Group central data repository as proposed by NYSERDA. The LRACS we adopt here (expressed in dollars per dekatherm) result in values that are higher than the LRAC values we previously used. However, the disaggregating of the estimates by season and region of the State, which we adopt here, does have the effect of raising some estimates and lowering others, when compared to the single statewide estimate that was used previously.

The marginal natural gas commodity costs we shall use rely, as a starting point, on the Natural Gas Price Forecast we adopted for the evaluation of electric "Fast Track" programs.[2] The Henry Hub prices listed were based on the October 6, 2008

[2] Case 08-E-1003, et al., Electric "Fast Track" Energy Efficiency Programs, Order Approving “Fast Track” Utility-Administered Electric Energy Efficiency Programs with Modifications (issued January 16, 2009), Appendix 2, Table 3.

ICF/NYSERDA Interim Forecast of natural gas prices. To apply seasonality to the prices, a multiplier of 1.04 was used for each year to determine that year's winter natural gas price, while a multiplier of 0.97 was applied to determine summer prices for each year. The seasonality factors were developed from historical Henry Hub prices from the Energy Information Administration which showed that on average during 1989-2008, winter prices were 1.04 times the annual Henry Hub price and summer prices were .97 times the annual Henry Hub price. Summer is defined as the 7-month period during April-October, and winter is defined as the 5-month period during November-March.

The downstate marginal pipeline capacity costs we shall use rely on a value of $1.51 for capacity associated with the REX project, which is projected to be the next major capacity addition for New York State, and will bring natural gas from the new Rocky Mountain production area. This represents capacity from the liquid point of Clarington, Ohio, to New York City, and includes pipeline losses. Designation as a liquid point means that a utility seeking to buy gas would find many sellers at that location and competitive pricing resulting from a multitude of sellers. The value of the REX capacity will be modified by shaping determined by the Transco Zone 6 (TZ6) basis differential with Henry Hub, which indicates what premium buyers place on the availability of natural gas at TZ6, which is located at the New York City citygate, relative to the Henry Hub, which lies in the production area of Louisiana. Henry Hub prices were subtracted from TZ6 prices for every day of the year, and then these values were used to determine a ratio for every day of the year to the annual average. These daily ratio values were then averaged to determine a winter value and a summer value. The winter and summer average ratios were multiplied by the REX value to determine a pipeline capacity value for each season.

The upstate marginal pipeline capacity costs we shall use rely on the same method as for downstate, except that the values were shaped using Dominion South Point prices, and instead of REX capacity, a combination of TransCanada/Union/Empire tariff rates was used, which adds up to $1.46. This represents the most recent capacity addition upstate.

The downstate marginal local distribution costs we shall use rely on a value of $2.58, which was calculated by Synapse and appeared in Exhibit 3-6 on page 3-11 in its study entitled “Avoided Gas Supply Costs in New York”, published in September 2007. This value was labeled “All Retail Avoidable LDC Margin.” The upstate marginal local distribution costs we shall use rely on a value of $0.45, which was derived from an Upstate National Grid marginal cost study filed in their most recent rate case.

A generic loss factor of 4% was applied to the commodity and local distribution margin portions. The result is a table which shows each of the three components for each of two seasons (winter and summer) and for each of two regions (upstate and downstate). Winter is defined for these purposes as November through March, with summer being April through October. Downstate is defined as the service territories of Con Edison, KeySpan NY and KeySpan LI. TZ6 and Dominion South Point were chosen because the daily price fluctuations at these points in relationship to Henry Hub illustrate the market forces at work, and also the value of procuring an additional dekatherm of supply at those times.

Technical Manual

As we noted when we approved a similar technical manual for some electric programs, we need a ruler by which to measure the programs and in our view that need outweighs any of the arguments made in opposition. The proposal to use the gas Technical Manual to standardize energy savings estimation approaches, calculations and assumptions at the measure level for estimating "Fast Track" program energy savings is approved. The main objection to the proposal is that the parties have not had much time to perform a rigorous analysis of the technical assumptions in the manual or to participate in its preparation. The parties did have a brief opportunity to comment on the manual, and it has been revised to reflect those comments. We further approve the energy savings calculation specifications delineated in the manual being applied to gas measures installed in 2009. An Evaluation Advisory Group (EAG) subcommittee is being established to review the manual calculation methodologies. It is expected that the subcommittee will make recommendations to the Director of Energy Efficiency and the Environment in September of this year and that recommendations for manual updates would then be considered for possible application to gas efficiency measures to be installed in 2010. It is expected that going forward the manual will be updated periodically and the Commission will consider the energy savings calculation specifications for efficiency measures to be installed in subsequent calendar years. This process should make clear what the rules are for energy savings reporting in a uniform manner prior to when measures are installed.

Uniformity of Programs

As we noted when we considered appliance rebates for electric customers, while we recognize that there are different demographic characteristics in each service territory, we are not persuaded that the program differences proposed correlate particularly to demographic profiles or to the degree that it would be worth experimenting with different rebate levels and measures. Rather, it is more important that equipment distributors and installers can strategically deploy a manageable variety of unit types. The utilities will offer only the energy efficiency measures, qualifying energy efficiency thresholds and corresponding customer rebates for the Residential Gas HVAC program that are set forth in Appendix 1, Table 2 attached to this order. We note that storage tank water heaters, tankless water heaters, and solar assisted water heating measures are not cost-effective at this time. For that reason, those measures are not included in the list of qualifying measures. We appreciate EarthKind's efforts to promote solar water heating, but our analysis indicates a niche approach rather than mass-marketed rebates appears to be more appropriate for that technology, at least at this time. It appears that current appliance efficiency standards for water heaters are having their intended effect making it difficult to qualify more efficient units. We are adopting what appears to us to be the optimal mix of components taken from the various proposals.

Administration, Marketing and Evaluation Expenses

We are disappointed by the high level of costs for administration, marketing and evaluation in the utility proposals. After adjusting the measures to include only those that are cost-effective, the level of these proposed costs range from 32% up to 76% of the overall costs. That is not acceptable or warranted given experience in other jurisdictions. We will adjust the budgets so that a 5% allowance is provided for evaluation and an additional 17% allowance is provided for administration and marketing, for a total of 22%. In recognition that the utilities are generally starting up these programs, the utilities will be permitted to defer for potential later recovery in rates any such costs that exceed these allowances on an annual basis subject to a cap being the lesser of (1) the originally proposed utility budget for these costs minus the allowance we are making for these costs; or (2) two times the allowance we are making for these costs. We recognize that the smaller utilities may need more due to a lack of scale. The minimum cap will be $100,000. We shall permit recovery in rates of such costs as we find to be reasonable in the circumstances on a case-by-case basis. The maximum amounts that may be deferred are stated for each utility in the table below:

Gas Utility	Maximum Deferral
Central Hudson	$100,000
Con Edison	$879,056
Corning	$100,000
NYSEG	$150,518
Niagara Mohawk	$335,737
O&R	$100,000
RG&E	$155,880
KEDLI	$290,165
KEDNY	$774,069
St. Lawrence	$100,000

Supplementary Allowance

We are also disappointed that our elimination of non-cost-effective measures leaves a large portion of the originally expected budgets unused. We do not feel comfortable just ramping up the programs by assuming higher penetration levels without more detailed information as to feasibility. However, we will allow and encourage utilities to spend up to an extra 10% on such programs on an annual basis by undertaking additional measures so long as the benefit-cost ratio is as good or better for the added measures as it is for the main program. We would expect this to be the case given that the fixed costs of the programs would already have been incurred.

Benefit/Cost Results

Applying the revised LRACs and the gas Technical Manual described above (and other program modifications described below) to the program proposals yields the following benefit/cost results on an annual basis:

	Central Hudson			
	Approved	**Supplement**	**Total**	
Residential Gas HVAC Program				
Dekatherm Savings	2,484	248+	2,732+	
Measures Cost	$64,769	$6,477	$71,246	78%
Admin & Mktg Costs	$14,116	$1,412	$15,528	17%
Eval., M&V Costs	$4,152	$415	$4,567	5%
Total Budget	$83,037	$8,304	$91,341	100%
$$/Dekatherm	$33	$33	$33	
B/C Ratio	2.20	2.20+	2.20+	

Con Edison

	Approved	Supplement	Total	
Residential Gas HVAC Program				
Dekatherm Savings	46,767	4,677+	51,444+	
Measures Cost	$2,185,877	$218,588	$2,404,465	78%
Admin & Mktg Costs	$476,409	$47,641	$524,050	17%
Eval., M&V Costs	$140,120	$14,012	$154,132	5%
Total Budget	$2,802,406	$280,241	$3,082,647	100%
$$/Dekatherm	$60	$60	$60	
B/C Ratio	1.49	1.49+	1.49+	

Corning

	Approved	Supplement	Total	
Residential Gas HVAC Program				
Dekatherm Savings	3,354	335+	3,689+	
Measures Cost	$51,692	$5,169	$56,861	78%
Admin & Mktg Costs	$11,266	$1,127	$12,393	17%
Eval., M&V Costs	$3,314	$331	$3,645	5%
Total Budget	$66,272	$6,627	$72,899	100%
$$/Dekatherm	$20	$20	$20	
B/C Ratio	3.26	3.26+	3.26+	

NYSEG

	Approved	Supplement	Total	
Residential Gas HVAC Program				
Dekatherm Savings	29,930	2,993+	32,923+	
Measures Cost	$581,538	$58,154	$639,692	78%
Admin & Mktg Costs	$126,745	$12,675	$139,420	17%
Eval., M&V Costs	$37,278	$3,728	$41,006	5%
Total Budget	$745,562	$74,556	$820,118	100%
$$/Dekatherm	$25	$25	$25	
B/C Ratio	2.33	2.33+	2.33+	

Niagara Mohawk

	Approved	Supplement	Total	
Residential Gas HVAC Program				
Dekatherm Savings	27,561	2,756+	30,317+	
Measures Cost	$595,170	$59,517	$654,687	78%
Admin & Mktg Costs	$129,717	$12,972	$142,688	17%
Eval., M&V Costs	$38,152	$3,815	$41,967	5%
Total Budget	$763,038	$76,304	$839,342	100%
$$/Dekatherm	$28	$28	$28	
B/C Ratio	2.29	2.29+	2.29+	

O&R

	Approved	Supplement	Total	
Residential Gas HVAC Program				
Dekatherm Savings	4,356	436+	4,792+	
Measures Cost	$155,662	$15,566	$171,228	78%
Admin & Mktg Costs	$33,926	$3,393	$37,319	17%
Eval., M&V Costs	$9,978	$998	$10,976	5%
Total Budget	$199,567	$19,957	$219,523	100%
$$/Dekatherm	$46	$46	$46	
B/C Ratio	2.09	2.09+	2.09+	

RG&E

	Approved	Supplement	Total	
Residential Gas HVAC Program				
Dekatherm Savings	29,780	2,978+	32,758+	
Measures Cost	$581,538	$58,154	$639,692	78%
Admin & Mktg Costs	$126,745	$12,675	$139,420	17%
Eval., M&V Costs	$37,278	$3,728	$41,006	5%
Total Budget	$745,562	$74,556	$820,118	100%
$$/Dekatherm	$25	$25	$25	
B/C Ratio	2.32	2.32+	2.32+	

KeySpan LI

Residential Gas HVAC Program	**Approved**	**Supplement**	**Total**	
Dekatherm Savings	30,588	3,059+	33,647+	
Measures Cost	$1,491,477	$149,148	$1,640,625	78%
Admin & Mktg Costs	$325,066	$32,507	$357,572	17%
Eval., M&V Costs	$95,608	$9,561	$105,168	5%
Total Budget	$1,912,150	$191,215	$2,103,365	100%
$$/Dekatherm	$63	$63	$63	
B/C Ratio	1.41	1.41+	1.41+	

KeySpan NY

Residential Gas HVAC Program	**Approved**	**Supplement**	**Total**	
Dekatherm Savings	36,998	3,700+	40,698+	
Measures Cost	$1,779,293	$177,929	$1,957,222	78%
Admin & Mktg Costs	$387,795	$38,779	$426,574	17%
Eval., M&V Costs	$114,057	$11,406	$125,463	5%
Total Budget	$2,281,145	$228,114	$2,509,259	100%
$$/Dekatherm	$62	$62	$62	
B/C Ratio	1.51	1.51+	1.51+	

St. Lawrence

Residential Gas HVAC Program	**Approved**	**Supplement**	**Total**	
Dekatherm Savings	1,554	155+	1,709+	
Measures Cost	$23,269	$2,327	$25,596	78%
Admin & Mktg Costs	$5,071	$507	$5,579	17%
Eval., M&V Costs	$1,492	$149	$1,641	5%
Total Budget	$29,832	$2,983	$32,815	100%
$$/Dekatherm	$19	$19	$19	
B/C Ratio	3.14	3.14+	3.14+	

Notes: Potential shareholder incentives are not included in the B/C Ratios.
We expect that for the supplemental allowances, because fixed costs have already been incurred, the non-measures costs should be lower than shown.

Utility Programs

We shall adjust the utility Residential Gas HVAC Program annual budgets and energy savings goals to conform to the figures set forth in Table 3 of Appendix 1 attached to this order. Niagara Mohawk, KeySpan NY, and KeySpan LI, will substitute these programs for their existing programs.

Plans and Reporting Requirements

We will require plans and reports in a similar manner to what we required for the electric "Fast Track" programs. These requirements are important to us to further monitor progress.

Outreach and Education/Marketing Efforts

The EEPS Order required each Residential HVAC Program proposal to include marketing and outreach components that are specific to the program. The utility filings include proposals to spend a three-year total of more than $8 million on outreach and education (O&E)/marketing efforts for natural gas energy efficiency programs through 2011.

The company filings do not present coherent plans and generally lack sufficient detail to determine whether the budget levels and mix of outreach vehicles are appropriate. In addition, the plans lack: 1) identification of efforts to minimize potential overlap with O&E/marketing efforts in the same or adjacent market areas, 2) description of integration with O&E/marketing efforts associated with the 90-day filings, or 3) explanation of coordination with NYSERDA's and/or the statewide O&E/marketing effort that the Department of Public Service expects to begin in 2009. Although the utilities were not asked to include this information in their program plans initially, we believe it is important to the overall success of the EEPS effort. Accordingly, utilities shall be required to file outreach, education, and marketing plans containing this information.

SEQRA FINDINGS

Pursuant to our responsibilities under the State Environmental Quality Review Act (SEQRA), in conjunction with this order we find that programs approved here are within the overall action previously examined by us in Case 07-M-0548 and will not result in any different environmental impact than that previously examined. In addition, the SEQRA findings of the June 23, 2008 Order in Case 07-M-0548 are incorporated herein by reference and we certify that: (1) the requirements of SEQRA, as implemented by 6 NYCRR Part 617, have been met; and (2) consistent with social, economic, and other essential considerations, from among the reasonable alternatives available, the action being undertaken is one that avoids or minimizes adverse environmental impacts to the maximum extent practicable.

CONCLUSION

For the reasons given in the discussion above, the Commission approves, with modifications, Energy Efficiency Portfolio Standard (EEPS) "Fast Track" utility-administered gas energy efficiency programs for Central Hudson, Con Edison, Corning, KeySpan NY, KeySpan LI, NYSEG, RG&E, Niagara Mohawk, O&R and St. Lawrence. These utilities are commended for participating on an expedited basis and undertaking efforts in furtherance of the State's energy efficiency goals.

The Commission orders:

1. Central Hudson Gas & Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc. (Con Edison), Corning Natural Gas Corporation (Corning), The Brooklyn Union Gas Company d/b/a National Grid (KeySpan NY), KeySpan Gas East Corporation d/b/a National Grid (KeySpan LI), New York State Electric & Gas Corporation (NYSEG), Rochester Gas and Electric Corporation (RG&E), Niagara Mohawk Power Corporation d/b/a National Grid (Niagara Mohawk), Orange and Rockland Utilities, Inc. (O&R), and St. Lawrence Gas Company, Inc. (St. Lawrence), collectively, the "Utilities", are authorized and directed to provide Energy Efficiency Portfolio Standard (EEPS) "Fast Track" utility-administered gas energy efficiency programs as modified and in the manner described in the body of this order. The "Fast Track" utility-administered gas energy efficiency programs shall consist of a Residential gas heating, ventilation and air conditioning program (Residential Gas HVAC Program). The programs may be commenced immediately but shall be in operation by July 1, 2009 at the latest.

2. Con Edison is directed to separately implement and administer its residential electric and gas energy efficiency programs. Co-marketing of the programs is permitted provided each program's printed marketing information is distinctly separate.

3. The annual program budgets, evaluation (measurement and verification) budgets, and energy savings goals for the "Fast Track" utility-administered gas energy efficiency programs shall be as set forth in Appendix 1, Table 3 attached to this order.

4. The Residential Gas HVAC Programs shall be conducted uniformly in accordance with the requirements set forth in Appendix 1, Table 2 attached to this order.

5. The Utilities shall track their expenditures on evaluation-related market research in a manner that they may be reported and scrutinized in the future.

6. Except where we have required uniformity in the body of this order, the Utilities shall be allowed to make minor refinements to the approved energy efficiency measures and customer rebates/financial inducements on notice to Staff for review and comment at least 90 days before the proposed implementation date of any such proposed changes, but if Staff objects no such refinements shall be made without our approval.

7. The Utilities are directed to work with NYSERDA to develop effective administrative procedures that will identify and prevent unintended double payment of rebates/financial inducements in their respective program offerings.

8. The technical manual entitled "New York Standard Approach for Estimating Energy Savings from Energy Efficiency Programs - Selected Residential & Small Commercial Gas Measures" dated March 25, 2009 shall be used to standardize energy savings estimation approaches, calculations and assumptions at the measure level for estimating energy savings from gas "Fast Track" programs. A copy of the manual is available for download on the Internet at the following link:
http://www.dps.state.ny.us/Phase2_Case_07-M-0548.htm

9. The Utilities are directed to submit implementation plans in compliance filings that describe in detail the overall programs and how the individual energy efficiency programs operate, including revised evaluation plans and quality assurance plans, for their approved programs within 60 days of the date of issuance of this order that include the elements set forth in Appendix 4 attached to this order.

10. In the implementation plans, the Utilities are directed to also include the following information related to

their outreach and education (O&E) /marketing programs and, if necessary, to submit new budgets:

(a) specific budget amounts for each individual element of the O&E/marketing budget for each year of the program;

(b) a list and description of the O&E/marketing vehicles to be used;

(c) an explanation of the target audiences for each program component;

(d) a timeline for the development, implementation and evaluation of the O&E/marketing efforts;

(e) how the Fast Track O&E/Marketing programs relate to the company's general O&E/Marketing program as well as O&E/Marketing programs approved in the Electric Fast Track Order; and

(f) the efforts that will be undertaken to minimize any overlap and/or customer confusion that may result from O&E/marketing activities in the same or adjacent market areas.

11. Annual reports of each calendar year's O&E/marketing program achievements, as available to date, and updated plans for the upcoming calendar year, shall be submitted each year with the third quarter status report so that they can be reviewed prior to the end of each program year.

12. All O&E/marketing plan components of the compliance filings will be subject to review and certification by the Director of the Office of Consumer Services that they conform to the requirements of this order.

13. The periodic quarterly program and evaluation summary status reports required by the EEPS Order shall be provided no later than 45 days after the conclusion of the calendar quarter. The annual program reports and evaluations

and reports required by the EEPS Order shall be provided no later than 60 days after the conclusion of the calendar year.

14. The Utilities are directed to submit a monthly “scorecard report” to the Director of the Office of Energy Efficiency and Environment or his designee that provides a summary of key program achievements within 14 days after the conclusion of each program month. The scope of the scorecard report shall be as defined by said Director.

15. The Utilities are directed to make a copy of all their plans and reports described above, except the monthly scorecard report, accessible to the public through the Internet, or in other convenient formats if requested.

16. Any change to System Benefit Charge (SBC) collection amounts or rates indicated by the budgets approved in this order will be considered by the Commission in the near future when it considers a broader range of energy efficiency issues or programs for gas customers.

17. Shareholder incentives and net lost revenues are not addressed by this order. Any utility having a rate plan that provides for either shall consult with Staff and then propose whatever adjustments are necessary in such provisions, if any, due to changes in circumstances arising from this order.

18. The budgets approved in this order are to be funded by an SBC, they do not represent traditional rate allowances in the sense that any under-spending shall result in the utility drawing down less money from the SBC collections. Efficiencies in that regard are for the benefit of ratepayers, not shareholders. Utilities shall manage the SBC funds prudently.

19. The Secretary in her sole discretion may extend the deadlines set forth herein.

20. These proceedings are continued.

By the Commission,

(SIGNED)

JACLYN A. BRILLING
Secretary

Table 1

Breakdown of Utility "Expedited" Programs Data in EEPS June 23, 2008 Order

	2008 (1/4 Yr)	2009	2010	2011	2008-2011	
Central Hudson						
Residential HVAC Program						
Program & Admin Costs	$73,031	$292,126	$292,126	$292,126	$949,409	95%
M&V Costs	$3,844	$15,375	$15,375	$15,375	$49,969	5%
Total Costs	$76,875	$307,501	$307,501	$307,501	$999,378	
Pre-existing Collections	$0	$0	$0	$0	$0	
Net Collections	$76,875	$307,501	$307,501	$307,501	$999,378	
Con Edison						
Residential HVAC Program						
Program & Admin Costs	$1,014,761	$4,059,045	$4,059,045	$4,059,045	$13,191,896	95%
M&V Costs	$53,408	$213,634	$213,634	$213,634	$694,310	5%
Total Costs	$1,068,170	$4,272,679	$4,272,679	$4,272,679	$13,886,207	
Pre-existing Collections	$0	$0	$0	$0	$0	
Net Collections	$1,068,170	$4,272,679	$4,272,679	$4,272,679	$13,886,207	
Corning						
Residential HVAC Program						
Program & Admin Costs	$35,304	$141,215	$141,215	$141,215	$458,948	95%
M&V Costs	$1,858	$7,432	$7,432	$7,432	$24,155	5%
Total Costs	$37,162	$148,647	$148,647	$148,647	$483,103	
Pre-existing Collections	$0	$0	$0	$0	$0	
Net Collections	$37,162	$148,647	$148,647	$148,647	$483,103	
NYSEG						
Residential HVAC Program						
Program & Admin Costs	$247,788	$991,153	$991,153	$991,153	$3,221,247	95%
M&V Costs	$13,041	$52,166	$52,166	$52,166	$169,539	5%
Total Costs	$260,830	$1,043,319	$1,043,319	$1,043,319	$3,390,787	
Pre-existing Collections	$0	$0	$0	$0	$0	
Net Collections	$260,830	$1,043,319	$1,043,319	$1,043,319	$3,390,787	
Niagara Mohawk						
Residential HVAC Program						
Program & Admin Costs	$465,455	$1,861,820	$1,861,820	$1,861,820	$6,050,916	95%
M&V Costs	$24,498	$97,991	$97,991	$97,991	$318,469	5%
Total Costs	$489,953	$1,959,811	$1,959,811	$1,959,811	$6,369,386	
Pre-existing Collections	$0	$0	$0	$0	$0	
Net Collections	$489,953	$1,959,811	$1,959,811	$1,959,811	$6,369,386	

Table 1 (Continued)

Breakdown of Utility "Expedited" Programs Data in EEPS June 23, 2008 Order

	2008 (1/4 Yr)	2009	2010	2011	2008-2011	
O&R						
Residential HVAC Program						
Program & Admin Costs	$110,917	$443,668	$443,668	$443,668	$1,441,921	95%
M&V Costs	$5,838	$23,351	$23,351	$23,351	$75,891	5%
Total Costs	$116,755	$467,019	$467,019	$467,019	$1,517,812	
Pre-existing Collections	$0	$0	$0	$0	$0	
Net Collections	$116,755	$467,019	$467,019	$467,019	$1,517,812	
RG&E						
Residential HVAC Program						
Program & Admin Costs	$237,628	$950,513	$950,513	$950,513	$3,089,167	95%
M&V Costs	$12,507	$50,027	$50,027	$50,027	$162,588	5%
Total Costs	$250,135	$1,000,540	$1,000,540	$1,000,540	$3,251,755	
Pre-existing Collections	$0	$0	$0	$0	$0	
Net Collections	$250,135	$1,000,540	$1,000,540	$1,000,540	$3,251,755	
KEDLI						
Residential HVAC Program						
Program & Admin Costs	$548,668	$2,194,671	$2,194,671	$2,194,671	$7,132,681	95%
M&V Costs	$28,877	$115,509	$115,509	$115,509	$375,404	5%
Total Costs	$577,545	$2,310,180	$2,310,180	$2,310,180	$7,508,085	
Pre-existing Collections	($373,769)	($1,495,077)	($1,495,077)	($1,495,077)	($4,859,000)	
Net Collections	$203,776	$815,103	$815,103	$815,103	$2,649,085	
KEDNY						
Residential HVAC Program						
Program & Admin Costs	$817,077	$3,268,309	$3,268,309	$3,268,309	$10,622,003	95%
M&V Costs	$43,004	$172,016	$172,016	$172,016	$559,053	5%
Total Costs	$860,081	$3,440,325	$3,440,325	$3,440,325	$11,181,056	
Pre-existing Collections	($544,518)	($2,178,071)	($2,178,071)	($2,178,071)	($7,078,731)	
Net Collections	$315,564	$1,262,254	$1,262,254	$1,262,254	$4,102,326	
St. Lawrence						
Residential HVAC Program						
Program & Admin Costs	$24,644	$98,578	$98,578	$98,578	$320,378	95%
M&V Costs	$1,297	$5,188	$5,188	$5,188	$16,862	5%
Total Costs	$25,942	$103,766	$103,766	$103,766	$337,240	
Pre-existing Collections	$0	$0	$0	$0	$0	
Net Collections	$25,942	$103,766	$103,766	$103,766	$337,240	

Table 2

Uniform Requirements for Residential Gas HVAC Programs

MEASURE	REBATE
Furnace AFUE ≥ 90	$200
Furnace AFUE ≥ 92	$200
Furnace AFUE ≥ 92 w ECM	$400
Furnace AFUE ≥ 94 w ECM	$600
Furnace AFUE ≥ 95 w ECM	$600
Water Boiler AFUE ≥ 85	$500
Water Boiler AFUE ≥ 90	$1,000
Steam Boiler AFUE ≥ 82	$500
Boiler Reset Control	$100
Water Heating Storage Tank EF≥0.62	None
Water Heating Storage Tank EF≥0.64	None
Water Heating Storage Tank Energy Star	None
Water Heating Tankless EF ≥ .82	None
Water Heating Tankless EF ≥ .84	None
Indirect Water Heater	$300
Solar Assist Water Heating	None
Drain Water Heat Exchanger	None
Clothes Washer	None
Programmable Thermostats*	$25
Low Flow Shower Heads	None
Low Flow Faucets	None
Heating System Cleaning & Tune-up	None
Replacement Windows	None
Duct and Air Sealing	$600

AFUE – Annual Fuel Utilization Efficiency
ECM – Electronically Controlled Motor
EF – Efficiency Factor
*Installed by a contractor at the time of furnace or boiler replacement.

Table 3

Approved Utility "Expedited" Program Costs & Savings Targets

	2008 (1/4 Yr)	2009	2010	2011	2008-2011	
Central Hudson						
Residential HVAC Program						
Cumul. Savings (Dekatherms)	0	1,242	2,484	2,484	6,210	
Measures Costs	$0	$32,385	$64,769	$64,769	$161,923	78%
Admin & Mktg Costs	$0	$7,058	$14,116	$14,116	$35,291	17%
Eval., M&V Costs	$0	$2,076	$4,152	$4,152	$10,380	5%
Total Budget	$0	$41,519	$83,037	$83,037	$207,593	100%
$$/Dekatherm	$0	$33	$33	$33	$33	
Supplementary Allowances						
Cumul. Savings (Dekatherms)	0	124	248	248	621	
Measures Costs	$0	$3,238	$6,477	$6,477	$16,192	78%
Admin & Mktg Costs	$0	$706	$1,412	$1,412	$3,529	17%
Eval., M&V Costs	$0	$208	$415	$415	$1,038	5%
Total Budget	$0	$4,152	$8,304	$8,304	$20,759	100%
$$/Dekatherm	$0	$33	$33	$33	$33	
Total Budget Incl. Supplement	$0	$45,670	$91,341	$91,341	$228,352	
Con Edison						
Residential HVAC Program						
Cumul. Savings (Dekatherms)	0	23,384	46,767	46,767	116,918	
Measures Costs	$0	$1,092,939	$2,185,877	$2,185,877	$5,464,693	78%
Admin & Mktg Costs	$0	$238,205	$476,409	$476,409	$1,191,023	17%
Eval., M&V Costs	$0	$70,060	$140,120	$140,120	$350,301	5%
Total Budget	$0	$1,401,203	$2,802,406	$2,802,406	$7,006,016	100%
$$/Dekatherm	$0	$60	$60	$60	$60	
Supplementary Allowances						
Cumul. Savings (Dekatherms)	0	2,338	4,677	4,677	11,692	
Measures Costs	$0	$109,294	$218,588	$218,588	$546,469	78%
Admin & Mktg Costs	$0	$23,820	$47,641	$47,641	$119,102	17%
Eval., M&V Costs	$0	$7,006	$14,012	$14,012	$35,030	5%
Total Budget	$0	$140,120	$280,241	$280,241	$700,602	100%
$$/Dekatherm	$0	$60	$60	$60	$60	
Total Budget Incl. Supplement	$0	$1,541,324	$3,082,647	$3,082,647	$7,706,618	

Table 3 (Continued)

Approved Utility "Expedited" Program Costs & Savings Targets

	2008 (1/4 Yr)	2009	2010	2011	2008-2011	
Corning						
Residential HVAC Program						
Cumul. Savings (Dekatherms)	0	1,677	3,354	3,354	8,385	
Measures Costs	$0	$25,846	$51,692	$51,692	$129,230	78%
Admin & Mktg Costs	$0	$5,633	$11,266	$11,266	$28,166	17%
Eval., M&V Costs	$0	$1,657	$3,314	$3,314	$8,284	5%
Total Budget	$0	$33,136	$66,272	$66,272	$165,679	100%
$$/Dekatherm	$0	$20	$20	$20	$20	
Supplementary Allowances						
Cumul. Savings (Dekatherms)	0	168	335	335	839	
Measures Costs	$0	$2,585	$5,169	$5,169	$12,923	78%
Admin & Mktg Costs	$0	$563	$1,127	$1,127	$2,817	17%
Eval., M&V Costs	$0	$166	$331	$331	$828	5%
Total Budget	$0	$3,314	$6,627	$6,627	$16,568	100%
$$/Dekatherm	$0	$20	$20	$20	$20	
Total Budget Incl. Supplement	$0	$36,449	$72,899	$72,899	$182,247	
NYSEG						
Residential HVAC Program						
Cumul. Savings (Dekatherms)	0	14,965	29,930	29,930	74,825	
Measures Costs	$0	$290,769	$581,538	$581,538	$1,453,845	78%
Admin & Mktg Costs	$0	$63,373	$126,745	$126,745	$316,864	17%
Eval., M&V Costs	$0	$18,639	$37,278	$37,278	$93,195	5%
Total Budget	$0	$372,781	$745,562	$745,562	$1,863,904	100%
$$/Dekatherm	$0	$25	$25	$25	$25	
Supplementary Allowances						
Cumul. Savings (Dekatherms)	0	1,497	2,993	2,993	7,483	
Measures Costs	$0	$29,077	$58,154	$58,154	$145,385	78%
Admin & Mktg Costs	$0	$6,337	$12,675	$12,675	$31,686	17%
Eval., M&V Costs	$0	$1,864	$3,728	$3,728	$9,320	5%
Total Budget	$0	$37,278	$74,556	$74,556	$186,390	100%
$$/Dekatherm	$0	$25	$25	$25	$25	
Total Budget Incl. Supplement	$0	$410,059	$820,118	$820,118	$2,050,294	

Table 3 (Continued)

Approved Utility "Expedited" Program Costs & Savings Targets

	2008 (1/4 Yr)	2009	2010	2011	2008-2011	
Niagara Mohawk						
Residential HVAC Program						
Cumul. Savings (Dekatherms)	0	13,781	27,561	27,561	68,903	
Measures Costs	$0	$297,585	$595,170	$595,170	$1,487,925	78%
Admin & Mktg Costs	$0	$64,858	$129,717	$129,717	$324,291	17%
Eval., M&V Costs	$0	$19,076	$38,152	$38,152	$95,380	5%
Total Budget	$0	$381,519	$763,038	$763,038	$1,907,596	100%
$$/Dekatherm	$0	$28	$28	$28	$28	
Supplementary Allowances						
Cumul. Savings (Dekatherms)	0	1,378	2,756	2,756	6,890	
Measures Costs	$0	$29,759	$59,517	$59,517	$148,793	78%
Admin & Mktg Costs	$0	$6,486	$12,972	$12,972	$32,429	17%
Eval., M&V Costs	$0	$1,908	$3,815	$3,815	$9,538	5%
Total Budget	$0	$38,152	$76,304	$76,304	$190,760	100%
$$/Dekatherm	$0	$28	$28	$28	$28	
Total Budget Incl. Supplement	$0	$419,671	$839,342	$839,342	$2,098,356	
O&R						
Residential HVAC Program						
Cumul. Savings (Dekatherms)	0	2,178	4,356	4,356	10,890	
Measures Costs	$0	$77,831	$155,662	$155,662	$389,155	78%
Admin & Mktg Costs	$0	$16,963	$33,926	$33,926	$84,816	17%
Eval., M&V Costs	$0	$4,989	$9,978	$9,978	$24,946	5%
Total Budget	$0	$99,783	$199,567	$199,567	$498,917	100%
$$/Dekatherm	$0	$46	$46	$46	$46	
Supplementary Allowances						
Cumul. Savings (Dekatherms)	0	218	436	436	1,089	
Measures Costs	$0	$7,783	$15,566	$15,566	$38,916	78%
Admin & Mktg Costs	$0	$1,696	$3,393	$3,393	$8,482	17%
Eval., M&V Costs	$0	$499	$998	$998	$2,495	5%
Total Budget	$0	$9,978	$19,957	$19,957	$49,892	100%
$$/Dekatherm	$0	$46	$46	$46	$46	
Total Budget Incl. Supplement	$0	$109,762	$219,523	$219,523	$548,808	

Table 3 (Continued)

Approved Utility "Expedited" Program Costs & Savings Targets

	2008 (1/4 Yr)	2009	2010	2011	2008-2011	
RG&E						
Residential HVAC Program						
Cumul. Savings (Dekatherms)	0	14,890	29,780	29,780	74,450	
Measures Costs	$0	$290,769	$581,538	$581,538	$1,453,845	78%
Admin & Mktg Costs	$0	$63,373	$126,745	$126,745	$316,864	17%
Eval., M&V Costs	$0	$18,639	$37,278	$37,278	$93,195	5%
Total Budget	$0	$372,781	$745,562	$745,562	$1,863,904	100%
$$/Dekatherm	$0	$25	$25	$25	$25	
Supplementary Allowances						
Cumul. Savings (Dekatherms)	0	1,489	2,978	2,978	7,445	
Measures Costs	$0	$29,077	$58,154	$58,154	$145,385	78%
Admin & Mktg Costs	$0	$6,337	$12,675	$12,675	$31,686	17%
Eval., M&V Costs	$0	$1,864	$3,728	$3,728	$9,320	5%
Total Budget	$0	$37,278	$74,556	$74,556	$186,390	100%
$$/Dekatherm	$0	$25	$25	$25	$25	
Total Budget Incl. Supplement	$0	$410,059	$820,118	$820,118	$2,050,294	
KeySpan LI						
Residential HVAC Program						
Cumul. Savings (Dekatherms)	0	15,294	30,588	30,588	76,470	
Measures Costs	$0	$745,739	$1,491,477	$1,491,477	$3,728,693	78%
Admin & Mktg Costs	$0	$162,533	$325,066	$325,066	$812,664	17%
Eval., M&V Costs	$0	$47,804	$95,608	$95,608	$239,019	5%
Total Budget	$0	$956,075	$1,912,150	$1,912,150	$4,780,375	100%
$$/Dekatherm	$0	$63	$63	$63	$63	
Supplementary Allowances						
Cumul. Savings (Dekatherms)	0	1,529	3,059	3,059	7,647	
Measures Costs	$0	$74,574	$149,148	$149,148	$372,869	78%
Admin & Mktg Costs	$0	$16,253	$32,507	$32,507	$81,266	17%
Eval., M&V Costs	$0	$4,780	$9,561	$9,561	$23,902	5%
Total Budget	$0	$95,608	$191,215	$191,215	$478,038	100%
$$/Dekatherm	$0	$63	$63	$63	$63	
Total Budget Incl. Supplement	$0	$1,051,683	$2,103,365	$2,103,365	$5,258,413	

Table 3 (Continued)

Approved Utility "Expedited" Program Costs & Savings Targets

	2008 (1/4 Yr)	2009	2010	2011	2008-2011	
KeySpan NY						
Residential HVAC Program						
Cumul. Savings (Dekatherms)	0	18,499	36,998	36,998	92,495	
Measures Costs	$0	$889,647	$1,779,293	$1,779,293	$4,448,233	78%
Admin & Mktg Costs	$0	$193,897	$387,795	$387,795	$969,487	17%
Eval., M&V Costs	$0	$57,029	$114,057	$114,057	$285,143	5%
Total Budget	$0	$1,140,572	$2,281,145	$2,281,145	$5,702,862	100%
$$/Dekatherm	$0	$62	$62	$62	$62	
Supplementary Allowances						
Cumul. Savings (Dekatherms)	0	1,850	3,700	3,700	9,250	
Measures Costs	$0	$88,965	$177,929	$177,929	$444,823	78%
Admin & Mktg Costs	$0	$19,390	$38,779	$38,779	$96,949	17%
Eval., M&V Costs	$0	$5,703	$11,406	$11,406	$28,514	5%
Total Budget	$0	$114,057	$228,114	$228,114	$570,286	100%
$$/Dekatherm	$0	$62	$62	$62	$62	
Total Budget Incl. Supplement	$0	$1,254,630	$2,509,259	$2,509,259	$6,273,148	
St. Lawrence						
Residential HVAC Program						
Cumul. Savings (Dekatherms)	0	777	1,554	1,554	3,885	
Measures Costs	$0	$11,635	$23,269	$23,269	$58,173	78%
Admin & Mktg Costs	$0	$2,536	$5,071	$5,071	$12,679	17%
Eval., M&V Costs	$0	$746	$1,492	$1,492	$3,729	5%
Total Budget	$0	$14,916	$29,832	$29,832	$74,580	100%
$$/Dekatherm	$0	$19	$19	$19	$19	
Supplementary Allowances						
Cumul. Savings (Dekatherms)	0	78	155	155	389	
Measures Costs	$0	$1,163	$2,327	$2,327	$5,817	78%
Admin & Mktg Costs	$0	$254	$507	$507	$1,268	17%
Eval., M&V Costs	$0	$75	$149	$149	$373	5%
Total Budget	$0	$1,492	$2,983	$2,983	$7,458	100%
$$/Dekatherm	$0	$19	$19	$19	$19	
Total Budget Incl. Supplement	$0	$16,408	$32,815	$32,815	$82,038	

Table 1

Downstate Gas LRACs

(2008 $ Per DT)

	Winter LRACs for Downstate New York				Summer LRACs for Downstate New York			
Year	Commodity	Pipeline	LDC Margin	Total	Commodity	Pipeline	LDC Margin	Total
2008	$10.24	$2.82	$2.74	$15.80	$9.54	$0.59	$2.74	$12.87
2009	$8.31	$2.82	$2.74	$13.87	$7.74	$0.59	$2.74	$11.08
2010	$8.07	$2.82	$2.74	$13.64	$7.52	$0.59	$2.74	$10.85
2011	$7.84	$2.82	$2.74	$13.41	$7.31	$0.59	$2.74	$10.64
2012	$7.63	$2.82	$2.74	$13.19	$7.10	$0.59	$2.74	$10.44
2013	$7.63	$2.82	$2.74	$13.19	$7.10	$0.59	$2.74	$10.44
2014	$7.63	$2.82	$2.74	$13.19	$7.10	$0.59	$2.74	$10.44
2015	$7.63	$2.82	$2.74	$13.19	$7.10	$0.59	$2.74	$10.44
2016	$7.70	$2.82	$2.74	$13.27	$7.18	$0.59	$2.74	$10.51
2017	$7.78	$2.82	$2.74	$13.34	$7.25	$0.59	$2.74	$10.58
2018	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2019	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2020	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2021	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2022	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2023	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2024	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2025	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2026	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2027	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2028	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2029	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65
2030	$7.85	$2.82	$2.74	$13.42	$7.32	$0.59	$2.74	$10.65

Table 2

Upstate Gas LRACs

(2008 $ Per DT)

Year	Winter LRACs for Upstate New York: Commodity	Pipeline	LDC Margin	Total	Summer LRACs for Upstate New York: Commodity	Pipeline	LDC Margin	Total
2008	$10.24	$1.69	$0.48	$12.40	$9.54	$0.89	$0.48	$10.91
2009	$8.31	$1.69	$0.48	$10.47	$7.74	$0.89	$0.48	$9.11
2010	$8.07	$1.69	$0.48	$10.24	$7.52	$0.89	$0.48	$8.89
2011	$7.84	$1.69	$0.48	$10.01	$7.31	$0.89	$0.48	$8.68
2012	$7.63	$1.69	$0.48	$9.79	$7.10	$0.89	$0.48	$8.47
2013	$7.63	$1.69	$0.48	$9.79	$7.10	$0.89	$0.48	$8.47
2014	$7.63	$1.69	$0.48	$9.79	$7.10	$0.89	$0.48	$8.47
2015	$7.63	$1.69	$0.48	$9.79	$7.10	$0.89	$0.48	$8.47
2016	$7.70	$1.69	$0.48	$9.87	$7.18	$0.89	$0.48	$8.54
2017	$7.78	$1.69	$0.48	$9.94	$7.25	$0.89	$0.48	$8.62
2018	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2019	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2020	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2021	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2022	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2023	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2024	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2025	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2026	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2027	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2028	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2029	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69
2030	$7.85	$1.69	$0.48	$10.02	$7.32	$0.89	$0.48	$8.69

SUMMARY OF THE POSITIONS OF THE PARTIES

Initial Comments were submitted by EarthKind Energy (EarthKind), Multiple Intervenors (MI), New York State Energy Research and Development Authority (NYSERDA), New York Oil Heating Association, Inc. (NYOHA), and Staff of the Department of Public Service (Staff). Reply Comments were submitted by Central Hudson Gas & Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc. (Con Edison), Corning Natural Gas Corporation (Corning), The Brooklyn Union Gas Company d/b/a National Grid (KeySpan NY), KeySpan Gas East Corporation d/b/a National Grid (KeySpan LI), New York State Electric & Gas Corporation (NYSEG), Rochester Gas and Electric Corporation (RG&E), Niagara Mohawk Power Corporation d/b/a National Grid (Niagara Mohawk), Orange and Rockland Utilities, Inc. (O&R), St. Lawrence Gas Company, Inc. (St. Lawrence), and NYSERDA. Following is a summary of all the Initial and Reply Comments received from the parties in these proceedings.

EarthKind

EarthKind states that KeySpan NY, KeySpan LI, NYSEG, RG&E, Niagara Mohawk and O&R did not submit complying filings because they did not include solar thermal measures in their programs, despite EarthKind's offer of cooperation to assist each of them in the development of their programs. EarthKind supports Central Hudson's inclusion of "solar augmented" measures in its filing, but believes Central Hudson's target of 21 installations over a three-year period is too low given that solar thermal installations are already occurring in the Central Hudson service territory. EarthKind praises Con Edison's inclusion of solar thermal installations by HVAC contractors trained to install equipment according to original equipment manufacturer (OEM) product guidelines. But EarthKind believes

Con Edison's target of 250 solar thermal installations by 2011 is too small. EarthKind argues that an effective program could reach 1% of the 800,000 homes in the Con Edison service territory, that being 8,000 installations. EarthKind believes that for Con Edison to be successful, it will need to undertake a designated solar thermal education, outreach and training effort. EarthKind also expressed dissatisfaction with Con Edison's collaboration efforts related to solar thermal issues.

Multiple Intervenors (MI)

MI believes that it is imperative that the Commission minimize the cost of gas efficiency programs to customers due to current unfavorable economic circumstances, and the pre-existing high energy costs in New York compared to most other states that tend to depress economic activity in New York. MI urges the Commission at this juncture to reject all proposals for new gas efficiency programs that were made except those for the specific Residential Gas HVAC Program that the Commission invited. MI notes that for utilities that do not already offer a menu of efficiency programs, the Commission ruled that the costs of the proposed Residential Gas HVAC Program should be recovered solely from residential customers, and asks that the Commission ensure enforcement of that ruling. Finally, MI asks the Commission to reflect recent lower gas prices in its cost/benefit analyses.

NYSERDA

NYSERDA raises a general concern that it is unclear to what degree some of the utility program proposals may allow or not clearly prohibit the layering or double payment of rebates/financial inducements to participants for the same measure in the utility program and a NYSERDA program. NYSERDA does believe that layering may be appropriate in cases where it would be cost effective to do so to achieve a higher level of efficiency than may be achieved otherwise. However if such layering would cause customer confusion or unproductive competition between programs, NYSERDA does not believe it would be appropriate. NYSERDA also raises a concern that the layering of rebates/financial inducements to participants could lead to difficulty in the attribution of energy savings to particular programs.

As to calculations of the total resource cost (TRC) test for each proposed program, NYSERDA notes that it is unclear from NYSERDA's review of the filings what assumptions were used by some of the utilities in conducting their TRC calculations. Additionally, the assumptions used to calculate the projected TRC calculations, as contained in the June 23, 2008 Order, are not readily apparent. NYSERDA recommends that to promote transparency and to enable straightforward comparisons between program administrator offerings, the Evaluation Advisory Group should develop a common process and a repository for the collection and sharing of the data used for TRC calculations.

As to market and workforce development issues, NYSERDA observes that the utility filings all indicate a need for upstream market activities and enhanced training with market segments and trade allies including builders, contractors, equipment dealers, manufacturers and regional organizations. NYSERDA remarks that it has experience in market development and training in areas identified and that it has separately proposed a statewide effort to address market development and workforce development issues.

NYOHA

NYOHA believes that Con Edison should not be allowed to expand ratepayer-funded energy efficiency programs to include oil-to-gas conversion customers because the efficiency programs could become conversion programs used to add customers and load instead of for their intended purpose of conserving natural gas. According to NYOHA, Con Edison already has a rate allowance for conversion and should use that money to encourage conversion customers to choose efficient equipment. NYOHA believes that Con Edison's proposal to integrate the two funds will lead to increased natural gas usage and load, contrary to the goals of reducing usage, and would decrease the amount of funds available for energy efficiency measures for existing gas customers. Further, NYOHA believes that a Commission Order in Case 03-G-1671 prohibits Con Edison's proposal, imposed because Con Edison has sufficient incentives to facilitate oil-to-gas conversions without additional expenditure of ratepayer provided funds for energy efficiency. NYOHA recommends that this issue be considered in supplemental proceedings in a Con Edison rate case, as was contemplated in the original order, rather than here.

Staff's General Comments

Staff has general comments that apply to all of the utility gas "Fast Track" program filings, which are summarized here. Staff's comments on specific utility gas "Fast Track" proposals are presented in subsequent sections below.

According to Staff, despite efforts at collaboration required by the Energy Efficiency Portfolio Standard (EEPS) June 23, 2008 Order, the utilities have proposed a wide range of eligible measures, rebate amounts, and rebate structures. Staff recommends that there be statewide uniformity in the program measures and rebates to be offered by each utility Residential Gas HVAC Program. This would minimize customer and trade ally confusion, and reduce the need for suppliers to carry inventory to support differing program requirements across the state. Common program requirements will also make it possible to conduct joint program evaluation across multiple service territories, reducing evaluation costs. Staff recommends such uniformity unless the utilities are able to provide a compelling reason for use of varying parameters between programs.

While Staff has developed its recommendations for the rebate levels based on advice from the American Council for an Energy Efficient Economy (ACEEE), whose recommendations for specific performance-based rebate amounts are generally based on paying 70% of the incremental cost of installing high efficiency equipment, Staff recommends that the rebate level be a fixed dollar amount rather than a percentage of the installed cost experienced by each individual program participant.

As to the wide variations in energy savings estimates by utility, Staff recommends a standardized approach to estimating savings. Staff had TecMarket Works, an independent consultant, develop a technical manual to provide standardized categories which it believes will allow for uniform reporting, measurement, and marketing, and will facilitate comparisons of programs between utilities. Staff would allow these estimates to be refined in the future when actual evaluation results are available.

Staff recommends that competitive bidding be required as the preferred procurement method for equipment and contracts. According to Staff, any proposal for sole-source procurement should be submitted to and approved by the Director of the Office of Energy Efficiency and the Environment. Staff also recommends that it have an opportunity to review and comment on proposed program changes to minimize inconsistencies among programs, asking that any utility proposal for changes to approved program budgets, eligible energy efficiency measures, or customer rebates be submitted to Staff for review and comment at least 90 days before the proposed implementation date. Proposals that would result in budget reallocations that represent a cumulative change of 10% or more from the total approved annual budget should be submitted for Commission approval before implementation.

Staff further recommends that once the Commission approves final program parameters, each utility should be required to submit an Implementation Plan that describes in detail the overall program and how it will operate, including a detailed plan for program evaluation. Staff recommends that the Implementation Plan be submitted within 60 days of Commission approval.

In terms of market research, Staff recommends that any proposals to use evaluation funding for market research be reviewed by the Evaluation Advisory Group and approved by the Director of the Office of Energy Efficiency and the Environment. Staff is concerned that if scarce evaluation funds are diverted to market research, the overall quality of the evaluation effort may suffer.

To ensure that program progress is monitored closely, Staff recommends that all program administrators be required to report program data and evaluation results on both a quarterly and annual basis. Staff further recommends implementation of a monthly “scorecard report” prepared by all administrators providing a summary of key program achievements. Staff also recommends that all program evaluation reports be made easily accessible to the public.

Several utilities proposed to make oil-to-gas conversion customers eligible to participate in their "Fast Track" gas program. Many conversion customers currently receive significant incentives/benefits under existing oil-to-gas conversion marketing plans. Although Staff generally supports the concept of allowing conversion customers to participate in energy efficiency programs, it believes that safeguards must be established to prevent an inequitable amount of energy efficiency funds being spent on conversion customers, which could limit opportunities for existing gas customer to participate. Staff recommends that incentive payments for installation of high efficiency furnaces or boilers to customers converting from fuel oil be limited to 38% of the total budget for any utility program.

Staff's Comments on Central Hudson's Proposal

According to Staff, Central Hudson's projected savings level of 10,404 dekatherms for the period 2009-2011 is considerably less than Staff’s original expectation based on Central Hudson's projected budget. In Staff's view, Central Hudson’s program description is in general compliance with the EEPS Order and the proposed program measures are consistent with the EEPS Order. As discussed above, Staff recommends that the Commission modify Central Hudson’s program proposal to be compatible with uniform statewide eligible equipment and measure efficiency standards, and rebate levels.

Staff recommends that Central Hudson be required to submit additional detail on its evaluation plan, including more detail on sampling methodology, benefit/cost calculations, data security, organizational structure, gross savings calculations, and the process it will use to select an evaluation contractor and the duties that contractor will perform. Due to the small size of the program budget, Central Hudson has set the evaluation budget for the residential gas program at 10% of the total program budget, with a 5% budget for the small commercial program. Staff states that the EEPS Order established a 5% of total program budget level for evaluation and made no allowance for utilities spending more than that amount. Central Hudson has also included an additional amount of about $1.5 million for “Enhanced Measurement Verification” covering both the electric and gas efficiency programs. Staff requests additional explanation about the collection and use of these funds. Staff also asks for more information on the breakdown of the evaluation budget between the residential and small commercial gas efficiency programs.

Staff is satisfied that Central Hudson provided a moderate level of detail and supporting documentation for the determination of each budget category amount. Staff considers Central Hudson's quality assurance plan satisfactory.

Staff recommends that Central Hudson submit a detailed contractor training and program orientation plan. Staff further suggests that Central Hudson’s Implementation Plan should include a specific plan describing its coordination of marketing with surrounding utilities and NYSERDA and that Central Hudson and NYERDA work on implementing a process for coordination of energy efficiency programs to ensure that customers are not receiving two rebates for the same measure and that energy savings are not double counted.

Staff believes that Central Hudson's estimate of an overall TRC ratio for the gas "Fast Track" program of 2.16 failed to include indirect costs and that Central Hudson is actually requesting a budget in nominal dollars for the life of the program that produces an estimated total resource cost (TRC) ratio of 0.99.

<u>Staff's Comments on Con Edison's Proposal</u>

According to Staff, Con Edison's projected savings level of 344,463 dekatherms for the period 2009-2011 is considerably less than Staff's original expectation based on Con Edison's projected budget. Staff believes it would be more realistic to project an increasing number of participants and associated energy savings each year as the program ramps up rather than, as Con Edison did, project the same number of participants and energy savings for each year of the program. Staff believes that Con Edison's program description is generally in line with the EEPS Order. However, Staff raises a concern that Con Edison proposes to combine the electric and gas Residential HVAC Programs into one program. Staff believes this could lead to possible customer and trade ally confusion. Staff is willing to monitor how the combined program implementation performs and does not oppose it.

According to Staff, Con Edison's proposed program does not include clothes washers, but provides rebates for the purchase of Energy Star rated programmable thermostats, which was not contemplated by the EEPS Order. In addition, Staff does not recommend inclusion of Con Edison's proposal to provide energy efficient kits to customers who participate because Staff does not believe there is sufficient support for the savings estimates for these kits. Staff further recommends that Con Edison not offer rebates for the purchase of solar domestic hot water heaters as the modeling for this technology shows a TRC of 0.34.

Staff recommends provision of additional detail about Con Edison's evaluation plan, especially evaluation methodologies, its logic model, and how the administrative structure will promote a transparent and objective evaluation process. Staff is concerned that the marketing activities that Con Edison proposes are very ambitious and could consume a large portion of the evaluation budget. Staff asks that Con Edison be required to develop this more fully in its Implementation Plan and to indicate whether it plans to collaborate with other utilities in its evaluation efforts. As to Con Edison's establishment of a new Monitoring, Verification and Evaluation section within its Energy Efficiency Program Department to oversee evaluation with an outside evaluation contractor expected to work closely with program implementation staff, Staff warns that such a structure creates a potential for compromised results. Staff asks for further details in the Implementation Plan that demonstrate how Con Edison will be able to ensure that an arms-length relationship is maintained between implementation and evaluation efforts.

Staff is satisfied that Con Edison provided a moderate level of detail and supporting documentation for the determination of each budget category amount, but believes Con Edison did not provide sufficient information detailing the method for determining and allocating the five category budget amounts.

Staff recommends that a more detailed contractor training and program orientation plan be submitted as part of Con Edison’s Implementation Plan. In terms of quality assurance, Staff finds that Con Edison’s approach is generally adequate. However, Staff believes Con Edison should submit more detail in its Implementation Plan about how the program will handle identified installation problems. Staff has concern about Con Edison's plan to use a minimum sample size of 68 to produce a 90% confidence level and a 10% margin of error. According to Staff, while the sample size may be adequate from a total participant population perspective, it may not be able to capture poor performance by contractors, which is a major objective of a quality assurance plan. Therefore, Staff believes that other approaches may also be needed.

Staff requests that a more detailed description of Con Edison’s plans to coordinate its marketing with surrounding utilities and NYSERDA be included in its Implementation Plan, and asks that the Company ensure that a process is in place for coordinating energy efficiency programs to ensure that customers are not receiving two rebates for the same measure and that energy savings are not double counted.

According to Staff, Con Edison claims a TRC level of 1.88 for the Residential Gas HVAC Program, but Staff’s estimate of the program’s TRC ratio is 1.47. Staff asserts that while this estimate suggests that Con Edison’s program is cost-effective, the ratio is still preliminary because it has had difficulty getting sufficiently documented sources for Con Edison estimates for measure cost and energy savings.

Staff's Comments on Corning's Proposal

According to Staff, a number of elements of Corning’s filing do not comply with the EEPS Order. The filing includes a low income component (which was not part of the EEPS Order) and did not include a projection for energy savings. In addition, Corning allocated only 4% of the total program budget to evaluation (instead of the 5% directed by the EEPS Order). Staff recommends that Corning be directed to submit a compliance filing that removes the low income component.

According to Staff, Corning's projected savings level of 12,132 dekatherms for the period 2009-2011 is considerably less than Staff’s original expectation based on Corning's projected budget. Staff also notes that Corning projects the same number of participants and energy savings for each year of the program. Staff believes that it is more realistic to anticipate increased numbers of participants and associated energy savings as the program ramps up.

Staff does not believe that programmable thermostats, included in Corning’s proposed program, should be included. According to Staff, Corning’s filing does not mention marketing training for contractors/plumbers or rebates to those trade allies, nor does it mention discounted sales of low-flow showerheads, faucet aerators or tank wraps. Staff recommends that Corning’s proposal be modified to conform to statewide standards and that it only include space heating equipment.

In terms of program evaluation, Staff recommends that the Commission allow Corning to conduct a scaled down evaluation plan that will provide reliable data about energy efficiency savings without overburdening Corning’s resources or its energy efficiency budget. According to Staff, Corning could benefit if there were a statewide evaluation program.

Staff recommends that Corning should be required to provide more detailed information supporting its budget calculations and allocations as part of an Implementation Plan. Staff also recommends that the Implementation Plan include a description of how Corning will coordinate program delivery with other entities to make customers aware of all programs for which they are eligible, avoid double-counting of program savings, and avoid duplicative rebates.

Staff recommends that Corning’s program should include a limited component for contractor training and program orientation, balancing the need to have informed, competent contractors against the limited funds available. Staff further recommends that Corning’s program contain some minimum procedures for quality assurance. Staff also recommends that Corning should provide details about coordination of program marketing with other parties and should develop a Marketing Plan.

Staff estimates an overall TRC of 1.18. If Corning’s program is limited to furnaces and boilers, as proposed by Staff, the expected TRC ratio is 1.21.

Staff's Comments on KeySpan NY/KeySpan LI's Proposals

According to Staff, it is not clear how the KeySpan programs will interact with the “Interim” energy efficiency programs currently in operation. Consequently, Staff recommends that the Commission direct the submission of a detailed plan for the tracking, reporting and accounting associated with the gas "Fast Track" program separately from the Interim programs. Staff notes that KeySpan NY/KeySpan LI propose to recover lost revenues associated with program implementation, as in their Interim programs, but the June 23, 2008 EEPS Order does not contain a specific provision for recovery of lost revenues.

Staff recommends that the Commission modify the KeySpan proposals to match statewide eligible equipment and rebate levels and to adopt uniform methods for calculating estimated savings. Staff recommends using the TecMarket Manual for initially calculating the energy savings by program and measures. Staff agrees with KeySpan NY/KeySpan LI that customer inducements would be a more effective approach at the outset of a new residential program rather than using upstream inducements in the equipment manufacture, sale, and installation markets. Staff believes that these upstream inducements should be considered later as the program matures.

With regard to an Evaluation Plan, Staff finds that the submittal generally adheres to the Evaluation Guidelines, but recommends that additional details be provided as part of Implementation Plans.

In Staff's view, the documentation supporting the cost data is generally sufficient. Staff also believes the approach outlined for the marketing plans to be adequate, but requests further detail in the future. Likewise, it finds the Quality Assurance Program generally sufficient; however, Staff recommends that it be modified to include provisions for ensuring that installed equipment is properly sized and installed, including duct sealing as needed. According to Staff, detailed contractor training and program orientation plans are not included in the filings. Staff recommends that such plans be developed. In addition, Staff recommends that the utilities and NYSERDA continue to work on implementing a process for coordination of energy efficiency programs to ensure that customers are not receiving two rebates for the same measure, and that energy savings are not double counted.

Staff estimates a TRC ratio for KeySpan NY’s proposal of 0.99 and KeySpan LI’s proposal of 1.29. The reduction from KeySpan NY’s estimate of 1.31 and KeySpan LI's estimate of 1.72 is mainly due to the use of different avoided cost estimates. According to Staff, dissimilar treatment of free rider costs is also a minor factor in these differences.

Staff's Comments on NYSEG/RG&E Proposals

Staff recommends against approval of NYSEG’s proposed gas "Fast Track" program budget because it exceeds the Commission's target by 13%, and RG&E's because it exceeds the Commission's target by 18%. Staff questions, as beyond the scope of what was authorized in the EEPS Order, NYSEG/RG&E’s proposals to begin recovering lost revenues via a gas Systems Benefit Charge and to modify the programs in their portfolios to cap spending and lost revenues levels at the amount collected via the SBC.

According to Staff, NYSEG’s projected savings level of 67,149 dekatherms and RG&E’s projected savings level of 67,149 dekatherms for the period 2009-2011 is considerably less than Staff's original expectation based on the NYSEG/RG&E projected budgets. NYSEG/RG&E project the same number of participants and energy savings for each year of the program. Staff believes a more realistic projection would show an increased number of participants and energy savings as the program ramps up.

Staff estimates a Total Resource Cost ratio for NYSEG's proposal of 1.31 instead of the 1.77 estimated by NYSEG. Staff estimates a Total Resource Cost ratio for RG&E's proposal of 1.31 instead of the 1.63 estimated by RG&E. Staff recommends that the NYSEG/RG&E programs be based on statewide uniform eligible equipment standards, efficiency standards, and incentive levels. According to Staff, the TecMarket Manual should be used to calculate program savings. While the programs are cost effective, Staff believes that the Commission should reject the NYSEG/RG&E proposals to include conventionally designed water heaters in its program because this measure offers very limited energy savings. Staff states that NYSEG and RG&E failed to provide a sufficient level of detail to support its determination of budget category allocations, but that Staff generally supports the reminder of the NYSEG/RG&E program descriptions.

Staff believes that the evaluation plans meet the spirit of the Commission's goals and guidelines established by the Evaluation Advisory Group, but lack some critical details. Staff recommends that NYSEG and RG&E be required to submit for review a detailed evaluation plan, which NYSEG and RG&E are developing with the aid of a contractor.

Staff recommends that detailed contractor training and program orientation plans be submitted as part of the Implementation Plans and that a contractor screening process should be included. Staff believes that the NYSEG/RG&E

proposals do not adequately address quality assurance because they do not include a system to promote quality installations or to remediate cases of unsatisfactory installations. Staff further recommends that NYSEG and RG&E be required to submit quality assurance programs.

Staff believes that the approach NYSEG and RG&E outlined in the proposal for its marketing plan is generally satisfactory. However, Staff would like to see more detail about how NYSEG and RG&E will coordinate their marketing with surrounding utilities and NYSERDA. Similarly, Staff would like NYSEG and RG&E to describe how they will coordinate program delivery with other entities to make customers aware of all programs for which they are eligible and to ensure that there will be no double counting of energy efficiency savings or dual incentive payments for the same energy efficiency measures.

Staff's Comments on Niagara Mohawk's Proposal

According to Staff, it is not clear how Niagara Mohawk's programs will interact with the “Interim” energy efficiency programs currently in operation. Consequently, Staff recommends that the Commission direct the submission of a detailed plan for the tracking, reporting and accounting associated with the gas "Fast Track" program separately from the Interim program. Staff notes that Niagara Mohawk proposes to recover lost revenues associated with program implementation, but the June 23, 2008 EEPS Order does not contain a specific provision for recovery of lost revenues.

Staff does not believe Niagara Mohawk’s proposal for joint operation of the electric Residential High Efficiency Central Air Conditioning program and its gas "Fast Track" program to be reasonable. Since the air conditioner program as proposed by Niagara Mohawk is, according to Staff’s analysis, not cost effective, it could delay the implementation of the gas efficiency program if Niagara Mohawk attempts to implement them jointly. Moreover, Staff believes this could produce additional confusion during the transition from the Interim program to the gas "Fast Track" program.

Niagara Mohawk proposes to pay higher incentives to contractors who are Building Performance Institute (BPI) certified or work for a BPI accredited contractor. Staff believes this approach is appropriate if it is limited to efficient heat and hot water equipment and installations.

Staff recommends that the Commission modify the Niagara Mohawk proposal to match common statewide eligible equipment and rebate levels and to adopt uniform methods for calculating estimated savings. Staff recommends using the TecMarket Manual for initially calculating the energy savings by program and measures. Staff agrees with Niagara Mohawk that customer inducements would be a more effective approach at the outset of a new residential program rather than using upstream inducements in the equipment manufacture, sale, and installation markets. Staff believes that these upstream inducements should be considered later as the program matures.

With regard to an Evaluation Plan, Staff finds that the submittal generally adheres to the Evaluation Guidelines, but recommends that additional details be provided as part of Implementation Plans.

In Staff's view, the documentation supporting the cost data is generally sufficient. Staff also believes the approach outlined for the marketing plans is adequate, but requests further detail in the future. Likewise, it finds the Quality Assurance Program generally sufficient; however, Staff recommends that it be modified to include provisions for ensuring that installed equipment is properly sized and installed, including duct sealing as needed. According to Staff, detailed contractor training and program orientation plans are not included in the filings. Staff recommends that such plans be developed. In addition, Staff recommends that Niagara Mohawk and NYSERDA continue to work on implementing a process for coordination of energy efficiency programs to ensure that customers are not receiving two rebates for the same measure, and that energy savings are not double counted.

Staff estimates a Total Resource Cost ratio for Niagara Mohawk’s proposal of 1.22. The reduction from Niagara Mohawk’s estimate of 1.56 is mainly due to the use of different avoided cost estimates. According to Staff, dissimilar treatment of free rider costs is also a minor factor in these differences.

Staff's Comments on O&R's Proposal

According to Staff, O&R’s projected savings level of 16,644 dekatherms for the period 2009-2011 is considerably less than Staff’s original expectation based on O&R's projected budget. With a Staff calculated TRC ratio of 0.85, Staff is not satisfied that the O&R program, if approved as proposed, would be cost effective. Staff recommends that O&R explore the possibility of administering the application and rebates processes jointly with Con Edison to reduce program expenses. Staff also recommends that O&R coordinate other activities with Con Edison where feasible to take advantage of synergy savings.

O&R’s filing provides general budget breakout categories, but detailed information about the determination of these budget allocations is lacking. Staff recommends that, as part of an Implementation Plan, O&R should be required to provide detailed information supporting its budget calculations and allocations. Staff considers the marketing budget, set at about $56 per participant, reasonable. Staff recommends that the TecMarket Manual be used for calculating energy savings at the program and measure level. Staff also recommends that a detailed contractor training and program orientation plan, as well as additional details about coordination of program marketing with other parties, should be submitted as part of an Implementation Plan, including information on how O&R will coordinate program delivery with other entities to make customers aware of all programs for which they are eligible, avoid double-counting of program savings achieved, and avoid duplicative rebates to customers for installing the same measures.

Staff recommends that O&R be required to provide a detailed plan for working with other utilities and with NYSERDA to further develop and refine its evaluation program. According to Staff, although it lacks necessary detail, O&R's evaluation plan demonstrates a general desire to adhere to the guidelines established by Staff and the Evaluation Advisory Group. Staff provides a detailed description of additional information on the evaluation process that it would like O&R to submit as part of its Implementation Plan, including a monthly "scorecard" report of key program achievements. Staff recommends that the quality assurance program be modified to ensure that installed equipment is properly sized and installed, including duct sealing as needed.

Staff's Comments on St. Lawrence's Proposal

According to Staff, St. Lawrence's filing does not provide the required level of supporting documentation on energy savings estimates. Staff recommends using the TecMarket Manual for these calculations and that St. Lawrence provide detailed information supporting its budget calculations and allocations in an Implementation Plan.

According to Staff, St. Lawrence’s proposed measures include hot air furnaces, hot water boilers, programmable thermostats, on-demand water heaters, and low flow shower heads. Staff does not believe that the programmable thermostat measures should be part of St. Lawrence’s gas "Fast Track" program. Staff proposes that the program be scaled down and recommends that it be limited to providing rebates only for replacement of space heating equipment. Staff does not support including rented or leased equipment in the program. Staff further recommends that customers have an option of receiving rebate checks instead of a bill credit.

Staff recommends that the Commission allow St. Lawrence to conduct a scaled down evaluation plan that will provide reliable data concerning energy efficiency savings without overburdening St. Lawrence’s resources or its energy efficiency budget. According to Staff, the Company could benefit if there were a statewide evaluation plan or it could otherwise share the cost of evaluation.

According to Staff, the plan does not mention marketing training for contractors/plumbers and rebates to these trade allies, nor does it mention discounted sales of low-flow showerheads, faucet aerator or hot water tank wraps. Staff recommends that St. Lawrence’s Gas "Fast Track" program include a component for contractor training and program orientation and that the program contain some procedures for quality assurance. Staff also believes that St. Lawrence should be required to provide details about coordination of plans for program marketing with other parties, and how it will avoid double-counting of program savings achieved and avoid duplicative rebates for installing the same measure.

Central Hudson's Reply Comments

Central Hudson claims that Staff has attempted to modify significant portions of the Commission’s June 23, 2008 EEPS Order, applying new criteria that are not part of the EEPS Order. Central Hudson objects that Staff’s Comments are at odds with the flexibility provided to utilities to design and implement gas "Fast Track" programs to meet the needs of their service territories. It claims that Staff’s criteria differ from those set forth by the Commission in number, level of detail, intention, purpose, and effect.

Central Hudson claims that Staff seeks to apply new input assumptions for calculating TRC values that are not consistent with the EEPS Order. It also claims that Staff allocated program overhead costs to the gas "Fast Track" program that are not appropriate. Central Hudson says that the new Staff technical manual was unauthorized and did not exist when the EEPS Order was issued, leading to evaluation of utility submissions using different inputs than those employed in the EEPS Order.

Central Hudson disagrees with the reduction in the avoided cost for its filed program. It also states that delays caused by Staff’s development of new criteria and rejection of Central Hudson’s proposals in the context of Case 07-M-1139 led to delay in program implementation.

Central Hudson states that Staff has taken a number of unrealistic positions. It notes especially the proposal to require prior Staff approval for implementation changes. Central Hudson says that Staff’s Comments seem oriented toward micromanaging approval and implementation of the programs.

Central Hudson also believes that the savings levels that Staff attributes to EEPS are not realistic at current approved budget levels. It also states that Staff’s concern about whether internal costs for utility energy efficiency program are incremental to base rate expense allowances is not applicable to Central Hudson. It states that all of the energy efficiency efforts it undertakes are incremental to the current rate plan.

Central Hudson states that there is no factual record to demonstrate that the programs now proposed by Staff can be delivered successfully and cost-effectively by utilities. Central Hudson continues that Staff incorrectly presumed that Central Hudson’s forecasts represent commitments to deliver the precise mix of savings portrayed.

Central Hudson states that due to the changes called for by Staff, there will be further delays of at least eight months, in a utility’s ability to implement its programs.

Con Edison's Reply Comments

Con Edison has concerns with what it sees as Staff’s conditions regarding the program. It states that Staff’s comments depart from the Commission’s framework for energy efficiency measures. It first objects to Staff’s recommendation for a generic, statewide Residential Gas HVAC Program, which Con Edison believes is contrary to the Commission's goals and will stifle innovation. Con Edison points out that its service territory is unique and should have programs that recognize this uniqueness. Con Edison believes that setting rebate levels as a percentage of incremental cost, rather than a fixed amount, provides more flexibility for adjustments as labor and materials costs fluctuate. Con Edison states that it would not object to marketing rebates to customers as a fixed amount provided the fixed amount is based on a percentage of incremental costs attributed to the energy efficiency measure.

Con Edison objects to Staff’s higher energy savings targets, saying that it changes the underlying criteria for determining avoided costs and adds new program components and parameters. Con Edison believes that the change imposes unreasonable requirements for establishing the TRC. Con Edison advocates use of avoided costs and other parameters that remain fixed for multi-year periods and states that whichever TRC results are used, the Con Edison gas "Fast Track" program passes the test and should be approved.

Con Edison objects to Staff’s recommendations that measures and rebate amounts should be uniform and has concerns about the use of a uniform technical manual, proposed by Staff, to calculate performance metrics. Con Edison also objects to Staff’s recommendations on operating procedures and reporting requirements that it believes will deny it the flexibility needed to manage the program to achieve the Commission’s goals. Con Edison points out examples of information that it states can only be provided in an Implementation Plan once the program is approved. Con Edison also claims that it is unreasonable to hold the utility program administrators accountable for performance while denying them the ability to make business decisions to administer the program. Con Edison objects to preparation of a monthly scorecard as unnecessary. Con Edison believes that it has provided sufficient cost and energy savings in response to Staff’s questions and that all incremental costs related to energy efficiency programs can be adequately identified through use of accounts designed to track the activities that will comprise the programs.

Con Edison states that it is pleased that Staff has endorsed the concept of oil-to-gas conversion customers participating in Con Edison’s gas energy efficiency program. Con Edison views oil-to-gas conversions as important opportunities to not only switch customers to cleaner natural gas pursuant to its current conversions program, but also as an opportunity to reach higher energy efficiency levels through its gas energy efficiency program. However, Con Edison disagrees with the limitations on oil-to-gas conversions proposed by Staff. Con Edison further notes that the current maximum efficiency achievable for a steam boiler is approximately 82%. Staff's suggested threshold efficiency rating of 85% would effectively deny conversion opportunities to oil-fired steam heating customers. Con Edison continues that the conversion program and energy efficiency program should remain separate and that gas efficiency dollars should complement the current oil-to-gas conversion program to take advantage of opportunities at the time of a customer's decision to convert to optimize efficiency gains and reduce carbon emissions. In that regard, Con Edison asks that NYOHA's objections to the inclusion of oil-to-gas conversion customers in efficiency programs and that oil-to-gas conversions should be addressed in a different proceeding should be rejected in their entirety.

Con Edison concedes that solar water technology is not cost-effective and should be dropped as an eligible measure in the Residential Gas HVAC Program. As to clothes washers, Con Edison believes their inclusion does not materially affect the overall cost/benefit ratio and proposes to continue to include clothes washers. Con Edison also proposes to include programmable thermostats and energy efficiency kits, which will be used as a marketing tool.

In response to Multiple Intervenor's (MI) Comments, Con Edison asserts that the time to challenge this funding proposal has long since passed and rejects MI's call to reevaluate the cost/benefit analysis for proposed programs. It states that MI's comments on cost allocation do not apply to Con

Edison since Con Edison is collecting funds consistent with its current practice for its existing gas energy efficiency programs.

Corning's Reply Comments

Corning is concerned about the administrative burdens and costs that administrative components recommended by Staff would impose on a small company like Corning. Corning agrees with Staff's recommendations that the rebate incentives be limited to energy efficient space heating equipment at the efficiency levels and rebate amounts proposed by Staff. It also agrees to inform the Commission of any budget changes of more than 10%, to provide reports as specified by the Commission, and to reduce its proposed low-income component to 20% as Staff requested.

Corning believes that it can not comply with Staff's recommendations for contractor training in Corning's service territory beyond training on what types of equipment qualify for rebates and how to prepare the paperwork needed to participate in the program. In terms of quality assurance, Corning disagrees with Staff that inspection of appliances or credentials of inspectors should be included in the quality assurance plan. Corning is willing to provide an Implementation Plan, as Staff recommends, with the exception of the items relating to contractor training, a Quality Assurance Plan, and coordination with other New York energy efficiency programs, saying that the cost of these measures for such as small company is prohibitive and unnecessary. Corning states that it does not have sufficient funds, at the 5% of program budget level, to develop an evaluation plan on its own; it would welcome Commission standardization of the evaluation process. It has no objection of review by the Evaluation Advisory Group of proposals to use evaluation funding for market research.

Corning does not intend to procure equipment or enter into contracts for this program. If it does, Corning states that it will comply with Staff’s recommendation on competitive bidding.

KeySpan NY/KeySpan LI's Reply Comments

KeySpan NY/KeySpan LI express dismay that their ability to implement their Residential High Efficiency Heating and Water Heating Programs might be in jeopardy due to the changes Staff proposed and would like clarification of how Staff arrived at a 845,561 dekatherm savings targets for KeySpan NY and 567,795 dekatherms for KeySpan LI. KeySpan NY/KeySpan LI believe that the avoided costs should be developed through an open stakeholder process and should not be updated due to market fluctuations in the short-term. They further recommend that the approach their affiliates have used for determining TRCs in New England should be adopted in New York.

KeySpan NY/KeySpan LI also express concern about Staff’s recommendation that their proposals include eligible equipment, measure efficiency standards, and incentive levels that conform to a common statewide set of measures. KeySpan NY/KeySpan LI appreciate the value of consistency across the state and would support these changes provided that adoption of a common set of measures would not preclude the ability for additional measures to address regional-specific conditions and needs. KeySpan NY/KeySpan LI have proposed fixed dollar amount rebates for residential customers but have found that for large commercial customers a percentage-based rebate works better.

In response to Staff's concerns about the interplay with Interim programs, KeySpan NY/KeySpan LI clarify that the

"Fast Track" programs would be implemented in place of the corresponding Interim programs and that the "Fast Track" budgets would take the place of the corresponding Interim budgets. KeySpan NY/KeySpan LI believe that the monthly reports they already provide are sufficient to track the programs.

KeySpan NY/KeySpan LI assert that Staff has not provided supporting explanation for its concern about uniformity in residential gas program attributes across utilities. To the contrary, KeySpan NY/KeySpan LI believe that there are compelling reasons for variation in program offerings in different parts of the state.

In response to Staff's comment that there is a lack of detail regarding the KeySpan NY/KeySpan LI evaluation plans, KeySpan NY/KeySpan LI reply that they plan to review program cost-effectiveness at year-end, taking into account actual costs and actual program installations. If impact evaluation results are available, these analyses will take into account those evaluation findings as well. KeySpan NY/KeySpan LI also explain they have a process to translate "lessons learned" into program modifications and reaffirm their willingness to coordinate with the Evaluation Advisory Group.

With regard to procurement, KeySpan NY/KeySpan LI state that although they generally use competitive procurement, there may be instances where sole-source procurement is appropriate. They claim that their internal procedures and controls make it unnecessary to have the Director of the Office of Energy Efficiency and the Environment also review and approve any sole-source energy efficiency procurement. They also object to Staff's recommendation that utilities proposing to use evaluation funding for market research have their proposals reviewed by the Evaluation Advisory Group and approved by the Director of the Office of Energy Efficiency and the Environment.

KeySpan NY/KeySpan LI accept Staff’s proposal to notify Staff of proposed changes to its programs 90 days prior to the proposed implementation date. They also agree that any proposal that would represent a cumulative change of 10% or more from the total approved annual budget should be submitted for Commission approval before implementation. KeySpan NY/KeySpan LI have no problems with quarterly and annual program reporting but believe that a monthly scorecard report is excessive.

KeySpan NY/KeySpan LI consider the technical manual introduced by Staff and prepared by TecMarket Works to be a valuable resource but state that there is insufficient time to thoroughly review it for the reply comments. Some elements of the manual represent significant departures from their current approaches. They recommend that the Evaluation Advisory Group review the analysis and comments provided by all parties.

KeySpan NY/KeySpan LI oppose restricting the Oil-to-Gas Marketing Program to customers installing high efficiency equipment. They believe that a more effective way to capture lost opportunities for efficiency improvements would be to allow efficiency program incentives to conversion customers who select such equipment while not restricting other conversion customers from receiving Oil-to-Gas Marketing Program incentives. Similarly, KeySpan NY/KeySpan LI oppose Staff’s proposal that there must be limits established to prevent an inequitable amount of energy efficiency funds being spent on conversion customers.

In response to NYSERDA, KeySpan NY/KeySpan LI state that they support the development of a process that will help ensure that customers receive the most appropriate and comprehensive services with no double-counting and they offer some suggestions for making this happen. They agree with NYSERDA’s recommendations for consistency and transparency, for establishment of a central data repository, and for a coordinated approach between NYSERDA and the utilities. They also agree with NYSERDA's recommendations for consistency and transparency, for establishment of a central data repository, and for a coordinated approach between NYSERDA and the utilities.

In response to MI, KeySpan NY/KeySpan LI recommend that the Commission approve funding that is sufficient to achieve desired objectives while being mindful of short-term rate impacts on customers. However, KeySpan NY/KeySpan LI disagree with MI and recommend that the Commission consider program approaches that may go beyond approaches already approved.

In response to EarthKind, KeySpan NY/KeySpan LI assert that they have proposed solar thermal water heating in their Residential Building Practices and Demonstration Program included in their "90-day" filings, and they already offer incentives for solar thermal water heating as part of their energy efficiency programs.

NYSEG/RG&E's Reply Comments

NYSEG/RG&E believe that Staff's comments place undue emphasis on standardization and uniformity among utility gas "Fast Track" programs, which will add complexity and costs, and contribute to delays. NYSEG/RG&E also state that Staff has added significant new program parameters and components to the "Fast Track" program while mandating a reduction in the program budget and believes that Staff's concern about customer confusion caused by differing program rules is exaggerated. Overall, according to NYSEG/RG&E, Staff's proposed changes would make the "Fast Track" program more expensive and complicated, less attractive to customers and trade allies, result in lower

TRCs, and cause even further delay in the "Fast Track" launch date. They also assert that Staff would place them in the role of inspector for HVAC and other energy efficiency contractor work performed on the customer side of the meter, even though the work would be undertaken by independent third-party installers with no contractual obligation to the utilities. This would impose new costs and potential new liabilities. They propose that if such a system is used that it be voluntary and done on incentive basis.

NYSEG/RG&E take issue with Staff’s program savings estimates and suggest that they be rejected until additional supporting evidence is available. NYSEG/RG&E also believe that field inspections could be conducted during the first year of operation to collect data. However, because such a study is not part of the current budget, the Commission should approve additional funding. NYSEG/RG&E state that they have not been able to reproduce Staff’s cost and savings calculations. They recommend that Staff initiate an expedited collaborative process to jointly recommend an appropriate basis for estimating overall program savings to be used in TRC calculations.

NYSEG/RG&E state that all of their energy efficiency efforts undertaken since the inception of Case 07-M-0548 are incremental. They recommend that these costs should not be reviewed again in rate cases. They go on to recommend that the process they proposed for recovery of lost revenues be adopted.

NYSEG/RG&E believe that they have met the Commission’s requirements with their "Fast Track" filings and that a variety of issues need to be decided by the Commission before a revised budget can be prepared, which may require a redesigned program. In its cover letter to the Reply Comments, NYSEG/RG&E propose to reduce the cost of the "Fast Track" program to the level specified by Staff and to conduct a study of space heating installation quality during the first year of program operations. They suggest that the Commission adopt these additional "Fast Track" proposals.

Niagara Mohawk's Reply Comments

Niagara Mohawk makes similar arguments to those made by KeySpan NY/KeySpan LI and summarized above.

O&R's Reply Comments

O&R makes similar arguments to those made by Con Edison and summarized above.

O&R objects to Staff’s recommendations that measures receiving incentives and rebate amounts be uniform, objects to use of a uniform technical manual to calculate performance metrics, and states that Staff’s concerns about inadequacy of cost and energy savings data are misplaced.

O&R states that it is exploring the possibility of joint administration with Con Edison. O&R also says that it is establishing a process with NYSERDA to prevent double counting of efficiency savings or incentives paid to customers.

O&R agrees to consider offering low flow showerheads, faucet aerators, and water heater wraps, as recommended by Staff. It also clarifies that it will use a 10% free ridership reduction.

In response to MI, O&R asserts that MI’s comments on cost allocation do not apply to O&R since it is allocating the cost of its Residential Gas HVAC Program solely to residential customers.

In response to EarthKind’s concerns that O&R did not include solar thermal water heating as a measure in the proposed program, O&R says that the measure did not pass screening for cost effectiveness.

St. Lawrence's Reply Comments

St. Lawrence notes that the most challenging aspect in the design of its program was providing a program that would be meaningful to the company’s customers and achieve the goal of reduced energy consumption with a budget of only $103,000 per year. Staff recommended that the program be scaled back. However, St. Lawrence says that these suggestions do not go far enough in reduction of costs for administration, contractor training, and quality assurance requirements. St. Lawrence says that it is willing to provide contractor training on its Gas Energy Efficiency Plan but is not prepared to train contractors on any aspect of proper appliance installation. St. Lawrence also says that it does not understand how Staff’s savings goals were derived.

St. Lawrence agrees with Staff’s recommendations for eligible equipment, for uniform program offerings across the state, for revising savings estimates to align with Staff’s recommended approach, for informing Staff of program changes, and for providing reports. It also agrees to provide an Implementation Plan once the Commission approves the program. The Company recommends that Staff and other small utilities work together to develop an evaluation plan that fits their limited budgets.

St. Lawrence believes that using a bill credit instead of a rebate check will be more efficient since its accounting and billing systems are not linked. With regard to quality assurance, it recommends that the scope of this work should be considered in the current rate case.

NYSERDA's Reply Comments

NYSERDA agrees with Staff that ultimate program success will depend on coordination among programs and program incentives, as well as continued cooperation among program administrators. NYSERDA believes that both rebate programs and more comprehensive, market transformation programs can co-exist, but only with a consistent and effective strategy that incorporates both approaches. NYSERDA recommends that before gas rebate programs are implemented, a strategy that meets the needs of all program administrators and parties should be developed.

NYSERDA agrees with Staff's position that inconsistencies between programs should be minimized to prevent customer and service provider confusion. NYSERDA is also concerned about potential confusion that can be caused by the availability of rebates for multiple energy efficiency measures. It gives the example of the Home Performance with Energy Star Program, which is a market transformation program, and how it might be affected by proposed rebate programs. In the example given, a customer would receive a higher financial rebate by layering the Staff-proposed rebates for various measures rather than opting for the more comprehensive work scope provided by the Home Performance Program. NYSERDA believes that customers getting rebates for individual measures might forego more comprehensive work scopes and might not implement additional energy savings measures.

NYSERDA also believes that any skills training should be fully coordinated. This will help avoid duplication of rebates, take advantage of existing curricula and facilities, provide the broadest spectrum of opportunities to prospective workers, and align certification opportunities and requirements.

Requirements for the "Fast Track" Gas Energy Efficiency Program Implementation Plan

The following elements at a minimum should be included in the implementation plan:

- **Overall program annual and cumulative budgets and energy savings goals**

  This information should be provided in a table showing the annual and cumulative amounts for 2009-2011 for the program as a whole.

- **Individual Residential Natural Gas HVAC Program Components:**

  - **Cumulative and annual budgets, energy savings, and customer participation goals broken out separately by eligible measures (i.e., furnace replacements, steam boiler replacements, water boiler replacements, thermostats, etc.)**

    This information should be provided in a table showing the annual and cumulative amounts for 2009-2011 for each individual program.

  - **Annual budgets by spending category including descriptions of expenditures within each category**

    A separate document that fully describes the categories that should be used for reporting the program budgets, including an itemized list of the types of expenditures that the company intends to charge to each of these categories, and the relevant accounting codes.

  - **Eligible measures and associated customer incentives**

  - **Target customer market and detailed marketing plan**

    This should include the following:

    a) specific budget amounts for each individual element of the O&E/Marketing budget for each year of the program;
    b) a list and description of the O&E/Marketing vehicles to be used;
    c) an explanation of the target audiences for each program component;
    d) a timeline for the development, implementation and evaluation of the O&E/Marketing efforts;
    e) how the "Fast Track" O&E/Marketing programs relate to the company's general O&E/Marketing program; and
    f) the efforts that will be undertaken to minimize any overlap and/or customer confusion that may result from O&E/Marketing activities in the same or adjacent market areas.

    Annual Reports of each calendar year's O&E/Marketing program achievements, as available to date, and updated plans for the upcoming calendar year, shall be submitted each year with the third quarter status report so that they can be reviewed prior to the end of each program year.

All O&E/Marketing plan components of the compliance filings will be subject to review and certification by the Director of the Office of Consumer Services to ensure that they conform to the requirements of this Order.

- **Descriptions of roles and responsibilities of the utility and all program contractors**

- **Procedures for customer enrollment**

- **Training for retail partners**

  This refers to activities to inform retailers about the program, qualifying equipment and the customer incentives available, training for retail personnel about the program and any in-store promotional material provided.

- **Contractor training and program orientation plan**

  This refers to the plan for training and orienting contractors about program objectives and operations so they can effectively participate in the program. It is not intended to include training of implementation contractors or quality assurance contractors in technical competencies.

- **Contact information for customer inquiries and complaints**

- **Quality assurance plan**

  This should include qualifications of quality assurance inspectors, criteria for the selection of projects for quality assurance inspections, details of the equipment installation inspection process, and the statistical parameters used for determining the quality of installations. The plan should also describe the process that will occur if an inspection reveals a faulty or unsatisfactory installation and how the utility will remedy such a situation with both the customer and the installation contractor.

- **Coordination with other New York energy efficiency programs.**

  This includes plans for how the company will avoid duplication and confusion resulting from overlapping/neighboring programs, ensure no double counting by different programs of savings achieved, and ensure that no more than one incentive payment is provided for an individual energy efficiency measure.

- **Evaluation plan**

  The evaluation plan should include any revisions made to comply with the Commission Order.

Budget Categories for the "Fast Track" Gas Energy Efficiency Programs

The following are the definitions for the budget categories to be used by companies when submitting the required energy efficiency program implementation plans. These categories are provided to promote consistency in budget construction and reporting among the utility plans.

Companies should include a "description of expenditures within each category" and separately quantify each item within each category. These expenditures must include and identify all direct and indirect costs attributable to each program category. Companies must provide the basis of allocation for all indirect costs.

Companies should identify whether each cost item is to be recovered through the SBC surcharge, base rates, or other recovery mechanism (e.g., monthly adjustment charges).

General Administration

Costs to administer energy efficiency programs that include but are not limited to:

- staff salaries (e.g., management personnel, program managers, accounting personnel, regulatory staff, and administrative support staff)
- company overhead (e.g., office space, supplies, computer and communication equipment, staff training, industry-related sponsorships and memberships)
- other costs that do not include program planning, marketing, trade ally training, direct program implementation, incentives and services, and program evaluation.

Program Planning

Costs for energy efficiency programs that include but are not limited to: general market research (not related to evaluation), energy efficiency potential studies, benefit/cost analysis, program design and screening.

Program Marketing

Costs for promotion of energy efficiency programs that include but are not limited to: production of all energy efficiency program literature, advertising, displays, events, promotional items, bill inserts, internal and external communications. Advertising encompasses all forms of media such as direct mail, print, radio, television, and internet.

Trade Ally Training

Costs for all activities associated with energy efficiency training/education of the trade ally community regarding the company's current energy efficiency programs. These include but are not limited to: equipment vendors, heating contractors, weatherization contractors, equipment installers, residential auditors, residential builders and developers.

Incentives and Services

These include costs for incentives paid to customers. They also include costs associated with payments to contractors for services provided to customers (such as energy audits, technical assessments, engineering studies, plan reviews, blower door tests, infrared scans and free measures) and costs for incentives paid to contractors for providing energy efficiency services to customers (for example, incentives paid to BPI-certified contractors for proper equipment sizing using Manual J calculations).

Direct Program Implementation

Costs associated with utility personnel or contractors implementing programs on the Company's behalf. Tasks associated with this budget category include but are not limited to: intake of leads, customer service, rebate application processing and payment, rebate application problem resolution, quality assurance, and program reporting to the utility.

Program Evaluation

All activities associated with the evaluation of the energy efficiency program. These are costs for activities that include but are not limited to:

- evaluation planning,
- program logic models,
- process evaluation,
- impact evaluation,
- evaluation-related market research,
- measurement and verification activities, and
- evaluation reporting.

Within these broad categories key tasks associated with the implementation of the major evaluation activities may include but are not limited to: survey design, sample design, survey implementation, modeling, data collection, data analysis (general), billing analysis, site visits, end-use metering, report writing, travel, and software. Expenses associated with evaluation should include a breakout of internal and external costs (e.g., consultant contracts).