STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

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	**PSC Case No. 08-G-1008**

Reply of Consolidated Edison Company of New York, Inc.
to Comments on its
"Fast Track" Gas Energy Efficiency Program

Introduction

In its Order Establishing Energy Efficiency Portfolio Standard and Approving Programs, issued and effective June 23, 2008 in Case 07-M-0548 ("EEPS Order"), the New York State Public Service Commission ("Commission") explained that one of the highest priorities of New York State and the Commission is to develop and encourage long-term, cost-effective energy efficiency measures while also immediately implementing and augmenting near-term efficiency measures (EEPS Order at p. 1). Consolidated Edison Company of New York, Inc. ("Con Edison" or "Company") fully supports the Commission's goals and has been an active participant in this proceeding since its inception on May 16, 2007.[1]

In the EEPS Order, the Commission established specific, interim targets for MWh reductions, approved specific energy efficiency programs for immediate implementation and, most importantly, called for New York's utilities to file gas and electric energy efficiency programs for approval. The call for a substantial utility presence was based on the utilities' knowledge and ability to reach their customer base, the ability to offer a

[1] Case 07-M-0548, Petition on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, issued and effective May 16, 2007.

diversity of approaches that would create competitive energy efficiency programs and the need to contribute to achievement of the substantial energy efficiency goals established by the Commission.

The comments by Department of Public Service Staff ("Staff"), regarding the Company's proposed programs, depart from the Commission's framework for obtaining immediate and long-term, cost-effective energy efficiency measures. First, Staff recommends a generic, statewide gas Residential HVAC Program, which is contrary to the Commission's expressed goal of seeking innovative, utility-specific programs and will stifle unique innovations in gas efficiency programs.

Second, Staff unilaterally imposes higher energy savings targets (in effect changing the related program budgets) on all gas utilities, changes the underlying criteria for determining the avoided costs for each program and adds new program components and parameters to the Company's proposed expedited residential gas heating, ventilation and air conditioning program. This type of change in the underlying criteria for review is inconsistent with the Commission's goal for "expedited" programs, as program administrators must continually re-evaluate their programs each time Staff decides to implement new targets and avoided costs. This new methodology for reviewing and evaluating potential energy savings lacks any detail or foundation, and would likely cause confusion for program administrators.

Next, Staff recommends that all utilities use a uniform technical manual and that a standard approach be used to calculate performance metrics, which is not appropriate due to the nature of service territory and related program differences.

Finally, Staff proposes a series of operating procedures and reporting requirements that would deny the Company the flexibility to manage its programs to achieve the Commission's goals, which is inconsistent with the Commission's

determination to subject utilities to an incentive/penalty regime for administration of their programs.

Adopting Staff's recommendations will further delay the implementation of the Company's gas energy efficiency program that the Commission categorized as an "expedited" program. Therefore, the Commission should approve the Company's gas program proposal, as filed and amended herein. However, it must be noted that the savings targets in the Company's gas program proposal were developed on the assumption that such programs would begin in 2008. Given the delay in approval, the Company is in the process of revising its therm savings targets consistent with the requirements of the EEPS Order, and with an assumed start date of May 1, 2009, will file those revised targets on or before January 26, 2009.

Background

On June 23, 2008, the Commission issued the EEPS Order that authorized New York's electric utilities and certain gas utilities to submit program plans for Commission approval, for two "fast track" expedited electric utility programs (EEPS Order, Ordering Clause 9, pp. 71-72) and one "fast track" expedited residential gas heating, ventilation and air conditioning ("HVAC") energy efficiency program (EEPS Order, Ordering Clause 11, pp. 72-73).

The EEPS Order was issued following more than a year of intensive collaborative processes, filings and comments (EEPS Order, at pp. 3-8). These extensive interactions enabled the Commission to develop and provide explicit criteria under which the utility gas energy efficiency programs would be evaluated including the applicability of the Total Resource Cost ("TRC") Test, a demonstration that collaborative discussions had taken place between utilities, NYSERDA and other interested parties, the development of detailed protocols for measurement and verification, and compliance with the

requirements of Appendix 3 (EEPS Order at 58). It should be noted that the EEPS Order provided the proposals would "be deemed to satisfy the numerical and narrative requirements identified in Appendix 3" (*Id.*), upon a submission that demonstrated the foregoing.

In its ruling, the Commission also recognized the need for a longer-term framework that included a "more substantial role for utilities" and established that framework (EEPS Order at p. 35). As the Commission explained in the EEPS Order, "[t]here are numerous reasons. . . for establishing investor-owned utilities as program administrators. Utilities have direct access to customers and customer usage information. They offer a diversity of approaches that may lead to a wider offering of programs than would occur under a centralized administrator" (EEPS Order at p. 49). The Commission, accordingly, determined that utility–administered programs would account for slightly more than half of the fast track funding, significantly higher than the 20% figure initially proposed by Staff (EEPS Order at p. 36).

Following this direction, Con Edison designed and submitted to the Commission its gas Residential HVAC Program filing on August 22, 2008 ("60-Day Filing"). The 60-Day Filing complied with all of the criteria articulated by the Commission in the EEPS Order.

The Commission subsequently established Case 08-E-1008 - Petition of Con Edison of New York, Inc. for Approval of an Energy Efficiency Portfolio Standard "Fast Track" Utility – Administered Gas Energy Efficiency Program – as the venue for reviewing the gas program of Con Edison's 60-Day Filing.

On November 17, 2008, Staff filed initial comments on the electric programs in Con Edison's 60-Day Filing in Case 08-E-1007[2] ("Staff's Initial Comments"). On December 17, 2008, Staff filed initial comments on the gas program in Con Edison's 60-Day Filing in Case 08-G-1008 ("Staff's Comments").

The Con Edison Program

Con Edison welcomes Staff's conclusion that the Commission should approve the majority of the gas fast track programs submitted in the various 60-Day Filings (Staff's Comments at 3-4) and that Con Edison's gas fast track program be approved, with modifications (Staff's Comments at 37). Although Con Edison does not agree with all of Staff's conditions and modifications to its program, the Company believes that Staff's recommended approval is a critical step toward both the creation of competitive energy efficiency programs in New York and addressing the climate change and carbon reduction concerns implicit in current state policy.

Major Program Parameters

In terms of the major program parameters, many of Staff's comments were supportive of Con Edison's gas energy efficiency program.

Staff reviewed the Company's gas program for compliance with the program descriptions and data contained in Appendix 2 of the EEPS Order and found that "Con Edison's Gas Fast Track program description generally comports to the EEPS Order" (Staff's Comments at 6). Concerning customer incentives, Staff agreed with Con Edison that "customer incentives would be a more effective approach than upstream incentives at the outset of a new residential program" (Staff's Comments at 7). Unlike the position

[2] Case No. 08-E-1007, *Petition of Consolidated Edison Company of New York, Inc. for Approval of an Energy Efficiency Portfolio Standard (EEPS) "Fast Track" Utility-Administered Electric Energy Efficiency Program*, Staff's Initial Comments, November 17, 2008.

taken by Staff in its initial comments on the electric energy efficiency programs,[3] Staff does not oppose the Company's proposal to combine the gas and electric programs into one program for marketing purposes, but will monitor the performance of the combined program implementation (Staff's Comments at 8). Such combined marketing is a key element of the Company's electric and gas program and the Company appreciates Staff's support and believes the combined marketing programs will prove to be successful.

Staff's review of the Company's proposed evaluation plans determined that "Con Edison's filing demonstrates an overall understanding of the elements of a strong evaluation program" and that "the filing adheres generally to the Evaluation Guidelines issued by Staff and includes good descriptions of its programs and the evaluation approach methods it will use" (Staff's Comments at 9). Staff also concluded that the Company's filing "focuses on the key elements of a comprehensive evaluation plan" (Staff's Comments at 10). Staff reviewed the Company's quality assurance plan and determined that "Con Edison's approach is generally adequate" (Staff's Comments at 14).

Finally, Staff has indicated that it is generally supportive of providing oil-to-gas conversion customers with the opportunity to participate in gas energy efficiency programs (Staff's Comments at 31).

Energy Efficiency Policy Considerations

While the Company has many areas of agreement with Staff's Comments, there are other areas where Staff's recommendations, new proposals and new evaluation criteria will negatively affect the development of the long-term, cost-effective, innovative energy efficiency policy and programs sought by the Commission. Rather than evaluate the Company's programs based on the guidelines established by the Commission, Staff

[3] Staff's Initial Comments at 6.

has proposed a generic, statewide gas Residential HVAC program, changed the energy efficiency targets and underlying cost/benefit analysis established by the Commission, proposed a uniform technical manual calculating energy savings and created unnecessary and burdensome reporting and operating requirements that will add costs to programs and impede the innovation in, and broad and deep penetration of, energy efficiency programs that the Commission seeks.

Statewide Efficiency Measures and Eligibility Levels

In contrast to the EEPS Order that looked to utilities to bring the knowledge of their service territories to the efficiency marketplace, Staff has recommended that all gas utilities establish gas Residential HVAC programs with the same program attributes, including identical efficiency measures and eligibility levels (Staff's Comments at 20). Similar to the concerns raised on the electric energy efficiency programs, Staff expressed concerns that variations between service territories, including differing eligible measures, rebate amounts, rebate structures, acceptable qualifying efficiency levels and proposed incentive levels, would cause "customer and trade ally confusion" (Staff's Comments at 20). As with the electric energy efficiency programs, Staff provided no detailed explanation for this "possible" confusion.[4] Staff even proposes that all utilities adopt the specific dollar amounts for incentives developed by Staff's own consultant, the American Council for an Energy Efficient Economy ("ACEEE") without regard for individual territory uniqueness (Staff's Comments at 21-25) (in contrast to Con Edison's proposal for certain incentives based on a percentage of incremental installed cost of measures, which Con Edison believes is appropriate given, among other things, the high labor costs in the Company's service territory) .

Staff's proposal alters the framework anticipated by the EEPS Order and contradicts Commission recognition of the uniqueness of individual utility service areas

[4] Staff's Initial Comments at 18-19.

and the need to tailor programs to local needs when setting program requirements. The Commission did not require that utilities "conform to a single program model" for its fast track programs (EEPS Order at p. 36) but recognized that utilities "offer a diversity of approaches that may lead to a wider offering of programs than would occur under a centralized administrator" (EEPS Order at p. 49). By limiting the ability of the utilities to use customized approaches that are suitable to the unique characteristics of their respective service territories, Staff's statewide generic proposal appears to be an attempt to continue the model of uniformity that a single statewide operator for gas Residential HVAC programs provides.

In the EEPS Order, the Commission expanded on the idea of diversity of programs and stated:

> "additional policy considerations have been put forward that support the addition of utilities and other entities as program administrators. These include **benefiting from competitive efficiency and diversity of approaches** (*emphasis added*)(EEPS Order at p. 44)."

Although Staff recommends the use of common efficiency measures, eligibility levels and incentives throughout the various utility programs (Staff's Comments at 21), Staff also recognizes that differences may also be appropriate. Unfortunately, Staff will only be willing to "revisit this issue" if the utilities can provide a "compelling reason for varying any of these parameters between programs" (*Id.*). No definition or explanation of the criteria for a "compelling reason" is provided. As such, Staff's criteria for "revisiting the issue" are essentially insurmountable and will only cause uncertainty and curtail innovation among utility administrators and programs.

Given the clear direction of the EEPS Order that utilities use their service territory, system and customer knowledge to develop efficiency programs, the Commission should reject Staff's proposed standard for adoption of the gas Residential HVAC program and instead use the most appropriate measure – the one adopted in the

EEPS Order – that clearly cost-effective programs should be approved and allowed to proceed.

A statewide gas Residential HVAC program with identical eligibility measures and acceptable qualifying efficiency measures and incentive levels is of particular concern in the Con Edison service territory. There is no doubt that the Con Edison service territory is different from others in the state.[5] In fact, in the New York Energy $mart[sm] Program Evaluation and Status Report, Year ending December 31, 2007 (the 2007 New York Energy $mart[sm] Program Report), presents evaluation results of NYSERDA's New York Energy $mart program, describes The New York City Process Study Approach (at 2.4) undertaken by NYSERDA and states "NYSERDA staff recognizes that, in order to serve and educate New York City (NYC) end users on energy efficiency and to transform the market, there is a need to reach more of them." The 2007 New York Energy $mart[sm] Program Report then continues at 2.4.1 "...initial evidence suggests that, compared to the rest of the State, residential and commercial/industrial end users in NYC/Westchester have different motivations for participating in energy efficiency and demand response programs" and "…NYSERDA and Staff have cited a number of key differences in this market, compared to the rest of the state, that are important to investigate."

The Commission has also recognized that Con Edison's service territory is unique and should have demand side management programs that reflect this uniqueness. In the 2005 Con Edison electric rate case, the Commission, recognizing, the high cost of doing business downstate due to higher labor and material costs, established a base cap for both

[5] The latest data from the US Department of Labor Bureau of Labor Statistics and the New York State Department of Labor shows that for Heating, Air Conditioning and Refrigeration Mechanics and Installers wages are higher in the New York City than in New York State. For example, for the counties of New York State minus the five counties of New York City the mean annual income as of May, 2007 was $42,166. For five counties of New York City alone, however, the mean annual income was $51,880. This is a 23% difference.

Con Edison and NYSERDA-administered programs "based on costs incurred for similar programs from 1998 through 2003, as adjusted upward by *25 percent* (emphasis added) for inflation and higher implementation costs in New York City."[6] In addition, as Con Edison stated in its filing, the Company has and will work with National Grid, New York State Electric and Gas and NYSERDA to integrate their respective approaches to the marketplace. (60-Day Filing at p. 6).

Notwithstanding the foregoing, however, Con Edison has prepared a table (below) that shows the incentive levels proposed by the Staff, as well as the incentive levels proposed by Con Edison and other natural gas utilities. Con Edison notes that most of the incentive levels recommended by the Staff are approximately 50 to 70 percent of the incremental cost of each measure and are very similar to the incentive levels proposed by Con Edison in its August 22, 2008, 60-day filing.

However, the Company believes that setting incentive levels as a percentage of incremental cost, rather than a fixed amount, provides more flexibility to adjust customer rebates as labor and materials costs fluctuate. The Company 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. This will give the Company the needed flexibility to adjust incentive levels in order to address increasing costs, high or low participation levels and other changing conditions and thus achieve the participation and savings projections for each measure.

[6] *Id.*, at p. 61.

Comparison of Residential Gas Fast Track Program Financial Incentives to Participatiing Customers													
	NYPSC (by ACEEE)	Central Hudson	ConEd	Corning	NYSEG/RG&E	Niagara Mohawk				O&R	KED LI/NY		St. Lawrence
Program Measures						Oct 08-May 09		June 09-Dec 11					
							w/ BPI		w/BPI			w/BPI	
Furnace AFUE ≥ 90			$100	$400						$100			
Furnace AFUE ≥ 92	$200	$200			$400	$400	$500	$150	$200		$150		$400
Furnace AFUE ≥ 92 w ECM	$200		$225			$500	$700	$400	$600	$200	$400		
Furnace AFUE ≥ 94					$500								
Furnace AFUE ≥ 95	$400	$500											
Water Boiler AFUE ≥ 85	$500	$400	$450	$400		$750	$850	$750	$850	$500	$750	$850	$400
Water Boiler AFUE ≥ 90	$1,000	$800	$900		$500	$1,200	$1,400	$1,200	$1,400		$1,200	$1,400	
Steam Boiler AFUE ≥ 82	$200	$200				$400	$500	$400	$500		$400	$500	
Water Heating Storage Tank EF ≥ 0.62		$50											
Water Heating Storage Tank EF ≥ 0.64					$75								
Water Heating Storage Tank Energy Star				$150									
Water Heating Tankless EF ≥ 0.82	$300	$300	$250	$400		$500	$600	$300	$400	$300	$300	$400	$500
Water Heating Tankless EF ≥ 0.84					$600								
Indirect Water Heater	$300		$150			$300	$400	$300	$400		$300	$400	
Solar Assist Water Htg		$2,000	note										
Drain Water Heat Exch.			note										
Clothes Washer		$75											
Boiler Reset Control	$100		note			$100	$100	$100	$100		$100	$100	
Programmable Thermostat	$25		note	$25		$25	$25	$25	$25		$25	$25	$25
Low Flow Shower heads		$10											
Low Flow Faucets		$10											
Heating System cleaning and tune-up (Duct and Air Sealing)	$600		$600			$50	$50	$50	$50				
Replacement Windows						$10	$10						

Note: Incentive equl to 50% of installed cost; solar incentive is 50% of installed cost after Federal and State tax incentives.

Standard Energy Savings – Technical Manual

Staff indicates that they are "very concerned about the great variation in energy savings estimates proposed by the utilities" (Staff's Comments at 25). Staff thus recommends "a standard approach be used to calculate performance metrics" and would require all utilities to use the TecMarket Works technical manual "to estimate Fast Track program energy savings at the measure level" (Staff's Comments at 25-26).

Con Edison has reviewed Appendix B that was provided with the Staff's December 17, 2008 comments on Con Edison's fast track programs. The Company notes that the June 23rd, 2008 Order did not provide any explicit estimates of projected natural

gas savings by utility but rather provided budgets.[7] Con Edison also notes that all of the natural gas savings estimates for the ten utilities listed in Appendix B are significantly lower than the natural gas savings estimates developed by the Staff for each utility (with Con Edison's savings estimates being the closest to the Staff's estimates). Furthermore, Con Edison has compared the dollar cost per annual MMbtu saved for the 2009 to 2011 time period as filed by each New York utility and as estimated by the Staff. The dollar cost per annual MMbtu saved data as filed by the utilities is shown below, and ranges from $38.70 to $92.81 per annual MMbtu saved. In contrast, the cost per annual MMbtu saved, as calculated by Staff (based upon Staff's estimates of total annual MMbtu savings for 2009 to 2011) is $13.22, far below the range provided by the utility filings. Furthermore, Staff's estimate of the program administrator cost per MMbtu saved is far below the projected $30.00 cost per annual MMbtu saved just filed on November 12, 2008 by National Grid for its natural gas energy efficiency programs "Residential High-Efficiency, Heating, Water-Heating, Controls" in Massachusetts (where National Grid has 16 years of experience with gas efficiency programs).[8] The National Grid estimate of the cost per MMbtu saved for its programs in Massachusetts of $35.82 is close to Con Edison's estimate of $38.70 for its residential HVAC program for the Con Edison service area.

[7] Case 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Errata Notice, (Table 18), issued July 3, 2008.

[8] See Exhibits A and D of the November 12, 2008 natural gas energy efficiency filing by National Grid with the Massachusetts Department of Public Utilities in Docket 08-109. The Residential High-Efficiency, Heating, Water-Heating, Controls Program was selected for its similarities to Con Edison's gas Residential HVAC program.

2009-2011 Gas Utility Expedited Programs								
Cumulative Budgets, Participation and Annual MMBTU Savings								
Residential Efficient Gas Equipment								
	note 1 and 2				note 2			
	BUDGET				**Savings in MMBTU**			Program budget $ per first year mmbtu saved (based on utility filings)
	Filed Budget	Order x 3.25 years	Filed as % of Order		Per 8/22/08 Filing	Implicit in Order	Filed as % of Order	
Con Edison	$14,074,686	$13,886,207	101.4%		363,701	1,050,137	34.6%	$38.70
Corning	$487,500	$483,103	100.9%		12,132	36,534	33.2%	$40.18
NYSEG	$3,813,521	$3,390,787	112.5%		72,745	256,426	28.4%	$52.42
RG&E	$3,830,949	$3,251,755	117.8%		72,745	245,912	29.6%	$52.66
St. Lawrence	$337,240	$337,240	100.0%		5,532	25,504	21.7%	$60.96
O&R	$1,357,000	$1,517,812	89.4%		16,654	114,784	14.5%	$81.48
Niagara Mohawk	$6,368,145	$6,369,386	100.0%		77,057	481,681	16.0%	$82.64
KEDLI	$7,530,000	$7,508,085	100.3%		88,451	567,795	15.6%	$85.13
Central Hudson	$949,931	$999,378	95.1%		10,404	75,577	13.8%	$91.30
KEDNY	$11,145,000	$11,181,056	99.7%		120,090	845,561	14.2%	$92.81
Total Filings	$49,893,972	$48,924,809			839,511	3,699,912	22.7%	$59.43
Notes:								
Note 1 Commission Order: amount is for a 3.25 year period 2008 through 2011 Revised Table 18- "Annual Collections" $15,053,787 x 3.25 = 48,924,808 excluding NFG								
Note 2 KEDNY and KEDLI filed budgets listed as existing interim program budgets with Fast Track additional annual collections								

Cost Effectiveness/Total Resource Costs

In its comments, Staff unilaterally changed the avoided costs used by Con Edison (and the other utilities) in its TRC calculations for "accuracy and standardization/comparability across companies" (Staff's Initial Comments at 18). This unilateral change is contrary to the guidelines previously provided in the EEPS proceeding by Staff in its report, "March 2008 DPS Staff Report on Recommendations

for the EEPS Proceeding" and this change creates an unreasonable requirement for establishing TRC in this proceeding.

In its 60-day and 90-day filings, Con Edison used the Staff's March 2008 estimates of avoided costs, but Staff is looking to use its October estimates to evaluate the Company's programs. Staff's changes now, after programs have been developed, and without notice in the midst of this proceeding, is inappropriate.

The large fluctuations in natural gas and other energy commodity prices over the past six months demonstrate the necessity of establishing set parameters for avoided costs in advance in this proceeding. For example, the price of natural gas at the New York City Gate was $13.05 per dekatherm (Dth) in July 2008 and was $7.87 per Dth within three months in October 2008.[9] The implied volatility of gas prices for the period commencing April, 2009 through March 2011, ranges from 35% to over 55%. Prices can and do change monthly and, as the foregoing indicates, it is probable that prices will increase, possibly dramatically, again in the next few years, or within any year. It is therefore, essential to establish programs (and subsequently evaluate those programs) based on the design parameters established by the Commission, so that gas energy efficiency programs can be implemented when gas prices again rise and remain when prices are weak. While it may well be appropriate to update avoided costs and other parameters for each three year (or other multiple year cycle) on a going forward basis, regularly revisiting this issue *ex post* will not lead to the development of a sustainable infrastructure for energy efficiency into the future. That infrastructure is necessary to achieve to achieve long term environmental benefits.

As a result, the initial TRC ratios developed by Con Edison are the most appropriate and should be used in any evaluation of the Company's proposed energy efficiency programs by the Commission. In any event, whether the Staff or Company

[9] Source: Energy Information Administration (EIA), DOE 12/24/2008.

TRC ratio is used, the gas Residential HVAC Program passes the Commission's cost effectiveness test and should be approved.

For the gas Residential HVAC Program, Con Edison estimated a 1.88 TRC ratio. Staff's cost effectiveness analysis produced a TRC ratio of 1.47 which, according to Staff, "suggests that Con Edison's program is cost-effective" (Staff's Comments at 18). Staff, however, goes on to state that "the ratio is still preliminary, at least in part, because Staff has had difficulty getting sufficiently documented sources for Con Edison estimates for measure cost and measure energy savings"(*Id.*). Con Edison respectfully disagrees.

Con Edison's TRC ratio for its gas Residential HVAC Program was based on a valuation of the program's gross "total resource" benefits, as measured by the natural gas avoided costs and an accounting of the program's total delivered costs. Benefits used in the Total Resource Cost test calculation are comprised of the value of avoided time and seasonally differentiated avoided natural gas costs. For each gas energy efficiency measure included in a program, daily (365) system avoided costs were used to capture the full value of time and seasonally differentiated impacts of the measure. The cost component of the analysis considered incremental measure costs and direct utility costs. The incremental measure costs are the incremental material and labor expenses associated with installation of the energy efficiency measures (net of customer rebates) and on-going operation and maintenance costs, specific to Con Edison's service territory. Con Edison's methodology for determining the TRC ratio for its Residential HVAC program is explained in detail in its August, 2008 program filing, beginning on page 46, with key assumptions outlined in table 22. The Company provided significant additional explanations to Staff in response to IRs 1, 2, 57 and 58 in this case. (See also IRs 66 and 67 in Case 08-E-1007). The Company received no follow up requests on its responses nor was it told that its responses were insufficient or incomplete.

The Company submits that its Gas Energy Efficiency Program meets the Commission guidelines and should be approved.

Operational and Reporting Concerns

Staff has also proposed numerous restrictions that will limit the flexibility of program administrators to respond to changing market conditions and run their programs as they see fit. These rigid requirements are not consistent with the Commission's goal of supporting competitive and diverse energy efficiency programs. Staff has also proposed additional reporting requirements that are unnecessary.

By adding layers of approval and mandates that restrict the Company's ability to modify programs in response to evaluations and the market, Staff changes the risk equation and imposes additional risk on the Company. It is simply unreasonable to hold the utility program administrators accountable for performance while denying them the ability to make basic business decisions to administer their programs.

Customer Eligibility for Incentive Payments

Con Edison is pleased that Staff has endorsed the concept of oil-to-gas conversion customers participating in the Company's gas energy efficiency program (Staff's Comments at 31) as well as in other energy efficiency providers' programs. The Company views oil-to-gas conversions as important opportunities to not only switch customers to cleaner natural gas pursuant to its currently-administered oil-to-gas conversion program, but an opportunity to reach higher energy efficiency levels through its gas energy efficiency program. The Company, however, views these as two separate and distinct initiatives; a conversion program and a gas energy efficiency program, each with unique benefits, and Con Edison suggests that they be treated as such and funded separately. In addition, the Company disagrees with the limitations on oil-to-gas conversions proposed by Staff.

First, Staff proposes to limit participation in the Company's oil-to-gas conversion program by limiting eligibility to Energy Star® rated facilities (Staff's Comments at 31-32). Con Edison does not support this recommendation. This recommendation unilaterally changes a program that many stakeholders had endorsed and agreed to and was subsequently approved by the Commission in Con Edison's recent Gas Rate Plan.[10] Con Edison does not support making any changes to its current oil-to-gas conversion program, which provides benefits as it is currently designed to do; that is, provide incentives for the purpose of encouraging oil to gas conversions.

The Company believes that its oil-to-gas conversion program provides significant environmental benefits in the form of CO_2 emission reductions as well as benefits to the Company's overall customer base.

In the Con Edison's service area, it is important to note that in place heating systems are dominated by oil and gas fired steam boilers. Steam boilers permeate New York City's older housing stock. According to the American Housing Survey,[11] hot water, hydronic systems and steam boilers constitute nearly 80 percent of the residential housing market.

While a detailed split between hot water and steam is not readily available, it appears that steam is responsible for 60 percent of the hot water/steam equipment mix. Consequently, over the past 12 months, approximately 800 customers selected the free boiler as part of the Company's gas conversion program and 60 percent of those conversions were steam boilers and 40 percent were hot water systems.

Unfortunately, the high efficiency option (where equipment ratings exceeds 82 percent) is not available in the steam market. While this fact is known within the

[10] Case 06-G-1332, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service, Order Adopting in Part the Terms and Conditions of the Parties' Joint Proposal, issued and effective September 25, 2007.
[11] American Housing Survey New York-Nassau-Suffolk-Orange Metropolitan Area 2003, US Department of Commerce Census Bureau.

industry, information provided to Con Edison by three reputable boiler manufacturers confirms the current maximum efficiency achievable for a steam boiler is approximately 82%.

Staff's suggested threshold efficiency rating of 85 percent would thus effectively deny oil fired steam heating customers conversion opportunities, assuming the conversion program and the efficiency program were tied together. Tying the two programs together in this way, however, is misguided and would result in stifling the conversion market, while limiting the environmental gains and system benefits associated with the use of natural gas. .

Conversions in the service-adequate market offer a number of measurable environmental benefits including the reduction of in-city truck traffic, congestion and emissions due to oil deliveries, a leaner carbon footprint in the case of space and water heating as compared with oil usage and the mitigation of the many problems associated with in-ground oil tanks, including potential leakage. In addition, historically, service-adequate gas conversions have resulted in spreading fixed costs over a wide sales and transportation base establishing a more competitive market place.

In essence, the two programs should remain separate, but integrated to the extent conversion customers should be eligible to receive incentives to install higher efficiency equipment. Such a structure will preserve the environmental and system benefits associated with gas usage, capture lost savings opportunities and foster a viable and competitive gas market place.

Staff has expressed concerns about an unbalanced number of conversion customers participating in the Gas Fast Track program (Staff's Comments at 33). Staff is concerned that conversion customers will collect a higher level of benefits than existing natural gas customers (*Id.*). This concern is unfounded and is due to Staff essentially combining or co-mingling the funds as one program.

Also, Staff's comments do not indicate that Staff has considered that conversion is a more expensive process than simply upgrading to more efficient equipment as oil-to-gas conversion customers are likely to need new plumbing or other infrastructure that may not be required in upgrading gas heating systems to higher efficiency gas systems. . Overall, in Con Edison's 2008 oil-to-gas conversion program, Con Edison's rebate ($1,200 on average) represents less than 20 percent of the average overall cost of a conversion ($7,200 - $7,700).[12] Evidence from the Company's 2008 conversion program demonstrates that standard rebates convinced only 6% of the service-adequate hydronic converting market to opt for the more efficient equipment. Higher rebate levels over and above standard conversion rebates should promote the higher efficiency option where the equipment can be acquired and installed (e.g. hot water/hydronic systems and gas furnaces).

Staff also believes participation in both programs is unwarranted because "existing natural gas customers are funding both the energy efficiency programs as well as the conversion marketing programs" (*Id*.). Staff's concern ignores the fact that conversion customers become gas customers and contribute to both programs. The new customers then contribute to conversions and energy efficiency upgrades that benefit future customers.

Second, Staff has expressed a concern that some conversion programs inordinately target the replacement of "boilers as compared to the number of participants replacing furnaces" (*Id*.). The Company's current residential program targets the equipment that its customers actually use: steam/ hot water oil-fired *boilers* saturate

[12] The Company notes that in the current economic climate, together with current historically low oil prices, may negatively affect customers' ability or interest to spend approximately $6,000 of their own money to convert and that changes in incentive levels may be needed to respond to these conditions. Thus incentives in the 2009 program may need to be significantly higher than the immediately preceding year to stimulate oil to gas conversions.

nearly 50% of Con Edison's residential market, while oil-fired *furnaces* account for approximately 7%.[13]

Overall, Staff's proposes 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 at 36) Con Edison believes that a gas customer, whether existing or new, should be encouraged to install energy efficient equipment. Limiting the number oil-to-gas conversion customers who would be eligible for incentives to install higher efficiency equipment could result in customers being turned away and, therefore, the opportunity to install more efficient equipment will be lost. This lost opportunity seems antithetical to the State's environmental goals. Con Edison supports incenting customers to higher efficiency equipment and believes that the gas efficiency dollars would be a compliment to the current oil to gas conversion program to take advantage of the opportunities at the time of a customer's decision to convert to optimize efficiency gains and reduce carbon emissions.

In addition, as with all of its energy efficiency programs, the Company needs the flexibility to manage its programs as conditions warrant. The 38% restriction hinders just that flexibility.

Budget Allocations and Expense Tracking

Staff proposes that "any utility proposal for changes to approved program budgets, eligible energy efficiency measures, or customer rebates should be submitted to Staff for review and comment at least 90 days before the proposed implementation date" (Staff's Comments at 27). Staff review of all such proposed changes is unnecessary and unduly burdensome. The utilities are responsible for running the programs and meeting established goals and will be held accountable for meeting those goals. The proposed

[13] American Housing Survey New York-Nassau-Suffolk-Orange Metropolitan Area 2003, US Department of Commerce Census Bureau.

process would undermine the Company's ability to meet its energy efficiency goals. Other businesses would be unlikely to embark on new ventures under such restrictive circumstances.

Staff also proposes that budget reallocations of more than 10% from the total approved annual budget be subject to Commission approval (Staff's Comments at 27-28). Again, the need to address changing market circumstances (particularly in the current market climate in which conditions have declined dramatically since budgets were proposed in August and September) and provide innovative programs is inconsistent with this type of oversight for small program changes. In its 60-day filing, the Company proposed that it be allowed flexibility to shift a certain level of funds between and among programs without Commission approval and in its cover letter dated August 21, 2008 to the 60-day filing, the Company proposed that level be up to 40% (Cover letter page 3). The potential delay that Staff's proposal will impose is unreasonable and will slow the delivery of energy efficiency programs and thus savings to be achieved by such programs. Unanticipated changes can, and will, occur during any year, which can significantly change short-term energy efficiency program results (*e.g.*, substantial changes in energy prices that can affect customers' willingness to pursue energy efficiency), and the Company should have the ability to quickly respond to those unanticipated changes. It is also likely that certain programs will work better than others. The evaluations will provide important information on this front and the Commission should encourage utilities to act on such program evaluations expeditiously to expand those programs that do work well, limit those that do not and develop new programs to capitalize on market trends or new technologies. The potential delay for a relatively small program change, representing 10% of the approved budget substantially changes the risks utilities face in implementing successful efficiency programs.

Staff also reiterated its concern that determining whether "internal costs charged to a utility's energy efficiency program are truly incremental to the base rate expense allowances, and thus recoverable through a separate SBC surcharge, is very difficult, if not impossible, to prove" (Staff's Comments at 4). The Company believes that all costs related to efficiency programs can be adequately identified through the use of accounts designed to track the various activities that will comprise programs. As it did during its Enlightened Energy Program, the Company will develop accounts to achieve that purpose. The Company provided this information in response to IR 71 in this proceeding.

Monthly Scorecard

In addition to reports on a quarterly and annual basis as required by the Order (June 23rd Order at 73), Staff is recommending an additional monthly "scorecard report" from all program administrators (Staff's Comments at 30). Con Edison supports uniform reporting of results and uniform, full public reporting by all entities receiving ratepayer funding. Staff has recommended, and Con Edison agrees, that quarterly reports be submitted within 45 days of the end of the quarter and its annual report within 60 days of the end of the year.

Con Edison does not, however, support the additional requirement of monthly reporting. Monthly reporting will not materially add to public understanding of program spending or achievements but will create additional burdens, increase the complexity of the reporting function and thus increase program costs. The Company does not expect large changes in program information on a month over month basis, particularly during start up.

Sole-Source Procurement

Staff recommends that "competitive bidding – rather than sole source procurement – be required as the preferred procurement method for equipment and

contracts" (Staff's Comments at 26). Staff further recommends that any sole source contracts be submitted to the Director of the Office of Energy Efficiency and the Environment for review and approval (Staff's Comments at 27).

In its 60-Day Filing Con Edison stated (page 9) that "[i]n cases where a third-party contractor is required, the Company's general policy is to procure materials, equipment, or services competitively, however, there may be circumstances where the competitive method is not practical. In such cases, sole-source procurement ***may*** (emphasis added) be used." In the attendant footnote (page 9), the Company stated that "The Company has an established RFP procedure that is overseen by the Purchasing Department, which is independent from the operational groups." Sole-source procurement may be required in rare and extraordinary circumstances when time is of the essence or very specific expertise is required and of limited availability.

Staff's suggestion that sole source contracts be submitted to the Director of the Office of Energy Efficiency and the Environment for review and approval is thus unnecessary. Requiring approval by the Director of the Office of Energy Efficiency and the Environment vitiates benefits that would have led to sole-source procurement in the first place. Con Edison understands Staff's concern over sole-source procurement and will give the Director of the Office of Energy Efficiency and the Environment notice of any sole sourced contracts. Sole source contracting, however, must remain a viable alternative.

<u>Continued Review</u>

On several occasions, Staff claims not to have enough information to review certain aspects of the proposed Con Edison programs. For example, prior to approval of the Con Edison program, Staff is asking that the following be provided in the Implementation Plan:

- Detail on the Company's evaluation plan, including evaluation methodologies, logic models and the administrative structure (Staff's Comments at 9);
- Details that demonstrate how an arms length relationship will be maintained between the Company's Monitoring, Verification and Evaluation ("MV&E") section and its program implementation section (Staff's Comments at 11).
- Details on the evaluation program budget in order to demonstrate that the Company's marketing research efforts do not detract from its evaluation efforts (*Id.*);
- An indication if the Company plans to collaborate with other utilities in its evaluation efforts (Staff's Comments at 11-12);
- A more detailed contractor training and program orientation plan (Staff's Comments at 13);
- More detail on the Company's quality assurance plan including how the Company will handle identified installation problems (Staff's Comments at 14);
- A more detailed description concerning the Company's plan to coordinate its marketing with surrounding utilities and NYSERDA (Staff's Comments at 15), and;
- Detail on coordinated program delivery with other entities and how customers will be made aware of all programs for which they are eligible (e.g. from differing providers) and how the Company will avoid double counting of energy savings and double payments for incentives (Staff's Comments at 17).

Con Edison is committed to filing an implementation plan. The implementation plan, however, awaits approval of programs before its development can proceed. The same is true for quality assurance programs, contractor training programs and other post program approval activities. It is not cost effective or reasonable to expect any prospective program administrator to develop such supporting documentation without knowing the programs, budgets and targets to which such documentation would apply.

In addition, since the implementation plans will be developed in conjunction with outside vendors, the Company needs the actual program information in order to develop the appropriate requests for proposals (RFPs) pursuant to which vendors will be engaged.

In conjunction with the solicitation process to acquire contractual administrative and technical support, Con Edison will develop final implementation plans with vendors chosen pursuant to the RFPs. Therefore, the implementation plans are expected to be in place after contractor selection and award. The solicitation will call for implementation plans in conjunction with program logic models that clearly address market descriptions by program, goals and objectives, existing and potential barriers, integration with other efficiency programs and stakeholders, performance measures and effective steps to meet budgetary and energy savings targets. The solicitation is also expected to request information on a potential trade ally network, contractor training, energy analysis, application review, processing, reporting, quality control and quality assurance protocols and product and service warrantees.

In response to the solicitation, vendors will submit an overall marketing strategy and approach and detailed implementation plans that will include management systems, marketing materials, promotional activities, communication themes and key messages and requisite schedules. In addition, vendors will submit comprehensive staffing plans outlining qualifications, allocated resources and program commitment and other information described above.

Specific Criticisms of the Con Edison Gas Program

Cost Data Sufficiency

Staff has criticized the level of detailed supporting documentation describing how each budget category amount in the overall program budget was

determined (Staff's Comments at 13). That criticism is unwarranted. The information sought by Staff was provided in response to IR 63 in Case 08-E-1007 which was provided to Staff on November 13, 2008. The response included a specific breakdown for all programs, including the gas efficiency program.

The proposed budget was developed using a bottom-up, rather than an allocation approach and budgets were developed for the following cost categories:

1. Program planning and administration;
2. Program implementation;
3. Marketing and trade ally; and
4. Evaluation and market research.

Program planning and administration costs were developed based on Con Edison's best estimate of staffing requirements and related ancillary expenses such as education and training, which was in part informed by data available from other utilities offering similar programs. The program implementation, marketing and trade ally expenditures are the Company's best estimate of such expenditures, based on the information available on similar programs offered by other utilities and taking into account the unique market conditions in Con Edison's service area. The evaluation and market research budget is five percent of the total budget, in line with the PSC Order.

Program Development and Administration includes costs to administer energy efficiency programs, but are not limited to, fully-loaded personnel costs, including overhead expenses (i.e., office space, supplies, computer and communication e equipment, certain staff training, certain industry related sponsorships and memberships) and system costs (e.g., data tracking and reporting system).

Program Marketing and Trade Ally Activities include promotion of energy efficiency programs, but is not limited to production of energy efficiency program literature, advertising, promotion, displays, events, promotional items, bill inserts,

internal and external communications. Trade Ally Activities include activities associated with energy efficiency training and education of the trade ally community. This community includes, but is not limited to heating contractors, weatherization contractors, efficiency equipment and product installers and commercial and industrial (C&I) auditors. This category also includes vendor recruitment, training and coordination costs (e.g., quality installation training).

Customer Incentives or Services costs include the cost of surveys and rebates paid to customers for implementing energy efficiency. Program Implementation costs are those costs associated with performing program tasks on the Company's behalf.

Evaluation and Market Research costs include activities associated with the evaluation of current and potential energy efficiency programs. These activities include, but are not limited to benefit-cost ratio analysis, program logic models, cost per lifetime kWh or per lifetime therm saved analysis, efficiency product saturation analysis, customer research and all ad hoc analyses that are necessary for program evaluation. In addition, any activities that pertain to regulatory compliance or reporting for energy efficiency conducted by energy efficiency group personnel or contractors would fall under this category. Expenses associated with evaluation include all internal and external costs (i.e., consultant contracts).

The Company believes that the above categories of aggregated expenditures and the aggregate amounts are appropriate because they represent typical expenditures associated with demand side management programs. In addition these categories were established to maintain consistency across all utility filings. Dollar amounts were estimated based on the best and most recent information available to the Company and its consulting contractors at the time the plan was developed.

Solar Domestic Hot Water Heaters

The Commission's June 23, 2008 Order required Con Edison to include solar water technology as an eligible measure in the residential HVAC program (EEPS Order, Appendix 2, p. 1). As such, Con Edison included residential solar water heating as an eligible measure.

Staff's review determined that the residential solar water heating measure was not cost effective, but provided the Company the opportunity to provide its own cost/benefit analysis (Staff's Comments at 19). Applying Staff's October estimates of avoided costs, Staff determined a TRC of 0.34 for this measure by itself and recommended that the Company consider dropping this proposal as a means of increasing the overall cost effectiveness of its program (Staff's Comments at 18-19).

The Company's new overall Cost/Benefit analysis for the total portfolio of programs when residential solar water heating measures are excluded increases the overall cost-effectiveness to 1.99 from the original 1.88. As such, the Company will adopt Staff's recommendation and will exclude this measure from the program.

Clothes Washers

Staff indicated that clothes washers, although required by the EEPS Order, were excluded in the Con Edison program (Staff's Comments at 7). Con Edison determined that clothes washers are not cost effective under the TRC test if only natural gas savings are considered, achieving a TRC of 0.41. As such, clothes washers were not included.

If, however, savings and benefits are not limited to reductions in natural gas usage, but also include the substantial water savings associated with Energy Star® clothes washers and carbon savings, the analysis produces a TRC of 2.96. The assumptions are outlined below.

Measure Life	14
Therm savings (annual)	8.80
Water savings (gallons) (annual)	6,978
Water benefits ($) (annual)	$55.78

Water benefits are based on rates set by the New York Water Board for 2009 and can be found at http://www.nyc.gov/html/nycwaterboard/html/rate_schedule/index.shtml. Savings estimates are from the EPA Energy Star® calculator for clothes washers.

Although not cost effective if water savings are excluded, Con Edison has determined that the inclusion of clothes washers does not materially affect the overall Cost/Benefit Ratio. With clothes washers included, and the residential solar water heating measure excluded, the new analysis produces a TRC 1.89. As such, the Company will include clothes washers.

Programmable Thermostats

Staff noted that Con Edison included programmable thermostats in its program filing although it was not required by the EEPS Order (Staff's Comments at 7). Con Edison believes programmable thermostats should be included as an eligible measure as such thermostats can provide natural gas and energy cost savings for Con Edison customers when used properly. Other natural gas utilities (such as National Grid, New York State Electric and Gas, Rochester Gas & Electric) have included programmable thermostats as a measure in their 60-Day Filings and have found them to be cost effective. Con Edison recommends that this measure be retained in the portfolio of measures to be offered to customers.

Energy Efficiency Kits

Staff reviewed the Company's proposal to include Energy Efficiency Kits as part of its portfolio of measures to be offered to customers and that found that Con Edison "is

unable to support the savings estimates for these kits, therefore, Staff is not in a position to recommend their inclusion in the Gas Fast Track Program" (Staff's Comments at 7).

As Con Edison noted in its answer to IR 56 in this proceeding, submitted on October 23, 2008, the Energy Efficiency Kits are not a separate measure but rather a marketing tool and their expense is included in marketing expenses for the program. The Energy Efficiency kits will be delivered to customers who are upgrading or installing high-efficient heating, ventilation or air conditioning systems as a thank you for program participation and to encourage ongoing engagement. The program is cost effective with this marketing expense included. Staff does not require other marketing materials to pass cost benefit tests. Con Edison thus recommends that this marketing tool remain a part of its proposed programs.

Additional Comments

The New York Oil Heating Association, Inc. ("NYOHA") submitted comments on Con Edison's proposed gas program on December 17, 2008 ("NYOHA Comments") and the Multiple Intervenors, an unincorporated association of approximately 45 large industrial, commercial and institutional gas and electric consumers in New York State ("MI") submitted comments dated December 12, 2008 ("MI Comments").

NYOHA objects to the expansion of the Company's gas energy efficiency programs to include oil-to-gas customers, because Con Edison already has approved funding for oil to gas conversions and the Commission prohibits the use of energy efficiency funding for oil-to-gas conversions (NYOHA Comments at p. 2). NYOHA further suggests oil-to-gas conversions be addressed in a different proceeding (*Id.*). NYOHA's recommendations should be rejected.

NYOHA incorrectly views the Company's proposed gas Residential HVAC program as the "combing of…two programs" and incorrectly believes that the Con

Edison program involves "the promotion of conversions using efficiency funds" (*Id*.). As discussed in great detail above, the Company views the gas Residential HVAC Program and its oil-to-gas conversion program as "two separate and distinct initiatives." The Company will not be using energy efficiency funding to promote and market its oil-to-gas program. The Company has separate funding for that purpose and has not suggested that efficiency funds be used to promote its conversion program. The Company's proposal merely provides the opportunity for conversion customers, who have already made the determination to convert, to install more efficient equipment.

NYOHA also suggests that a prior Commission Order prohibits Con Edison from using energy efficiency funds to promote oil-to-gas conversions (NYOHA Comments at p. 2-3). As noted, the Company is not proposing to use efficiency funds in this manner.

Finally, NYOHA suggests that the Commission defer any determination on oil-to-gas conversion to the ongoing proceeding in Case 06-G-1332 (NYOHA Comments at p. 3). NYOHA's suggestion should be rejected. Con Edison's proposed gas Residential HVAC program is part of the "Fast Track" programs ordered by the Commission. In Case 06-G-1332, the Commission is focused on existing NYSERDA administered gas energy efficiency programs. NYOHA is correct that the Commission has required the Company to file a proposed portfolio of gas energy efficiency programs by March 3, 2009 (NYOHA Comments at p. 2, footnote 2), but those programs will not take effect until October 31, 2009. Deferring the determination of whether oil-to-gas conversion customers should be eligible for incentives to upgrade to higher efficiency equipment to another proceeding will only further delay this "Fast Track" program.

As such, NYOHA recommendations should be rejected in their entirety.

MI's comments support minimizing costs to its members and other customers (MI Comments at pp. 3-4), limiting gas utilities to the Residential HVAC Program authorized by the Commission (MI Comments at pp. 6-7), ensuring appropriate cost allocation for

gas efficiency programs (MI Comments at p. 7) and requiring an new TRC analysis for all gas efficiency programs based on the recent changes in natural gas prices (MI Comments at p. 8).

MI cites to the current economic conditions facing the State and the Nation as a reason to limit the cost of gas efficiency programs on consumers (MI Comments at pp. 3-4). What MI does not provide is any suggestion that the Commission's overarching goals (i.e. efficiency, cost savings, environmental considerations) are any less important in spite of the economic climate. As noted by MI, the Commission has authorized incremental funding of $330 million in the EEPS proceeding (MI Comments at p. 3). Con Edison submits that the time to challenge this funding proposal has long since passed.

MI also wants the Commission to ensure that all utilities only implement the Commission authorized gas residential HVAC program MI Comments at pp. 6-7). Con Edison has complied with the EEPS Order in that respect. As such, this comment does not apply to Con Edison. Likewise, MI's concern that cost allocation methodologies be applied appropriately (MI Comments at p. 7), does not apply to Con Edison as Con Edison is collecting these funds consistent with its current practice for its existing gas energy efficiency programs.

Finally, MI asks the Commission to "reevaluate the cost/benefit analysis for all proposed gas efficiency programs" (MI Comments at p. 8) due to recent changes in natural gas prices. Con Edison has discussed, above and in detail, its opposition to changing the TRC analysis in response to Staff's proposal to revise the TRC calculations and analysis. As such, MI's recommendation should be rejected as well.

Conclusion

The Commission established, in the EEPS Order, aggressive but obtainable goals for energy-efficiency programs to be implemented in New York. These goals are worthy and Con Edison is committed to assisting the State in meeting these goals. In the EEPS Order, the Commission also established a detailed process and procedure for the filing, review, implementation and approval of these plans. In proposing its gas energy efficiency program, Con Edison complied with those requirements and its program meets the goals established by the Commission.

Because the Con Edison has complied with the Commission's established rules and processes in this proceeding, its gas program should be approved, pending revised targets and budgets to be filed, as noted above, so that the Company can expeditiously begin to implement this necessary energy-efficiency program.

New York, New York
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Respectfully submitted,
CONSOLIDATED EDISON COMPANY
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