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John B. Rhodes, Chair

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PSC Approves Con Edison's Demand Response Pilot Program — Innovative Program to Reduce Demand for Natural Gas Implemented in New York City and Westchester County —

ALBANY — The New York State Public Service Commission (Commission) today approved a \$5 million program for Consolidated Edison Company of New York, Inc. to reduce residential and commercial customer demand for natural gas. The demand-reduction program will demonstrate the ability for customers to reduce their demand for natural gas over the next three years. Demand for natural gas in Con Edison's service territory has grown substantially leading to significant increases in the peak day demand during the winter heating season for customers that require uninterrupted supply. By lowering demand, pilot programs such as this help negate the need for additional gas infrastructure. Reducing peak day demand for natural gas not only yields dividends in carbon reduction but can also decrease costs to consumers. This program is intended to help reduce the reliance on natural gas as New York transitions to clean energy.

"Demand response has proven to be an effective tool to manage demand and save costs on the electric system," **said Commission Chair John B. Rhodes.** "While some gas customers have been doing demand response for years, this program will enhance gas customers ability to reduce peak day demand. This pilot program will be among the first-of-its-kind in the country, and should provide valuable insights for energy system planning and for further demand reduction approaches of all gas utilities."

The Commission is committed to ensuring that the natural gas system is safe and reliable for all New Yorkers, and has been steadfastly working with the utilities to ensure that investments are prudent as the State's energy system is being transformed. The Commission encourages the development of smart alternatives, rather than the antiquated approach of simply building ever more pipelines. The Commission's approval of Con Edison's innovative program is a first-of-its-kind demand response initiative that will directly result in cutting demand for natural gas during peak periods. Just like with electric energy efficiency improvements – the cheapest unit of energy is the one never used.

Con Edison delivers gas to 1.1 million customers in Manhattan, the Bronx, parts of Queens, and most of Westchester County, making it the largest gas supplier in the state. The gas reduction pilot program will target both commercial and residential customers over the initial 3-year period.

The broad-based gas demand reduction pilot will allow the marketplace and third-party demand-response aggregators to work with customers to find innovative ways of reducing consumption on peak days. The pilot consists of two components: a large commercial and industrial customer-focused pilot similar to the company's existing electric peak-shaving program and a residential and small-commercial customer-focused pilot using customer-purchased internet-connected smart thermostats similar to the company's existing electric program.

Coupled with Con Edison's enhanced gas energy efficiency program, which was approved by the Commission in July, today's decision represents the next step toward a more holistic view of a gas utility's obligation to meet the needs of its customers by exploring alternatives to its traditional utility business model. The Commission will continue to work with Con Edison and other gas utilities to ensure success of non-pipes alternatives and to ensure that the resiliency, reliability and safety of the natural gas system is not compromised.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Numbers 17-G-0606 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access.

Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.