

STATE OF NEW YORK

# Public Service Commission

William M. Flynn, Chairman

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## **PSC Votes to Approve Natural Gas Energy Efficiency Program for Niagara Mohawk's Low-Income Customers**

Albany, NY—8/24/05—The New York State Public Service Commission today voted to approve a \$5 million Low-Income Gas Customer Energy Efficiency Program for eligible gas heating customers of Niagara Mohawk Power Corporation (Niagara Mohawk). The new program, to begin on September 1, will be administered by the New York State Energy Research and Development Authority (NYSERDA) through two existing low-income programs, which utilize one-time energy efficiency investments that reduce consumption and provide cost-effective long-term savings.

"In light of the upward trend in natural gas prices, I commend Niagara Mohawk for reaching out to the community and developing a cost-effective program with long-lasting impacts to assist low-income gas heating customers," said Commission Chairman William M. Flynn. "A strategy of providing long-lasting bill reductions through energy efficiency improvements makes great sense, and these benefits will complement the bill payment assistance program that is already available to eligible Niagara Mohawk customers through the Home Energy Assistance Program (HEAP) and other programs."

"Reducing energy costs for low-income consumers is essential, especially in this time of rapidly rising energy costs," said Peter Smith, President of NYSERDA. "Low-income households generally pay a higher proportion of their income for energy costs, so being able to provide them access to our New York Energy Smart low-income energy efficiency programs can substantially help reduce their energy bills."

Under the program, NYSERDA will deliver expanded energy efficiency services to low-income residential gas heating customers in Niagara Mohawk's service territory through the previously established Assisted Home Performance with ENERGY STAR and EmPower New York programs. The new program is designed to serve low-income natural gas heating customers who either cannot be served under the current NYSERDA programs or who may receive a more narrow range of energy efficiency benefits from NYSERDA that do not focus on gas efficiency as a primary goal.

Over the next two years, Niagara Mohawk will use a total of \$5 million from its Contingency Reserve Account (CRA) to fund the new low-income program. The CRA primarily consists of interstate pipeline refunds ordered by the Federal Energy Regulatory Commission that are to be used for ratepayer benefit.

#### **-NYSERDA's Low-Income Energy Efficiency Programs-**

The Assisted Home Performance with ENERGY STAR Program is available to utility customers having a total household income of between 60%- 80% of the state's median income. This program is designed to reduce the energy burden on households through a "building performance" approach to home improvements such as insulation, space and water heating system measures, replacement window and other energy efficiency improvements. Incentives are available to eligible customers for up to 50% of the cost of an energy efficiency project with a maximum of \$5,000 per single-family home or, based on additional income-eligible households, \$10,000 per building for 3-4 family dwellings. The balance of the costs may be eligible for reduced interest-rate financing through the New York Energy Smart Loan Fund or the New York ENERGY STAR Financing Program.

The investment in the Assisted Performance with ENERGY STAR program for eligible Niagara Mohawk gas customers will serve about 580 additional households, with a projected average benefit of \$3,660 per household. NYSERDA estimates an average of \$425 in annual gas cost savings for each customer participating in the program.

The second program to be expanded, EmPower New York, provides energy efficiency measures and energy-use management education to homeowners and renters with incomes that fall below 60% of the state's median income. EmPower New York will provide, on average, about \$2,000 of gas efficiency services such as wall and ceiling insulation, heating system repairs, and pipe insulation. Priority will be given to households where improvements will have

the biggest impact on energy efficiency. EmPower New York program participants also receive energy-use management education packets and may attend energy efficiency workshops.

The EmPower New York program will serve approximately 1,000 additional eligible households in Niagara Mohawk's service territory, and NYSERDA estimates that each participant will realize approximately \$230 in annual gas bill savings. Participants will be identified through either direct referrals by Niagara Mohawk, or eligible referrals from area Offices for the Aging and community-based organizations.

For more information on NYSERDA's Assisted Home Performance with ENERGY STAR, EmPower New York, and other programs, consumers can visit [www.getenergysmart.org](http://www.getenergysmart.org) or call 1-877-NY-SMART.

Trends in the market price of natural gas point to potential increases in the commodity portion of customers' bills for the upcoming winter heating season. The commodity price of natural gas was deregulated by Congress beginning in 1978 and is determined by national and international markets, not the Commission or New York utilities. The New York Mercantile Exchange (NYMEX) price for natural gas delivered to storage facilities in April this year was approximately 17% above last year on average. An already tight balance between supply and demand has been stressed by an exceptionally hot summer, which increased use of natural gas for power generation. The NYMEX futures price for the 2005-2006 winter heating season is now approximately 50% higher than the last winter heating season on average. While the NYMEX prices remain quite volatile, these preliminary figures indicate that customer's gas heating bills for this winter could be between 25% and 35% higher than last year.

The Commission will issue a written decision detailing today's vote. The decision in Commission Case 05-G-0668, when available, can be obtained from the Commission's Web site at <http://www.dps.state.ny.us> by accessing the Commission Documents section of the homepage. Many libraries offer free Internet access. Commission orders can also be obtained from the Files Office, 14<sup>th</sup> floor, 3 Empire State Plaza, Albany, New York 12223 (518-474-2500).