

STATE OF NEW YORK

Public Service Commission

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NATURAL GAS EFFICIENCY TARGETS APPROVED

— PSC Acts to Eliminate Unnecessary Consumption, Reduce Global Warming Gases —

Albany, NY—05/14/09—The New York State Public Service Commission (Commission) today established near- and long-term targets for gas efficiency in an historic move designed to significantly decrease the amount of natural gas used by home and business owners over the next 10 years. It also sets forth a process for approval of programs and phasing of existing interim utility programs into a comprehensive statewide gas efficiency program.

“As a result of our actions today, we have implemented a policy of encouraging end-uses of gas to be as efficient as they can reasonably be made,” said Commission Chairman Garry Brown. “This new policy is a critical part of our unprecedented effort to reduce energy consumption statewide, and to find ways to make energy use as efficient as possible. This action will help offset increases in energy bills, an important step at a time of financial hardship for many families. However, it is important to note that we are not adopting a policy of reducing the overall usage of natural gas. Establishing a goal for natural gas efficiency gains should not inhibit beneficial increases in the use of natural gas.”

Today’s decision will result in an average annual reduction of gas usage of 3.8 billion cubic feet (Bcf) by 2020 — enough natural gas to heat about 39,000 average-sized homes. Combined with reductions anticipated from other sources, this target represents a 14.7 percent reduction in estimated gas usage by 2020, independent of any fluctuations in usage caused by fuel-switching or other economic factors. Furthermore, the action today will help improve the

environment. Natural gas is the lowest carbon-emitting fossil fuel, emitting less CO₂ than coal or fuel oil.

The program portfolio assumptions underlying this target through 2011 are a mixture of 75 percent residential programs, of which 20 percent is allocated to low-income; and 25 percent commercial/industrial programs, of which 50 percent is allocated to small commercial and industrial customers and 50 percent is allocated to large commercial and industrial customers. Gas is an important fuel in New York. More than four out of five households have access to natural gas, and most New York households use natural gas or fuel oil, rather than electricity, for space heating.

The \$130 million to be collected annually for the gas efficiency initiative will potentially be used for a wide range of programs. Programs could include rebates for efficient appliances for residences and small businesses, improvements in the energy efficiency of multifamily homes, and programs to support process improvements for large commercial and industrial customers. Final determination on specific project eligibility will be made in future implementation orders.

In establishing the targets, the order takes into account recent energy efficiency appropriations under the American Recovery and Reinvestment Act (ARRA), in particular the large increase in federal funding for low-income weatherization programs.

The decision today stems from the Commission's early 2007 Energy Efficiency Portfolio Standard order that established goals for the proceeding. In that order, the Commission established a goal of reducing electric usage by 15 percent from projected levels by 2015. However, the instituting order did not establish a quantified goal for natural gas efficiency, but rather stated that targets should be established and programs designed to optimize the state's efficient use of natural gas. Today's action sets forth those goals.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.state.ny.us and

entering Case Number 07-M-0548 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).