

STATE OF NEW YORK

Public Service Commission

Patricia L. Acampora, Chairwoman

Three Empire State Plaza, Albany, NY 12223

Further Details: (518) 474-7080

<http://www.dps.state.ny.us>

FOR RELEASE: IMMEDIATELY

07039/03-G-1671

Commission Ensures Gas Efficiency Program for Con Edison - Initiative to Begin in Time for Winter Heating Season -

Albany, NY—5/16/07—The New York State Public Service Commission (Commission) by order today required an expanded natural gas efficiency program to be implemented in the Consolidated Edison Company of New York, Inc. (Con Edison) service territory in preparation for the 2007-08 winter heating season. The Commission's order authorizes a \$14 million program to begin immediately, so that measures can be in place and take effect before the cold weather months.

“Natural gas efficiency programs are more important than ever to determine ways to reduce customers’ natural gas usage for heating and other purposes,” said Commission Chairwoman Patricia L. Acampora. “The funding for Con Edison’s important efficiency program makes perfect economic sense because it provides a way to decrease demand through energy efficiency, which is a very cost-effective strategy to achieve our goals of reducing overall energy consumption. All consumers will benefit from programs of this type because of reduced demand on finite resources and from efforts to reduce the carbon emissions that are driving global climatic changes.”

Today's action was taken to solve a timing problem inherent in Con Edison's pending natural gas rate case. Under the schedule for Con Edison's natural gas rate proceeding, Case 06-G-1332, the Commission will not consider the case until September 2007, with new rates to go into effect October 1, 2007. For a natural gas efficiency program to be effective for the upcoming winter heating season, however, steps must be taken now and throughout the summer.

Recognizing this timing difficulty, the Commission issued a Notice in March seeking comment on a Department Staff proposal for a one-year "bridging" program for the 2007-08 heating season. All parties commenting on the proposal, including Con Edison, endorsed the concept of early, separate authorization for a natural gas efficiency program so that work could begin immediately.

To ensure that a program for this winter could be put in place quickly and efficiently, the Commission selected the New York State Energy Research and Development Authority (NYSERDA), a state authority which currently administers electric efficiency programs through the System Benefits Charge Program and a natural gas efficiency program on a pilot basis in Con Edison's service territory, as the administrator of the program. NYSEDA will work with Con Edison to help ensure maximum effectiveness in getting the program ready for the winter heating season.

Comments on this one-year program were submitted by Con Edison, NYSEDA, the New York State Consumer Protection Board, the Public Utility Law Project, the Natural Resources Defense Council, Pace Law School Energy Project, the Association for Energy Affordability, the New York Energy Consumers Council, and the City of New York.

The majority of commenting parties said the \$14 million was a reasonable, achievable budget for the 2007-08 winter season, and that it represented a significant increase over the level of funding for the pilot program. While it is a significant increase in percentage terms over the prior program, it nevertheless results in a relatively small impact on Con Edison's customers, representing less than a 2 percent increase in delivery revenues and less than a 1 percent impact on total bills.

The gas efficiency program continues the allocation of program benefits established by the current pilot program of 50 percent to low-income residential customers, 25 percent to other residential customers, and 25 percent to commercial and industrial customers.

NYSERDA, the administrator for this short-term bridging program, is directed to outline the details of the gas efficiency program in a plan to be filed by June 1, 2007. Under the Commission's order, Con Edison is allowed to defer the program costs and documented revenue losses attributable to the gas efficiency program. When the Commission considers the full rate case, Case 06-G-1332, in September, it can then determine the means by which Con Edison will recover those costs, such as through a surcharge or inclusion in new base rates.

The Commission will issue a written order reflecting today's vote. That order, when ready, 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 and referencing Case 03-G-1671. Many libraries offer free Internet access. Commission orders can also be obtained from its Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).