

STATE OF NEW YORK

# Public Service Commission

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## **NATIONAL GRID NATURAL GAS EFFICIENCY PLAN ADOPTED —PSC Acts Quickly to Put Multi-Million Dollar Winter Energy Efficiency Plan in Place —**

Albany, NY—9/17/08— The New York State Public Service Commission (Commission) today adopted a \$4.89 million initiative designed to provide energy efficiency programs in time to assist National Grid upstate natural gas customers potentially lower the cost of fuel bills this winter.

“Cold weather is right around the corner, so it makes good sense to move forward quickly with well-conceived utility programs designed to reduce consumption of costly natural gas as soon as possible,” said Commission Chairman Garry Brown. “It is critically important to provide customers with cost-effective, energy conservation measures in advance of this winter when the cost of natural gas is expected to be high.”

In making its decision, the Commission determined prompt implementation of these interim energy efficiency programs will help customers offset the high heating costs expected this winter and improve energy efficiency, and it will provide low-income ratepayers the opportunity to reduce their utility bills using efficiency measures.

The interim energy efficiency programs adopted offer customers a variety of cost effective efficiency improvement measures and will help reduce consumption of natural gas and improve air quality. Details are as follows:

- **Residential Low-Income Program:** Customers who heat with natural gas and meet specified low-income eligibility criteria can receive up to 100 percent of the cost for attic and wall insulation, air sealing measures, space heating replacements and water heating system repairs and replacements. Low-cost financing would be available for the balance. Amount: \$3.33 million (annualized).
- **Residential High-Efficiency Heating and Water Heating Program:** This program would provide incentives for residential customers to install high-efficiency, natural gas space heating and water heating equipment and controls. The incentives cover about 75 percent of the incremental cost of installing the facilities. The marketing efforts for this and other programs would include direct mailings, bill inserts, trade events and contractor-provided visits and education. Equipment and controls must be installed by qualified, licensed contractors and plumbers. Amount: \$987,000
- **Commercial High-Efficiency Heating and Water Heating:** This program offers incentives to firm, commercial service customers who install high-efficiency heating equipment. The amount of the rebate offsets the cost difference between standard and high-efficiency equipment. Rebate amounts will vary by the size and type of equipment installed, up to \$15,000. The rebate for multiple units at a single site would be negotiated with the customer. Amount: \$260,000
- **Residential ENERGY STAR Products:** This program encourages customers to purchase ENERGY STAR products to decrease their use of natural gas. The outreach for the program includes cooperative promotions with such retailers as Lowe's, Home Depot and other regional hardware stores. A \$10 mail-in rebate will be provided for high-efficiency window replacements up to a \$500 maximum per customer account. Customers will be able to receive a \$25 rebate for up to two ENERGY STAR programmable thermostats, not to exceed the price of the thermostats. Amount: \$79,000
- **Residential Internet Audit Program and E-Commerce Sales:** This program would provide customers access to their energy usage information and encourage them to participate in energy efficiency programs. It offers a self-service audit tool that allows customers to survey their home energy usage and identify ways to improve energy efficiency. It also provides customers easy access to on-line suppliers of compact fluorescent lighting, weatherization materials and do-it-yourself products. Customers will receive an estimate of the cost savings available from implementing the energy efficiency measures.

The cost of these interim energy efficiency programs over the next eight months (October 2008 to May 2009) are expected to produce minimal rate impacts for ratepayers. A typical residential heating customer, for example, will pay about \$6.85 more a year on an annual bill of \$1,533. Long-term, energy efficiency programs pay for themselves in terms of benefits received.

National Grid will continue to develop more permanent programs that conform to the requirements of the Energy Efficiency Portfolio Standard case. The company will be allowed to recover lost revenues resulting from the energy efficiency measures by collecting a surcharge on residential and small commercial customers' bills.

The program's costs represent payments to third-party contractors, incentive payments to customers, and internal utility labor costs. The company will also defer and recover the revenues it loses due to customers' implementing energy efficiency measures and reducing their use of natural gas.

National Grid will coordinate its energy efficiency programs with other program providers in the service area to avoid duplicate efforts and to enhance program efficiencies. The company will keep separate from the energy efficiency program its efforts to promote oil-to-gas conversions. It will not use the interim energy efficiency program budget to encourage any such conversions. National Grid must report the ongoing results of the energy efficiency program every two months and it must provide a final report at the end of the interim program in May 2009.

The Commission's decision today, when issued, may be obtained from the Commission's [www.dps.state.ny.us](http://www.dps.state.ny.us) Web site by accessing the Commission's File Room section of the homepage and referencing Case 08-G-0609. 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).