



David A. Paterson
Governor

STATE OF NEW YORK
EXECUTIVE DEPARTMENT
CONSUMER PROTECTION BOARD

Mindy A. Bockstein
Chairperson and Executive Director

June 3, 2008

Jaclyn A. Brilling
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 06-G-1332: Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service – Gas Efficiency Program.

Dear Secretary Brilling:

The current rate plan for Consolidated Edison Company of New York, Inc.'s ("Con Edison" or "Company") gas operations identifies the total cost, administrative responsibility, specific initiatives and source of funding for gas energy efficiency programs for the year ending September 30, 2008.¹ For the following two years of the rate plan, parameters of the energy efficiency initiative including program design, funding, incentives and administrative responsibility, were to be addressed in a collaborative proceeding, that was to produce a report including recommendations, for consideration by the Public Service Commission ("PSC" or "Commission"). The Consumer Protection Board ("CPB") participated in that effort, along with other parties including Con Edison, Staff of the Department of Public Service, the New York State Energy Research and Development Authority ("NYSERDA"), the City of New York, the County of Westchester, the Public Utility Law Project and the Natural Resources Defense Council. That report was submitted on April 15, 2008 ("Collaborative Report"). Subsequently, the Commission issued a ruling inviting comments on that filing by June 3, 2008.² The CPB submits this letter in response to that invitation.

Program Size

The CPB continues to recommend that additional funding be provided for cost-effective gas energy efficiency programs in Con Edison's territory. The current approach, in which NYSERDA administers a program with a \$14 million budget, is a

¹ Case 06-G-1332, Order Adopting in Part the Terms and Conditions of the Parties' Joint Proposal, September 25, 2007, Attachment I, Joint Proposal, pp. 21 – 26.
² Case 06-G-1332, Notice Soliciting Comments, May 16, 2008.



good first step. However, in the twelve months since that program was submitted for PSC approval on June 1, 2007, natural gas prices have increased by more than 47%,³ thereby substantially increasing the value and importance of energy efficiency to consumers.

The PSC has not yet issued a decision establishing the size, scope and general parameters of ratepayer-funded electricity efficiency programs in New York State,⁴ and may not take such action for gas programs for several months.⁵ The Commission's decision in the generic proceeding, when issued, may require modification of the gas energy efficiency program adopted in this case. To minimize customer confusion, startup costs and potential costly reconfiguration of programs, the structure and specific elements of the current gas efficiency program should be maintained to the extent reasonable.

In these circumstances, the CPB supports the recommendation in the Collaborative Report, that program funding increase by approximately 20%, to \$17 million for the year beginning October 1, 2008.⁶ This proposed increase is reasonable, particularly in the absence of a generic PSC order regarding the size and scope of ratepayer-funded energy efficiency programs.

Specific Energy Efficiency Initiatives

Currently, NYSERDA administers the gas efficiency program in Con Edison's service territory. For the reasons explained by the CPB in the PSC's generic energy efficiency proceeding, ultimately both NYSERDA and utilities should be responsible and held accountable for providing energy efficiency services, in a highly coordinated fashion.⁷ For example, utilities such as Con Edison have unique access to customer information and to the customers themselves, thereby facilitating effective marketing and delivery of energy efficiency programs. Although the Collaborative Report includes a recommendation that Con Edison would have lead administrative responsibility for many programs including new construction in multi-family and commercial markets, equipment programs and retrofit programs,⁸ it does not include any detailed proposals containing program parameters, objectives, funding or incentives for initiatives to be administered by Con Edison.

³ NYSERDA Weekly Fuels Report, May 12, 2008, p. 3. Natural gas prices are measured at the New York City gate.

⁴ Case 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard.

⁵ Transcript, PSC Session, May 22, 2008, p. 166.

⁶ Collaborative Report, p. 7.

⁷ Case 07-M-0548, Initial Brief of the New York State Consumer Protection Board, April 20, 2008, pp. 8 – 10.

⁸ Collaborative Report, p. 12.

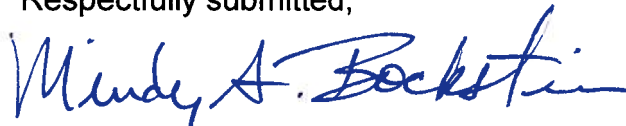


In these circumstances, the CPB recommends that NYSERDA continue to administer the energy efficiency program that it currently conducts in Con Edison's territory. This will ensure program continuity, and minimize customer confusion and disruption. In addition, we propose that Con Edison file, as soon as possible, a detailed proposal to administer gas energy efficiency programs to augment NYSERDA's current efforts. Since it is likely that the Company will ultimately have significant responsibility to achieve the State's energy efficiency goals, it should start gaining experience by planning, implementing and administering a limited number of such initiatives as soon as it is practical. We encourage Con Edison to make such a filing, including proposed targets, incentives and evaluation protocols, in the near future, for comment by the interested parties and consideration by the Commission.

CONCLUSION

The Consumer Protection Board urges the Public Service Commission to take action to ensure that an expanded gas energy efficiency program, of the size and structure recommended herein, is available for Con Edison's customers by October 1, 2008, regardless of whether the PSC has issued a decision regarding gas efficiency programs in its generic proceeding by that time.

Respectfully submitted,



Mindy A. Bockstein, Chairperson and Executive Director
Douglas W. Elfner, Director of Utility Intervention
John M. Walters, Intervenor Attorney

