



September 25, 2007

"SavingsCentral" Energy Efficiency Program Executive Summary

I. Summary

Central Hudson possesses singular ability to provide energy efficiency assistance to customers for two primary reasons: we are their trusted energy provider who has a long-standing working relationship with them, and we possess energy expertise. We have conducted focus groups and telephone surveys and have documented that customers overwhelmingly view Central Hudson as their preferred partner in energy efficiency. We have designed programs that supplement and expand upon those offered by NYSERDA; we also believe that we have a responsibility to help our customers better access the approximately \$6 million provided annually to NYSERDA through the SBC.

The proposed "SavingsCentral" energy efficiency initiative filed today is comprised of two main components: 1) outreach/education and 2) Residential (including a special emphasis on low-income customers) and Commercial/Industrial rebate/audit/expert assistance programs (with particular emphasis on small commercial customers). Total combined budget for three years is proposed to be approximately \$22.5 million; if fully subscribed, the programs could save a projected 1.1 million megawatt hours of electricity and 21.5 million therms of natural gas cumulatively over the lifecycle of the installed efficiency measures -- saving enough electricity to power approximately 128,000 homes and heat about 23,000 natural gas homes for one full year.

We have requested a modest incentive to execute these valuable services, and we have filed (as per the Commission's order) an RDM, which will break the link between sales and revenues. This bold initiative is necessary if we are to meet Governor Spitzer's "15 by 15" goal, and offers real opportunity to displace the need for additional generating plant capacity.

II. Program Components

1) Outreach and Education

An extensive public awareness campaign – something that we believe is extremely critical to the success of this initiative – and one that is focused on educating customers about the importance of both conserving energy through their behavior and investing in energy efficient equipment and building materials, will be conducted. Paid advertising (print, billboards, Web site, cable television and radio), business-to-business promotions (e.g. Chamber of Commerce events, trade shows, etc.) and trade ally events will be major components of the outreach, which will drive customers to a new Web site, www.SavingsCentral.com, to which we have already secured the domain rights. Embedded within the proposed dedicated website, there will be a self-administered Home Energy Audit software featuring graphics and animation, aimed at educating the customer while providing a means to evaluate energy usage, efficiency and costs.

2) Rebate/Audit/Expert Assistance Programs

A. Residential:

Appliances - Mail in rebates will be offered for refrigerators, freezers, clothes washers, and dehumidifiers. This program will promote safe disposal of old appliances, and rebates for refrigerators

and freezers will operate on a “bounty system,” where proof of turn in must be provided. This rebate are designed to overcome market barriers that exist with more energy-efficient appliances (i.e. higher cost), and expands current EPA and NYSERDA residential products programs which seek to broaden the channels for energy-efficient appliances through retailer training and marketing partnerships with manufactures and retailers. A separate pilot program designed to remove highly inefficient, aging appliances from the market manufactured before 1980 has also been proposed.

HVAC - Rebates for ENERGY STAR window, wall and central air conditioning/heat pumps, as well as rebates for natural gas furnaces, boilers and hot water heaters will be offered. Proof of turn-in will be required on window and wall unit rebates, and rebate levels for all other HVAC offerings are tiered depending on efficiency ratings. In addition, HVAC contractors and dealers will be paid an incentive to ensure that units are correctly sized (which also benefits participating customers due to the cost savings related to operating a smaller capacity unit). These incentives are designed to offset the higher cost of energy-efficient systems.

Lighting - Point-of-purchase and bill insert rebate incentives will be offered on compact fluorescent light (CFL) bulbs and ENERGY STAR fixtures. (These rebates will complement existing efforts to transform market segments by NYSERDA to “buy down” the price of CFL bulbs working between manufacturer and retailer.)

Low Income - The homeowner or building owner will be provided with an assessment/audit by Central Hudson to identify a combination of improvements (including weatherization, and HVAC, lighting and appliances upgrades) that would result in decreased energy consumption. Assistance capped at \$3,000 for single family and \$6,000 for 2-4 family units would be provided to enact the energy-saving recommendations. Income eligibility for this program will be based on HEAP guidelines. In addition, this program would serve to develop a trained and certified group of contractors capable of providing whole house energy services in the Central Hudson territory.

B. Commercial/Industrial:

Commercial: This program will be focused outreach to facilities 50kW and smaller, expediting the implementation of energy-efficiency measures and upgrades for both electric and natural gas through rebate incentives. These smaller businesses will benefit from this program as they typically lack the education and resources to enact efficiency measures. A portion of this program will include site audits with following energy- efficiency recommendations.

Large facility: – This program will enhance current NYSERDA programs for electricity through referrals, while Central Hudson will offer natural gas upgrade rebates.

III. Energy Efficiency Organization

Initially, the group is proposed to consist of seven employees, as follows:

Manager – Energy Efficiency; Director / Supervisor Residential Programs; Director / Supervisor C&I Programs; Engineer – Analytics / Budget; Engineer – Residential and Commercial Program Support; Commercial Audit Supervisors (2) and Administrative / Clerical Support. A large cadre of trade ally and audit contractors will be a critical component of the program's success. Denise Doring VanBuren has been appointed Vice President of Public Affairs and Energy Efficiency and has been tasked with executive responsibility for the program.