

Con Edison Oil to Gas Conversions

September 14, 2011

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Benefits of Converting to Natural Gas

- **Cleaner Air**
 - Natural gas is a much cleaner fuel than oil
 - Reduces emissions and greenhouse gases
- **Save Money**
 - Lower supply costs
 - Natural Gas is currently cheaper than oil
 - Reduced maintenance costs
 - Hidden costs associated with oil (e.g. pumps, motors, filters, permits, maintenance)
 - Cash flow benefits
 - “Pay as you go” – billed after gas consumption

Requirements for a Customer Decision

Two fundamental components:

- Capital costs up to the Property Line
 - Con Edison's tariff will offset from 0% up to 100% of these costs
 - Depends on proximity to existing capacity, infrastructure, potential revenues
 - Firm rate or interruptible rate
- Internal Conversion Costs
 - Customer will pay for 100% of these costs

Firm Rate

- Con Edison provides commercial customers (5+ units) up to a total of 100' of main and service free to property line
- Con Edison may provide more than 100' free, based on customer's estimated revenues
- Customer is responsible for any remaining capital costs;
 - Can be paid upfront or through a monthly surcharge
- Customer is responsible for all internal conversion costs
- Customer must disconnect or “cut and cap” oil burning capability
- Customer must heat solely with gas up to five (5) years
 - If Customer wishes to switch to an interruptible rate prior to five years, Customer may be required to repay some or all of the associated capital costs
- **Note:** Decommissioning oil tank (remove/fill) is **not** currently a Con Edison requirement to be on a firm rate
 - Check with all applicable local city, county or municipality for their requirements

Firm Dual-Fuel Rate

- Eligible for customers with an estimated Annual Allocation of 100,000+ therms
 - Customer billed 50% of annual allocation monthly
- Customer is entitled to any main reinforcement at no cost
 - The customer may be subject to repayment of these costs if usage falls below 50% of the Annual Allocation within the first 5 years of service
- Customer is responsible for any remaining capital costs;
 - Based on estimated revenues, Company may provide some or all of other main and service costs
- Customer is responsible for all internal conversion costs

Interruptible Rate

- Customer is responsible for **all** costs*
 - Associated capital costs to the property line; and
 - Associated internal conversion costs
- Customer must maintain an alternate fuel source and switch when an interruption is activated by Con Edison
 - Customer can select notification or temperature-controlled
- Customer receives a more favorable per therm rate
 - The larger the customer, the greater probability of an interruption, the more favorable the interruptible rate

* Company may offer waiver of capital or burn agreements (Currently not offered)

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Con Edison's Role

To address the increasing demand/interest in gas heating, Con Edison has several initiatives currently underway

- Established new Gas Customer Conversion Group
 - Provide an enhanced business process from initial inquiry through meter turn-on
 - **Gas Customer Solutions** (1-800-643-1289)
 - One point of contact for the customer
 - Streamline internal processes
 - Provide consistent information
 - Set expectations up front (timelines, responsibilities, cost options)
- Working closely with stakeholders (e.g. NYC Mayor's Office, RSA, CHIP, REBNY)
- Exploring opportunities to mitigate capital costs for customers
 - Area growth/Clustering

Customer's Role

- Obtain building-specific internal conversion costs
- Understand the potential energy savings of switching to gas
- Obtain info on alternate fuel options (#2 oil, #4 oil, steam (Man))
- Obtain info re: available conversion rebates, EE rebates, financing, tax credits, etc.
- If Natural gas is most viable, cost-effective option:
 - Submit contractor work request (CWR) electronically to Con Edison via Energy Services Project Center – www.coned.com/es

Con Edison Rebates and Incentives

- Con Edison has a number of programs designed to help our customers use less energy, save money and help the environment.
 - **Oil to Gas Conversion Programs**
 - Funding will be available in 2012
 - For more information: www.coned.com/natural_gas/ or gasconversions@coned.com
 - **Energy Efficiency Programs**
 - Funding for eligible equipment is available through 12/31/11
 - For more information: www.coned.com/energyefficiency or 1-877-870-6118
 - **Demand Response Programs**
 - For more information:
http://www.coned.com/energyefficiency/demand_response.asp or dr@conEd.com