



***national fuel***

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December 5, 2012

Honorable Jaclyn A. Brillling  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

Re: Case 07-M-0548 – Proceeding on Motion of the Commission Regarding an Energy  
Efficiency Portfolio Standard

Case 07-G-0141 – Proceeding on Motion of the Commission as to the Rates, Charges,  
Rules, and Regulations of National Fuel Gas Distribution Corporation for Gas  
Service – Conservation Incentive Program

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Dear Secretary Brillling,

Pursuant to Director Barwig's November 7, 2012 letter approving a limited number of changes to National Fuel Gas Distribution Corporation's Non-Residential Conservation Incentive Program (NRCIP), filed in the above referenced proceedings, attached please find an update to the NRCIP Implementation Plan.

Any questions you may have regarding the attached can be directed to the undersigned at (716) 857-7654 or at [merkelk@natfuel.com](mailto:merkelk@natfuel.com).

Respectfully submitted,

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Attachments

NEW YORK STATE  
PUBLIC SERVICE COMMISSION

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

Case 07-G-0141 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corporation for Gas Service – Conservation Incentive Program

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
CONSERVATION INCENTIVE PROGRAM  
REVISIONS TO THE NON-RESIDENTIAL IMPLEMENTATION PLAN  
REFLECTING UPDATES TO FURTHER COORDINATE  
DISTRIBUTION'S NON-RESIDENTIAL PROGRAM  
WITH NYSERDA'S EXISTING FACILITIES PROGRAM

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December 5, 2012

## I. Background

National Fuel Gas Distribution Corporation (“Distribution” or “the Company”) filed an Outreach and Education Implementation Plan (“O&E Plan”) with the Commission on November 23, 2011, in Cases 07-M-0548 and 07-G-0141, as an action item in response to the Commission’s Order<sup>1</sup> which adjusted the funding allocation for outreach and education and made further changes to Distribution’s Conservation Incentive Program (“CIP”). Distribution’s original O&E Plan proposed various means to continue educating customers about CIP and reach mass markets in a cost-effective manner.

On September 11, 2012, Distribution requested authorization to implement a limited number of changes to its Non-Residential Conservation Incentive Program (“NRCIP”), pursuant to the requirements established in the Commission’s June 20, 2011 Order in Case 07-M-0548.<sup>2</sup>

On November 7, 2012, Director Barwig approved Distribution’s request in Cases 07-M-0548 and 07-G-0141, which will result in the coordination of Distribution’s NRCIP program with natural gas appliance rebates offered statewide by NYSERDA in its Existing Facilities Program, and will simplify customer understanding of the energy efficiency programs available to them. Attachment A to this filing, included as page 11, provides a copy of the modified measures to be included in Distribution’s NRCIP. Included in the Director’s approval letter was a requirement that Distribution file with the Commission an update to the NRCIP Implementation Plan. This filing is made in compliance with that requirement.

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<sup>1</sup> Case 07-M-0548 – Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard; ORDER AUTHORIZING EFFICIENCY PROGRAMS, REVISING INCENTIVE MECHANISM, AND ESTABLISHING A SURCHARGE SCHEDULE; Issued and Effective October 25, 2011.

<sup>2</sup> Case 07-M-0548 – Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard; ORDER APPROVING MODIFICATIONS TO THE ENERGY EFFICIENCY PORTFOLIO STANDARD (EEPS) PROGRAM TO STREAMLINE AND INCREASE FLEXIBILITY IN ADMINISTRATION; Issued and Effective June 20, 2011.

## II. NRCIP Implementation Plan Update

### 1. Program Description

The NRCIP is an equipment replacement program, modeled after a Vermont Gas Systems program that was cited by the ACEEE as an exemplary natural gas energy efficiency program. NRCIP, administered by NYSERDA under its Existing Facilities program, offers equipment replacement pre-qualified and customized rebate incentives, to customers using less than 12,000 Mcf, to promote the installation of high efficiency space heating, water heating and process heating equipment. Customers are also eligible to receive rebates for non-equipment replacement changes made to heating, water heating and process heating equipment, such as adding insulation to a process heating oven, or updating controls to a space heating boiler. These custom incentives are set on a case-by-case basis, based upon the incremental installed cost of the new equipment and the estimated resulting gas energy savings.

### 2. Technical Analysis

A technical engineering analysis must first be performed to confirm energy savings. The rebate amount will be up to 50 percent of the incremental cost, with a cap of \$30,000. As previously reported, the Company contracted with NYSERDA to administer the day-to-day project management of this program.

### 3. Outreach and Education Marketing Vehicles

a. Website – [NationalFuelForThought.com](http://NationalFuelForThought.com) will be maintained with up-to-date information regarding the CIP, as a whole. The website includes an area to download rebate applications, review eligible appliances and rebate amounts, get up-to-date information on the NEED program (part of the Low Income Usage Reduction Program or “LIURP”) and the Buffalo Sabres sponsorship, as well as tips for conserving

energy. The website will be updated to reflect changes in eligible program measures and the dollar amount of customer incentives.

b. Research – A research tracking study will continue to be conducted to evaluate CIP awareness within the marketplace. The tracking study will measure customer recall, familiarity, and effectiveness of communication tactics.

c. Brochure – A printed brochure explains NRCIP, rebate amounts and contact information on how/where to learn more. The brochure will be updated to reflect changes in eligible program measures and the dollar amount of customer incentives.

d. Application Pad – Gummed rebate application pads are made available for all Distribution’s Energy Partners (independent local contractors) and at the Buffalo Home & Garden Show and other public events. The application pad will be updated to reflect changes in eligible program measures and the dollar amount of customer incentives.

e. Bill Insert – A bill insert that will be included periodically with customer bills. The frequency can be varied throughout each calendar year. The insert will provide information on CIP, rebate amounts, guidelines and contact information for more information. The bill insert will be updated to reflect changes in eligible program measures and the dollar amount of customer incentives.

f. Buffalo Sabres Sponsorship – Since the NRCIP Outreach and Education Implementation Plan was first developed, the National Hockey League season has been suspended due to a labor dispute. This has significantly impacted the NRCIP Outreach and Education Program. Without an NHL season, Distribution’s partnership with the Buffalo Sabres “Green Team” has been rendered ineffective from an outreach

perspective. The benefits of that partnership – low-cost access to television, the mass media outlet that generates the most significant reach and frequency towards potential program participants, cannot be replaced under the current Outreach and Education budget cap. Distribution continues to monitor the status of the player dispute and will consider re-launching the Green Team once the dispute is officially resolved.

g. Buffalo Home & Garden Show – Each year this annual show attracts more than 45,000 consumers – homeowners, contractors, developers, renters, etc. – to experience the newest trends and receive guidance in remodeling, gardening, renovation and more. For the 2012 show, Distribution was selected by the show’s organizers as the official energy conservation source, enabling the Company to promote the residential rebate and NRCIP programs, to provide seminars on how to make a house more energy efficient, and to distribute the Conservation Kits to show attendees. Distribution is looking forward to continuing this partnership with the show’s organizers and is beginning to plan event details for 2013.

h. Print Media – Distribution will utilize the local business publication, *Business First*, to maintain program awareness within a general business audience. The main call to action for these print ads is to drive traffic to NationalFuelForThought.com for more robust information about CIP. The print ads will be updated to reflect changes in eligible program measures and the dollar amount of customer incentives. In addition, Distribution is exploring continuing partnership opportunities with the Buffalo Niagara Builders Association to utilizing the BNBA newsletter and digital presence.

i. Online Media – In addition to the NationalFuelForThought.com website, the Company will utilize the online version of *Business First* in conjunction with the print

campaign. This website targets a general business audience, with daily e-mail blasts and opportunities to sponsor specific online segments of the publication. A separate online campaign focused on news and business websites will also be launched by working with an ad network. The ad network allows for a campaign that focuses on regional placements in national news websites, assuming that an internet user consuming news online would be more likely to fall into the non-residential target audience. Distribution is also exploring working with *The Buffalo News* to create a digital banner ad campaign and make use of direct mail and e-mail blasts.

j. Radio Media – Radio spots have been planned and executed with local news talk radio programs. The main call to action for these radio spots is to drive traffic to NationalFuelForThought.com for more robust information about CIP.

k. Direct Mail – Over-sized post cards can be mailed to all non-residential customers informing them of CIP and that fixed and customized rebates are available for them to upgrade their natural gas appliances to more energy-efficient equipment. The mailer will provide the NationalFuelForThought.com website address as well as the toll-free phone number for customers to learn more and obtain a non-residential rebate application. The last direct mail campaign was executed during the start of Year 5. Future direct mail pieces will be updated to reflect changes in eligible program measures and the dollar amount of customer incentives.

l. Co-Op Funding – Co-op advertising funds have been and will continue to be distributed to Distribution's Energy Partners (independent local contractors). The contractor's ads are required to have CIP messaging, featuring high-efficiency natural gas

appliances/equipment encompassed within the program, helping to drive the overall awareness of CIP.

m.     Outreach Administrative Coordinator – Distribution has learned through informal communications that a significant deterrent to greater participation in NRCIP is the complexity of NYSERDA’s application process for the Existing Facilities Program. Distribution plans to retain an NRCIP Outreach Administrative Coordinator to be the main point of contact for smaller commercial entities seeking information and assistance in navigating through the NYSERDA application process. This person/entity will be responsible for acting as the main liaison for the non-residential rebate program; providing guidance and hands-on expertise working with commercial businesses to create greater awareness and increased acceptance of the non-residential rebate program. The Company anticipates that the position would be filled by one of Distribution’s Energy Partners, (an established local energy contractor) following a standard vendor bid process. Distribution believes that a liaison is necessary to improve applicant response rates for NRCIP. The Outreach Administrative Coordinator will serve as an interface between customers, contractors and the company to help facilitate the rebate application process, while assisting in growing the general awareness of NRCIP. Distribution estimates that the cost of this position, to be funded by NRCIP O&E funds, would be less than \$55,000.

n.     CIP Savings Card Program – A discount card that allows customers to redeem savings for a variety of services through various heating contractor partners. This program is separate from the brochures discussed above in item c. Services can include, service calls, furnace filters, etc. The savings card will be displayed at point-of-sale and



will be available for download on [NationalFuelforThought.com](http://NationalFuelforThought.com). The last CIP Savings Card Program ran from fall 2010 through spring 2011 and had 59 partners participate within Distribution's service territory.

o. Targeted Vendor Mailing – Distribution is evaluating a targeted, vendor mailing to promote the NRCIP program. The goal of this tool is to alert non-residential customers in NFGDC's service territory, that currently have a business relationship with the company, that both prequalified and customized rebates are available.

p. HVAC / Energy Partner Meetings – On October 29 and 30, Distribution held meetings with HVAC / Energy Partners to provide an update on CIP. Maintaining contractor outreach sessions will help to provide a greater awareness of the program overall, while giving contractors the tools they need to be energy ambassadors, helping customers receive rebates and weatherization services, including those under NRCIP.

q. Energy Workshops – Distribution is planning to continue to participate in outreach, education and training workshops over time, as opportunities continue to become available. In addition to the Buffalo Home and Garden Show (mentioned above), Distribution participated in the following non-residential energy workshops:

- Batavia – March 9 (Blue Springs Energy – Renew My Community Program)
- Pittsford – May 17 (Genesee – Finger Lakes Regional Planning Council)
- Erie County – November 7 (Blue Springs Energy – Renew My Community Program)

Distribution also participated in the following residential energy workshops, which helped to raise general awareness of CIP overall, as well as NRCIP:

- Chautauqua County – March 22 (Blue Springs Energy – Renew My Community Program)
- Amherst – March 28 (Blue Springs Energy – Renew My Community Program)
- Dunkirk – April 19 (Blue Springs Energy – Renew My Community Program)
- Buffalo – May 15 (New York Contractor Exchange and the Building Performance Institute)
- Chautauqua County / Jamestown – October 27 (Blue Springs Energy – Renew My Community Program)
- Niagara County – October 30 (Blue Springs Energy – Renew My Community Program)

#### 4. Target Market

Distribution's target market is both "small" and "large" non-residential customers. This audience includes contractors responsible for installing and servicing heating equipment in Distribution's service territory.

#### 5. Consistent Branding

CIP has been advertised in Distribution's service territory since the program's inception in 2007. According to the most recent research study conducted, total awareness of CIP has increased over the last three survey periods (January 2009 – July 2011), from 25 percent to 45 percent in the "Total Awareness" category. To maintain this high level of awareness, it is imperative that Distribution continues its consistent branding approach, retaining a similar "look and feel" to branding (use of the NationalFuelforThought logo with the "flame" as well as color palette) in all communication pieces.

## 6. Annual Budget

The annual Outreach and Education budget for NRCIP is currently \$301,200 per year, authorized through December 31, 2015, consistent with the Commission's October 25, 2011 Order.<sup>3</sup>

## 7. Development Timeline

On the immediate front, Distribution is working to finalize updates to all of the applicable Outreach and Education materials, in order to capture changes in eligible program measures and customer incentive levels. Concurrently, Distribution is in the process of evaluating the November 23, 2011 O&E Plan, in order to redeploy funds to more effective methods of outreach, ending Year 5 and starting Year 6 with a significant market presence during the winter heating season. Distribution is planning to increase the reach and frequency to our customers by utilizing paid advertising (radio, television, print, online, etc.) and direct mail, to the extent that reasonably priced options are available within the media market. Distribution is working closely with the Company's advertising agency to execute the winter advertising plan and to begin the planning and development of the optimal mix of tactics and marketing vehicles (as outlined above) for Year 6. In an environment with the elimination of Federal Tax Credits, record low natural gas prices, mild weather temperatures, longer payback periods on energy efficiency spend, downturns in the economy, and an approaching winter heating season, now more than ever is the time to maintain and even enhance awareness of CIP.

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<sup>3</sup> Case 07-M-0548 – Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard; ORDER AUTHORIZING EFFICIENCY PROGRAMS, REVISING INCENTIVE MECHANISM, AND ESTABLISHING A SURCHARGE SCHEDULE; Issued and Effective October 25, 2011.

# Attachment A

## National Fuel Gas Distribution Corporation Small Non-Residential Conservation Incentive Program

Small Non-Residential (< 12,000 Mcf/year)

Effective Date

November 1, 2012

Rebate Cap

\$30,000

### NYSERDA

Measure	Code	Equipment Type	Efficiency	Equipment Size (MBtu/h)	Rebate
		<b><u>Space Heating Equipment:</u></b>	<b><u>minimum efficiency:</u></b>		
	AF-1	Hot Air Furnace	90% AFUE	≤ 300	\$500
	B-1	Hot Water Boiler	85% AFUE	≤ 300	\$600
	B-2	Hot Water Boiler	85% E <sub>T</sub>	301 - 500	\$750
	B-3	Hot Water Boiler	85% E <sub>T</sub>	501 - 1,000	\$1,500
	B-4	Hot Water Boiler	85% E <sub>T</sub>	1,001 - 1,700	\$2,500
	B-5	Hot Water Boiler	85% E <sub>T</sub>	> 1,700	\$3,000
	CB-1	Hot Water Boiler	90% AFUE	≤ 300	\$1,000
	CB-2	Hot Water Boiler	90% E <sub>T</sub>	301 - 500	\$1,500
	CB-3	Hot Water Boiler	90% E <sub>T</sub>	501 - 1,000	\$2,500
	CB-4	Hot Water Boiler	90% E <sub>T</sub>	1,001 - 1,700	\$3,500
	CB-5	Hot Water Boiler	90% E <sub>T</sub>	> 1,700	\$4,500
	SB-1	Steam Boiler	82% AFUE	≤ 300	\$600
	SB-2	Steam Boiler	79% E <sub>T</sub>	301 - 2,500	\$1.00/MBtu/h
	SB-3	Steam Boiler	80% E <sub>T</sub>	2,501 - 10,000	\$1.00/MBtu/h
	UH-1	Unit Heater	≥ 90% AFUE	≤ 300	\$1,000
	HE-1	Low Intensity Infrared Heater			\$500
	HE-2	New Vent Damper			\$1.00/MBtu/h
	HE-3	New Pipe Insulation	R-value > 4		\$3.00/foot
	HE-4	New Duct Insulation	R-value > 10		\$0.50/foot
	HE-6	Demand Control Ventilation			\$200/unit
		<b><u>Water Heating Equipment:</u></b>			
	WH-1	Storage Tank Insulation			\$1.00/sq. ft.
	WH-2	New Circulation Controls			\$500/unit
		<b><u>Cooking Equipment:</u></b>			
	GK-1	Fryer	Energy Star-rated		\$750
	GK-2	Broiler	> 30% cooking efficiency		\$500
	GK-3	Convection Oven	> 40% cooking efficiency		\$500
	GK-4	Combination Oven	> 40% cooking efficiency		\$750
	GK-5	Steamer	Energy Star-rated		\$750
	GK-6	Griddle	> 45% cooking efficiency		\$500