



***national fuel***

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February 14, 2014

Honorable Kathleen H. Burgess  
Secretary  
New York State Department of Public Service  
Three Empire State Plaza, 19<sup>th</sup> Floor  
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

Dear Secretary Burgess,

Pursuant to the Energy Efficiency Portfolio Standard (“EEPS”) reporting guidelines as clarified in the April 20, 2012 letter to program administrators from the Director of the Office of Energy Efficiency and the Environment, attached please find the quarterly evaluation report for National Fuel Gas Distribution Corporation for the quarter ended December 31, 2013.

Any questions you may have regarding the attached can be directed to the undersigned at (716) 857-7440 or at [crahene@natfuel.com](mailto:crahene@natfuel.com).

Respectfully submitted,

Evan M. Crahen  
Regulatory Analyst  
Rates and Regulatory Affairs

Attachments

Program Administrator	National Fuel Gas Distribution Corporation
Program/Project	Residential Rebate Program
Reporting Period	Quarter 4 (October Through December) 2013
Report Contact	Evan Crahen

### Summary of Evaluation Activities

National Fuel Gas Distribution Corporation (“Distribution” or “the Company”) completed a Process Evaluation report with its evaluation contractor<sup>1</sup> in December 2011. The Company immediately started to take action on the recommendations from the Process Evaluation report, upon its completion, and developed a formal implementation plan. An implementation plan update is provided to Staff on a quarterly basis. Staff approved and accepted the Process Evaluation report on September 26, 2013. A copy of the report is publically available on the Company’s Fuel for Thought website. The Company plans on filing an approved copy of the Process Evaluation report in conjunction with this quarterly evaluation update, per Staff’s request. Distribution and Cadmus continue on-going work on focused, cost-effective process evaluation and outreach and education evaluation analyses, as approved by Staff in August 2013.

Distribution has prepared a pre/post billing analysis of customer consumption for determining savings associated with the program. The proposed pre-post analysis is one of several statistical techniques for determining the savings of energy-efficiency programs. This method involves using monthly—or interval—consumption data to measure program impacts. Cadmus has conducted an assessment of Distribution’s pre post billing analysis. Distribution included a copy of the results of the Cadmus pre post billing analysis in Appendix I of its quarterly CIP status report filed with the Commission on November 15, 2011.<sup>2</sup> The billing analysis does provide solid evidence that customers participating in the Company’s residential rebate program are reducing consumption significantly more than the average customer base. Distribution plans to update the pre/post billing analysis with more recent program results, once uncertainty within the energy efficiency environment is alleviated, as more fully described in Staff’s EEPS Restructuring Proposal<sup>3</sup> and outlined in the December 26, 2013 Order.<sup>4</sup>

Distribution is currently participating with other program administrators in a statewide Residential Gas HVAC Program impact evaluation. This project kicked off on October 25, 2012. The Company has provided timely responses to a number of data requests received from Opinion Dynamics, the consultant selected to perform the evaluation. In addition, Distribution has been actively involved in project meetings and in reviewing and providing comments on project documents, including: the detailed evaluation work plan, an overview of primary data

<sup>1</sup> The Cadmus Group, Inc. / Energy Services; 720 SW Washington Street, Suite 400; Portland, OR 97205.

<sup>2</sup> <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={CDD359CA-F0DD-4161-A273-11E5C8111FF7}>.

<sup>3</sup> Case 07-M-0548 – Energy Efficiency Portfolio Standard Restructuring Proposal, filed on September 13, 2013.

<sup>4</sup> Case 07-M-0548 – Order Approving EEPS Program Changes, issued and effective December 26, 2013.

Program Administrator	National Fuel Gas Distribution Corporation
Program/Project	Residential Rebate Program
Reporting Period	Quarter 4 (October Through December) 2013
Report Contact	Evan Crahen

Summary of Evaluation Activities – Continued

collection efforts, sample design, and the cost estimation process, the net impact evaluation approach, and individual participant, contractor, and distributor data collection instruments. As the statewide project progresses, the Company plans to continue to provide program information and data, review work products, documents and results, work with the team of joint utilities to further advance the project, and keep the project moving in order to produce evaluation results in a timely fashion.

As of January 21, 2014, Opinion Dynamics completed 389 Conservation Incentive Program participant surveys on behalf of National Fuel. Preliminary results pertaining to full load hour estimates have been prepared and are currently being reviewed as part of this statewide impact evaluation.

Program Administrator	National Fuel Gas Distribution Corporation
Program/Project	Small Non-Residential Rebate Program (NRCIP)
Reporting Period	Quarter 4 (October Through December) 2013
Report Contact	Evan Crahen

### Summary of Evaluation Activities

National Fuel Gas Distribution Corporation (“Distribution” or “the Company”) completed a Process Evaluation report with its evaluation contractor<sup>5</sup> in December 2011. The Company immediately started to take action on the recommendations from the Process Evaluation report, upon its completion, and developed a formal implementation plan. An implementation plan update is provided to Staff on a quarterly basis. Staff approved and accepted the Process Evaluation report on September 26, 2013. A copy of the report is publically available on the Company’s Fuel for Thought website. The Company plans on filing an approved copy of the Process Evaluation report in conjunction with this quarterly evaluation update, per Staff’s request. Distribution and Cadmus continue on-going work on focused, cost-effective process evaluation and outreach and education evaluation analyses, as approved by Staff in August 2013.

Distribution has received confirmation from NYSERDA that a joint impact analysis of NRCIP could be completed in the near future. Since NRCIP is very similar to NYSERDA’s Existing Facilities program, a joint impact analysis would provide for an efficient use of resources. The Company participated in a long-term project planning and scoping meeting with NYSERDA in August 2013, as the first step to initiate joint efforts in evaluating the Existing Facilities program. This meeting provided a brainstorming session to assess the project and jointly determine requirements of NYSERDA and Distribution. Since August 2013, the Company and NYSERDA have jointly participated in project scoping meetings during December 2013 and January 2014, to develop a more detailed evaluation work plan and approach for a collaborative joint evaluation. Part of this discussion has focused on the logistics of delivering a statistically significant evaluation product in a cost-effective manner, given: (1) limited EM&V funding for Distribution’s NRCIP; (2) the fact that Distribution’s NRCIP was designed for, and continues to serve small commercial customers with less than 12,000 Mcf of usage per year; and (3) the majority of Distribution’s NRCIP projects have been fixed, pre-qualified rebates (largely for one piece of energy-efficient equipment) and not customized, full-site performance rebates (largely for multiple pieces of energy-efficient equipment).

If a joint impact analysis cannot be completed with NYSERDA, the Company will continue to explore participating in statewide impact studies of the small commercial marketplace, where such studies are determined to be cost effective. If there is no opportunity to participate in statewide studies to determine the impact of this program, the Company will develop an individual impact study proposal.

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<sup>5</sup> The Cadmus Group, Inc. / Energy Services; 720 SW Washington Street, Suite 400; Portland, OR 97205.

Program Administrator	National Fuel Gas Distribution Corporation
Program/Project	Small Non-Residential Rebate Program (NRCIP)
Reporting Period	Quarter 4 (October Through December) 2013
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#### Summary of Evaluation Activities – Continued

Distribution is also in the process of having its evaluation contractor to complete a review of NYSERDA's impact analysis for the Existing Facilities program, as well as other evaluations that have been completed for similar programs across the region and country, in order to assess the applicability of existing evaluation results to NRCIP, since natural gas measures were excluded from initial Existing Facilities evaluation work products.

Program Administrator	National Fuel Gas Distribution Corporation
Program/Project	Low Income Usage Reduction Program (LIURP)
Reporting Period	Quarter 4 (October Through December) 2013
Report Contact	Evan Crahen

### Summary of Evaluation Activities

National Fuel Gas Distribution Corporation (“Distribution” or “the Company”) completed a Process Evaluation report with its evaluation contractor<sup>6</sup> in December 2011. The Company immediately started to take action on the recommendations from the Process Evaluation report, upon its completion, and developed a formal implementation plan. An implementation plan update is provided to Staff on a quarterly basis. Staff approved and accepted the Process Evaluation report on September 26, 2013. A copy of the report is publically available on the Company’s Fuel for Thought website. The Company plans on filing an approved copy of the Process Evaluation report in conjunction with this quarterly evaluation update, per Staff’s request. Distribution and Cadmus continue on-going work on focused, cost-effective process evaluation and outreach and education evaluation analyses, as approved by Staff in August 2013.

Distribution has prepared a pre/post billing analysis of customer consumption for determining savings associated with the program. The proposed pre-post analysis is one of several statistical techniques for determining the savings of energy-efficiency programs. This method involves using monthly—or interval—consumption data to measure program impacts. Cadmus has conducted an assessment of Distribution’s pre post billing analysis. Distribution included a copy of the results of the Cadmus pre post billing analysis in Appendix I of its quarterly CIP status report filed with the Commission on November 15, 2011.<sup>7</sup> The billing analysis does provide solid evidence that customers participating in the Company’s LIURP are reducing consumption significantly more than the average customer base. Distribution plans to update the pre/post billing analysis with more recent program results, once uncertainty within the energy efficiency environment is alleviated, as more fully described in Staff’s EEPS Restructuring Proposal<sup>8</sup> and outlined in the December 26, 2013 Order.<sup>9</sup>

Cadmus also completed a review of NYSERDA’s impact analysis for the EmPower program, in order to assess its applicability to Distribution’s LIURP. The review noted that the gas impact results from NYSERDA’s impact analysis appear to be applicable to LIURP. Further, Cadmus believes that the Company’s billing analysis can be used to assess usage impacts for LIURP. Distribution included a copy of Cadmus’ review in Appendix I of its

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<sup>7</sup> <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={CDD359CA-F0DD-4161-A273-11E5C8111FF7}>.

<sup>8</sup> Case 07-M-0548 – Energy Efficiency Portfolio Standard Restructuring Proposal, filed on September 13, 2013.

<sup>9</sup> Case 07-M-0548 – Order Approving EEPS Program Changes, issued and effective December 26, 2013.

Program Administrator	National Fuel Gas Distribution Corporation
Program/Project	Low Income Usage Reduction Program (LIURP)
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Report Contact	Evan Crahen

Summary of Evaluation Activities – Continued

quarterly CIP status report filed with the Commission on November 15, 2011.<sup>10</sup>

Distribution is currently in the process of participating in a joint impact evaluation with NYSERDA, including Distribution’s LIURP, as well as NYSERDA’s Home Performance with Energy Star and EmPower programs, for calendar years 2010 and 2011. Since Distribution’s LIURP is administered by NYSERDA, both parties felt there would be evaluation efficiencies by completing a joint evaluation. This project kicked off on February 7, 2013 and Itron and Energy & Resource Solutions are the consultants selected to perform the work. The Company has provided timely responses to NYSERDA and the consultants’ data requests for program information, tracking and design, as well as billing information. In addition, Distribution has been actively involved in project meetings and in reviewing and providing comments on project documents, including the Phase I billing analysis recently completed. Distribution also participated in joint meetings further clarifying evaluation results from Phase I, held during September 2013 and February 2014. On an on-going basis, providing that final contracting and logistical concerns can be addressed, the Company plans to continue to provide program information and data, review work products and results, work with NYSERDA to further advance the project, and keep the project moving in order to produce evaluation results in a timely fashion.

Distribution plans to continue to partner with NYSERDA in order to continue the coordination of impact evaluation activities, where logical and feasible. Distribution has indicated to NYSERDA its intent to participate in Phase II of this project. A kickoff meeting to determine the scope and schedule of Phase II was held on July 8, 2013. A more detailed discussion of the evaluation approach for Phase II and necessary logistics to complete Phase II work is scheduled for February 14, 2014.

If on-going impact coordination with NYSERDA cannot be achieved, the Company will continue to explore participating in statewide impact studies for LIURP, where such studies are determined to be cost effective. If there is no opportunity to participate in statewide studies to determine the impact of this program, the Company will develop an individual impact study proposal.

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<sup>10</sup> <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={CDD359CA-F0DD-4161-A273-11E5C811FF7}>.