

National Grid: Supporting NYC's CLEAN HEAT Program



"Fighting for Fairness in New York's Housing Market"



NYC cleanheat

RSA & NYCLA Seminar: *PANEL I: Update 2012: Heating Fuel Conversion*

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National Grid serves over 1.1 million residents in 3 of NYC's 5 Boroughs

National Grid provides Natural Gas service in Brooklyn, Queens, and Staten Island



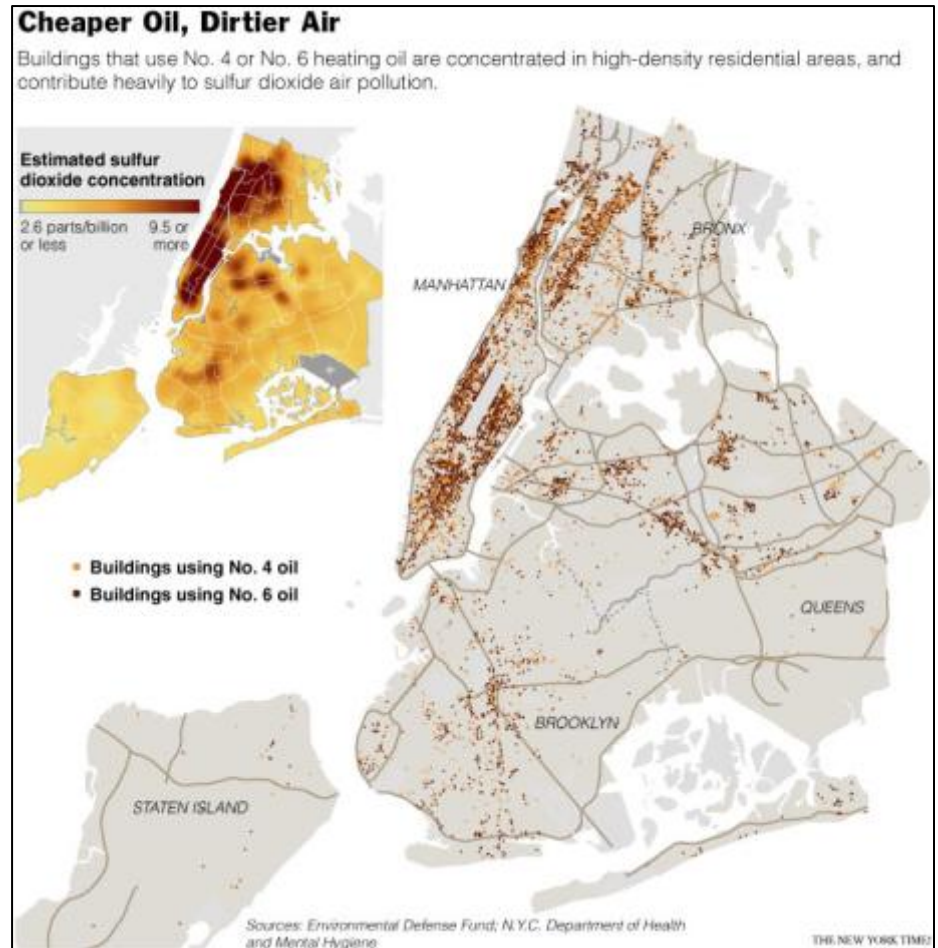
The **CLEAN HEAT Program** is an integral part of NYC's innovative sustainability plan **PlaNYC**



NYC cleanheat

In April 2011, *Clean Heat* regulations were finalized that end the use of heavy heating oil in NYC

- ◆ No new #6 or #4 oil-fired boilers or burners effective immediately
- ◆ Existing boilers must stop using #6 oil by their next permit renewal, beginning July 2012
- ◆ All buildings must switch to the cleaner fuels (e.g., [Natural Gas*](#)) at boiler retirement or by 2030, whichever is sooner
- ◆ Challenges: Infrastructure and financing conversion costs (e.g. venting and oil tank removal)



* or less desirably Clean #2 oil

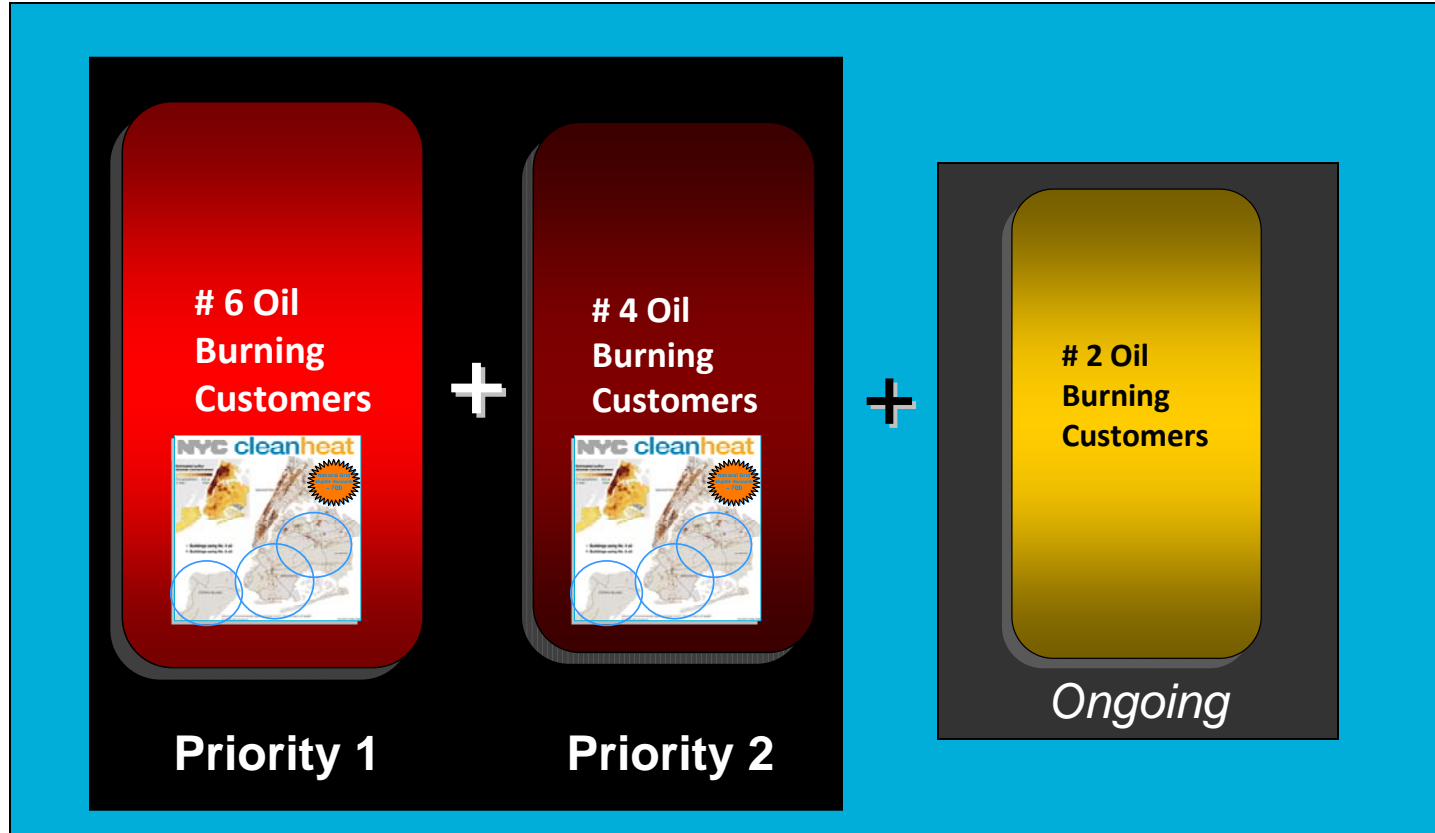
National Grid's remaining share of #6 and #4 Oil burning buildings continues to steadily decrease ...



- Since NYC's **CLEAN HEAT** Program was launched in late April 2011, **National Grid** has converted *nearly 200* #4 & #6 oil buildings to Natural Gas with an additional **63** in progress
- We are actively working to help convert *all eligible customers* from all grades of Oil *including #4 & #6* to Natural Gas wherever adequate infrastructure exists

Over the past decades, National Grid has aggressively converted buildings in our footprint from all grades of Oil to clean Natural Gas -- *averaging well over 1,000 per year in NYC alone*

CLEAN HEAT Customer Conversion Prioritization



- By Borough
- By Zip Code / Neighborhood
- Conversion efforts focused on # 6 & 4 oil customers – clusters aggregate # 2 oil customers as well

- Our Goal is to convert **100%** of the remaining **CLEAN HEAT** Eligible customers to gas wherever adequate infrastructure exists
 - **#6 Oil** burning customers with the most urgent need to Convert will be our *first priority*
 - Next, we will target **# 4 Oil** Customers highlighting the long-term economic and environmental benefits of Natural Gas
- As always, we will continue to simultaneously target **#2 Oil** Customers proximate to CLEAN HEAT Eligible customers to help drive down customer conversion contributions to as close to *\$0 dollars* as possible

Converting from Oil to Natural Gas – “*The Basics*”

Below are the most frequently asked questions by Multifamily Owners and Agents considering converting from oil to gas :

- Why should I consider converting now?
- Describe the process of converting to natural gas?
- What assistance does National Grid provide?
- I've heard about energy efficiency programs so much. What are they, do I qualify and how do I get started?

Why should I consider converting now?



Why should I consider converting now?



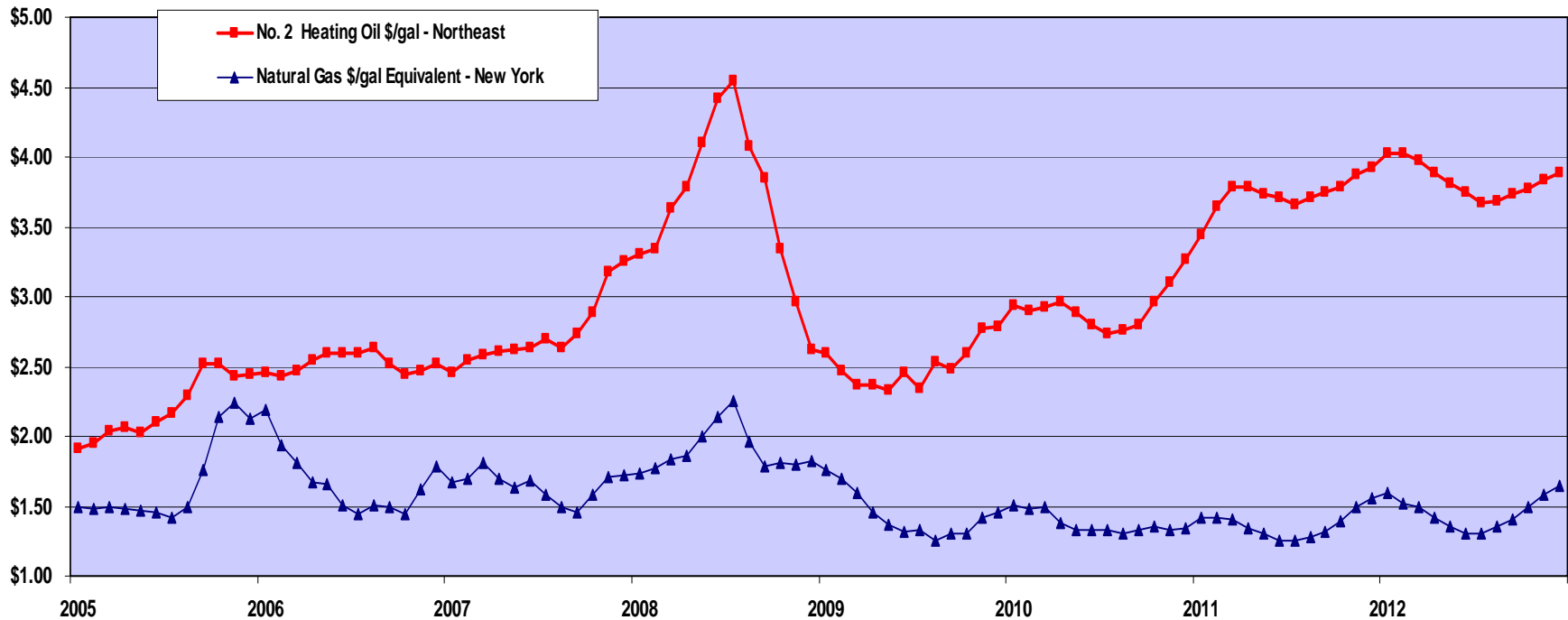
- Price and Price Volatility (*Get off the Rollercoaster*)
- **August** price per therm of Natural Gas Firm Rate = **\$1.09** (excl. Taxes)
- Equivalent cost per gallon of #2 oil = **\$3.78!!!!!!!!!!!!**
- Value Added Benefits of Natural Gas
- National Grid's EE Programs (*for firm rate customers only*)
- NYSERDA Programs
- Not to mention ... **CLEAN HEAT**

What are the benefits of converting to Natural Gas?

- **Clean operating and efficient** – Environmentally friendly, cleaner burning natural gas can increase efficiency up to 30%
- **Reduce maintenance** – Fewer moving parts means less maintenance, so there's less chance of breakdowns
- **Reduce costs** – Reduce hidden costs associated with oil (pumps, motors, filters, permits, maintenance, and poor system efficiency)
- **No oil delivery worries** – Natural gas eliminates time-consuming testing and record keeping required by oil systems
- **Reliability and Confidence** - Of a regulated, on site meter
- **A Safe and Secure Domestic Resource** – Natural gas is piped directly to your business, metered according to PSC guidelines and paid for *after* it is used

Price Comparison #2 Htg. Oil vs. Natural Gas Historical Comparison

Price Comparison #2 Htg. Oil vs. Natural Gas
Commercial Sector / Retail Delivered Pricing
Monthly Prices and Forecast
New York 2005-2012



Historical Pricing and Forecast 2005 through 2012

Source: U.S. Dept. of Energy Pricing Forecast, www.eia.doe.gov/steo - March 8, 2011

Natural gas price per MCF is converted to equivalent gallon price. $MCF(1,000,000 \text{ btus})/gallon = (138,500 \text{ btu's}) = \text{conversion factor } 7.22$

Describe the process of converting to natural gas

- Converting from oil to natural gas can seem like a daunting project. However, **National Grid Multifamily Energy Consultants** will walk you through every step of the process.

There are **4** steps to plan for:

1. Pre-Evaluation – *Infrastructure requirement review is KEY!!!!!!*
2. Contractor bid solicitation – take the time to shop around
3. Installation - (equipment and potentially gas infrastructure needs)
4. Post installation review – NG safety start up



Infrastructure Requirements



- National Grid provides customers converting to natural gas with **low-cost or no-cost** gas main/service lines based on their entitlement to these facilities under the Company's tariff and applicable regulations.
 - *The amount of any required customer contribution is dependant on the customer's proximity to existing gas main and the gas rate the customer elects.*
- **Multifamily Customers** have the choice between
 - **Firm gas service**
 - **Temperature controlled (TC) service**
 - **Note: Firm customers** are entitled to *100 ft main and 100 ft of service in public right of way (ROW) at no cost. TC customers are not entitled to any free facilities.*
- If the customer is required to contribute to the cost of gas main and/or gas service because required facilities exceed the customer's entitlement, *these costs can be mitigated by the entitlements/contributions of other customers in the area utilizing the same infrastructure.*
- If a TC customer has a dual fuel burner and is interested in adding natural gas as a fuel source, *this type of system may require a much smaller internal capital investment by the customer*
 - *The customer will still have to be analyzed to determine the main, service and costs (if any) required to supply the anticipated gas load and associated costs.*

What assistance does National Grid provide for oil to gas conversions?

- Cash Rebates (6+ apts.)
 - Firm rates
 - Dual fuel rates (i.e., TC or temperature controlled)

- Discounted Equipment (6+ apts.)
 - Boilers
 - Furnaces
 - Burners
 - Water heaters

- Rebates or discounted equipment can be used on conversions where gas is available

- [We are here to help!](#)

We are here for you...

- To Help...each multifamily customer prioritize and reach financial goals by simplifying what seems like a complex process
- To Help...prove how converting can improve your bottom line including presenting at Board Meetings
- To Help...defray some of the costs with incentives that reduce your overall costs for systems improvement
- To Help...by assisting you throughout the process from start to finish.

As your trusted energy advisor, National Grid's experienced energy efficiency professionals will help you transform your business practices.



What are National Grid's Energy Efficiency programs, do I qualify and how do I get started?

PRESCRIPTIVE

- Fixed incentives paid for installation of specific, pre-determined energy efficiency measures and equipment.
- Eligible equipment must have specified energy efficiency ratings



CUSTOM

- Includes measures *not covered* under the prescriptive incentives.
- Requires a technical analysis of proposed energy measures and associated energy savings to determine incentive amount. Incentives are generally the lesser of:
 - Up to 50% of the installed cost which includes labor and equipment
 - A buy-down of equipment costs equal to a one-year payback

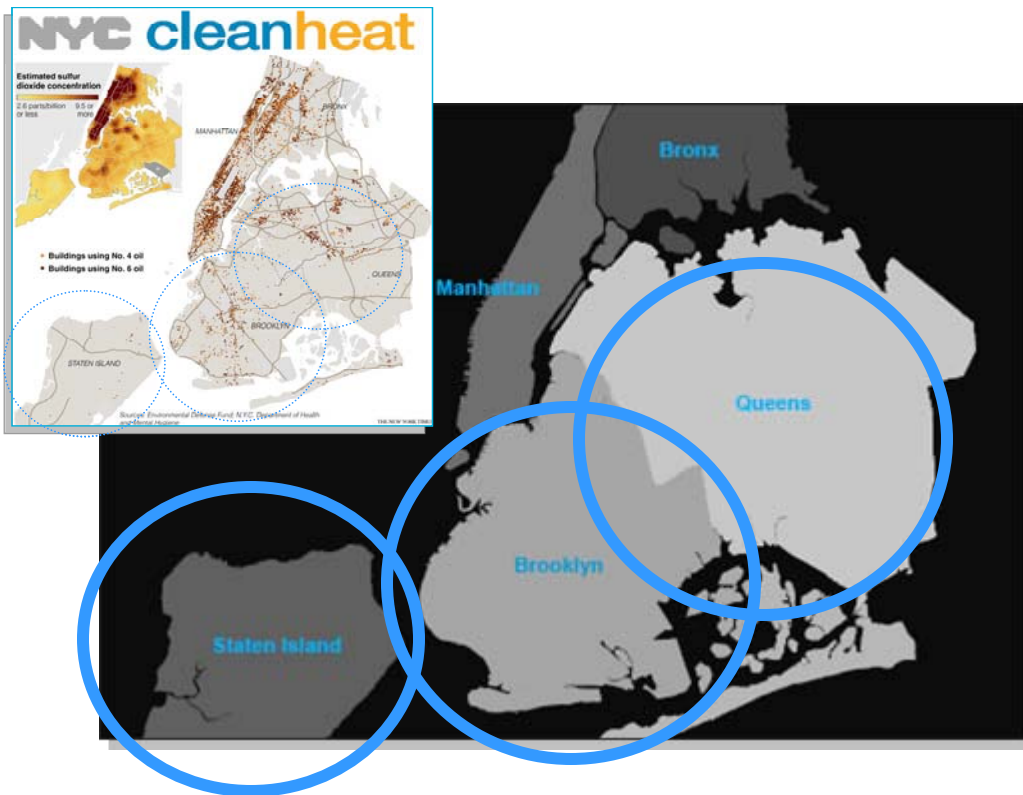
VISIT us on the Web at:
www.PowerOfAction.com/efficiency

Who Qualifies?

- * **All National Grid customers on Firm Gas Rate Tariffs** (*no Temperature Control / Interruptible customers*)
- * **Gas to Gas Conversions: Customers on Rates: 3 & T3 (6 – 75 units)**
- * **Oil to Gas conversions – additional rebates are also available**
 >75 apartments may qualify through NYSERDA

In Closing

National Grid's Goal is to convert 100% of eligible customers to Natural Gas



- We're committed to helping our eligible customers in **Brooklyn , Queens and Staten Island** comply with NYC's **CLEAN HEAT** Program
- We are actively working to help convert *all* eligible customers from all grades of Oil *including #4 & #6* to Natural Gas wherever adequate infrastructure exists
- **We're Here for You** to Help

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THANK YOU