
NYS Clean Heat: Statewide Heat Pump Program Implementation Plan

Version 6

Jointly Filed by:

New York State Energy Research and Development Authority

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Filed: March 16, 2020

Updated: September 1, 2023

Case 18-M-0084

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Version History and Description of Revisions: NYS Clean Heat Implementation Plan

Date Filed	Version	Topic	Description of Change	Section/ Page
5/29/2020	1	N/A	N/A	N/A
7/1/2021	2	Shift from Future to Ongoing Perspective	The 2021 Implementation Plan reflects a change from a future looking perspective to a current 2021 program status, given that the NYS Clean Heat Program has been in market for over a year at the time of filing.	Whole document
7/1/2021	2	Eligibility-specific criteria	Information regarding program specific eligibility criteria has been removed from the Implementation Plan and included in Program Manual; the Implementation Plan references the Program Manual where this information is now located. This avoids unnecessary repetition between two documents and facilitates more streamlined process for updating information in the Program Manual.	Whole document: Technology-specific eligibility criteria; Incentive categories and related category-specific eligibility criteria; Participating Contractor eligibility criteria.
7/1/2021	2	Transition Plans	Since this transition has been completed, all discussion of Transition Plans (from NYSERDA and/or Electric Utility-specific heat pump programs to NYS Clean Heat) has been removed.	Whole document
7/1/2021	2	Criteria to determine eligibility	For scenarios in which project eligibility is not clearly defined, eligibility guidelines have been added.	Section 2.A.1 and Section C
7/1/2021	2	QA/QC	Section name has been changed from 'Quality Assurance/Quality Control ("QA/QC")' to 'Field Assessments' and edits made to align with the NYS Clean Heat Statewide Heat Pump Program Quality Policies and Procedures Manual.	Section 2.E
7/1/2021	2	Utility Specific Chapter updates	Updates have been made to reflect current EAM terms. Con Ed and O&R will end the ASHP Midstream Distributor component effective 7/1/2021.	Section 5 Utility Specific Elements and Activities
9/1/2022	3	Criteria to determine eligibility	Reference to Program Manual for scenarios where technology eligibility is not already defined.	Section 2.A.1 and Section 2.C
9/1/2022	3	Weatherization Programs	Updated language regarding NYSERDA referrals to Utility weatherization Programs	Section 2.C

9/1/2022	3	Distributor Incentives	Information added regarding new HPWH distributor incentive program.	Section 2.D, Section 2.F, and Section, 5.B.1
9/1/2022	3	Field Assessments	Change in website reference for Field Assessment materials	Section 2.E.
9/1/2022	3	Market Development	Updates regarding NYSERDA Market Development Plan	Section 3, Appendix 1
9/1/2022	3	Central Hudson EAM	Information on Central Hudson Heat Pump Earning Adjustment Mechanism (“EAM”)	Section 5.A.3
9/1/2022	3	Orange & Rockland EAM	Information on Orange and Rockland EAM related to Heat Pumps	Section 5.B.3
9/1/2022	3	Coordination Between Neighboring Utilities	Update to information regarding coordination with neighboring utilities.	Section 5.C.2, 5.C.3, 5.D.2
9/1/2022	3	National Grid EAM	Update to National Grid EAM related to heat pumps	Section 5.C.3
9/1/2022	3	VGS Specification	Change in expected timing for study producing utility-specific realization rates.	Appendix 2
10/20/2022	4	CEF Table	Alignment of NYSERDA Market Development Activities supporting NYS Clean Heat	Appendix 1
10/20/2022	4	Con Edison Relaunch	Description and detail related to the 8/11/2022 Con Edison Clean Heat Order	Section 5.D.5
10/20/2022	4	Areas for Potential Program Enhancements and Pilots	Coordination and consultation on other proceedings and initiatives	Section 2.C
10/20/2022	4	VGS Specification	Updated descriptions of gross savings methodology, realization rate, and planned VGS approach	Appendix 2
10/20/2022	4	Term Defined	Definition of Thermal Energy Network added	Appendix 3 - Glossary
12/09/2022	5	Con Edison specific Program Manual	References added regarding Con Edison specific Program Manual	Section 2.A
12/09/2022	5	Incentive Structure	Inclusion of dwelling unit and per project incentive rates	Section 2.B
12/09/2022	5	Field Assessments	Updated Con Edison field assessment processes will be included in Con Edison Program Manual	Section 2.E
12/09/2022	5	Savings Estimation	Alternative methods to calculate energy savings for Con Edison	Section 2.G.1
12/09/2022	5	Con Edison and Orange &	Separated Con Edison and Orange & Rockland chapters	Section 5.B

		Rockland chapters		
12/09/2022	5	Con Edison Budgets & Targets	Correction for 2025 savings targets	Section 5.B.1
12/09/2022	5	Con Edison Marketing and Outreach	Relaunch market outreach initiative & winter bill campaign	Section 5.B.2
12/09/2022	5	Con Edison EAM	Update to EAMs pending 2023 Rate Case order	Section 5.B.3
12/09/2022	5	VGS Specification	Updated descriptions of gross savings methodology, realization rate, and planned VGS approach	Appendix 2

NYS CLEAN HEAT: STATEWIDE HEAT PUMP PROGRAM

IMPLEMENTATION PLAN

1. Introduction

In its Order Authorizing Utility Energy Efficiency and Building Electrification Portfolios Through 2025 (“2020 NENY Order”),¹ the New York State Public Service Commission (the “Commission”) initiated a common statewide heat pump framework for New York State (“NYS”), designed to guide the efforts of the Electric Utilities² and the New York State Energy and Research Development Authority (“NYSERDA”) in this area. The Electric Utilities and NYSEDA (collectively, “Joint Efficiency Providers”) support the State’s ambitious clean energy policies and particularly its efforts to advance the development of energy efficiency resources and building electrification.

This NYS Clean Heat Statewide Heat Pump Program (“NYS Clean Heat Program” or “Program”) Implementation Plan (“CHIP” or “Implementation Plan”) is a key element of the State’s clean energy pathway and is designed to support customers in transitioning to energy-efficient electrified space and water heating technologies.³ This CHIP describes the establishment and ongoing administration of the NYS Clean Heat Program by the Electric Utilities, in collaboration with NYSEDA, as part of the new statewide framework. The framework is designed to provide contractors and other heat pump solution providers a consistent experience and business environment throughout NYS. Utility chapters at the end of

¹ Case 18-M-0084, *In the Matter of a Comprehensive Energy Efficiency Initiative* (“NENY Proceeding”), Order Authorizing Utility Energy Efficiency and Building Electrification Portfolios Through 2025 (“2020 NENY Order”) (issued January 16, 2020).

² Central Hudson Gas & Electric Corporation (“Central Hudson”), Consolidated Edison Company of New York, Inc. (“Con Edison”), Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”), New York State Electric & Gas Corporation (“NYSEG”), Orange and Rockland Utilities, Inc. (“Orange & Rockland”), and Rochester Gas and Electric Corporation (“RG&E”) (collectively, “Electric Utilities”).

³ On June 15, 2020, the New York State Department of Public Service Staff (“Staff”) issued a letter of final approval of the initial Implementation Plan (“2020 Implementation Plan”), as filed by the Joint Efficiency Providers on May 29, 2020 in conjunction with the filing of the NYS Clean Heat Program Manual and documents related to the Field Assessment process. This current Implementation Plan reflects several changes from the 2020 Implementation Plan, as describe in Table 1. Version History and Description of Revisions: NYS Clean Heat Implementation Plan.

this Implementation Plan provide further details on elements that are unique to each service territory.

A. Background

The Commission’s 2020 NENY Order: (1) approved for each of the Electric Utilities budgets and targets (see Table 1 below) governing the deployment of heat pumps through 2025; (2) required a common statewide heat pump framework recognizing other market enabling actions to be provided by NYSERDA; (3) directed NYSERDA to allocate at least \$30 million towards low- and moderate-income (“LMI”) heat pump programs; (4) required the establishment of a Joint NYSERDA and Electric Utility Management Committee (the “Joint Management Committee”); and (5) required the filing of a Statewide Heat Pump Program Implementation Plan and Program Manual (“Statewide Program Manual”) within 60 days of the 2020 NENY Order.

Heat pump deployment targets are expressed in annual energy savings in million British Thermal Units (“MMBtu”), based on estimated first-year site energy savings, which accounts for both the decreased fuel and the change in electricity consumed at the customer site.

Table 1: Utility Heat Pump Budgets and Targets Established in the 2020 NENY Order through 2025⁴

Utility	Target (MMBtu)	Budget (\$millions)
Central Hudson	255,293	\$43.2
Consolidated Edison	1,000,000	\$227.3
National Grid	1,112,681	\$84.4
NYSEG	992,737	\$75.1
Orange & Rockland	86,657	\$15.0
RG&E	119,223	\$9.2
Total	3,566,590	\$ 454.3

Due to accelerated program achievement, Con Edison petitioned the Commission for additional program funding in February 2022. While a ruling on the petition was pending, Con Edison paused accepting applications for air source heat pump (“ASHP”) projects on May 9,

⁴ NENY Proceeding, 2020 NENY Order, Appendix C.

2022 as well as placed all new non-residential ground source heat pump (“GSHP”) incentive applications on a waitlist on July 11, 2022. In August 2022, the Commission authorized Con Edison to transfer additional funding to its Clean Heat program and a new \$10 million per month Continuity Funding Mechanism to continue the program through the NENY Interim Review.^{5, 6} Con Edison removed the program pause on January 17, 2023 and subsequently, began accepting new applications for projects installed under a modified program framework designed to operate within the approved budgets.

2. Statewide Framework

The Joint Efficiency Providers have implemented, are administering, and are working to improve upon a common statewide framework to advance the adoption of heat pump systems that are designed and used for heating, integrated under the umbrella of NYS Clean Heat.⁷ The NYS Clean Heat Program supports the installation of heat pump technologies that are best suited to heat efficiently in cold climates. It requires participating contractors (“Participating Contractors”) to follow best practices related to sizing, selecting, and installing heat pumps in cold climates. It also promotes consumer education, including requiring that guidance be provided by Participating Contractors to customers on how to operate and maintain their systems. As part of program delivery, the Joint Efficiency Providers monitor the extent to which NYS Clean Heat-incentivized heat pump systems displace or replace other heating fuels. The Joint Efficiency Providers continue to review the program’s progress and make adjustments to improve performance as appropriate.

⁵ NENY Proceeding, Order Approving Funding for Clean Heat Program (Issued August 11, 2022) (“Con Edison Clean Heat Order”).

⁶ NENY Proceeding and Case 14-M-0094, *Proceeding on Motion of the Commission to Consider a Clean Energy Fund* (“CEF Proceeding”), Order Initiating the New Efficiency: New York Interim Review and Clean Energy Fund Review (“Interim Review”) (Issued and effective: September 15, 2022).

⁷ In all instances, the NYS Clean Heat Program will provide incentives only for heat pump systems that are designed to provide domestic and service hot water heating and/or both space heating and cooling; or for commercial/industrial process systems that provide water heating and/or cooling. Heat pumps that are designed and installed primarily for space cooling are ineligible for incentives under the NYS Clean Heat Program.

A. Eligible Technologies

The following technologies are currently eligible for incentives offered by the Electric Utilities, according to eligibility criteria specified in the NYS Clean Heat Statewide Heat Pump Program Manual⁸ (“Statewide Program Manual” and the Con Edison-specific Program Manual⁹ (“Con Edison Program Manual”; collectively the “Program Manuals”). Eligibility requirements regarding any additional technologies not listed below are also included in the Program Manuals.¹⁰

- Air-Source Heat Pumps (“ASHPs”) for space heating applications;
- Ground Source Heat Pumps (“GSHPs”) for space and water heating applications; and
- Heat Pump Water Heaters (“HPWHs”) for domestic and service water heating applications.

Within this Implementation Plan, incentive structures are described in terms of their applicability to various building types, which are:

- Residential (one to four units);
- Multifamily (five or more units);
- Small commercial businesses (“small commercial”); and
- Large commercial and industrial buildings (“C&I”).

The Clean Heat Program provides incentives under several categories reflecting applicable technology type, building type, system size, and incentive structure. Further detail on eligible technologies and specific incentive structure, including utility-specific program concepts, pilots, or trial offerings, is provided in the Program Manuals. In general, customers are

⁸ NYS Clean Heat Program Manual for Central Hudson Gas & Electric Corporation, National Grid, NYSEG Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation. https://cleanheat.ny.gov/assets/pdf/NYS%20CH%20PM_March%201,%202023_CLEAN.pdf

⁹ NYS Clean Heat Con Edison Heat Pump Program Manual, https://cleanheat.ny.gov/assets/pdf/CECONY%20Clean%20Heat%20Program%20Manual%203_1_23.pdf

¹⁰ The 2020 NENY Order provides direction on technologies eligible in the Program; in addition to the Program Manuals, see NENY Proceeding, 2020 NENY Order, p. 87, footnote 59: "With regard to Air Source Heat Pumps (ASHP), cold climate units only as listed on the Northeast Energy Efficiency Partnership (NEEP) Cold Climate Air Source Heat Pump (ccASHP) specification listing at time of installation will be eligible for incentives. Any exceptions to this requirement shall be stated in the Program Manuals and shall be limited to product classes for which no NEEP-listed ccASHP products are commercially available." See also, Appendix 3: NYS Clean Heat Program - Glossary of Terms.

eligible for incentives under these programs no matter which heating fuel (*e.g.*, fuel oil, natural gas, propane, biomass, electricity, Con Edison district steam) they are either transitioning from or declining to include in a new construction application.

To be eligible for incentives, systems must meet all eligibility criteria as per the Program Manuals and must be sized in compliance with all applicable state and municipal codes.¹¹

Additional equipment and systems may be added to the eligible technologies list in the Program Manuals as they become commercially available. Partial-load scenarios may be approved on a case-by-case basis according to criteria described in the Program Manual.

2.A.1 Air Source Heat Pump Systems

Air source heat pumps typically provide space heating using electricity through vapor-compression refrigeration cycle. These systems extract heat from outdoor air and transfer the extracted heat into the conditioned spaces via various means. They are also used to provide space cooling by reversing the cycle to extract heat from a building and transfer the heat to the outside air.

Under the NYS Clean Heat Program, ASHP systems must meet the cold climate specification as outlined in the Program Manuals to be eligible for a Program incentive.

Several categories of cold climate ASHPs are currently eligible for Program incentives:

- Residential and Small Commercial Central ASHPs;
- Ductless or partially ducted mini-split heat pumps (“MSHPs”), which include “single-head” (one indoor air handler per outdoor compressor) and “multi-head” or “multi-split” (more than one indoor air handler per outdoor compressor);
- Commercial Unitary (*i.e.*, Large Commercial) ASHPs (Split or Single Package); and
- Variable Refrigerant Flow Heat Pumps (“VRFs”).

¹¹ Energy Conservation Construction Code of New York State (“ECCCNYS”) 2016, Section R403.7 and 2016 New York City Energy Conservation Code (“NYCECC”), Section R403.7. ECCCNYS 2016 and 2016 NYCECC require that systems serving multiple dwelling units, where commercial code is applicable, follow Sections C403 and C404 of the respective codes. In general, heat pumps installed in dwellings where residential code is applicable are required to be sized per ACCA Manual S.

2.A.2 Ground Source Heat Pumps

GSHPs achieve high efficiency by exchanging thermal energy with the ground, ground water, or other natural body of water, instead of using outside air. GSHP systems work in cold climates because of their ability to maintain capacity at low ambient air temperature. GSHPs are used in all building sectors and are sized to provide heat to the whole home or whole building. They range from single-appliance systems in residential and small commercial applications that couple one ground loop with one heat pump appliance, to large systems that extend the ground loop into an internal distribution system serving multiple heat pump units, each of which can be individually controlled.

GSHP units may have an optional desuperheater that takes advantage of waste heat generated by the compressor and transfers the waste heat to a domestic hot water system. GSHPs distribute heating and cooling in the building through air or water distribution systems. System performance depends on an effective ground heat exchanger design and system sizing.

Ground loops must comply with all applicable state and municipal regulations, such as NYS Department of Environmental Conservation (“DEC”) regulations for geothermal well drilling.¹² Ground loop systems must comply with eligibility criteria as listed in the Program Manual.

2.A.3 Heat Pump Water Heaters and Ground Source Water Heaters

HPWHs are storage tank-based water heaters that typically replace electric resistance storage tank water heaters or fossil fuel-fired storage tank water heaters. These systems provide most of the heat to domestic hot water (“DHW”) through a heat pump, with a secondary electric resistance coil as a back-up to ensure that the water temperature meets the desired setpoint during high demand periods. HPWHs can be installed in either conditioned or unconditioned spaces, as long as there is adequate air supply for effective heat exchange. HPWHs are available to customers through appliance retail channels and through heating and plumbing contractors and can be used in any type of building.

¹² NYS DEC guidance for Geothermal Wells Deeper Than 500 Feet, <https://www.dec.ny.gov/energy/1748.html>, and NYS DEC Well Permitting Requirements, <https://www.dec.ny.gov/energy/1783.html>.

In addition to the traditional HPWH units, specific GSHP technologies that also supply domestic or service hot water are eligible for incentives, including:

- GSHP Desuperheater for DHW desuperheaters installed and commissioned as a component within an eligible GSHP system; and
- Dedicated DHW Water to Water Heat Pump (“WWHP”) for ground source WWHP systems that fully satisfy domestic or service hot water needs.

2.A.4 Energy Recovery Ventilators (ERVs) and Heat Recovery Ventilators (HRVs)

Energy Recovery Ventilators (ERVs) and Heat Recovery Ventilators (HRVs) reduce heating and cooling loads while maintaining required ventilation rates by facilitating heat transfer between outgoing conditioned air and incoming outdoor air. ERVs and HRVs employ air-to-air heat exchangers to recover energy from exhaust air for the purpose of pre-conditioning outdoor air prior to supplying the conditioned air to the space, either directly or as part of an air-conditioning system. When paired with a heat pump system, the ERV/HRV can significantly reduce the size of the required HVAC system.

For the purposes of this measure, ERVs and HRVs are distinguished as follows:

- ERV: Transfers both sensible (heat content) and latent (moisture content) heat between supply and exhaust airstreams.
- HRV: Transfers sensible heat only between supply and exhaust airstreams.

Additional information regarding ERV/ HRV eligibility can be found in the Clean Heat Program Manual.

2.A.5 Envelope Measures (for Category 4A: Heat Pump + Envelope)

The building envelope, which includes the walls, windows, roof, and foundation, forms the primary thermal barrier between the interior and exterior environments. The building envelope plays a key role in determining optimal comfort levels, ventilation, natural lighting, and energy needed for heating and cooling. These shell improvements help regulate indoor climate (temperature control, air quality, etc.) and protect against the outdoor environment (drafts, condensation, etc.).

Without a properly insulated building envelope, the heating and cooling systems will not work as effectively, making this an essential element in creating a higher-performing building. Eligible building envelope upgrades or retrofits should be quantifiable and directly impact heat pump sizing, such as locating and sealing air leaks, increasing wall/roof insulation, window replacement, and weatherstripping windows and doors. Eligibility guidelines for envelope measures can be found in the Clean Heat Program Manual.

2.A.6 Heat Recovery and Heat Pump Chillers

Heat recovery chillers (“HRC”) and heat pump chillers (“HPC”) are systems that provide space and water heating (hot water) to a building by recovering heat from a low temperature source. Low temperature sources may include air, water, or waste heat sources. These systems can also provide chilled water for cooling. HRCs can provide simultaneous heating and cooling but do not have to do so at all times. Eligibility guidelines for HRC/ HPC measures can be found in the Clean Heat Program Manual.

2.A.7 Heat Pump Dedicated Outdoor Air Systems (HP-DOAS)

Heat pump dedicated outdoor air units (HP-DOAS) dehumidify 100% outdoor air to a low dew point in the cooling season and heat 100% outdoor air during heating season and deliver this conditioned air to the building interior. HP-DOAS efficiency can be increased by energy recovery wheels or plates, which transfer energy between exhaust and intake air streams. HP-DOAS may have low temperature lockouts and/or electric coil or fossil backup heating systems at low outside temperature. HP-DOAS eligibility is outlined in the Clean Heat Program Manual.

B. Incentive Structure

The NYS Clean Heat Program incentives are designed to provide a consistent statewide approach to supporting the development of the heat pump market in New York, with a focus on promising technologies and applications that do not yet have a strong market presence. The purpose of these incentives is to cost-effectively aid customers in transitioning to energy-efficient electrified heating solutions.

The overall structure of the incentives that the Electric Utilities deploy, including eligibility criteria and incentive levels, is listed in the Program Manuals. Utility-specific

incentive levels are assessed at least annually to review whether incentives are set at optimal levels.

Incentives are offered as 1) a fixed dollar amount per unit, 2) per system capacity, 3) per dwelling unit¹³, 4) per Clean Heat project¹⁴, or 5) per annual energy savings as listed in the Section 2 of the Statewide Program Manual and the Con Edison Program Manual.

Further detail on specific incentive levels, per technology, project type, customer segment, and system size, including utility-specific program concepts, pilots, or trial offerings, is provided in the Program Manuals.

C. Areas for Potential Program Enhancements and Pilots

The Joint Efficiency Providers have considered several technologies and concepts for inclusion in the NYS Clean Heat Program beyond those listed above, and are exploring them going forward through the Joint Management Committee process. The Program Manuals have the most up-to-date information on newly added technologies and utility-specific program elements.

Additional equipment and systems may be added to the eligible technologies list in the Program Manuals as they become commercially available. For scenarios in which project eligibility is not clearly defined, refer to the Program Manuals for additional guidelines.

The customer may either decide to keep their existing heating system in service to provide back-up or emergency heat, or to decommission it. Decommissioning of existing systems helps the State advance its heating electrification and decarbonization goals, as long as the systems are decommissioned legally, safely, and in compliance with applicable jurisdictional

¹³ A dwelling unit refers to a single unit providing complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.

¹⁴ A project refers to the planning and quality installation of a heat pump system at a customer owned parcel of real property using common heat pump system components over a given scope at a given time. A single parcel may have multiple projects subject to the discretion of the relevant Electric Utility.

programs, codes, and requirements (*e.g.*, federal, state, municipal, etc.) that govern decommissioning and facilitate best practices.¹⁵

The Electric Utilities coordinate with NYSERDA on residential energy efficiency and envelope programs, including the Comfort Home initiative (described in Appendix 1), making customer referrals in their respective service territories where other utility-offered services are not available, and connecting customers who receive “seal and insulate” services through Comfort Home to heat pump incentives that are offered under the NYS Clean Heat Program. NYSERDA makes customer referrals to Utility weatherization programs available in respective Utility territories, where applicable. Weatherization and building envelope upgrades represent a key opportunity for energy savings, further reducing the building load when coupled with an efficient heat pump solution.

NYSERDA and the Electric Utilities likewise collaborate in developing and evaluating LMI pilots and demonstration programs, to identify replicable models for heat pump deployment in the LMI market segment while maintaining or improving energy affordability. In addition to pilot design, collaboration may include identification of target customers and affordable multifamily buildings, outreach and referrals, marketing, education, and co-funding. Appendix 1: NYS Clean Heat Market Development Plan provides further information on planned investments to develop heat pump solutions for the LMI market segment and to inform longer-term utility investment.

The Joint Efficiency Providers coordinate Clean Heat incentives with potential, related funding (including, but not limited to, NYSERDA market development funds) to encourage electric heat pump installations. Where applicable, the Joint Efficiency Providers coordinate with each other, their respective utility and NYSERDA clean energy counterparts, and consult with Staff on all relevant proceedings and initiatives outside of Clean Heat. Clean Heat supports customer adoption of customer-sited electric heat pump equipment or associated upgrades within or directly outside a customer's building or facility. Clean Heat incentives cannot be used toward installation of Thermal Energy Networks. Projects accessing Thermal Energy Networks are not

¹⁵ See, for example, *Amended Notice of Adoption – Rule amending and updating the Uniform Code* applies to “Abandonment or removal of heating oil storage tanks.” March 25, 2020. NYS Register (April 8, 2020), pp. 14-22. I.D. No. DOS-14-20-00002-E. <https://www.dos.ny.gov/info/register/2020/040820.pdf>

eligible for Clean Heat incentives without prior consultation between the Joint Efficiency Providers and Staff.

D. Program Delivery

This section describes the roles of each entity under the Implementation Plan and notes key areas of collaboration among the Joint Efficiency Providers in support of the NYS Clean Heat goals.

The Electric Utilities serve as Program Administrators who manage the overall process, delivery, and interactions with customers, contractors, and distributors. The Electric Utilities, through their respective implementation contractors, are responsible for Program operations, delivery, and incentive payments, among other responsibilities. To support the NYS Clean Heat Program efforts, the Joint Efficiency Providers coordinate across a number of areas. Joint efforts include using a common application platform and consistent contractor participation requirements across the State. The Joint Efficiency Providers' marketing and outreach efforts, described in the Market Development section with additional detail in utility-specific chapters and Appendix 1, work in alignment to encourage Program awareness and promote education in the market.

The NYS Clean Heat program delivery model provides for customer, contractor, and distributor incentives that vary by category, as described in the Program Manuals. Incentives are available for various eligible heat pump technologies that customers can install in their homes and businesses. The purpose of customer incentives is to aid customers in making the transition to energy-efficient electrified heating solutions. Heat pump installation contractors also have an important role in driving market uptake of this technology because they have continuous touchpoints with customers from the point of sale to the installation of the equipment. They are critical actors that size and install heat pumps properly as the primary heat source while providing maximum participant comfort and, ultimately, customer satisfaction.

Distributors' role in the market is to stock and sell highly efficient, qualifying heat pump equipment per NYS Clean Heat requirements to Participating Contractors. Distributors also have strong relationships with manufacturers and can promote the program rules, product eligibility

requirements, and industry best practices on both sides of the supply chain. The Joint Efficiency Providers have expanded distributor incentives statewide for HPWH.

The Joint Efficiency Providers recognize the importance of supporting quality installations, consumer education, and continuous improvement and continue to work together to advance these objectives within the Joint Management Committee.

E. Field Assessments¹⁶

The Designated Utilities¹⁷ maintain program integrity through the Field Assessment process consisting of routine and systematic assessment activities to support quality installations and assure that Participating Contractors comply with Program rules as described in the New York State Clean Heat Statewide Heat Pump Program Quality Policies and Procedures Manual.¹⁸ Con Edison will administer an inspections process to provide increased oversight on Participating Contractors as described in the Con Edison Program Manual. Both the Designated Utilities and Con Edison will administer quality assurance and quality controls protocols through the duration of the Clean Heat Program.

The Field Assessment process establishes standards and comprehensive, technology-specific documentation requirements and site assessments to be implemented uniformly by the Designated Utilities. Such approaches are unique to the heat pump technologies and include the review of associated contractor credentials, project specific calculation methods, approved construction permits, accuracy of provided application data, and site assessments to assure optimal heat pump system performance. These activities are supplemented by any utility-

¹⁶ While this Implementation Plan uses the term “Field Assessments” in lieu of the term “Quality Assurance/Quality Control,” (“QA/QC”), the meaning of these terms is substantively the same for the NYS Clean Heat Program. Field Assessments, as described in this and related NYS Clean Heat Program documents, are consistent with the directives of the 2020 NENY Order regarding QA/QC. NENY Proceeding, 2020 NENY Order, pp. 89-91.

¹⁷ Central Hudson Gas & Electric Corporation (“Central Hudson”), Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”), NYSEG Corporation, Orange and Rockland Utilities, Inc. (“Orange & Rockland”), and RG&E Corporation (collectively, “Designated Utilities”).

¹⁸ See, NYS Clean Heat Statewide Heat Pump Program Quality Policies and Procedures, accessible at <https://cleanheat.ny.gov/assets/pdf/Quality-Policies-Procedures.pdf>.

specific review or assessment of heat pumps that may be conducted for the purposes of program implementation and measure acquisition.

The Field Assessment process employs sampling methods proportionate to the likely program risk associated with each application. Specifically, a site assessment occurs until the Participating Contractor has a proven successful track record under the incentive program, after which a sampling protocol is followed. Projects contributing a disproportionate share of anticipated savings or employing novel solutions and custom savings estimation methods may receive increased scrutiny to identify opportunities for improvement as soon as possible. For larger-scale projects that pursue a custom incentive and require additional engineering review, the statewide Field Assessment process (as applicable to the project and technology) may be supplemented with any utility-specific assessment and implementation processes. Details for different service territories regarding field assessment processes and sampling rates are outlined in the New York State Clean Heat Statewide Heat Pump Program Quality Policies and Procedures Manual, as well as the Con Edison Program Manual.

In compliance with the Con Edison Clean Heat Order, Con Edison will implement a quality assurance protocol which will utilize site inspections to confirm heat pump installations meet established standards and requirements. The Con Edison protocol will focus on establishing program controls to enhance oversight of Participating Contractors, provide for quality heat pump installations, and monitor program processes and performance. Details regarding field assessment criteria, sampling rates, and requirements are outlined in the Con Edison Program Manual.

The Field Assessment criteria established for NYS Clean Heat and for each category of technology supported under the Program serves the following objectives, each performed by independent parties having associated expertise.

Quality Workmanship

In order to assure that the work is performed in a manner consistent with best practices and that the contractor satisfies the expectations of both the Program and the customer, each contractor is required to be enrolled in the Participating Contractor Network under the NYS Clean Heat Program (with the exception of contractors that only install heat pump water heaters).

As described in Section 2.F, this credential requires both training and compliance with industry and manufacturer practices to promote quality heat pump installations under the Program and to assure that the manufacturers of such equipment will honor warranties associated with the equipment. As each manufacturer and specific equipment often require compliance with unique requirements, it is impractical for the Electric Utilities to assure compliance with specific manufacturer requirements. Rather, the Electric Utilities collaborate with the manufacturers and other training and certification bodies to assure that the contractors have successfully completed such training and that their respective credentials are current in order to be eligible to participate in the Program.

Further, the Designated Utilities have established common methods to assess whether projects selected for Field Assessments have heat pump technologies that are installed in a manner consistent with best practices to realize their full potential energy impact and to preserve the useful life of the equipment. For this purpose, the Joint Efficiency Providers have developed a series of checklists that incorporate the requirements of similar programs and the recommendations of numerous subject matter experts to establish uniform practical criteria that may be verified on a cost effective and timely basis. Con Edison has developed modified inspection checklists to assess projects installed within its service territory.

Program Compliance

The Field Assessment process, inclusive of associated documents, such as the ASHP, GSHP and HPWH checklists (found on the NYS Clean Heat Contractor Resources page¹⁹ under Standards and Field Assessments), verifies that program requirements have been satisfied and that associated data required to perform energy savings calculations consistent with the program requirements may be independently verified. The use of these checklists allows for the collection of data using standardized methods and future evaluation as described later in this document. Such checklists have been coordinated with the *New York Standard Approach for Estimating Energy Savings from Energy Efficiency Programs - Residential, Multi-Family, and Commercial/Industrial Measures*, known as the Technical Resource Manual (“TRM”), when

¹⁹ <https://cleanheat.ny.gov/contractor-resources>

applicable to assure that such prescriptive savings calculation methods may be performed consistently and accurately throughout the State.²⁰ Applications that require custom calculation of savings will be performed by the Electric Utilities consistent with the requirements of the TRM and applicable Evaluation, Measurement and Verification (“EM&V”) guidance²¹ to assure a fully auditable record of such savings estimates.

Both the Field Assessments as well as the Con Edison inspection process are conducted by a qualified independent third party using the appropriate comprehensive checklists. The assessor does not inspect projects for purposes of code compliance or enforcement nor compliance with manufacturers’ installation requirements.

The Participating Contractor is solely responsible for ensuring that the heat pump system and system components are installed in accordance with manufacturer specifications and installation requirements, and in compliance with all applicable laws, regulations, rules, and standards, including requirements of the local Authority Having Jurisdiction (“AHJ”). The contractor is responsible for correcting all nonconformances identified in the Field Assessment and Con Edison inspection activities to the satisfaction of the program administrator. Contractors are required to submit proof demonstrating correction of all items identified. Contractors may also be put on probationary status, suspended, or terminated from the Program based on the results of Field Assessment activities or by otherwise violating Program requirements. Disciplinary policies for contractors whose projects are found to be out of compliance with appropriate inspection checklists are detailed in the New York State Clean Heat Statewide Heat Pump Program Quality Policies and Procedures Manual as well as the Con Edison Program Manual

²⁰ The New York Standard Approach for Estimating Energy Savings from Energy Efficiency Programs – Residential, Multi-Family, and Commercial/Industrial Measures, Version 9 effective January 1, 2022. <https://www3.dps.ny.gov/W/PSCWeb.nsf/All/72C23DECF52920A85257F1100671BDD>

²¹ See, Clean Energy CE-05 *EMV Guidance* document issued November 1, 2016. Web link <https://www3.dps.ny.gov/W/PSCWeb.nsf/ArticlesByTitle/255EA3546DF802B585257E38005460F9?OpenDocument>

Contractors are evaluated and provided with performance feedback through an assessment report. The Joint Efficiency Providers regularly develop training and resources, which are provided to Participating Contractors for continuous improvement.

F. Contractor Qualification in the Participating Contractor Network

The Joint Efficiency Providers maintain and post a list of Participating Contractors²² who are eligible to install ASHP technologies and/or GSHP technologies under the NYS Clean Heat Program. Participating Contractors may include ASHP installers, ASHP designers, GSHP installers, GSHP designers, and GSHP drillers. All Participating Contractors are eligible to apply for and receive incentives through this program except for GSHP drillers.

All contractors participating in the NYS Clean Heat Program must meet qualifications and training requirements identified in the Program Manual.

Contractors installing only heat pump water heaters can, but are not required to, apply to be part of the Participating Contractor network.

In all other instances, contractors must be qualified as NYS Clean Heat Participating Contractors before they are eligible to apply for and receive incentives through the Program. To qualify, contractors must apply for participation by filling out a Participating Contractor Application, indicating each utility territory the contractor plans to operate in and submitting all required documents and credentials as specified in the Program Manuals. Contractors should submit their application package to a single Electric Utility for review, via the contact information and instructions provided in the application. The responsible Utility will subsequently notify the other utilities in whose service territory the contractor plans to operate of their eligibility.

All Participating Contractors additionally must execute participation agreements with each Electric Utility in whose service territory the contractor plans to operate, to address unique legal terms and conditions.

²² NYS Clean Heat List of Participating Contractors: <https://nyscleanheat-findcontractor.icfsightline.com/>

HPWH Distributor Qualification

Distributors who wish to participate in the Clean Heat HPWH midstream distributor incentive offering are required to submit a HPWH Distributor Participation Agreement and other participation documents as outlined in the Program Manuals.²³

G. Savings and Verification

As described below, the Designated Utilities rely on the TRM and best practices to estimate savings and verify installations of heat pumps installed through their programs. Con Edison has adopted a “deemed savings” approach to savings calculations for ASHP residential and multifamily projects under 30 units completed after January 2023 within its service territory. The deemed savings calculations are based on decreases in customer’s average energy consumption.

2.G.1 Savings Estimation

Unless otherwise specified in the Program Manuals, savings for heat pump installations are determined using the current filed version of the TRM, which describes the prescriptive approach and algorithms for estimating energy savings for technologies that are eligible for NYS Clean Heat incentives, for either residential or small commercial applications. These prescriptive methodologies rely on site-specific inputs for building load and/or employ building type lookups that are determined through data collected during the application process to allow for savings calculations consistent with the TRM. Con Edison will be determining savings based on a combination of TRM prescriptive approaches, deemed savings methodologies, and custom calculations depending on the customer segment and system type Con Edison has developed a deemed savings methodology for ASHP residential and multifamily projects under 30 units. Con Edison is working towards proposing the deemed savings approaches for inclusion in the TRM in 2023.

²³ See, <https://cleanheat.ny.gov/contractors/>

For multiple-unit or other configurations not covered by the TRM, for larger or custom systems, the Electric Utilities may perform custom or alternative analyses to determine savings, consistent with the approaches outlined for custom measures in the TRM.

Utility tracking systems continue to be configured to capture and collect application information for heat pump programs to facilitate savings calculations and, subsequently, evaluations.

2.G.2 Statewide Evaluation, Measurement and Verification

The Joint Efficiency Providers are supporting a statewide Technical Study of NYS Heat Pump Performance for installed heat pump systems which Staff is leading.

The Electric Utilities filed an applicable Verified Gross Savings (“VGS”) Specification as Appendix 2 to the 2020 CHIP and updated that in subsequent CHIP filings since that time, including in this filing. These filings are in accordance with CE-08 Gross Savings Verification Guidance provided by Staff.²⁴

NYSERDA additionally conducts statewide market assessments of the heat pump industry to guide and inform programs and state policies, and works in coordination with the Electric Utilities and Staff to develop the appropriate methods and frequency of this work.

3. Market Development

NYS Clean Heat further works to build market capacity to help achieve the State’s heat pump targets through 2025, to increase the pool of skilled labor to grow the heat pump industry, to reduce the cost of heat pump installations, and to transform the way that New Yorkers heat and cool buildings (including both space heating and cooling and water heating) through market adoption of energy-efficient cold climate heat pump technologies.

²⁴ See, Clean Energy CE-08 *Gross Savings Verification Guidance* document issued August 23, 2019. Web link <http://www3.dps.ny.gov/W/PSCWeb.nsf/ArticlesByTitle/255EA3546DF802B585257E38005460F9?OpenDocument>

The market development investments focus on critical needs and barriers challenging widespread adoption of building electrification. These include the need to:

- Train and develop the needed clean heating and building electrification workforce;
- Build consumer demand and market confidence and reduce customer acquisition costs;
- Drive performance improvements, reduce cost, and deliver new economic solutions through technology innovation and demonstrations;
- Make electrification solutions available for LMI consumers;
- Make products available when and where consumers need them by building the clean heat supply chain; and
- Minimize winter electrical peak by investing in demand reducing “heat-pump ready” solutions.

In addition, NYSERDA is developing a long-term building electrification roadmap to guide the transformation of how New Yorkers heat and cool their buildings, as New York moves toward a low-carbon economy.

Appendix 1 provides an overview of the NYS Clean Heat Market Development Plan that is being administered by NYSERDA, in coordination with the Electric Utilities and their affiliated gas companies. Investments in workforce development and consumer education and engagement are central to the NYS Clean Heat program and are highlighted below.

A. Workforce Development and Training

The Joint Efficiency Providers partner with businesses, training institutions, and communities to address critical workforce development needs for heat pump installers, drillers, technical sales staff, architects and engineers, building operators, and new market entrants. NYSERDA’s *Workforce Development Plan*, describes its expanded investment to train and

develop the clean heating and building electrification workforce.²⁵ This includes NYSERDA support for targeted training and curriculum development to address workforce needs related to the NYS Clean Heat Program, including to enable augmented contractor training requirements and for needs identified through the Field Assessment process and customer and contractor feedback.

NYSERDA supports the development of manufacturer and distributor training for heat pump installers, such as augmented installation training for ASHPs that includes a cold climate sizing and design focus. Focal areas for training also include applying Manual J/S or Code-approved equivalent procedures to perform residential load calculations, design of complex systems in large buildings, integrated controls, and technical sales. NYSERDA provides cost-shared assistance for participating heat pump contractors to pursue training and certification. Additional activities include:

- funding for on-the-job training for new hires, with enhanced wage support for businesses that install heat pumps as well as for businesses that employ disadvantaged workers;
- job fairs in labor-constrained markets;
- support for heating, cooling and ventilation (“HVAC”) career pathway initiatives;
- partnerships to advance the skills of building operations and maintenance workers; and
- targeted community-based training, including in disadvantaged communities.

Heat pump contractors, distributors, manufacturers, and trade organizations participating in the NYS Clean Heat Program and other training providers supporting building electrification in the State can take advantage of multiple Workforce Development Opportunities currently provided by NYSERDA. Workforce development investments focus on enabling current and future workers to develop the skills and hands-on experience needed to deliver clean heating and building electrification solutions, and place emphasis on activities that target veterans, low-income workers, and other disadvantaged workers.

²⁵ CEF Proceeding, Clean Energy Fund Compiled Investment Plans (“2022 CIP”) (filed September 9, 2022). <https://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=14-m-0094&submit=Search+by+Case+Number>

B. Consumer Education and Engagement

The Joint Efficiency Providers collaborate to deliver a statewide consumer awareness, education, and marketing effort to encourage heat pump adoption. This complements utility efforts to reach their customers directly with targeted offers.

Consumer education and marketing focuses on maximizing the benefits of heating with heat pumps, communicating the economic, comfort, and environmental benefits of heat pumps when they are used effectively for heating. This effort includes:

- Promotion of full-load solutions that allow the customer to retire old fossil fuel systems, and tips on how to dispose of them properly, including access to contractor services and programs that facilitate removal.
- Educational materials providing tips on how to effectively control heat pumps, in order to maximize energy performance without compromising comfort.
- Materials promoting the installation of heat pump water heaters, especially when old fossil heating systems are being replaced by heat pumps, in order to prevent the orphaning of fossil fuel water heaters on existing chimneys, which could lead to unsafe conditions.
- Materials promoting weatherization to make homes and buildings “heat pump ready” and maximizing the comfort, energy, and environmental benefits of the improvements. This includes publicizing NYSERDA’s Comfort Home Pilot, as appropriate.

NYSERDA’s Clean Energy Fund (“CEF”) 2022 Compiled Investment Plans (“2022 CIP”)²⁶ describe NYSERDA’s investment through 2025 across both consumer education and marketing campaigns (coordinated and co-branded with the Electric Utilities) and enhanced Co-op Advertising with industry partners, which are aligned with additional investment in Community

²⁶ CEF Proceeding, 2022 CIP.
<https://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=14-m-0094&submit=Search+by+Case+Number>

Campaigns. These efforts are central components of a broader strategy to build consumer demand and market confidence around clean heating and cooling solutions and to reduce customer acquisition costs for installers, which is funded through NYSERDA's CEF and summarized in Appendix 1.

NYSERDA and utility co-branded marketing activities provide customers with a trusted source of information before and during their decision to purchase an energy efficient, cold climate heat pump. Co-branded marketing focuses on consumers who have a higher propensity to adopt clean heating and cooling technologies, in particular, reaching customers based on characteristics of their home and heating fuel and reaching customers who are actively searching to replace their HVAC equipment. Additionally, broad reach media is deployed in higher opportunity geographies. While utility-specific heat pump program information is available on each of the Electric Utilities' websites, NYSERDA has established a central online landing environment to help drive customers to qualified contractors by segmenting the customer offers based on utility company and geography. Coordination between the Joint Efficiency Providers and industry partners delivers aligned messaging across the State.

Additional information regarding utility-specific customer education and outreach is presented in the utility-specific chapters.

4. Joint Management Committee

This section provides a description of the Joint Management Committee. The Joint Efficiency Providers created and filed the NYS Clean Heat Statewide Heat Pump Program Joint Management Committee Plan on June 15, 2020, a companion document that provides additional details on topics including, but not limited to: how the Joint Management Committee operates;

the membership and chairs of the committee; committee process and procedures; and contact information for interested parties.²⁷

A. Overall Structure, Governance, and Flexibility

4.A.1 Purpose

The Joint Management Committee provides the Joint Efficiency Providers and Staff the ability to closely coordinate and improve heat pump efforts across the State.²⁸ This Committee is responsible for reviewing and maintaining the NYS Clean Heat Program.

4.A.2 Participants

The Joint Management Committee consists of representatives of the Electric Utilities and NYSERDA. Staff provides an oversight and consultative role on the Joint Management Committee. Consistent with the 2020 NENY Order, Joint Management Committee activities also includes consultation with gas utilities in gas supply-constrained areas as well as engagement with the Long Island Power Authority for shared learning and to align heat pump related activities.

4.A.3 Functions

The Joint Management Committee works in a collaborative manner among its members and with stakeholders to develop and maintain a common statewide program design, and focus on technical and operational aspects of program administration. It manages the process for qualifying contractors in different territories as well as reviewing contractor performance to ensure high quality installations.

The Joint Management Committee supports a process for making ongoing changes to the Program, including incentive structure, eligible technologies, program rules and other program features in order to be responsive to technology and market developments and maintain market

²⁷ The Joint Management Committee meets at least monthly and reviews program performance and significant program changes at least annually. NENY Proceeding, NYS Clean Heat: Statewide Heat Pump Program Joint Management Committee Plan, (filed on June 15, 2020). The Statewide Program Manual provides updated information on Joint Management Committee contacts. See, Statewide Program Manual, Section 9, Contact Information.

²⁸ NENY Proceeding, 2020 NENY Order, pp. 83-84.

confidence and stability. As part of this process, the Joint Management Committee periodically obtains feedback from market participants and other stakeholders regarding Program progress.

If program or process changes are warranted, the Joint Management Committee undertakes the following process:

- gather and review market and program data;
- consult with market participants, stakeholders, and Staff; and
- provide notice to market participants, stakeholders, and Staff.

Notice is provided in advance of substantive changes. Substantive changes will be reflected in a revised Implementation Plan, which will be jointly filed by the Joint Efficiency Providers for approval by Staff, or in a revised Program Manual.

The Joint Management Committee also provides periodic opportunities for market participants and other stakeholders to offer input and suggestions for improvement to the NYS Clean Heat incentive program and market development initiatives. In particular, the Joint Management Committee seeks input from participants in the Performance Management and Improvement Process that has been convened by Staff.²⁹ Following meetings or forums convened to solicit input from stakeholders, whether in advance of a specific program change or for broader input into the NYS Clean Heat initiatives, the Joint Management Committee provides a summary report to be published on the Contractor Resources webpage.³⁰

A foundational function of the Joint Management Committee is to support and maintain feedback loops between the utility-led and NYSERDA-led components of the NYS Clean Heat Program. As is reflected in all elements of this Implementation Plan, the Joint Efficiency Providers, together and with other stakeholders, identify and pursue optimal approaches to achieve the NYS Clean Heat goals in transitioning New Yorkers to energy-efficient electrified space and water heating technologies.

²⁹ See, NENY Proceeding, Commencement of Energy Efficiency & Building Electrification Performance Management & Improvement Process (filed May 29, 2020.) See also, 2020 NENY Order, pp. 60-61.

³⁰ NYS Clean Heat Contractor Resources webpage, <https://cleanheat.ny.gov/contractor-resources>

5. Utility-Specific Elements and Activities

A. Central Hudson Chapter

This chapter of the Implementation Plan discusses Central Hudson’s plans to meet the ordered MMBtu goal, and includes information on budgets and targets, incentive amounts, predecessor program, transition details, Earnings Adjustment Mechanisms (“EAMs”), and coordination with the other gas utilities.

5.A.1 Budgets and Targets

Central Hudson was authorized a budget of \$43.2M to achieve 255,292 Gross MMBtu of savings beginning April 1, 2020 through December 31, 2025. The table below outlines funding and savings targets identified in the 2020 NENY Order:

Table 3: Central Hudson 2020-2025 Heat Pump Budgets and Targets³¹

Central Hudson	2020	2021	2022	2023	2024	2025	2020-2025 Total
Base Budget	\$3,354,852	\$5,559,173	\$7,049,949	\$8,265,836	\$9,186,504	\$9,804,997	\$43,221,311
Base Target (MMBtu)	17,728	30,183	38,850	48,190	56,479	63,863	255,293
Budgets with Authorized Transfers	\$0	\$0	\$617,776	\$5,617,408	\$5,617,408	\$5,617,408	\$17,470,000
Achievement with Authorized Transfers (MMBtu)	0	0	5,554	50,507	50,507	50,507	157,075
Budgets with CEF + Continuity Funding Mechanism	\$0	\$0	\$0	\$0	\$1,700,000	\$6,000,000	\$7,700,000
Achievement with Continuity Funding Mechanism (MMBtu)	0	0	0	0	18,273	64,495	82,768

³¹ MMBtu savings targets are based on estimated first-year site energy savings, which accounts for both the decreased fuel and the change in electricity consumed at the customer site.

5.A.2 Marketing and Outreach

Central Hudson's marketing and outreach efforts include targeted direct mail, email campaigns, program information sheets, in-store point of purchase signage, newsletter inserts, printed, digital and radio advertisements, bill inserts and participation in public events.

Messaging focuses on environmentally beneficial electrification and educating consumers on the benefits of converting from fossil fuel heating systems to cleaner and more efficient energy alternatives. Educational content continues to be developed and shared with partnering local contractors, who are encouraged to distribute the information to their customers. Employees who have knowledge of the NYS Clean Heat Program and incentives represent the company at conferences, county fairs, expos, trade shows and other events. Central Hudson continues to work with and develop relationships with HPWH manufacturers and distributors to expand the promotion of ductless systems, concentrate on carbon reduction benefits and cobrand with participating retailers and manufactures.

Central Hudson will explore future opportunities to collaborate with NYSERDA. This can include outreach and education for low- to moderate-income customers and contractor education on NYSERDA energy audits and heat pump-ready homes and other buildings. In addition, Central Hudson continues to work closely with neighboring utilities in areas where customer territories overlap, to ensure consistent messaging and efficient marketing efforts take place.

In some cases, Central Hudson will promote heat pump technologies to targeted areas where maintaining or extending natural gas is not cost effective.

5.A.3 Earning Adjustment Mechanisms

Central Hudson has an EAM active for program years 2022-2024. The Heat Pump EAM is based on total lifecycle energy savings achieved within Central Hudson's Clean Heat portfolio. The targets are based on combined MMBtu achieved each year over 2022-2024 using the Share the Savings EAM. The Company will be awarded 30% of unit cost savings realized from the Company's acquired energy savings once the Company has met minimum lifetime savings

targets, as provided in the metric described below. This EAM is subject to CE-08 Gross Savings Verification Guidance provided by NY DPS Staff.³²

Further plans on EAMs shall be expanded upon in future rate case proceedings.

5.A.4 Coordination with Gas Constrained Areas and/or Non-Pipeline Alternatives

In some cases, heat pump technologies would be leveraged to address gas distribution or transmission system needs. Through a separate funding stream, Central Hudson currently has a framework to implement Non-Pipes Alternative (“NPA”) program³³ to defer or eliminate the need for pipeline infrastructure projects. The Company is currently implementing its first NPA designed to eliminate the need for certain leak prone pipe (“LPP”) replacements planned throughout their service territory. This type of NPA project, referred to as “Transportation Mode Alternative,” requires the conversion of existing natural gas customers to high efficiency heat pumps and electric water heating, so that natural gas is no longer needed. Future constraints and NPA’s may be addressed with heat pump solutions and will be developed on a case-by-case basis. Where applicable, customers within these project areas may receive additional “kicker” incentives for these technology types to promote program participation.

5.A.5 Order Approving Additional Funding for Central Hudson Clean Heat Program

On February 3, 2023, Central Hudson filed a Petition seeking approval from the Public Service Commission for additional funding to support the Clean Heat program and avoid a market pause. Due to high activity and increased adoption rates, Central Hudson surpassed cumulative Clean Heat savings goals and needed additional funding to support continued activity.

On June 22, 2023, the Commission authorized additional funding³⁴ for the program along with stipulations for closer collaboration with DPS Staff and stakeholders moving forward. The

³² See, Clean Energy CE-08 *Gross Savings Verification Guidance* document issued August 23, 2019. Web link <http://www3.dps.ny.gov/W/PSCWeb.nsf/ArticlesByTitle/255EA3546DF802B585257E38005460F9?OpenDocument>

³³ See, Order: <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={9E4F3908-1FBC-4F49-AB00-FDFE18D5586F}>
Attachments: <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={13CED81C-066E-48ED-A795-9D7300C4587F}>

³⁴ Case 18-M-0084, Order Approving Funding for Clean Heat Program

additional \$25 million in funding consisted of nearly \$4 million of previously collected and unspent funds, reallocation of \$13.5 million of previously authorized non-LMI electric energy efficiency budgets, \$1.7 million of accrued interest on Clean Energy Fund collections, and spend up to an additional \$6 million in Continuity Funding, if needed, to support Central Hudson’s Clean Heat program. The Continuity Funding Mechanism will be capped at \$1 million per month, and any unspent funds will carry over into subsequent months.

B. Con Edison Chapter

This section describes the Consolidated Edison Company of New York, Inc. (“Con Edison”) heat pump program offerings under the statewide Clean Heat framework. The program is designed to serve Con Edison’s diverse customer base and reflect the unique needs of its service territory while supporting attainment of the NYS Clean Heat Statewide Heat Pump target. The following describes Con Edison’s respective program characteristics, including program status, budgets, targets, EAMs, and marketing activities.

5.B.1 Budget and Targets

Table 5: Con Edison 2020-2025 Heat Pump Budgets and Targets³⁵

	2020	2021	2022	2023	2024	2025	Total
Base Budget	\$18,037,338	\$29,128,534	\$35,884,450	\$42,823,631	\$48,526,394	\$52,915,488	\$227,315,835
Base Target (MMBtu)	72,921	119,716	151,334	186,941	219,927	249,162	1,000,000
Budgets with Authorized Transfers³⁶	\$16,153,819	\$96,635,868	\$471,050,011	\$106,485,755	\$30,702,279	\$24,571,779	\$745,599,511
Achievement with Authorized Transfers (MMBtu)	132,370	598,716	1,622,115	468,037	159,892	95,378 ³⁷	3,076,508

³⁵ Annual savings targets and budgets shown include those described in the 2020 NENY Order as well as projections utilizing the budget transfers and continuity funding mechanism. See, NENY Proceeding, Con Edison Clean Heat Order.

³⁶ NENY Proceeding, Con Edison Clean Heat Order.

³⁷ Savings estimates for Con Edison’s 2025 project pipeline in Table 5: Con Edison 2020-2025 Heat Pump Budgets and Targets have been updated from the 2022 SEEP to include a minor update to C&I project volume and the Con Edison deemed savings approach

Budgets with Continuity Funding Mechanism	\$0	\$0	\$0	\$120,000,000	\$120,000,000	\$120,000,000	\$360,000,000
Achievement with Continuity Funding Mechanism (MMBtu)	0	0	0	578,710	578,710	578,710	1,736,130

With respect to the 2020 NENY Order budgets and targets, Con Edison has also dedicated additional funds towards heat pump installs in the Brooklyn Union Gas Company d/b/a National Grid (“KEDNY”) service area.

5.B.2 Marketing and Outreach

Con Edison’s marketing and outreach strategy includes a variety of printed and digital channels based on customer segment, contractor awareness and technology type. Con Edison paused its Clean Heat marketing activities during the pause of its ASHP offering. Con Edison plans to restart its marketing campaigns in 2023 based on market activity after program relaunch. All program requirements, incentives and participation guidelines will be included on the program heat pump webpages. The program team develops printed educational materials, including fact sheets highlighting technology benefits and point of purchase (“POP”) materials advertising instant discount incentives in big box retailers. In 2023, Con Edison will continue to participate in regional community outreach events including home shows and conferences to promote heat pump incentives.

Con Edison also engages the market through email, digital and social media campaigns. Emails are sent to eligible customers to promote incentive amounts and educate customers on eligible heat pump technology. Contractors and distributors also receive relevant program information via email in addition to direct mail options, website, webinars and in-person contractor events. Digital and social channels may include banner ads and social media ads/video clips on Instagram and Facebook platforms as well as paid search terms. Marketing efforts pursue opportunities to cobrand and collaborate with NYSERDA and other relevant stakeholders including National Grid for customers in shared territories areas. Con Edison will also consider

direct mail campaigns (letters, post cards) to customers with a high propensity for heat pump adoption who have not recently participated in a previous heat pump program.

Con Edison has engaged regularly with external stakeholders and industry partners during the program pause by hosting monthly webinars, small group sessions, and individual discussions with contractors and trade organizations. Through this effort, Con Edison has received gathered feedback from market participants and has modified its program design accordingly.

Con Edison is also reaching out to Clean Heat program participants to educate them about projected increased commodity costs for Winter 2022-2023 and provide tips on how to reduce their energy bills. This campaign consists of both email and direct mail to customers.

5.B.3 Earnings Adjustment Mechanisms

For Con Edison, between 2020 and 2022, its 2019 Rate Plan³⁸ included three earnings adjustment mechanisms that focus on savings associated with heat pump use. These EAMs include Share the Savings (“STS”), Deeper Energy Efficiency Lifetime Savings (“DEEL”), and Beneficial Electrification (“BEEL”) EAMs. The STS EAM is designed to reduce unit costs for the Company’s combined electric and gas energy efficiency portfolio, which includes heat pumps. The DEEL EAM is designed to drive achievement of energy efficiency savings from “deep” measures, which includes heat pumps and heat pump related envelope measures. The BEEL EAM is designed to encourage company-wide efforts that will result in adoption of beneficial electrification technologies, including heat pumps, which lead to a decrease in lifetime CO₂ emissions.

The Con Edison 2020-2022 EAMs will sunset at the end of 2022. Con Edison will work with Staff and other stakeholders on the development of future appropriate EAM structures to encourage the adoption of heat pumps.

³⁸ Case 19-E-0065, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service*, Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plan, issued January 16, 2020.

5.B.4 Coordination with Gas Utilities in Gas Supply Constrained Area

As per the December 2018 New Efficiency: New York Order, Con Edison is fuel agnostic with respect to a customer's heating fuel source, which include fossil fuel customers such as propane and oil. Oil customers have higher baseline costs including oil deliveries and maintenance that would make them prime candidates for whole home electrification.

Con Edison is also committed to supporting customers affected by natural gas constraints, both in its own gas service territory and in areas where it provides only electric service. Any new or modified incentive offerings to support customers in gas-constrained areas shall be included in future versions of the Program Manual. The Company's Smart Solutions and Non-Pipeline Solutions programs have already begun advancing the adoption of heat pumps in Westchester County and New York City. The Company's heat pump programs described herein are coordinated with and complement these programs, further expanding support for affected customers. As noted earlier, Con Edison has also dedicated additional funds towards the installation of heat pumps in the KEDNY service area. Con Edison is committed to working with National Grid and will provide electric heat pump offerings to Con Edison electric customers that reside within National Grid's New York City gas territories (Brooklyn, Queens, and Staten Island). Con Edison works with National Grid to identify interested customers and record the uptake in heat pump adoption.

5.B.5 Order Approving Additional Funding for Con Edison's Clean Heat Program

Due to accelerated program achievement, Con Edison filed a petition with the Commission for additional program funding in February 2022. On May 9, 2022, after reaching its 2025 program targets, Con Edison paused accepting ASHP heat pump incentive applications. On July 11, 2022, Con Edison announced that it would place all new GSHP incentive applications in non-residential categories on a waitlist pending additional program funding. On August 11, 2022, the Commission authorized additional funding for the program and required the Company to work with Staff, stakeholders and market participants to implement necessary changes to relaunch the program.³⁹ The Company opened the program to new applications in January 2023.

³⁹ NENY Proceeding, Con Edison Clean Heat Order.

In the Con Edison Clean Heat Order, the Commission authorized the transfer of \$518 million to support the Clean Heat program. This includes the transfer of: \$216 million of unspent funding from its non-LMI electric energy efficiency programs; an additional \$156 million of these funds made possible by waiving requirements for annual savings targets in favor of achieving Con Edison's 2020-2025 cumulative target; and a further \$100 million of these funds made possible by combining the cumulative Clean Heat and non-LMI electric energy efficiency targets for 2020-2025. The Order also authorized the reallocation of \$46 million of previously collected, unspent funds from Con Edison's legacy Energy Efficiency Portfolio Standard ("EEPS") and Energy Efficiency Transition Implementation Plan ("ETIP") programs.

In addition to these transfers, the Con Edison Clean Heat Order also approved the implementation of a Continuity Funding Mechanism which will provide necessary funding to relaunch and continue the Clean Heat Program until the conclusion of the NENY Interim Review. This additional funding will be capped at \$10 million in expenditures per month and any unspent funds will carry over to be utilized in subsequent months. The Company will recover these expenditures over a 10-year amortization period through the Company's Monthly Adjustment Clause.

The Con Edison Clean Heat Order also requires Con Edison to consider certain modifications to the Clean Heat program prior to re-opening the program to new applications. Modifications to the Clean Heat Program have been discussed with market participants and implemented, as appropriate, in consultation with DPS Staff. The Con Edison Clean Heat Order mandates that the Company consider modifications including increasing market visibility into Clean Heat project pipeline, updating Quality Assurance and Quality Control processes with a focus on pre-installation process including contractor education, more frequent and effective updates regarding program tracking and forecasting, and increasing communications with market participants regarding changes to the relaunched program, monthly budgets and pipeline of projects seeking funding via rebates.

On January 17, 2023, Con Edison ended the program pause and began accepting new applications for ASHP projects installed after that date under a modified incentive structure and program design for all residential ASHP and GSHP projects. Con Edison released a utility-specific Program Manual in January 2023 that details complete program rules and eligibility.

To better control for budgets, provide certainty regarding incentive availability, and foster fairness, Con Edison adopted Sectoral Allocations that distribute and cap approved funding across customer segments. Additionally, Con Edison created monthly allocations for residential contractors that reserve a pre-defined quantity of incentives for each contractor.

C. Orange & Rockland Chapter

This section describes the Orange and Rockland Utilities, Inc. (“O&R”)⁴⁰ heat pump program offerings under the statewide heat pump framework. These offerings are designed to serve O&R’s customer base while supporting attainment of the NYS Clean Heat Statewide Heat Pump target. The following describes O&R’s program characteristics, including, budgets, targets, EAMs, and marketing activities.

5.C.1 Budget and Targets

Table 4: O&R 2020-2025 Heat Pump Budgets and Targets⁴¹

		2020	2021	2022	2023	2024	2025	Total
O&R	Base Budget	\$1,236,326	\$1,973,311	\$2,397,539	\$2,828,131	\$3,164,633	\$3,403,947	\$15,003,887
	Base Target (MMBtu)	6,440	10,421	13,027	16,109	18,912	21,748	86,657

5.C.2 Marketing and Outreach

O&R’s marketing and outreach strategy includes a variety of printed and digital channels based on customer segment, contractor awareness and technology type. All program requirements, incentives and participation guidelines are included on the program heat pump webpages. The program team develops printed educational materials, including fact sheets highlighting technology benefits and point of purchase (“POP”) materials advertising instant discount incentives in big box retailers. O&R continues to create materials for direct mail

⁴⁰ O&R and Con Edison are utilizing the same implementation contractor and will share similar program designs. Any differences will be identified in this chapter.

⁴¹ MMBtu savings targets are based on estimated first-year site energy savings, which accounts for both the decreased fuel and the change in electricity consumed at the customer site.

campaigns (letters, post cards) to customers with a high propensity for heat pump adoption who have not recently participated in a previous heat pump program.

O&R continues to participate in regional community outreach events including home shows and conferences to promote heat pump incentives. O&R has also developed and published a Heating Comparison Calculator⁴² to the program website comparing the costs of fossil fuel technologies to electric heat pump alternatives.

O&R also engages the market through email, digital and social media campaigns. Emails are sent to eligible customers to promote incentive amounts and educate customers on eligible heat pump technology. Contractors and distributors also receive relevant program information via email in addition to direct mail options, website, webinars and in-person contractor events. Digital and social channels may include banner ads and social media ads/video clips on Instagram and Facebook platforms as well as paid search terms. Marketing efforts pursue opportunities to cobrand and collaborate with NYSERDA and other relevant stakeholders.

5.C.3 Earnings Adjustment Mechanisms

For O&R, its 2022-2024 Rate Case⁴³ includes one EAM for Environmentally Beneficial Electrification (“EBE”): Heat Pump Carbon Reduction Count Up. This EAM will measure the amount of carbon reduction from adoption of incremental heat pump technologies and building shell measures using the Company’s Clean Heat funds and installed in the Company’s service territory each year.

O&R will work with Staff and other stakeholders on the development of future appropriate EAM structures to encourage the adoption of heat pumps.

⁴² www.oru.com/en/save-money/estimate-your-energy-usage

⁴³ Case 21-E-0074, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Electric Service*, Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plans, issued April 14, 2022.

5.C.4 5.D.4 Coordination with Gas Constrained Areas and/or Non-Pipeline Alternatives

In some cases, heat pump technologies would be leveraged to address gas distribution or transmission system needs. Through a separate funding stream, O&R currently has a framework to implement Non-Pipes Alternative (“NPA”) program⁴⁴ to defer or eliminate the need for pipeline infrastructure projects. Future constraints and NPA’s may be addressed with heat pump solutions and will be developed on a case-by-case basis. Where applicable, customers within these project areas may receive additional “kicker” incentives for these technology types to promote program participation.

D. National Grid Chapter

This chapter provides information specific to Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid” or the “Company”) regarding its implementation of the NYS Clean Heat Program as described above in the CHIP. Included herein are National Grid’s program budgets and targets, marketing and outreach, EAMs, and coordination in gas-supply constrained areas.

5.D.1 Budgets & Targets

Table 5: National Grid (Niagara Mohawk) 2020-2025 Heat Pump Budgets and Targets⁴⁵

National Grid	2020	2021	2022	2023	2024	2025	2020-2025 Total
Base Budget	\$6,983,416	\$11,891,672	\$14,789,044	\$16,424,789	\$17,190,980	\$17,118,933	\$84,398,834
Base Target (MMBtu)	71,239	132,010	172,203	210,694	245,889	280,647	1,112,681

⁴⁴ See, Order: <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={9E4F3908-1FBC-4F49-AB00-FDFE18D5586F}>
 Attachments: <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={13CED81C-066E-48ED-A795-9D7300C4587F}>

⁴⁵ MMBtu savings targets are based on estimated first-year site energy savings, which accounts for both the decreased fuel and the change in electricity consumed at the customer site.

5.D.2 Coordination with Utilities in Neighboring Territories

National Grid coordinates with NYSEG/RG&E and Central Hudson in areas where the three companies share customers (*i.e.*, where one utility may be the gas service provider, and another, the electric service provider) to create consistency. National Grid, Central Hudson, and NYSEG/RG&E have the same Participating Contractor Reward structure (*i.e.*, the portion of the incentive contractors are able to retain). National Grid and NYSEG/RG&E aim to have the same incentive amounts across their territories. All Utilities are aligning on required data fields so that contractors using the online application portal for the NYS Clean Heat Program will experience consistency across utility territories. Electric Utilities work together where possible to create efficiencies in program operation and delivery.

5.D.3 Marketing and Outreach

National Grid works with the Electric Utilities and NYSERDA on awareness, education, and marketing as described above in Section 3. Consumer Education and Engagement. National Grid expects to continue its marketing partnership with NYSERDA by sharing costs on a co-branded customer campaign which will provide greater visibility and support education goals cost-effectively. National Grid also performs its own utility specific targeted marketing to its customers.

National Grid targets both customers and contractors to generate awareness, increase product education, and increase demand by broadly sharing program requirements, incentives and participation guidelines to encourage participation in the NYS Clean Heat Program. Additionally, the marketing and outreach strategy will also create materials for direct mail campaigns to customers with a high propensity for heat pump adoption.

Various marketing awareness tactics are being employed, including email, paid search and other digital channels, partnerships, and cross-promotional opportunities with relevant customer programs, including Home Energy Reports, online assessments, and the Company's online marketplace.

The Company leverages the NYS Clean Heat Program web pages to increase educational content and improve the web experience by offering customers relevant information on new technologies, as well as product and customer benefits.

Direct marketing efforts such as email and direct mail are key, particularly during shoulder seasons when customer attention to weather and savings is heightened.

5.D.4 Earnings Adjustment Mechanism

National Grid has an EAM active for program years 2021-2023 that applies to heat pump installations, which is known as the Building Electrification EAM, and is measured via a carbon metric. Heat pump technology is multiplied by fuel-based carbon factors to determine the total heating electrification carbon reduction. The Building Electrification EAM is compared against the minimum, mid, and maximum targets to determine the Company's earnings. The Company counts the MMBtu savings from all eligible equipment under the NYS Clean Heat Program toward that program's targets and will also count carbon savings toward the Building Electrification EAM from each eligible heat pump unit installed for any eligible customer type, using the pre-agreed upon carbon factor from the Niagara Mohawk Rate Case.

5.D.5 Coordination in Priority Electrification Areas

National Grid supports New York State carbon reduction goals by coordinating with Con Edison toward the installation of heat pumps in the Brooklyn Union Gas Company d/b/a National Grid (KEDNY) gas service territory.⁴⁶ National Grid coordinates with Con Edison to deliver a lead referral process for customers that are interested in alternative methods to gas heating and water heating and/or installing electric heat pump technologies.

In the KeySpan Gas East Corporation d/b/a National Grid ("KEDLI") gas service territory, National Grid supports New York State's carbon reduction goals by coordinating with PSEG Long Island to deliver a lead referral process for customers that are interested in alternative methods to gas heating and water heating and/or installing electric heat pump technologies.

National Grid coordinates with all other gas utilities in priority electrification areas of its electric service territory, as defined in the Program Manual, to support the installation of electric heat pump technologies to help alleviate the reliance on gas supply. New or modified incentive

⁴⁶ See, NENY Proceeding, 2020 NENY Order, pg. 57-58.

offerings to support customers in priority electrification gas-constrained areas shall be included in future versions of the Program Manual.

E. NYSEG and RG&E Chapter

This chapter provides information specific New York State Electric & Gas (“NYSEG”) and Rochester Gas & Electric (“RG&E”) (together and collectively, the “Companies,”) under the NYS Clean Heat Program, including program budgets and targets and program marketing and outreach.

5.E.1 Budgets and Targets

Table 6: NYSEG 2020-2025 Heat Pump Budgets and Targets⁴⁷

	2020	2021	2022	2023	2024	2025	2020-2025 Total
Base Budget	\$6,204,522	\$10,605,014	\$13,173,160	\$14,628,326	\$15,300,267	\$15,219,288	\$75,130,577
Base Target (MMBtu)	63,614	117,911	153,328	187,944	219,558	250,383	992,737

Table 2: RG&E 2020-2025 Heat Pump Budgets and Targets

	2020	2021	2022	2023	2024	2025	2020-2025 Total
Base Budget	\$747,986	\$1,278,915	\$1,611,466	\$1,799,548	\$1,900,472	\$1,909,389	\$9,247,775
Base Target (MMBtu)	7,541	14,206	18,304	22,468	26,422	30,282	119,223

5.E.2 Coordination with Utilities in Neighboring Territories

⁴⁷ MMBtu savings targets are based on estimated first-year site energy savings, which accounts for both the decreased fuel and the change in electricity consumed at the customer site

NYSEG and RG&E coordinates with National Grid and Central Hudson in areas where the three companies share customers (i.e., where one utility may be the gas service provider, and another, the electric service provider) to create consistency. National Grid, Central Hudson, and NYSEG/RG&E maintain the same Participating Contractor Reward structure (i.e., the portion of the incentive contractors are able to retain). NYSEG/RG&E and National Grid align incentives where possible.

5.E.3 Marketing and Outreach

The marketing plan outlines strategies for customer awareness expansion and heat pump technology adoption for space conditioning and water heating. The marketing effort has several key features:

Focus on Maximizing the Benefits of Heating with Heat Pumps: As described in the body of this Plan and working in collaboration with NYSERDA and other utilities, the Companies' marketing efforts include a focus on the environmental benefits of heat pumps, in addition to the economic benefits, when they are used effectively for heating. This effort includes, but is not limited to:

Market channel focus: The fact that heat pump technology is broadly applicable across the major market sectors (residential, multifamily, small commercial and large commercial and industrial) presents special challenges for building customer awareness. It is important to clearly educate customers about the specific heat pump technologies that are appropriate for the buildings in which they live or work. Marketing materials therefore need to help customers navigate the options that are available to them. Marketing tactics and materials help break these options down and, importantly, direct customers to get in touch with a participating contractor to learn more.

Leverage NYSERDA and Other JU Marketing Resources: The Companies and their implementation contractor continue to leverage the marketing resources of NYSERDA and the other utilities to harmonize customer outreach and education messaging and leverage resources in the development of website content, program collateral, and marketing tactics. This approach more cost-effectively utilizes Company budgets and increases the effectiveness of marketing campaigns conducted both by the Companies and by neighboring utilities. In addition, the Companies collaborate with NYSERDA and Participating Contractors to access NYSERDA

cooperative advertising support, subject to adherence to mutually developed advertising branding and messaging guidelines and requirements.

Focus on Contractor Education: Because program success relies on a well-educated and motivated contractor network, the Companies in coordination with the Joint Efficiency Providers, continue to emphasize effective contractor training and education. This includes materials to help contractors effectively sell full-load heat pump systems, as well as strong communications to make contractors aware of training being provided by NYSERDA, manufacturers, distributors, or third-party training providers.

5.E.4 Coordination in Gas-Supply Constrained Areas

The Companies coordinate market channel and stakeholder outreach in gas supply-constrained areas of their respective electric service territories to support the installation of electric heat pump technologies to help alleviate gas supply-constraints. The Companies may also consider an enhanced incentive for heat pump installations in these gas-supply constrained areas. Any new or modified Clean Heat incentive offerings to support customers in gas-constrained areas shall be included in future versions of the Program Manual.

Dated: September 1, 2023

Respectfully submitted,

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Appendix 1: NYS Clean Heat Market Development Plan

Overview of NYSERDA’s Marketing-Enabling Initiatives for Building Electrification

In the 2020 NENY Order, NYSERDA was directed to “complement utility [heat pump] programs with meaningful market-enabling development of workforce, supply chain, and consumer demand.”⁴⁸ Consistent with this directive NYSERDA has developed a portfolio of market-enabling initiatives, which are funded through the Clean Energy Fund (“CEF”) and are described in this appendix as the “NYS Clean Heat Market Development Plan.” Additional information can be found in the referenced CEF 2022 CIP.⁴⁹

Across its component initiatives, the NYS Clean Heat Market Development Plan aims to build market capacity to deliver building electrification solutions – including cold climate air-source heat pumps (cold climate ASHP), water- and ground-source heat pumps (GSHP), and heat pump water heaters – in order to meet the following central goals by 2025:

- Help achieve the New York’s energy savings goals from the installation of heat pumps.
- Increase the pool of skilled labor needed to grow a quality-oriented industry, training 14,000 workers across the heat pump supply chain, including 4,200 workers to sell, design, and install systems.
- Reduce the cost of heat pump installations by at least 25%.
- Increase stocking of heat pumps by 50% above 2019 industry shipments and increase penetration of high-performance cold climate heat pumps to 90% of all heat pumps shipped for space conditioning in New York.

The Market Development Plan is designed to address critical barriers and market needs, as outlined in Table 1. Specific initiatives and target outcomes are described below.

⁴⁸ NENY Proceeding, 2020 NENY Order, p. 4.

⁴⁹ CEF Proceeding, 2022 CIP.

Table 1. NYS Clean Heat Market Development Plan (updated as of the August 1, 2023 CIP)

Critical Market Need	Total Funding	Initiative	Budget
Train and Develop the Needed Clean Heating and Building Electrification Workforce	\$38.2	Workforce Development	\$38.2
Build Consumer Demand and Market Confidence and Reduce Customer Acquisition Costs	\$69.3	Marketing	\$26.1
		Community Campaigns *	\$10.0
		Critical Tools	\$4.5
		Technical Assistance	\$28.8
Drive Performance Improvements, Reduce Cost, and Deliver New Economic Solutions through Technology Innovation and Demonstrations	\$104.3	Thermal Energy Networks	\$30.7
		HVAC Technology Challenges	\$40.3
		Empire Building Challenge	\$15.0
		Multifamily Building Demonstrations	\$18.3
Make Electrification Solutions Available for LMI Consumers	\$30.0	LMI	\$30.0
Make Products Available When and Where Consumers Need Them by Building the Clean Heat Supply Chain	\$12.2	Supply Chain **	\$12.2
Minimize Winter Electrical Peak by Investing in Demand Reducing "Heat-Pump Ready" Solutions	\$22.7	Comfort Home	\$22.7
Develop a Long-Term Building Electrification Roadmap to Guide the Transformation of How New Yorker's Heat and Cool Their Buildings	\$1.0	Building Electrification Roadmap	\$1.0
<i>Sub-Total (representing the Heat Pump Phase 2 (2020) elements of the overall NYS Clean Heat effort)</i>			\$105.2
TOTAL (representing totality of NYSEERDA's Investments in the NYS Clean Heat Market Development Plan)			\$277.8

* Includes funding through initiatives Clean Energy Communities (\$3M) and Regional Clean Energy Hubs (\$6M)

** Pre-investment strategy development supported by Market Characterization & Design initiative (\$0.2M)

Note: As of September 1, 2023, NYSEERDA has not received NYS Department of Public Service approval for these revised budget allocations identified in the August 1, 2023, CIP filing.

1. TRAIN AND DEVELOP THE NEEDED CLEAN HEATING AND BUILDING ELECTRIFICATION WORKFORCE

Objective: Train and develop the skilled labor needed to grow the nascent heat pump industry alongside market demand, providing jobs and career pathways for New Yorkers and upskilling existing workers

Overview: NYSERDA’s workforce development and training strategy targets high growth or high need sectors and works in partnership with clean energy employers, in order to deliver the skills needed by employers and to support job placement. Consistent with this strategic approach, NYSERDA is increasing its workforce training investments to advance New York’s building electrification and energy efficiency goals, specifically through its Talent Pipeline and Building Operations and Maintenance (“O&M”) Industry Partnership workforce initiatives.⁵⁰

This targets the clean heat and building electrification workforce, and addresses critical workforce development needs for heat pump installers, drillers, technical sales staff, architects and engineers, building operators, and new market entrants. This investment focuses on developing the necessary skills and hands-on experience to enable current and future workers to deliver building electrification solutions to meet New York’s growing needs for a low-carbon building stock.

Key activities:

- Prioritize support for populations including veterans, low-income individuals, formerly incarcerated individuals, and former power plant workers and other displaced workers – to support disadvantaged workers and a just transition to a clean energy economy.
- In collaboration with utilities, provide targeted training to address workforce needs related to the NYS Clean Heat incentive program, including training needs identified through Field Assessments quality assurance (“QA”) inspections, evaluations, and customer and contractor feedback.
- Enhance HVAC and heat pump curriculum, provide training equipment, train trainers, support degree, apprenticeships and certificate programs, and develop more hands-on and on-site training to meet the skills and job placement needs of clean energy employers. Focal areas for heat pump training include support for manufacturer-sponsored installation training for cold climate ASHPs that includes a cold climate sizing and design focus, applying Manual J procedures to perform residential load calculations, design of complex systems in large buildings, integrated controls, and technical sales.
- Provide community-based training and cooperative training with industry/manufacturers that meets regional needs for heat pump and other clean energy labor, delivering low-and no-cost training to critical links in the supply chain (e.g., installers and sales staff, architects, engineers, and municipal officials).
- Provide businesses with wage support for on-the-job training for new hires, including enhanced wage support for disadvantaged workers and for businesses that install heat pumps.

⁵⁰ <https://www.nyserdan.y.gov/all-programs/clean-energy-workforce-development>

- Pursue partnerships with owners of buildings (or portfolios of buildings) that have large energy expenditures to advance the skills of their building operations and maintenance workers.
- Develop career pathways in HVAC and heat pumps for disadvantaged workers, training new workers through partnerships with educational and training institutions and the trades. Initiatives include classroom- and hands-on training, internships, apprenticeships, and job placement, with requirements to work with low- and moderate-income individuals, women, people of color, veterans, disconnected youth, and individuals in Environmental Justice communities.

Target market impacts: Working in partnership with businesses, training institutions, utilities and communities, this investment provides building electrification training support for 4,200 heat pump installers; 2,700 entry level jobs for priority populations; 5,500 architects, engineers, college students and other technicians; and 1,600 workers trained in heat pump system O&M practices – helping meet the labor needs associated with the state’s 2025 heat pump target and positioning vocational and training institutions to support the long-term transformation of the way New Yorkers heat and cool buildings.

For more information, see Section 1 of the NYSERDA 2022 CIP which addresses Workforce Development and Training.⁵¹

2. BUILD CONSUMER DEMAND AND MARKET CONFIDENCE AND REDUCE CUSTOMER ACQUISITION COSTS

Objective: Build consumer demand for and market confidence in heat pumps, and reduce customer acquisition costs for installations, by providing consumer education, community engagement, and timely decision-quality information.

NYSERDA is undertaking multiple complementary initiatives to meet this market-enablement need.

2.1. NYSERDA is supporting consumer awareness and lead generation via two marketing initiatives: NYSERDA and Utility Co-branded Marketing and NYSERDA and Contractor Co-op Marketing. The objective of these marketing efforts is to increase New Yorkers’ awareness of heat pumps as an option for heating and cooling homes and businesses, improve consumer perceptions, and increase demand and reduce customer acquisition costs for heat pump installations and energy efficiency projects.

Overview: NYSERDA and utility co-branded marketing activities provide customers with a trusted source of information before and during their decision to purchase. NYSERDA also enhances its cooperative (“co-op”) advertising activities with clean heating and cooling industry partners to enable contractors participating in New York State’s heat pump programs to market to grow their business and build market demand.

⁵¹ CEF Proceeding, 2022 CIP.

Key activities:

- Develop a central online landing environment for NYS Clean Heat that serves as a resource for the customer, segment the customer's offers based on their utility company and geography, and drive to qualified contractor listings.
- Co-brand heat pump outreach and awareness campaigns with the utilities, to leverage the name recognition of both the utilities and NYSERDA and drive market uptake.
- Support marketing campaigns that target customers who have a higher propensity to adopt clean heating and cooling technologies, including broad-based marketing to targeted geographies, hyper-targeting customers based on characteristics of their home and heating fuel, or reaching customers who are actively searching to replace their HVAC equipment.
- Continue co-op advertising, which offers clean heating and cooling industry partners marketing funds and materials; planned enhancements include templated ads, opt-in opportunities, and re-targeting.
- Coordinate with trade allies (including manufacturers, distributors, contractors) and community groups to maximize reach and frequency in advertising and deliver a consistent message regarding the benefits of cold climate heat pumps.
- Deliver in concert with community campaigns (described below) to maximize impact.
- Test and refine marketing approach, messages and effectiveness throughout.

2.2. NYSERDA is pursuing Community Campaigns with the objective to provide support to communities and local groups to stimulate adoption of heat pump technologies along with building envelope solutions, while leveraging local labor and facilitating soft cost reduction.

Overview: Community-led campaigns help move customers from intent to purchase. Through Clean Heating and Cooling community campaigns, NYSERDA supports communities in implementing multi-year campaigns that help homes and businesses in the same area install heat pump technologies through locally organized community outreach. These campaigns are similar to the *Solarize* campaigns which have become common across the region. Campaigns can select an installer competitively and negotiate to reduce installation costs.

Key activities:

- Continue, extend, and expand existing Clean Heating and Cooling community campaign activity.
- Expand NYSERDA's comprehensive toolkit of materials and leverage complementary resources and technical assistance that NYSERDA's Clean Energy Communities program offers to local governments.
- Explore additional aggregation strategies such as via buying groups, community organizing groups, affinity groups, homeowners' associations, and developers.
- Target marketing in communities with campaigns and leverage data on enrollees to increase effectiveness.

2.3. NYSERDA is developing and publishing Critical Studies, Tools, and User Guides for contractors and consumers, with the objective to address market concerns or barriers and to make it easier for consumers to adopt clean heat solutions.⁵²

Overview: NYSERDA is developing resources that range from market analysis to user guides.

Key activities:

- Develop user-friendly resources to aid consumers in their decision-making and contractors in adopting good industry practices, including the identification of standardized heat pump packages for common building types in New York State, tools to support good practice heat pump design and selection, and a prioritization tool for energy efficiency investments.
- Provide assistance to the market and utilities in developing appropriate quality assurance and quality control protocols for heat pump deployment programs to improve customer satisfaction and build customer confidence in this nascent market.
- Conduct market research and analysis to address critical market challenges (e.g., refrigerant management); to assess potential impacts as markets shift and new challenges emerge; and to support the evolution of the statewide heat pump program framework.

2.4. NYSERDA is offering Technical Assistance and Audits with the objective to build customer confidence and provide consumers with decision-quality information to enable uptake of energy efficiency and heat pumps.

Overview: NYSERDA is leveraging technical services to provide guidance and direction to building owners to make investments in building electrification and clean heating and cooling technologies.

Key activities:

- Support 1,000 large building electrification screening studies and 300 site-specific technical assessments for commercial and multifamily buildings, through the FlexTech Program.⁵³
- Expand large building screening program to natural gas constrained areas as needed.
- Invest in outreach/concierge resources to focus on large portfolio companies.
- Support 112,000 residential energy audits, through the Green Jobs – Green New York Residential Audit Program.⁵⁴

⁵² <https://www.nyserderda.ny.gov/All-Programs/Heat-Pump-Program/Heat-Pump-Planner>

⁵³ NYSERDA's Flexible Technical Assistance (FlexTech) Program shares the cost to produce an objective, site-specific, and targeted study on how best to implement clean energy and/or energy efficiency technologies. See: www.nyserderda.ny.gov/flextech.

⁵⁴ For one-to-four family homes, NYSERDA offers a no cost home energy audit conducted by participating residential auditors. See: <https://www.nyserderda.ny.gov/researchers-and-policymakers/green-jobs-green-new-york>

Target market impacts: Across the suite of initiatives focused on building consumer demand and market confidence, NYSERDA has defined impacts by major market segment.

For commercial and multifamily buildings, NYSERDA will provide 1,300 building owners with reliable information and will complete building electrification feasibility studies with the 20 largest property owners in the state, ultimately driving heat pump installations in a target of 325 large buildings.

For the one-to-four unit residential sector, NYSERDA's marketing and engagement activities will generate one million leads and NYSERDA will complete 112,000 audits targeting electrification, helping to support 100,000 residential heat pump installations by 2025. NYSERDA estimates that enabling streamlined field and administrative procedures and novel customer targeting and sales approaches will reduce the customer acquisition costs experienced by contractors by \$28 million through 2025. In time, engaging communities and raising consumer awareness will drive more clean energy actions and local clean energy policies.

For more information on these initiatives see the 2022 CIP.⁵⁵

3. DRIVE PERFORMANCE IMPROVEMENTS, REDUCE COST, AND DELIVER NEW ECONOMIC SOLUTIONS THROUGH TECHNOLOGY INNOVATION AND DEMONSTRATIONS

Objective: Invest in technology innovation and demonstrations to develop, demonstrate, and de-risk building electrification solutions that can deliver better performance, cost reduction, and new economic solutions for a wider range of building types.

NYSERDA is investing in several initiatives to develop next generation technologies and business models, with milestones and impacts defined for each initiative.

3.1. NYSERDA's Community Heat Pump Systems initiative⁵⁶ tests and demonstrates potentially scalable models for clean thermal district systems that leverage economy-of-scale or Energy-as-a-Service (EaaS) models at new and redevelopment sites (e.g., campuses, downtown corridors).

Overview: A clean thermal district heating and cooling system includes a network of underground water pipes delivering either thermal-source/sink services used by heat pumps installed in many buildings, or hot/chilled-water services used by heat exchangers installed in many buildings. NYSERDA is helping to develop and demonstrate clean thermal district systems and related business models that can drive cost reductions and make ground-source heat pumps accessible for more customers.

Key activities:

⁵⁵ CEF Proceeding, 2022 CIP.

⁵⁶ <https://www.nysERDA.ny.gov/all-programs/community-heat-pump-systems>

- Provide technical assistance (for scoping) to fund initial scoping, pre-development and environmental impact studies. Scoping studies are expected to identify anchor customers, appropriate heat sources/sinks, and opportunities to dovetail with other major construction projects on the horizon. Studies may characterize issues regarding rights-of-way or create a request for proposals to recruit additional experts for the next steps of detailed design.
- Provide technical assistance (for design) to cost-share detailed design work that develops cost estimates and a financial plan for the proposed system; develop draft agreements with customers, including the customer billing structure; and produce schematic drawings of major equipment and systems.
- Provide installation incentives (for construction) to competitively selected clean thermal district demonstration projects, providing “gap” funding to enable construction. Where applicable, NYSERDA works with the Electric Utilities, the Long Island Power Authority (“LIPA”), and the New York Power Authority (“NYPA”) on clean thermal district systems. NYSERDA coordinates with the utilities on potential projects to both share insights as well as to optimize the allocation of ratepayer funding towards heat pump activities.
- Advance related outreach, tools, and training

Target market impacts: NYSERDA will support 20 scoping studies (2021), 8 detailed design studies (2022), and the launch of 2 demonstration projects (2023). This investment will demonstrate viable business models (e.g., thermal Energy as a Service unlocks accessibility/affordability for more customers) and identify and target systemic frictions in the development of clean thermal district systems.

3.2. NYSERDA’s NextGen HVAC initiative⁵⁷ focuses on heating, cooling and ventilation (HVAC) in buildings, with the objective to develop, demonstrate, commercialize, and de-risk solutions that can deliver better performance and cost reductions.

Overview: Activities under NextGen HVAC are coordinated with the other identified building electrification initiatives. This program works with commercial/residential property owners to define technical needs and performance specifications, engages the industry and innovation community to deliver or tailor products to meet New York building needs, supports cost-shared demonstrations of innovative solutions in New York, and leverages opportunities to grow the green economy in New York through industry and university partnerships, investor community engagements, and international partnerships.

Key activities:

- Determine technology performance and cost needs for technologies including building electrification technologies, seeking market intelligence to understand thresholds that are likely to drive adoption.

⁵⁷ <https://www.nyserderda.ny.gov/All-Programs/Advanced-Buildings>

- Invest in technology development through competitive “innovation challenges” focusing on opportunity areas including: increasing the output temperature for air-to-water cold climate heat pumps to facilitate reducing the cost of replacing hydronic heating systems, exploring distributed HVAC solutions to reduce distribution losses, advancing peak-reducing thermal storage solutions combined with advanced controls, and technology development for early detection of refrigerant losses and to support the adoption of low Global Warming Potential (GWP) refrigerants.
- Support technology demonstration/validation efforts to test innovations in real-world buildings.
- Provide tech to market support to technology developers to help drive the commercialization of new innovations, specifically to help early-stage companies navigate the typical channels to market for buildings technologies (e.g., via introductions to key decision makers).

Target market impacts: This investment supports new commercially available heat pump systems that offer higher performance, lower cost, and needed solutions, such as for: cold climate or package terminal applications, cost-effective retrofits for existing hydronic heating systems, integration with thermal storage, and lower global warming potential refrigerants.

- 3.3. Through the Empire Building Challenge⁵⁸ and Multifamily Building Demonstrations,⁵⁹ NYSERDA accelerates private sector investment in low carbon retrofits for large, commercial and multifamily buildings – with building electrification as a focal solution – and builds market confidence in their value proposition.

Overview: There are limited examples of buildings in climates similar to New York that have conducted retrofits that deliver significant carbon reduction. NYSERDA partners with owners of large commercial and multifamily buildings to support cost-shared demonstration of low carbon retrofit solutions in these buildings in New York.

Key activities:

- Convene real estate portfolio owners to develop a shared definition of “carbon neutral” for buildings and to partner with NYSERDA toward achieving this goal.
- Compile and publish market data that provides OEMs better visibility on the needs and market potential for low carbon solutions for buildings.
- Support cost-shared demonstration projects of low carbon retrofit solutions in buildings, competitively selecting projects that show the building owner’s commitment and strong potential for replicability, carbon reduction, and cost effectiveness.
- Where applicable, NYSERDA works with the Electric Utilities and LIPA on commercial and multifamily buildings. NYSERDA coordinates with the utilities on potential projects

⁵⁸ <https://www.nysesda.ny.gov/All-Programs/Empire-Building-Challenge>

⁵⁹ <https://www.nysesda.ny.gov/All-Programs/Multifamily-Building-Programs>

to both share insights as well as to optimize the allocation of ratepayer funding towards heat pump activities.

- Measure the impact of demonstration projects, assess outcomes, and determine how learnings could be applied.

Target market impacts: NYSERDA will establish partnerships with ten portfolio owners (representing over 100 million square feet of commercial and multifamily real estate) that make public commitments to achieve carbon neutral buildings by 2035 and will fund six retrofit projects that demonstrate replicable and scalable approaches to achieving low carbon buildings.

3.4. Exploratory Cost Reduction Strategies

Overview: NYSERDA supports additional cost reduction efforts to be scoped in the future, informed by learnings from the Building Electrification Roadmap and other investigative work.

For more information on these initiatives see the 2022 CIP.⁶⁰

4. MAKE ELECTRIFICATION SOLUTIONS AVAILABLE FOR LMI CONSUMERS

Objective: Support the development of electrification solutions for the LMI market segment by addressing institutional barriers to adoption while maintaining or improving energy affordability.

Overview: The LMI market segment consists of nearly half of the occupied housing units in New York State. Realizing the goal of a low-carbon future will require that solutions for electrifying these homes while addressing energy affordability, institutional barriers unique to affordable housing, and consumer protections be developed and scaled. NYSERDA invests in research and analysis, demonstrations, targeted incentives, and consumer education to inform the long-term LMI electrification strategy in New York State. As the broader set of electrification strategies contained in the NYS Clean Heat Market Development plan develops the market for building electrification strategies, this investment will inform program modifications, policy, and consumer protections necessary to better address the needs of the LMI consumers and building owners.

Key activities:

- Develop best practices for utilizing heat pumps for space conditioning and water heating for common LMI building types. Related research and analysis will assess challenges associated with older housing stock such as structural deficiencies and insufficient electric service; examine market, policy, and institutional barriers in the areas of energy and affordable housing to mitigate cost shifts associated with electrification; identify use

⁶⁰ CEF Proceeding, 2022 CIP.

cases that provide the most benefits to LMI consumers; and identify necessary consumer protections.

- Through demonstrations and pilots, identify replicable models for heat pump deployment in affordable multifamily and single-family buildings. Possible examples include developing a model for delivering heat pumps while improving energy affordability, developing a retrofit prototype for manufactured housing, and pilot aggregation strategies. Replication will be supported through the development of playbooks that provide guidance on implementing successful models for electrification and targeting large portfolio owners and property managers with heat pump solutions.
- Engage market participants such as building owners, property managers, installers, and manufacturers to identify early-stage opportunities for such demonstrations and pilots.
- Provide short-term, targeted incentives to offset the cost of heat pump solutions for LMI consumers and building owners where there is a clear energy affordability benefit, such as in the displacement of deliverable fuels. The development and implementation of LMI incentives will be done in collaboration with the utilities. Additional financial support for heat pump installations in the LMI market segment will be conditioned on minimum building performance thresholds.
- Educate LMI consumers who install heat pumps on how to operate and maintain the system, and coordinate consumer education across direct outreach and the communication channels of utilities, state agencies, local government, and community-based organizations.

Target market impacts Through this investment, NYSERDA will develop a foundation for heat pump deployment in the LMI market segment and inform longer-term utility investment. Targeted incentives and demonstrations will directly support heat pump installations in over 7,500 LMI housing units. To catalyze replication of successful demonstrations, NYSERDA will make specifications and playbooks available for heat pump installation that maximizes energy affordability for LMI consumers and in affordable housing; and NYSERDA will publish data on cost, performance, and energy affordability impacts to improve market confidence. NYSERDA also will help advance policy change in the energy and affordable housing realms to enable the adoption of heat pumps while addressing energy affordability.

5. MAKE PRODUCTS AVAILABLE WHEN AND WHERE CONSUMERS NEED THEM BY BUILDING THE CLEAN HEAT SUPPLY CHAIN

Objective: Draw a larger pool of companies across the supply chain into business activities that make clean heating products and solutions available when and where consumers need them, support and accelerate heat pump adoption, and enable wide-scale deployment statewide.

Overview: NYSERDA's Clean Heat Supply Chain Development initiative expands on ongoing work to engage additional companies across the supply chain in providing clean heating solutions.

Key activities:

- Conduct regional roundtables with distributors, vendors, and OEMs to define and describe the value proposition to the market through “value maps” and “market maps.”
- Build and support the activities of a network of trade allies to support the technical transfer and dissemination of training, tools, and resources to a wide range of contractor markets.
- Provide business development support and technical resources to help companies transition to building electrification solutions, focusing first on larger HVAC companies (25+ employees).
- Support improvements to stocking practices and explore midstream interventions in coordination with utilities. NYSERDA gathers best practices from the utilities, such as Con Edison, that are currently offering midstream incentives and have established relationships with distributors.

Target market impacts: NYSERDA’s investments will support 200 businesses across the supply chain by providing training, tools, technical support, and business development assistance; secure partnerships with midstream and upstream market actors whose businesses represent at least 80% of heating equipment sales statewide; and increase mid-stream and upstream stocking of clean heating technologies by 50% above 2019 HARDI shipment data for New York State.

For more information, see the CEF *Clean Heating and Cooling Chapter*.⁶¹

6. MINIMIZE WINTER ELECTRICAL PEAK BY INVESTING IN DEMAND REDUCING “HEAT-PUMP READY” SOLUTIONS

Objective: Build markets for “heat-pump ready” services that provide consumers with improvements in building envelopes (through air sealing, insulation, and windows) to accompany new heat pump solutions, to reduce thermal load and peak energy demands.

Overview: NYSERDA’s Comfort Home initiative⁶² builds markets for “seal and insulate” services in conjunction with heat pump adoption, enabling consumers to save money on HVAC equipment, reduce monthly bills, and create a more comfortable living environment – while reducing peak electricity demands.

Key activities:

- Develop and deliver simple packages (starting with air sealing/insulation/windows solutions, and potentially expanding as needed) that can reduce customer acquisition costs and deliver more value. Potential expansions could include standardized electrical panel upgrades and solutions for overcoming commonly occurring weatherization barriers.

⁶¹ <https://www.nyserderda.ny.gov/cef>

⁶² <https://www.nyserderda.ny.gov/All-Programs/Comfort-Home-Program>

- Support new business models (e.g., product-based sales of seal and insulate packages) and enable more contractors to offer this service (e.g., develop contractor resource network, provide customer targeting tools and referrals).
- Provide incentives for standardized packages of building envelope measures that improve home comfort and reduce thermal load in approximately 10,000 homes.
- Coordinate with utilities to provide additional “kicker” incentives to promote rapid adoption of heat pump technology following the installation of envelope improvements and to transition to offering combined envelope and heat pump incentives. NYSERDA coordinates with utilities that are already offering or considering future weatherization program offers and seek to align these offers to avoid market confusion. NYSERDA provides insights acquired from Comfort Home to support or augment any existing or future utility offering.

Target market impacts: NYSERDA’s investment in the Comfort Home program will serve 10,000 households, enroll 70 contractors to offer the heat-pump ready services statewide, reduce contractor average sales cycle times for the packaged measures by 50% relative to traditional home performance approaches, and increase heat pump sales close rates for participating HVAC contractors by 20%.

For more information, see the 2022 CIP.⁶³

7. LONG-TERM BUILDING ELECTRIFICATION ROADMAP TO GUIDE THE TRANSFORMATION OF HOW NEW YORKERS HEAT AND COOL THEIR BUILDINGS

Objective: Develop a policy and program framework that can be advanced in New York State to enable energy efficient and cost-effective building electrification for consumers, consistent with the state’s low-carbon future.

Overview: In January 2020, NYSERDA launched a Building Electrification Roadmap process as a companion to the ongoing development of a Carbon Neutral Buildings Roadmap for the State.

Key activities:

- Support a comprehensive analysis of technology and market readiness for efficient electric heat pump solutions by building type.
- Develop a roadmap for advancement of the technical and business model solutions and the policy supports necessary to transform how New York consumers heat and cool buildings.
- Engage industry experts and stakeholders to ensure relevant, informed, and market- and customer-oriented work.
- Model scenarios for achievable market uptake, energy savings, and greenhouse gas emissions reductions from efficient electric heat pumps through 2030.

⁶³ CEF Proceeding, 2022 CIP.

- Use analysis to guide policy and program interventions, including the refinement of NYS Clean Heat initiatives. Opportunities to refine the market development work include identifying and expanding high-potential building typologies to target for support; identifying building use cases that displace gas heating to target for support; informing investments in technology innovation and demonstrations; and developing additional cost-reduction strategies.

Target market impacts: Through the roadmap analysis and stakeholder engagement, NYSERDA will characterize for each major building typology in New York State a path to develop and scale building electrification solutions that are cost-effective and attractive to building decision makers. NYSERDA will identify public policies and investments that are needed to support the development of a robust 2030 market for these solutions with greater speed, efficiency, and certainty.

These NYS Clean Heat Market Development Plan initiatives will be complemented by the suite of energy efficiency initiatives currently offered by NYSERDA under the Clean Energy Fund including: LMI programs, New Construction programs (supporting net zero new construction), Retrofit NY (developing scalable models for renovating existing buildings to achieve deep carbon reductions), Clean Energy Communities (leveraging local engagement and helping localities achieve their energy goals), the Commercial & Industrial Carbon Challenge (helping business to achieve their carbon goals), Energy Management for commercial and multifamily buildings, and assistance for Schools and Universities – all driving at decarbonizing buildings, leveraging market partnerships, and delivering value

Appendix 2: Verified Gross Savings Specifications for NYS Clean Heat Statewide Heat Pump Program

Verified Gross Savings Specifications	
Date of Filing	NYS Clean Heat Statewide Heat Pump Program Implementation Plan December 9, 2022, Case 18-M-0084
Program Name	NYS Clean Heat Statewide Heat Pump Program
Program Period	The NYS Clean Heat Statewide Heat Pump Program has been offered since 2020.
Program Description	The NYS Clean Heat Statewide Heat Pump Program incentivizes residential, multifamily, small commercial, and Large Commercial and Industrial customers to invest in high-efficiency air and ground source heat pump systems that provide heating. The Electric Utilities administer incentive programs for electric heat pump equipment and NYSERDA administers market development programs. This specification applies to the utility-administered incentive programs.
Gross Savings Methodology	<p>Program savings are expected to be realized and reported on scorecards as MWh Annual Electricity Savings, MWh Annual Electricity Usage, and MMBtu Annual Natural Gas Savings.</p> <p>Gross savings for heat pump installations installed in Designated Utility territories are determined using the current filed version of the Technical Resource Manual (“TRM”)⁶⁴ which describes the prescriptive approach and algorithms for estimating energy savings for technologies that are eligible for NYS Clean Heat incentives, for either residential or small commercial applications. For multiple-unit or other configurations not covered by the TRM, or for larger or custom systems, the Designated Utilities perform custom analyses to determine savings, consistent with the approaches outlined for custom measures in the TRM. Con Edison will be determining savings based on a combination of TRM prescriptive approaches, deemed savings methodologies, and custom calculations depending on the customer segment and system type Con Edison has developed a deemed savings methodology for ASHP residential and multifamily projects under 30 units.</p>

⁶⁴ Technical Resource Manual (TRM) (ny.gov)
<https://www3.dps.ny.gov/W/PSCWeb.nsf/ArticlesByCategory/72C23DECF52920A85257F1100671BDD#:~:text=The%20New%20York%20Standard%20Approach%20for%20Estimating%20Energy,savings%20across%20New%20York%20State%E2%80%99s%20energy%20efficiency%20programs.>

	<p>Con Edison is working towards detailing the deemed savings approaches in the TRM.</p> <p>The Designated Utilities maintain program integrity through the Field Assessment processes consisting of routine and systematic assessment activities to support quality installations and assure that Participating Contractors comply with Program rules as described in the New York State Clean Heat Statewide Heat Pump Program Quality Policies and Procedures Manual.</p> <p>Con Edison will implement a quality assurance protocol which will utilize site inspections to confirm heat pump installations meet established standards and requirements as described in the Con Edison Program Manual. The Con Edison protocol will focus on establishing program controls to enhance oversight of Participating Contractors, provide for quality heat pump installations, and monitor program processes and performance.</p>
Realization Rate (RR)	No RR has been determined for this program within the preceding five-year time frame.
Planned VGS Approach	<p>The Joint Efficiency Providers are committed to contributing and participating in the statewide Technical Study of NYS Heat Pump Performance.</p> <p>The Joint Efficiency Providers will determine an appropriate schedule for future NYS Clean Heat Statewide Heat Pump Program Gross Savings Analysis and incorporate details into a future Implementation Plan filing.</p>
Exemption from EAM Status	Heat Pump programs will exercise the option for exemption from the application of the realization rate determined through the verified gross savings process, for purpose of energy efficiency-related EAM savings claims, allowed under CE-08: Gross Savings Verification Guidance. The Joint Efficiency Providers anticipate revisiting the option for exemption following the completion of the Interim Review. ⁶⁵

⁶⁵ NENY Proceeding, 2020 NENY Order, page 55 footnote 40.

Appendix 3: NYS Clean Heat Program - Glossary of Terms

This glossary provides definitions of key terms used in the NYS Clean Heat Implementation Plan and Program Manual.

Air-Conditioning, Heating, and Refrigeration Institute (AHRI): A trade association representing manufacturers of heating, ventilation, air-conditioning, refrigeration, and water heating equipment. AHRI provides the database of equipment performance specifications, which is used in this program to determine the incentive amount.

Air Source Heat Pump (ASHP): An HVAC system that provides space heating using electricity through vapor-compression refrigeration cycle. An ASHP extracts heat from outdoor air and transfers the extracted heat into the conditioned spaces via various means. ASHPs are also used to provide space cooling by reversing the cycle to extract heat from a building and transfer the heat to the outside air.

Btu/h: Unit of thermal power capacity that represents one British Thermal Unit (Btu) of energy transferred per hour.

Building Cooling Load (BCL): Building total sensible and latent heat gain in British Thermal Units per hour (Btu/h). For residential buildings, BCL shall be calculated using ACCA Manual J or another code-approved methodology. For commercial buildings, BHL shall be calculated following ANSI/ASHRAE/ACCA Standard 183-2007 (RA2017), or other code-approved equivalent computational procedure. Calculation of the building's design cooling load shall be at the 1% dry bulb cooling design temperature for the most relevant ACCA location.

Building Equivalent Full Load Hours (BEFLH): is used for the estimation of heating and cooling savings from heat pump systems, based on building type and location. It represents the equivalent full load operating hours for HVAC equipment based on 1% design temperature, TMY3 weather data, and the design heating load. The New York Technical Resource Manual employs the following vintage categories for determining BEFLH in residential buildings:⁶⁶

- Built prior to 1940, uninsulated masonry buildings, referred to as “Pre-War uninsulated brick.” This category is used only for full load heating hours for multifamily low-rise and high-rise buildings.
- Built prior to 1979, before the Energy Conservation Construction Code of New York State (ECCCNYS) went into effect. This vintage is referred to as “Old” in the Appendix G EFLH tables for single family detached buildings, and “Prior to 1979” in the EFLH tables for low-rise and high-rise multifamily buildings.
- Built from 1979 through 2006, with insulation conforming to the 1980s era building codes (1979 ECCCNYS). This vintage is referred to as “Average” in the Appendix G

⁶⁶ New York State Standard Approach for Estimating Energy Savings from Energy Efficiency Programs, Appendix G, See <https://dps.ny.gov/technical-resource-manual-trm>

EFLH tables for single family detached buildings, and “From 1979 through 2006” in the EFLH tables for low-rise and high-rise multifamily buildings.

- Built from 2007 through the present, new construction conforming to the 2007 ECCCNYC for residential buildings and the New York City Energy Conservation Code (if applicable). This vintage is referred to as “New” in the Appendix G EFLH tables for single family detached building, and “From 2007 through the present” in the EFLH tables for low-rise and high-rise multifamily buildings. Appendix G also provides EFLH tables for selected small and large commercial buildings; however, for these building types, EFLH values are the same across all building vintages.

Building Heating Load (BHL): Building heat loss in British Thermal Units per hour (Btu/h). For residential buildings, BHL shall be calculated using ACCA Manual J or another code-approved methodology. For commercial buildings, BHL shall be calculated following ANSI/ASHRAE/ACCA Standard 183-2007(RA2017), or other code-approved equivalent computational procedure. Calculation of the building’s design heating load shall be at the 99% dry bulb heating design temperature for the most relevant ASHRAE 2017 location.

Central ASHP: An ASHP system that is typically sized to provide heating and cooling to the whole building through an air duct distribution system.

Clean Heat Project: The planning and quality installation of a heat pump system, which receives Clean Heat incentives at a customer owned parcel of real property using common heat pump system components over a given scope at a given time. A single parcel may have multiple projects subject to the discretion of the relevant Electric Utility.

Coefficient of performance (COP): COP is the ratio of work or useful energy output of a system versus the work or energy input, measured in the same units. It is a measure of performance often used for electrically-powered heating and cooling equipment, with the higher the system COP corresponding to the more efficient operation.

Cold Climate ASHP: A heat pump product designed to identify air-source heat pumps that are best suited to heat efficiently in cold climates (IECC climate zone 4 and higher).

Cold Climate ASHP (ccASHP): A heat pump product listed on the Northeast Energy Efficiency Partnership (NEEP) Cold Climate Air Source Heat Pump (ccASHP) Specification and Product List⁶⁷ (“NEEP Product List”), designed to identify air-source heat pumps that are best suited to heat efficiently in cold climates (IECC climate zone 4 and higher).

Commissioning Report: A report that shows the results of project start-up tests conducted to ensure the system is operating effectively.

Corrective Action: In the field assessment inspection process, action(s) that must be undertaken by a participant at the direction of NYSERDA or the Electric Utility to correct identified

⁶⁷ The current specification and listed eligible units are available at <https://neep.org/heating-electrification/ccashp-specification-product-list>

nonconformances (i.e., specific deviations or work that fails to meet the established quality standard).

Commercial Unitary (i.e., Large Commercial) ASHP: Large commercial heat pump systems that include individual heat pump appliances that are powered by three-phase electricity or have rated cooling capacities $\geq 65,000$ Btu/h for the individual appliance.

Custom Incentive Categories: Incentive Categories 4, 4A and 6.

Decommissioning: Existing fossil fuel space heating or domestic hot water (DHW) heating appliance that is retired or removed in a manner that complies with all applicable federal, state, and municipality laws, regulations, and codes and is installed in conjunction with an eligible heat pump system. Decommissioning Guidance Checklist available on the Contractor resources webpage under Air Source Heat Pump (ASHP).⁶⁸

Designer: Individual or company that designs heat pump system. Requirements to be an eligible designer in the NYS Clean Heat Program are described in the NYS Clean Heat Program Manual.

Desuperheater: An optional feature of a GSHP system that takes advantage of waste heat generated by the compressor and transfers the waste heat to a domestic hot water system.

Direct Exchange (DX) GSHP: Direct exchange GSHP systems circulate a refrigerant through a buried, closed-loop copper pipe.

Driller: Individual or entity that drills GSHP systems. Requirements to be an eligible driller in the NYS Clean Heat Program are described in the NYS Clean Heat Program Manual.

Dwelling Unit: A single unit providing complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.

Energy Efficiency Ratio (EER): A measure of how efficiently a cooling system will operate when the outdoor temperature is 95 degrees Fahrenheit. It is calculated by dividing the rated cooling output at 95 degrees Fahrenheit by the watts used by the AC/HP system. A higher EER means the system is more efficient. It is an instantaneous measure of electrical efficiency, unlike SEER (Seasonal Energy Efficiency Rating), which is an averaged value of efficiency. This is a term applied to air conditioning equipment.

Energy Recovery Ventilator (ERV): ERVs reduce heating and cooling loads while maintaining required ventilation rates by facilitating sensible heat transfer between outgoing conditioned air and incoming outdoor air. ERVs employ air-to-air heat exchangers to recover energy from exhaust air for the purpose of pre-conditioning outdoor air prior to supplying the conditioned air to the space, either directly or as part of an air-conditioning system. Unlike HRVs, ERVs do not transfer latent heat (moisture content) between supply and exhaust air streams.

Full Load Heating System: A system installed that satisfies 90-120% of total system heating load at design conditions. For locations where the total system cooling load is greater than the

⁶⁸ <https://cleanheat.ny.gov/contractor-resources>

heating load, the heat pump system cooling capacity shall be as small as possible to satisfy the cooling load, while minimizing oversizing for the heating function to the extent possible.

Ground Source Heat Pump (GSHP) system: An HVAC system comprising one or more heat pumps, ground loops, interior distribution systems and terminal units that enables the air and/or water in buildings to be conditioned by exchanging thermal energy with the ground, ground water, or other natural body of water.

Gut Rehabilitation (“Rehab”): Any work that could be considered an “Alteration” per the ECCCNY, as defined in Sections C202 and R202 of the code and as covered in Sections C503 and R503, which make alterations subject to new construction code requirements.

Heat Pump System: One or more electric heat pump appliances installed in a building to provide partial or full load heating and cooling to the building's conditioned space. The heat pump appliances and associated components may be centrally or separately controlled. In a multifamily building in which a central heating plant serves more than one apartment, the heat pump system must be designed and installed to provide heating to all of the individual apartments and common areas otherwise served by the central heating plant.

Heat Pump System Heating Capacity: For buildings whose BHL exceeds BCL, the heat pump system heating capacity shall be as small as possible to satisfy BHL, while minimizing oversizing for the cooling function to the extent possible with available equipment.

Heat Pump System Cooling Capacity: The sum of the cooling output of all heat pump appliances in the system, expressed in British Thermal Units per hour (Btu/h), at the cooling design temperature used for the building cooling load (BCL) calculation. For buildings whose BCL exceeds BHL, the heat pump system cooling capacity shall be as small as possible to satisfy BCL, while minimizing oversizing for the heating function to the extent possible with available equipment.

Heat Pump Water Heater (HPWH): HPWHs are water heater tanks that heat domestic hot water or process hot water through the use of an onboard air source heat pump that extracts heat from the air in the building surrounding the unit. They use a secondary electric resistance as a back-up to ensure that the water temperature meets the desired setpoint during times of high demand. Air source HPWH models come in two versions (integrated and split-system HPWH) and both versions are eligible for incentives under the Program.

Heat Recovery Ventilator (HRV): HRVs reduce heating and cooling loads while maintaining required ventilation rates by facilitating both sensible (heat content) and latent (moisture content) heat transfer between outgoing conditioned air and incoming outdoor air. HRVs employ air-to-air heat exchangers to recover energy from exhaust air for the purpose of pre-conditioning outdoor air prior to supplying the conditioned air to the space, either directly or as part of an air-conditioning system.

Incentive Category: Grouping in the NYS Clean Heat Program reflecting applicable technology type, system size, customer type, and incentive structure.

Installer: Individual or entity that installs a heat pump system. Requirements to be an eligible installer in the NYS Clean Heat Program are described in the NYS Clean Heat Program Manual.

Integrated Controls (ICs): Coordinates the heating operation of heat pump (ducted and ductless) systems with ancillary heating systems such as fossil fuel boilers and furnaces. ICs prioritize operation of the heat pump system as the first stage of heat and rely on the ancillary system as backup or second stage of heat. Integrated Controls eligibility document available on the Contractor Resources webpage under Air Source Heat Pump (ASHP).⁶⁹

International Ground-Source Heat Pump Association (IGSHPA): An association established to advance GSHP technology, which conduct geothermal research and installer training and accreditation.

Mini-Split Heat Pump (MSHP): A type of cold climate ASHP or ccASHP that can circulate refrigerant between an outdoor unit containing a variable capacity compressor and one or more indoor air handlers. MSHPs are often referred to as “ductless mini-splits” because they are typically ductless. These units can also be installed with short duct runs that enable single air handlers to serve more than one room at a time.

MMBtu of Annual Energy Savings: Estimation of first-year site energy savings, which accounts for both the decreased fuel and the change in electricity consumed at the site.

Nonconformances: In the field assessment inspection process, specific deviations or work that fails to meet the quality standard established for program requirements, industry standards and quality requirements.

Partial Load Heating System: A partial load heating system is a primary, first stage, heat pump system installed alongside a supplemental, second stage, heating system for the purpose of providing heating. The supplemental heating system may be either the existing system or a new system. In this type of system, the total heat pump system heating capacity satisfies <90% of the building’s design heating load (“BHL”) at design conditions.

Participating Contractor: ASHP and GSHP installer and designer that is eligible to apply for and receive incentives under the NYS Clean Heat Program. To become a Participating Contractor, an entity must submit the statewide Participating Contractor Application and a Contractor Participation Agreement for each Electric Utility service territory where work will be performed. Upon approval, the applicant will receive an approval notification from the Electric Utility and become eligible to apply for incentives in the Program. GSHP drillers must also be approved through this process to become a “participating driller,” but are not eligible to submit for and receive incentives. Each GSHP installation must be completed by a participating driller. Contractors installing only HPWH do not have to be a Participating Contractor to submit an incentive application on behalf of a customer.

Participating Distributor: HPWH distributor that is eligible to offer and receive incentives under the NYS Clean Heat Program. To become a Participating Distributor, an entity must

⁶⁹ <https://cleanheat.ny.gov/contractor-resources>

submit a HPWH Distributor Participation Agreement to their Utility Partner. Upon approval, the distributor will become eligible to apply for incentives in the Program.

Cold Climate Packaged Terminal Heat Pump (ccPTHP): A packaged terminal heat pump is a wall sleeve and a separate un-encased combination of heating and cooling assemblies specified by the builder and intended for mounting through the wall. It includes a prime source of refrigeration, separable outdoor louvers, forced ventilation, and heating availability by builder's choice of hot water, steam, or electricity. A PTHP utilizes reverse cycle refrigeration as its primary heat source and is equipped with supplementary heating via hot water, steam, or electric resistant heat. To be eligible for the Program, each unit in a PTHP system must be on the NEEP Product List, *i.e.*, be a ccPTHP.

Prescriptive Incentive Category: Incentive Categories 1, 2, 2a, 2b, 3, 5,7, 8, and 9.

Single Package Vertical Heat Pump (SPVHP): A single package vertical heat pump is an air-cooled commercial package air conditioning and heating equipment that is factory-assembled as a single package, has components that are arranged vertically, and is intended for exterior mounting on, adjacent interior to, or through an outside wall. These units may be powered by a single-or 3-phase current and may contain 1 or more separate indoor grilles, outdoor louvers, various ventilation options, indoor free air discharges, ductwork, well plenum or sleeves. SPVHPs utilizes reverse cycle refrigeration as its primary heat source and may be equipped with supplementary heating via hot water, steam, gas or electric resistant heat.

Thermal Energy Networks: All real estate, fixtures and personal property operated, owned, used or to be used for or in connection with or to facilitate a utility-scale distribution infrastructure project that supplies thermal energy (PSL §2(29)). Additionally, the term “thermal energy” is defined in PSL §2(28) to mean “piped non-combustible fluids used for transferring heat into and out of buildings for the purpose of eliminating any resultant on-site greenhouse gas emissions of all types of heating and cooling processes.”

Variable Refrigerant Flow Heat Pump (VRF): VRF systems circulate refrigerant between a variable capacity compressor and multiple indoor air handlers, each capable of individual zone temperature control. VRF systems can be built with heat recovery and cooling capabilities that allow simultaneously heating to some zones and cooling to other zones.