

C&I Announcement

July 11, 2022

Subject: Clean Heat Program - Category 4 and 4A Ground Source Heat Pump Projects (Custom Space Heating Applications)

Hello C&I Participating Contractors,

Thank you for your participation in the New York State Clean Heat program in Con Edison's service territory. Your efforts are supporting New Yorkers in the move away from fossil-fueled heating, which helps reduce greenhouse gas emissions and achieve our clean energy goals.

Consistent with program rules, and due to positive marketplace response to the program (which has led to funding constraints), effective immediately, Con Edison is ending the existing program incentive structure for Category 4 (Custom Space Heating Applications) and Category 4A (Heat Pump + Envelope) ground source heat pump (GSHP) projects. Consequently, effective immediately, Con Edison will waitlist projects related to all new eligible and complete incentive applications received for Category 4 and 4A GSHP projects. This change does not affect qualifying Clean Heat projects for which a complete incentive application has already been submitted. There is no change to Category 3 (GSHP: Full Load Heating) projects at this time.

Con Edison recognizes that Category 4 and 4A GSHP projects are important to achieving New York State's clean energy goals. Accordingly, Con Edison has submitted a petition to the New York State Public Service Commission (Commission) for additional program funding (petition available here, Case 18-M-0084). Depending on the Commission's response to Con Edison's petition for more funding, Con Edison may begin to consider projects from the waitlist and may again in the future consider new incentive applications for Category 4 and 4A GSHP projects. Please see below for more detail on the waitlist.

As always, your Clean Heat Program account manager is available to answer any questions.

Best Regards,

Greg Elcock
Vice President, Energy Efficiency and Distributed Resource Integration
Con Edison

Ground Source Heat Pump Category 4 and 4A Waitlist Common Questions and Answers

Q. Why is there a waitlist?

A. The waitlist is necessary because positive marketplace response to the program has led to funding constraints. Con Edison has submitted a petition for more funding to the Commission.

Q. Which projects are impacted?

A. The waitlist applies to projects related to new eligible Category 4 (Custom Space Heating Applications) and 4A (Heat Pump + Envelope) GSHP project applications submitted to Con Edison. The waitlist does not impact already submitted Category 4 and 4A GSHP projects. The waitlist does not apply to Category 3 (GSHP: Full Load Heating) projects.

Q: Does this impact the pause on Air Source Heat Pumps (ASHP) projects?

A: No. There is no further change at this time related to ASHP projects. The status of ASHP projects remains consistent with Con Edison's May 9, 2022 announcement regarding a pause on Con Edison accepting ASHP project applications pending Con Edison's petition for additional funding (Case 18-M-0084).

Q. When is this change to the program effective?

A. This change is effective immediately.

Q. How do I get a project on the waitlist?

A. When you submit an eligible and complete Category 4 or 4A GSHP project application to Con Edison or its Implementation Contractor, you will receive confirmation that your project is on the waitlist. To remain on the waitlist, you must follow the existing program process, including to have the engineering review process completed and have a pre-inspection before construction begins. If you fail to follow the existing program process, then your project will be removed from the waitlist with no further consideration for acceptance from the waitlist. If you start construction on your waitlisted project, then you will be moving forward at your own financial risk and are still subject to the rules outlined below on projects being accepted from the waitlist.

Q: What is an eligible and complete application?

A: An eligible and complete application is an application in accordance with the program rules, which includes the signed customer application, W9, the project load calculation compliant with applicable load calculation standards, equipment specification sheets, scope of work description and the incentive calculator (statewide clean heat tool) or custom savings calculation.

Q: Will there be a limit on incentives for projects on the waitlist?

A: Yes. On June 1, 2022, the New York State Clean Heat Joint Management Committee announced that there would be a cap of \$1 million for all Clean Heat projects, effective September 1, 2022. The \$1 million cap will apply both to any project on the waitlist and for any project related to an application received after September 1, 2022.

Q. How will projects be accepted from the waitlist?

A. Projects will be accepted from the waitlist subject to the available budgets, incentives and program rules in effect at the time of acceptance from the waitlist. Con Edison will develop updated Clean Heat Program rules following the Commission's response to Con Edison's petition for more funding. If there is more funding for Category 4 and 4A GSHP projects based on the Commission's response, then projects

on the waitlist will receive priority over applications for Category 4 and 4A GSHP projects not on the waitlist.

Q. Is there a guarantee of program incentives?

A. Consistent with the program rules, there is no guarantee of program incentives. Placement on the waitlist is also not a guarantee of program incentives. For example, if the value of projects on the waitlist exceeds incentive funding available for Category 4 or 4A GSHP projects, then waitlisted projects may receive a share of the available incentives based on the incentives that each project would receive if funding were available for all waitlisted projects.

Multifamily Small-to-Medium Announcement

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