

HVAC Midstream Gas 2019 Program Guide

The Con Edison Residential HVAC Program is implemented and operated by ICF. The primary purpose of this program is to generate both long-term energy savings and peak reductions for Con Edison customers.

To meet this goal, the Con Edison HVAC Program is designed to influence distributor stocking practices, as well as their promotion and sales of higher efficiency HVAC equipment for increased energy efficiency.

For the purposes of this program:

- An HVAC distributor is defined as any entity that sells or sources equipment to HVAC contractors. This definition may also include manufacturer’s representatives, wholesalers, companies that buy inventory directly from the manufacturer in addition to conducting installations, or entities commonly referred to as “supply houses.”
- HVAC contractors are also commonly referred to as “contractors” or “installing contractors.” They sell, install, and service heating and air conditioning systems in existing buildings throughout Con Edison’s service territory.
- An HVAC customer is defined as an eligible customer served by Con Edison in the gas service territory as evidenced by the customer account number.
- The HVAC program targets HVAC distributors rather than contractors in order to limit administrative costs and maximize market impact. The program pays rebates and provides other types of support directly to qualifying HVAC distributors, who then work directly with their contractors to deliver qualifying systems into the program.

Rebate Structure

The program provides direct payment of financial rebates to distributors who deliver systems that meet the system requirement guidelines. Rebate amounts are based on approved deemed savings impacts for dekatherms (Dth). Distributors are required to issue the contractor rebate listed below for each unit that qualifies for an incentive, and will have the option to allocate a percentage of their Distributor Rebate \$ to contractors. Distributor Rebate \$ percentage allocations to contractors will be determined by distributor and may vary per distributor’s discretion.

Rebate amounts vary, based on incentive per unit, Annual Fuel Utilization Efficiency (AFUE), ENERGY STAR® rated, or Uniform Energy Factor (UEF) of the equipment.

Table 1 – HVAC Equipment Measures and Rebates

HVAC Measure Type and Capacity	2019 HVAC Minimum Efficiency Requirement	Distributor Rebate \$	Contractor Rebate \$
Furnace	AFUE ≥ 94%	\$200 per unit	\$200 per unit
Hydronic Boiler	AFUE ≥ 90%	\$200 per unit	\$200 per unit
Combi-Boiler or Furnace	Boilers AFUE > 90% Furnace AFUE > 92%	\$325 per unit	\$325 per unit
Steam Boiler	AFUE ≥ 82%	\$100 per unit	\$100 per unit
Indirect Water Heater	Attached to qualifying natural gas boiler	\$75 per unit	\$75 per unit
Tank Water Heater	Must be ENERGY STAR rated & capacity ≤ 55 gallons; UEF ≥ 0.64 for medium draw pattern, UEF ≥ 0.68 for high draw pattern	\$50 per unit	\$50 per unit
Wi-Fi Thermostat*	Controls natural gas heating equipment	\$25 per unit	\$25 per unit

*Limit of one thermostat rebate per customer account.

HVAC Midstream Gas 2019 Program Guide

Production Milestones

Distributors are required to submit qualifying claims on a timely and regular basis to ensure that the program meets its annual goals. Once specific milestone dates are defined for the program year, the program administration will monitor each distributor's progress in achieving the milestone requirements.

Milestones for the 2019 program are listed in the table below.

Table 2 – Production Milestones for 2019 Program Year

Activity/Submittal	Date
First milestone: 15 percent of goal to be completed.	June 1, 2019
Second milestone: 50 percent of goal to be completed.	September 30, 2019
Third milestone: 85 percent of goal to be completed.	November 1, 2019
Fourth and final milestone: 100 percent of goal to be completed. (All installations must be completed, all data must be uploaded on online reporting system, and all paperwork must be received by close of business day.)	December 15, 2019
All data entry must be complete. Database will not be available after 7 p.m. ET (6 p.m. CT) for data entry.	December 31, 2019
Final incentive payments made to distributors.	January 2020

Distributors will have additional performance-based payments based on achievement of milestone targets indicated above. Distributors who do not achieve their sales goal by the milestone date will have the opportunity to recover a percentage of their performance payment the following month. Each month, a total of 15 percent will be deducted per ton until the milestone goal has been achieved (e.g., if distributor rebate is \$100 per unit, distributor will now only be eligible for \$85 per unit the following month, and \$70 per unit, thereafter). Distributors will be responsible for issuing the full contractor rebate amount to the contractor regardless of distributor rebate performance payment reduction per ton. ICF will work with participating distributors early and often to evaluate progress to milestone goals and provide assistance as needed and as requested. ICF, with Con Edison's approval, will reallocate incentives to distributors that have additional capacity and can deliver additional therm savings to meet program goals. Milestone dates will be adjusted for any new distributors added to the program after April 2019.

Key Program Processes

At the distributor and contractor level, the basic process works as follows:

1. Con Edison and ICF (program administration) design the annual program and invite area distributors to submit applications to participate.
2. Distributors submit applications per an established timeline. The application process typically involves submission of sales history for the most recent 12 months, specific number of units and incentive amounts requested, and a narrative explanation of how the distributor will roll the program out to its contractors.
3. Distributor applications are evaluated by Con Edison and ICF, and a decision is made as to which distributors will be invited to participate. Each participating distributor is awarded a maximum incentive budget along with a requirement that the distributor submit claims regularly in order to meet pre-established program milestones. A distributor's awarded budget may be reallocated if the program milestones are not met.
4. Once accepted into the program, each distributor designs and implements its own program for its contractors, specifying its own unique qualifying product models, incentive amount allocation, key contacts, and reporting procedures. This process must be in accordance with general program requirements, including the reporting of all information required. Distributors are responsible for tracking their incentive allocations to avoid overcommitment of funds to contractors.

HVAC Midstream Gas 2019 Program Guide

5. Con Edison and ICF work individually with each distributor to set up any contractor meetings or contractor training sessions that have been included in the program design for that specific year. These sessions are required for first-time distributor participants.
6. The distributor will provide procedures for passing along the contractor rebates to the contractor.
7. Contractors will complete installations of qualifying equipment and may be required to provide customers with a leave-behind postcard indicating that they will be receiving a customer satisfaction survey in the mail within 30 days of installation from Con Edison.
8. Within 30 days of the date that the equipment is installed, contractors must input project information via the Online Intake Tool, or Bulk Upload Tool, which must include but is not limited to the install date, premise address, model number(s), serial number, and AHRI number.
9. The distributor will retrieve project-level information (Distributor Review Report) waiting in the queue from the prior week via the Secure File Transfer Portal (SFTP) that will be set up for each distributor.
10. The distributor will review the Distributor Review Report submitted by the contractor, and verify that equipment listed qualifies and was sold to the contractor.
11. The distributor will submit confirmed/unconfirmed Distributor Review Report(s) back to ICF via SFTP for processing.
12. ICF completes a verification of the information provided for each installed system. If there is a discrepancy or inaccurate information, ICF then communicates directly with the appropriate contact person at the distributor, who may then go back to the contractor as appropriate. The distributor has five (5) business days to remediate and resubmit the claim, or it will be turned down and cannot be resubmitted in the future.

Program Responsibilities

Distributor Responsibilities

Specific distributor responsibilities may vary slightly by program year in accordance with the specific program design. For example, the sessions discussed in the third bullet below may consist of program informational meetings, sales training, and/or technical training for contractors.

HVAC distributors have the following basic responsibilities:

1. Actively recruit contractors into the program.
2. Work with existing contractors in the network to fill out and submit the 2019 Con Edison Market Partner Application and Agreement. Contractors who fill out the Con Edison Market Partner Agreement will be allowed to use Con Edison co-branded materials.
3. Schedule and host program-sponsored sessions for internal staff and/or contractors. The distributor works with the program administrator to schedule and host the sponsored meeting sessions and to complete each session by a specified date. Typical meeting types include:
 - An internal meeting for distributor personnel, to include the territory managers and other key sales personnel
 - A contractor kickoff meeting
 - A sales and/or installation training session for contractors
4. Implement and execute all action items as defined on the Program Application. The Program Application typically requires each distributor to specify the actions that will be taken to ensure program success. This document becomes the distributor's core implementation plan for that year. Any significant modifications to this plan should be submitted to the program administrator.
 - A copy of any program-specific marketing material should be provided to the program administration.
 - The program administration's ongoing accessibility to the distributor is important to program success. This may include phone conversations or individual meetings.
5. Retrieve and submit projects via SFTP.
6. Claim projects submitted by contractors and match these to the projects included on monthly invoices.

HVAC Midstream Gas 2019 Program Guide

7. Submit distributor-confirmed projects via Bulk Upload Tool on behalf of participating contractors.
8. Work closely with contractors on an ongoing basis to ensure that all program requirements are met. For each claim submitted, the installing contractor must:
 - Notify participants that the contractor is participating in an energy efficiency program that promotes high-efficiency HVAC systems, and that this program was developed by Con Edison. The customer must also be informed that they may receive a site visit, email survey, or phone call from ICF or Con Edison personnel, who will verify the installation of the equipment.
 - Input and submit project information via the Online Intake Tool or Bulk Upload Tool.
 - ICF verifies each claim submitted, and all information will be used by Con Edison for this process only. It is not to be used for any other purpose and will be kept confidential.

Any method employed by distributors to motivate contractors to submit qualifying claims is the sole responsibility of the distributors. All distributors are obligated by agreement to achieve installation goals or risk modification or termination of their contracts with the program.
9. Assist the Con Edison and ICF program team in conducting direct outreach to contractors.

Although the program represents an agreement between Con Edison and distributors, it is recognized that contractors are the key to the program's success. It is also recognized that distributor personnel have other responsibilities, which have priority. The program representatives will engage in as much direct outreach to contractors as possible. It is expected that distributors will assist in facilitating this process. Examples of this assistance include, but are not limited to, the following:

 - Participation of program representatives in contractor meetings hosted by the distributor.
 - Assistance in identifying contractors who are excellent candidates for program participation and would benefit from direct outreach.
 - Assistance in arranging meetings with a limited number of key contractors, with attendance by the distributor's sales representative as needed.
 - Assistance with the quality assurance process to ensure contractor cooperation with policies and procedures.
10. Provide contractors with documentation, including a list of eligible equipment and rebate amount.
11. Internally monitor the total incentive requests submitted to Con Edison, processed by Con Edison, and turned down by Con Edison on an ongoing basis. This will allow distributors to plan ahead so that they do not exceed the total original contracted incentive award without prior approval from Con Edison. Distributors are responsible for tracking their incentive allocations to avoid overcommitment of funds to contractors.
12. Distributor is responsible to provide HVAC contractor requirements to contractors prior to asking them to participate, while providing ongoing training for new contractors.

Con Edison is not a party to any agreement between the distributor and its contractors, or between any contractor and its end-user customers. The contractor is solely responsible for the performance of the work done for its customers.

HVAC Contractor Responsibilities

Contractors are the key to promoting the sale of qualifying equipment and educating the consumer with the benefits of high-efficiency HVAC equipment. Contractors have the following responsibilities:

1. Promote the sale of qualifying equipment and educate the customer on the benefits of high-efficiency HVAC equipment.
2. Notify customers that they are participating in a Con Edison energy-efficiency program. The customer must also be informed that they may receive a site visit, email, or phone call from Con Edison or ICF personnel, who will verify the installation of the equipment.
3. Input required project information in Online Intake Tool or Bulk Upload Tool for each Con Edison customer to their participating distributor on a timely basis.

HVAC Midstream Gas 2019 Program Guide

Program Administration Responsibilities

Con Edison/ICF administration is responsible for:

- Expediting application process for top-performing distributors from prior program year
- Selecting distributors from among the applicants received
- Managing the program, its goals, and its milestones
- Overseeing the selection and oversight of third parties to provide program support services
- Verifying installations
- Managing and allocating available incentive funds
- Processing all claims for incentive payments and issuing checks to distributors
- Processing all customer claims for incentive payments and issuing checks to customers
- Providing other oversight functions
- Setting distributor incentive allocations per program year

Distributor Application Process

Distributors must complete and submit two documents to be considered for the participation in the rebate program.

1. The **Distributor Application**, which includes questions concerning how the distributor intends to develop and promote its own specific program to its contractors. This is also where the distributor enters its past and future estimated sales forecast. Con Edison and ICF evaluate each application against established selection criteria before enrolling applicants into the program.
2. The **Distributor Agreement**, which describes the program in detail and is the fundamental agreement between the distributor, ICF, and Con Edison.

Con Edison and ICF evaluate each application against sales projections, participating data, and pre-established selection criteria, to select the participants and determine the incentive budget to be awarded to each distributor.

Program Rollout by Individual Distributors

Once a distributor has been fully approved for program participation, the distributor may then choose to roll out its own version of the program as it chooses, subject to adherence to basic program requirements. For example, some distributors may choose to pass along their full incentive amounts to their contractors.

The program administration will provide guidance and support to new and existing distributors in the design and rollout of their program design as needed.

Eligibility Requirements

All systems accepted into the program must meet the eligibility requirement as outlined in Table 1, along with the following requirements:

- All systems must be AHRI-matched, and active in the AHRI directory.
- Equipment must be installed within the Con Edison service territory, as evidenced by account number or eligibility key verification, which must be provided to Con Edison by the contractor.

Customer Eligibility Requirements

- The equipment must be installed within the Con Edison service territory. A service territory map and access to the Customer Eligibility Portal are provided to each participating distributor.
- Units installed in existing small commercial and residential single-family or multifamily dwellings are eligible.

HVAC Midstream Gas 2019 Program Guide

Quality Assurance/Quality Control

ICF will implement quality assurance and quality control (QA/QC) procedures. The administrative process will be as follows:

Desktop Inspections

Upon receipt, 10 percent of incentive claims go through a QC review for eligibility, completeness, and accuracy. Each review request will include a copy of the distributor invoice and the installing contractor's job invoice (including contractor and homeowner contact information). Con Edison and ICF will maintain a PDF file of all documentation for each incentive request submitted by the distributor and contractor.

On-Site Inspections

In addition to these reviews, all projects are subject to on-site inspections at the request of a homeowner. An on-site inspection of the outdoor equipment to confirm model and serial numbers can be conducted at any time upon notification of the homeowner.

Con Edison may also conduct its own QA/QC and inspections through a third-party evaluation group.

Corrective Action Procedures

The QA component of the Con Edison HVAC Distributor Program serves a dual purpose: first, to ensure that contractors are meeting all program guidelines and technical standards and second, to provide a mechanism for constructive feedback intended to improve their diagnostic capabilities, comprehensiveness, quality of work and customer relations. It is a program goal to deliver QA communications in a positive spirit of assistance, education, and continuous improvement.

The program's process for evaluating and managing negative contractor performance may include the following:

- First violation. The distributor will be notified and the contractor will be counseled by program staff.
- Second violation. The distributor will again be notified and the contractor incentive will be forfeited for the invoice.
- Third violation. The contractor will be suspended from the program for the remainder of the program year; all the contractor's distributors will be notified.

Conflict Resolution

ICF understands that management of programs of this size requires many different perspectives and approaches to achieving success. Complaints and misunderstandings can occur. ICF will handle every escalated inquiry professionally and expediently while maintaining open and thorough dialogue throughout the entire process.

All escalated inquiries are tracked on a daily basis with a weekly report to ensure service levels are consistently met. Our internal service level target is to completely resolve all escalated inquiries to the point of rebate payment or final disposition within two business days.

In the event that conflict arises as a result of any differences in perspective, ICF will work with Con Edison, the distributor, the contractor, and the customer to identify the underlying causes and involve the key group leaders in discussion towards closure.

Database Instructions

The following instructions will help you input projects into the Con Edison Online Intake Tool or Bulk Upload Tool. If you have any problems or questions while submitting project information, please contact one of the ICF program staff for assistance.

Processing Claims from Distributors

The administrative process for processing claims will be as follows:

1. For each system to be submitted to the program, the contractor will complete the customer information form through the online portal, mobile app, or bulk upload tool.
2. Distributor will retrieve claims via its respective SFTP.

HVAC Midstream Gas 2019 Program Guide

3. The distributor will verify as much of the information on the Distributor Review Report as possible:
 - Confirm that the equipment meets or exceeds the program requirements
 - Confirm the validity of model and serial numbers
 - Confirm the validity of the AHRI reference number
 - Confirm the overall completeness of the form (customer information, etc.)
4. The distributor will confirm sale of equipment by invoice number provided on claims, equipment eligibility, model and serial number, as well as AHRI number, and submit to ICF via SFTP.
5. ICF and Con Edison will review and validate the data for each submitted system. The key data to be validated include:
 - Customer eligibility
 - Unit model numbers/serial numbers
 - Similar installation at premise address provided
 - Whether the system is a valid AHRI match
6. In some instances when claims are rejected due to simple data entry errors or other errors that can be legitimately corrected, the distributor or contractor may be allowed to review and make necessary corrections and resubmit the corrected claims. If corrections are allowed, the distributor will have up to five business days to resubmit the corrected claims.
7. The batch of claims will move to the desktop QA phase for potential further verification, approval, and payment.

Approving Distributor Claims for Payment

The administrative process for approving claims for payment will be:

1. Based on results from the desktop inspection, Con Edison will approve the batch of claims for payment to the distributor.
2. Once the program administration approves the installed systems in the online database, the distributor will receive a notice on how many systems have been approved, along with the amount the distributor will be paid.
3. If there are any turndowns, the distributor will be notified by the program administration about which units were rejected and why.
4. The program administration will then process the payments and the distributor will be paid within 45 days of submittal of the batch from the distributor.

Training

Each participating distributor has the opportunity to schedule and host one or more kickoff meeting and program training session for its contractors. ICF program staff will work with distributors to schedule and conduct this meeting. Although kickoff trainings are not mandatory for contractors, ICF's experience has shown this type of meeting to be beneficial to those contractors who are new to the program. Distributors will be responsible for all costs incurred, including but not limited to facility rental cost and the cost of any food or refreshments that the distributor may wish to provide.

Marketing and Sales Training

The ICF team will conduct training sessions for distributor's sales staff to increase their understanding of the benefits of program-eligible gas equipment and how to sell those benefits to potential customers by leveraging the program incentives in their sales presentations. This training will be optional to the distributors. Topics will include:

- The energy benefits of energy-efficient equipment
- The financial benefits of energy-efficient equipment by leveraging program incentives
- Strategies to differentiate and sell energy efficiency as a highly desirable feature for customers

The sales training session will last one and a half to two hours and be offered to each distributor individually. Distributors are encouraged to invite their key sales crews and contractors to attend. Continuous training opportunities will be made available throughout the year through online and in-person formats.