

Con Edison Clean Heat Quality Policies and Procedures

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1. Overview

This Con Edison Quality Policies and Procedures Manual is a supplement to the New York State Clean Heat Program Manual to specify the policies and procedures Con Edison follows to maintain the integrity of its Clean Heat Program.

2. Inspections and Oversight

2.1 Inspections – In General

Con Edison will enforce virtual and on-site inspections aimed at ensuring that Participating Contractors comply with the rules and requirements of the Program, (i) Post-Installation Programmatic Inspections, and (ii) QAQC inspections, both conducted at the discretion of Con Edison. When a project is selected for inspection, any incentive payments that were applied for will be retained until the inspection and any necessary follow-up actions are completed. As more particularly provided for by Section 3, Participating Contractors must comply with inspection requirements to remain in good standing with the Program, and a failure to do so may result in disciplinary action up to and including removal from the Program.

Con Edison will perform Programmatic Inspections by using standards and quality assurance inspections checklists as a framework and basis to assess projects submitted by a Participating Contractor that Con Edison selects for inspection, including to evaluate the accuracy of heat pump system design, documentation, and the functionality of installations. Con Edison inspection checklists can be found online at the Standards and Field Assessments Page of the Contractor Resources Website.¹ Con Edison will also perform QAQC inspections to monitor compliance with the rules and requirements of the Program, including as it might relate to secondary reviews of projects that have been subject to Programmatic Inspection, and as it might relate to informing improvements of activities that relate to the Program.

Con Edison will coordinate as closely as practicable with other Joint Efficiency Providers regarding contractor performance in order to promote statewide coordination, but Con Edison oversight of the Program will be independent. In general, Con Edison will usually notify the Joint Efficiency Providers of any action by Con Edison related to the compliance of a Participating Contractor with the rules and requirements of the Program, and Con Edison will also expect to be notified of any action taken by the Joint Efficiency Providers in this regard, but, depending on the totality of the facts and circumstances, disciplinary impacts to a Participating Contractor may or may not be coordinated or the same in all instances of such notifications.

The good standing of a Participating Contractor in the NYS Clean Heat Program for Con Edison (the Program) will depend on successful Programmatic Inspections and QAQC inspections. Nonconformances will be expected to be addressed as set forth in notifications (immediately, for safety concerns, and otherwise usually within 30 days of a finding), and subject to the Participating Contractor Disciplinary Process provided for by Section 3 below.

Con Edison expects Participating Contractors to inform all customers that participating in the NYS Clean Heat Program requires full cooperation with regard to inspections, and Participating Contractors shall make every effort to facilitate scheduling related to inspections, subject to the potential penalties of the Participating Contractor Disciplinary Process provided for by Section 3 below.

2.2 Inspections – Categories

On-site and virtual inspections (Programmatic Inspections, and QAQC inspections) aimed at ensuring that Participating Contractors comply with the rules and requirements of the Program are further categorized as follows:

¹ <https://cleanheat.ny.gov/standards-field-assessments/>

- **Post-Installation Programmatic Inspections:** Inspections (field or virtual) to be completed after the installation of a heat pump system to verify that a project is installed and operational consistent with the rules and requirements of the Program.
- **QAQC Inspections:** Independent verification of Con Edison's inspection activities. Its purpose is to guarantee performance consistency and confirm that the primary inspection team is identifying and documenting project requirements correctly.

2.2.1 Post-Installation Programmatic Inspections

Post-installation Programmatic Inspections for projects installing air-source heat pump ("ASHP"), air-to-water heat pump ("AWHP") or ground-source heat pump ("GSHP") measures will be subject to a Con Edison checklist related to the installed measures. Inspections will verify:

- Compliance with all aspects of the relevant standards and quality assurance checklist
- Project compliance with all program requirements

Any non-conformances found during a Post-Installation Programmatic Inspection must be resolved by a Participating Contractor before the selected project will receive incentive payments from the Program, and a Participating Contractor is also otherwise subject to the potential of disciplinary action consistent with Section 3.

2.2.2 QAQC Inspections

Some projects will be selected for QAQC inspection, which occurs after projects have received incentive payments. Non-conformances must also be resolved, subject also to Section 3.

2.2.3 Inspection Sampling Rates

Projects will be sampled for inspection for both ASHP and GSHP installations. Con Edison currently aims to conduct QAQC inspections on at least 5% of projects. Additionally, Post-Installation Programmatic Inspections will be conducted on at least 10% of ASHP projects and 20% of GSHP projects. At any time, Con Edison may choose different sampling rates based on the totality of the facts and circumstances, including the conduct and current disciplinary status of a Participating Contractor.

2.2.4 Inspection Process

A project subject to inspection may be assigned a status of Pass; or, if not, a status of Fail with a related inspection status of Minor Nonconformance, Major Nonconformance, Possible Misrepresentation, or Immediate Safety Concern; including as provided for by the Program's Inspection Checklist.² A project assigned an inspection status of Pass will be considered to have met certain minimum requirements based on the best information available to Con Edison.

If a project is assigned a status of Fail and with a related status of Minor Nonconformance, then this will usually indicate that a project does not require additional on-site work to rectify issues, and that issues can be rectified through revised documentation and in order to be assigned a status of Pass. On the other hand, a status of Fail and with a related status of Major Nonconformance or Immediate Safety Concern usually will require additional on-site work. Participating Contractors must make all reasonable efforts to address any Immediate Safety Concern within 24-hours of notice to the contractor. Instances of a status of Possible Misrepresentation will be subject to Section 3 below. All other issues must be resolved within one month. Projects with unresolved issues after one month will be cancelled.

A Participating Contractor will be required to submit for review proof related to rectifying issues resulting from a status of Fail, including photographic documentation. When and if issues resulting from a status of Fail are rectified to the satisfaction of Con Edison, the Inspection Status of a project will be changed to Cured, and also with the potential of the project assigned a status of Pass.

² See, <https://cleanheat.ny.gov/standards-field-assessments/>

3. Participating Contractor Disciplinary Process

3.1 In General

The behavior of Con Edison Participating Contractors as reflected by conduct and the quality of projects performed while engaged with Con Edison Programs is important to the success of Con Edison Programs, including the NYS Clean Heat Program for Con Edison. As such, Con Edison (and which at all times may include Con Edison contractors on behalf of Con Edison) reviews the behavior of Participating Contractors, including through onsite and virtual inspections and project documentation reviews, as well as through feedback received from customers, code officials, and other sources. During this process, Con Edison may review project documentation related to participation in the Program to ensure compliance with Program requirements, including applications, photographs, and customer acknowledgement forms. Con Edison may also use checklists and other assessment tools and methods to evaluate heat pump system design, the functionality of installations, as well as the status of compliance with the requirements of the Program, including requirements focused on integrated controls and decommissioning. Con Edison may elect to inspect certain projects more than once.

If there is a failure by a Participating Contractor, and any other company or organization with ownership or management in common, to behave consistently with the requirements for participation in the Program, then Con Edison will provide a notice related to the behavior. The notification will outline the behavior found to justify the notification being made, and, as appropriate, any corrective action that must be taken. The basis for any corrective action may be for related or unrelated behavior. While the usual approach to ensure behavior consistent with the requirements of the Program will be a tiered corrective action procedure with increasing levels of severity depending on the nature of the behavior (and with due consideration of the surrounding facts and circumstances), Con Edison shall at all times have the reasonable discretion to elect at any time a more or less severe level of corrective action tied to the behavior, including to remove a Participating Contractor from the Program, or to determine that action other than removal from the Program is appropriate. All Participating Contractors have been subject to the disciplinary process outlined in this Section 3 since October 15, 2024.

3.2 Disciplinary Process for Clean Heat Projects

From the initial Participation Status of Good Standing, based on the behavior of a Participating Contractor, a Participating Contractor may be designated along a continuum of Levels 1 through 5:

- Level 0: *Good Standing*
- Level 1: *Warning*
- Level 2: *Probation*
- Level 3: *Short Pause*
- Level 4: *Suspension*
- Level 5: *Removal*

The Participation Status of a Participating Contractor will become effective across all Con Edison Programs, and so may affect the participation of a Participating Contractor in the Program as well as other Con Edison Programs. The Participation Status of a Participating Contractor may also affect the eligibility of a Participating Contractor to participate in the Programs of other New York State Clean Heat Program Administrators, including energy efficiency and building electrification Programs.

A Participating Contractor may be required to take steps in response to a change in designation of the Participation Status of a Participating Contractor, including as might relate to attending meetings with Con Edison Program staff, and as might relate to providing or signing a Corrective Action Plan to address behavior inconsistent with the requirements of the Program.

3.2.1 Level 0: Good Standing

Level 0: Good Standing, reflects the Participation Status of a Participating Contractor designated by Con Edison to be at an adequate standard of behavior, which is at all times based on the best information available to Con Edison, and which continues to be without an endorsement by Con Edison of the work performance of a Participating Contractor on behalf of a customer under the Program. A Participating Contractor that is designated as being in the Participation Status of Good Standing under the Program is eligible for normal access to the privileges of participation in the Program as a Participating Contractor, such as the ability to submit applications up to the limit of any contractor allocation, and eligibility to use marketing materials to be used to market the Program.

3.2.2 Level 1: Warning

Level 1: Warning, reflects the Participation Status of a Participating Contractor designated by Con Edison to be the lowest level severity deemed warranting action by Con Edison beyond the initial starting point of Good Standing. For example, the Participation Status of Warning is appropriate when an inspection of any project of a Participating Contractor results in a Minor Fail or a Major Fail. The Participation Status of Warning must be addressed satisfactorily, including the curing of any related nonconformance detailed to a Participating Contractor. Any subsequent behavior by a Participating Contractor that would warrant another designation of Warning will be considered additive, whether or not earlier behavior warranting the earlier designation has been responded to successfully. Among other things, a Participating Contractor may seek an extension of time to address the Participation Status of Warning, which will depending on the discretion of Con Edison based on a consideration of the surrounding facts and circumstances. If a Participating Contractor is unable to cure behavior inconsistent with the requirements of the Program within the time frame required by Con Edison, then the application related to the corresponding project may be cancelled. A Participating Contractor may be returned to the Participation Status of Good Standing if and when the Participation Status of Warning is addressed satisfactorily, or a Participating Contractor may be moved along the continuum of severity.

3.2.3 Level 2: Probation

Level 2: Probation, reflects the Participation Status designated by Con Edison to be the next level of severity from Warning. For example, in addition to such behavior as might cause Con Edison to determine that a Participating Contractor warrants being in the Participation Status of Probation in the first instance, or otherwise out of sequence of severity, a Participating Contractor may be designated in the Participation Status of Probation if and when:

- 25 percent or more of inspections conducted on projects worked on by a Participating Contractor over a rolling 1 year period result in a Major Fail;
- There is a first finding by Con Edison of an *Immediate Safety Concern* resulting from any inspection of a project; or
- A Participating Contractor receives a notice of a first *Confirmed Misrepresentation* (Misrepresentations are discussed with more particularity below as part of Section 3.5).

Among other things, if and when Con Edison designates a Participating Contractor as being in the Participation Status of Probation, Con Edison will issue a letter that explains the reasons behind the disciplinary action and provide information related to the actions that must be taken in response, including as might relate to (i) requirements to acknowledge the notification letter (normally, an authorized representative of a Participating Contractor must sign and return a copy of the letter within one week of the date of issuance, unless otherwise provided), and (ii) further disciplinary actions that might result after the period of time associated with the Participation Status of Probation is concluded. Disciplinary action will take effect whether or not the Participating Contractor acknowledges the notification letter.

There are immediate impacts to the ability of a Participating Contractor in the Participation Status of Probation to engage with the Program. For example, Con Edison may require mandatory additional training of a Participating Contractor in the Participation Status of Probation, as well as implement increased oversight of relevant projects (a minimum of 30 percent and up to 100 percent of projects may be required to be inspected). In addition, Con Edison may adjust the Participating Contractor's monthly Contractor Allocation for incentives.

In general, in order for a Participating Contractor to be moved from the Participation Status of Probation to a designation of less severity, there must be a measurable positive response by a Participating Contractor to the notification designating the Participation Status of Probation. For example, a measurable positive response would be if 75 percent or more of the inspections of the projects of a Participating Contractor in the Participation Status of Probation that were installed during the Probation period results in a Pass or Minor Fail, and if a Participating Contractor demonstrates that its management and installers have met the training requirements prescribed by Con Edison. Therefore, the length of the Probationary status may depend on the performance in quality and volume of the Participating Contractor.

3.2.4 Level 3: Short Pause

Level 3: Short Pause reflects the Participation Status designated by Con Edison to be the next level of severity from Warning and Probation. For example, in addition to such behavior as might cause Con Edison to determine that a Participating Contractor warrants being in the Participation Status of Short Pause in the first instance, or otherwise out of sequence of severity, a Participating Contractor may be designated in the Participation Status of Short Pause if and when:

- A Participating Contractor is not eligible to be reversed to a status of less severity following the Participation Status of Probation; or
- A Participating Contractor receives a notice of a second Confirmed Misrepresentation.

Among other things, if and when Con Edison designates a Participating Contractor as being in the Participation Status of Short Pause, Con Edison will issue a letter that explains the reasons behind the disciplinary action and provide information related to the actions that must be taken in response, including as might relate to (i) requirements to acknowledge the notification letter (normally, an authorized representative of a Participating Contractor must sign and return a copy of the letter within one week of the date of issuance, unless otherwise provided), and (ii) further disciplinary actions that might result after the period required by the designation of Short Pause is concluded. Disciplinary action will take effect whether or not the Participating Contractor acknowledges the notification letter.

There are immediate impacts to the ability of a Participating Contractor in the Participation Status of Short Pause to engage with the Program. For a period of time provided for by the notification designating the Participation Status of Short Pause (usually, the two calendar months following the issuance of the disciplinary letter), privileges of participation in the Program by a Participating Contractor will be paused, including no eligibility to submit applications to the Program (any applications received will be rejected), no eligibility for any incentive allocation (incentive allocation will usually be reduced to zero during the period), and no eligibility to make use of marketing materials associated with the Program. At the end of the period of time related to the designation of the Participation Status of Short Pause, if all actions required to address behavior inconsistent with the requirements of the Program have been taken, then a Participating Contractor may again begin submitting applications up to the revised allocation permitted, and a Participating Contractor will usually be designated as being in the Participation Status of Probation.

In general, in order for a Participating Contractor to be changed from a designation of the Participation Status of Short Pause to a designation of less severity, there must be a measurable positive response by a Participating Contractor to the notification designating the Participation Status of Short Pause. Furthermore, all failed inspections must be fully cured within one month of notice of a failed inspection.

3.2.5 Level 4: Suspension

Level 4: Suspension, reflects the Participation Status designated by Con Edison to be the next level of severity from Warning, Probation, and Short Pause. For example, in addition to such behavior as might cause Con Edison to determine that a Participating Contractor warrants being in the Participation Status of Suspension in the first instance or otherwise out of sequence of severity, a Participating Contractor may be designated as being in the Participation Status of Suspension if and when:

- A Participating Contractor is not eligible to be reversed to a status of less severity following the Participation Status of Short Pause; or
- A Participating Contractor receives a second notice of Immediate Safety Concern related to an inspection of a project.

Among other things, if and when Con Edison designates a Participating Contractor as being in the Participation Status of Suspension, Con Edison will issue a letter that explains the reasons behind the disciplinary action and provide information related to the actions that must be taken in response, including as might relate to (i) requirements to acknowledge the notification letter (normally, an authorized representative of a Participating Contractor must sign and return a copy of the letter within one week of the date of issuance, unless otherwise provided), and (ii) further disciplinary actions that might result after the period of Suspension is concluded. Disciplinary action will take effect whether or not the Participating Contractor acknowledges the notification letter

There are immediate impacts to the ability of a Participating Contractor in the Participation Status of Suspension to engage with the Program. For a period of time provided for by the notification designating the Participation Status of Suspension (usually, the six calendar months following the issuance of the disciplinary letter), privileges of participation in the Program by a Participating Contractor will be suspended, including no eligibility to submit applications to the Program (any applications received will be rejected), no eligibility for any incentive allocation (incentive allocation will usually be reduced to zero during this period), and no eligibility to make use of marketing materials associated with the Program. At the end of the period of time related to the designation of the Participation Status of Suspension, if all actions required to address issues have been taken, then a Participating Contractor may again begin submitting applications up to the revised allocation permitted and will usually be designated as being in the Participation Status of Probation.

In general, in order for a Participating Contractor to be changed from a designation of the Participation Status of Suspension to a designation of less severity, there must be a measurable positive response by a Participating Contractor to the notification designating the Participation Status of Suspension. New companies owned by any of the owners of suspended companies will not be eligible to participate in the Program.

3.2.6 Level 5: Removal

Level 5: Removal, reflects a Participation Status designated by Con Edison to be the next level of severity from Warning, Probation, Short Pause, and Suspension. For example, in addition to such behavior as might cause Con Edison to determine that a Participating Contractor warrants being in the Participation Status of Removal in the first instance or other than following a Suspension, a Participating Contractor may otherwise be designated as being in a Participation Status of Removal if and when:

- A Participating Contractor is not eligible to be reversed to status of less severity following the Participation Status of Suspension;
- A Participating Contractor receives a third notice of Confirmed Misrepresentation; or
- A Participating Contractor receives a third notice of Immediate Safety Concern related to an inspection of a project.

Among other things, if and when Con Edison designates a Participating Contractor as being in the Participation Status of Removal, Con Edison will issue a letter that explains the reasons behind the disciplinary action and provide information related to the actions that must be taken in response, including as might relate to (i) requirements to acknowledge the notification letter (normally, an authorized representative of a Participating Contractor must sign and return a copy of the letter within one week of the date of issuance, unless otherwise provided). Disciplinary action will take effect whether or not the Participating Contractor acknowledges the notification letter.

There are immediate impacts to the ability of a Participating Contractor in the Participation Status of Removal to engage with the Program. For a period of time provided for by the notification designating the Participation Status of Removal (usually, permanently, and following the issuance of the disciplinary letter), privileges of participation in the Program by a Participating Contractor will be terminated, including no further eligibility to submit applications to the Program (any applications received will be rejected), no eligibility for any incentive allocation (incentive allocation will be reduced to zero), and no eligibility to make use of marketing materials associated with the Program.

A status of Removal applies to a Participating Contractor in any form of current or changed organization or re-organization, and to include any and all alias, or new company organizations with ownership and/or management in common. A status of Removal is considered necessitated by a serious status of deficiency and continuing deficiency under the Program and so is considered permanent, unless otherwise determined by Con Edison in the sole reasonable discretion of Con Edison.

New companies owned by any of the owners of removed companies will not be eligible to participate in the Program.

3.3 Obligation to Complete Projects

Unless otherwise agreed to with Con Edison, at all times and in all instances of the Participation Status of other than Good Standing (i.e., Warning, Probation, Short Pause, Suspension or Removal), a Participating Contractor shall continue to have an obligation to complete existing projects undertaken, and as may be more particularly agreed to with Con Edison.

3.4 Con Edison Standards of Business Conduct

In general, Participating Contractors in Con Edison's Programs are expected to adhere to similar values and principles as the values and principles established by Con Edison's Standards of Business Conduct and any Participating Contractor not doing so may be subject to corrective action up to and including Removal from the Program.

3.5 Misrepresentations

Misrepresentations are efforts directly or indirectly by a Participating Contractor to mislead the Company or a customer as relates to participation in the Program. Instances of Possible Misrepresentation are instances when the Company has reason to suspect that a material misrepresentation has occurred.

Instances of Possible Misrepresentation by a Participating Contractor can be identified at any point during engagement with the Program, including resulting from the application process and inspections required under the Program. Examples of instances of Possible Misrepresentation by a Participating Contractor include:

- Providing false or misleading information related to the Program to Con Edison or to any third party, including by:
 - Misrepresenting the Program in any form or forum (including, non-compliant advertisements, offering to complete projects at no cost to the customer).
 - Submitting incorrect (falsified, or otherwise) project documentation (such as photos, customer or contractor signatures, project costs, or lists of equipment installed) related to the Program; and/or
 - Refusing to respond or responding improperly to inquiries related to the Program;
- Failing to appropriately apply incentives to offset customer costs or to appropriately notify a customer of incentives the contractor receives on their behalf;
- Altering site conditions improperly to change eligibility for Program offerings;
- Taking steps directly or indirectly to impede inspections by denying access to facilities related to the Program, including to instruct or encourage building owners or tenants to refuse entry;
- Instructing or encouraging customers to provide false or misleading information to Con Edison or to Con Edison contractors, and to include turning a blind eye to such practice;
- Misrepresenting the relationship of a contractor to Con Edison, including by informing any third party (including customers) that a Participating Contractor is working on behalf of Con Edison or is otherwise authorized by Con Edison to perform work.³

³ A Participating Contractor is not employed by Con Edison but is part of a network of contractors made available to Con Edison utility customers eligible to participate in the Program; customers eligible to participate in the Program may retain Participating Contractors to perform work, and which usually includes work on behalf of customers to receive benefit from participating in a Con Edison Program.

- Representing Con Edison or Con Edison programs in a manner that could adversely affect Con Edison, including Con Edison's business, operations, reputation, and good standing with Con Edison's customers or the community; and
- Performing work that does not comply with laws, including local, state, or other applicable codes, standards, or requirements.

A Participating Contractor must respond promptly to any and all inquiries related to investigations of instances of Possible Misrepresentation, including, as may be requested, submitting revised program documentation and other information related to the issue under investigation. Once Con Edison has conducted an inquiry related to an instance of Possible Misrepresentation, Con Edison will determine whether the instance investigated is Unfounded or a Confirmed Misrepresentation. No further action will be required for inquiries resulting in a finding of Unfounded, and findings of a Confirmed Misrepresentation will result in Con Edison direction as to the nature of the remedy deemed appropriate. Without limitation, a failure to respond to Con Edison inquiries within one week, or efforts to deny access to investigate an instance of a Possible Misrepresentation may result in an immediate finding of Confirmed Misrepresentation.

4. Contractor Badging System

ASHP applications submitted to the NYS Clean Heat Program may be reviewed and graded based on additional criteria that will influence potential assignment of a badge on Con Edison's Find a Contractor Tool. Badges will be tiered (Gold, Silver, Bronze). ASHP contractor badges are updated quarterly and reflect contractor performance over the past year. While not all contractors receive a badge, all Participating Contractors are eligible to complete projects that qualify for incentives, provided Program requirements are met. GSHP contractors are not included in Contractor Badging Systems. These badges are intended to help Participating Contractors and market participants understand how each company is engaging with the Clean Heat Program.

4.1 Badge Levels

Badge Level	What It Means
 GOLD LEVEL	Top-performing contractor (Score: 85–100%)
 SILVER LEVEL	Strong performer (Score: 70–85%)
 BRONZE LEVEL	Solid contributor (Score: 55–70%)

4.2 Badge Scoring

Contractor badge scores are calculated using the following weighted criteria:

- 40% – Inspection pass rate
- 30% – Rate of submitted applications successfully processed vs submitted applications open and requiring Contractor action
- 30% – Rate of flawed or incomplete application submissions and customer escalations vs applications successfully completed