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December 1, 2016

**VIA ELECTRONIC FILING**

Honorable Kathleen H. Burgess  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

Re: Case 14-E-0423 – Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs  
Case 15-E-0188 – New York State Electric & Gas Corporation  
Case 15-E-0190 – Rochester Gas and Electric Corporation

Dear Secretary Burgess:

Pursuant to Ordering Clause No. 2 of the New York State Public Service Commission's ("PSC" or "Commission") Order Adopting Dynamic Load Management Filings with Modifications, issued and effective June 18, 2015 in the above referenced proceedings, New York State Electric & Gas Corporation ("NYSEG") and Rochester Gas and Electric Corporation ("RG&E"), (together the "Companies") respectfully submit their Distribution Level Demand Response 2016 Annual Report.

Should you have any questions please contact Kathy Grande at (585) 771-4514 or Lori Cole at (607) 762-8710.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mark O. Marini".

Mark O. Marini

**NEW YORK STATE ELECTRIC & GAS CORPORATION  
and  
ROCHESTER GAS AND ELECTRIC CORPORATION**

**DISTRIBUTION LEVEL DEMAND RESPONSE  
2016 ANNUAL REPORT**

**Case 14-E-0423 – Proceeding on Motion of the Commission to Develop Dynamic  
Load Management Programs**

**Case 15-E-0188 - NYSEG  
Case 15-E-0190 - RG&E**

# NYSEG AND RG&E DISTRIBUTION LEVEL DEMAND RESPONSE 2016 ANNUAL REPORT

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# NYSEG AND RG&E DISTRIBUTION LEVEL DEMAND RESPONSE 2016 ANNUAL REPORT

## INTRODUCTION

New York State Electric & Gas (“NYSEG”) and Rochester Gas and Electric (“RG&E”), collectively referred to as the (“Companies”), submits this evaluation of its Distribution Level Demand Response (“DLDR”) programs pursuant to the New York Public Service Commission’s (“Commission” or “PSC”) June 18, 2015 Order Adopting Dynamic Load Management Filings with Modifications (“the Order”). The Order requires that the Companies submit a report to the Commission by December 1<sup>st</sup> of each year assessing the three DLDR programs approved in the Order.<sup>1</sup>

The Companies’ three DLDR programs are:

- Distribution Load Relief Program (“DLRP”),
- Commercial System Relief Program (“CSRP”), and
- Direct Load Control Program (“DLC” or “DLC Program”).

The DLDR programs are divided by application type, contingency or peak-shaving, and also by customer type as further described in Tables 1 and 2 below.

The CSRP and DLRP programs are designed for commercial and industrial customers and aggregations of smaller customers who are able to achieve a pledged reduction amount through their own demand reduction strategies. The programs each have a mandatory (Reservation Option) and voluntary (Voluntary Option) enrollment option with separate obligations and incentive rates.

The DLC program is primarily for residential and small commercial customers and achieves demand response by remotely adjusting thermostat set points through smart Wi-Fi enabled thermostats for central air conditioning systems and a smart control device for room air conditioning units.

The segmentation by customer type is important, as the programs require specific operational processes, equipment, communication and education. This report is structured to reflect the segmentation.

This report also covers the cost components and program performance associated with the Companies’ DLDR programs for the 2016 program year, January 1, 2016 through December 31, 2016.

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<sup>1</sup> Case 14-E-0423, Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs *Instituting Proceeding Regarding Dynamic Load Management and Directing Tariff Filings*, issued and effective December 15, 2014, pp. 25-26.

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Table 1 - Contingency Programs:

Program	General Information	NYSEG Incentive	RG&E Incentive
Distribution Load Relief Program (DLRP)	Activated by NYSEG or RG&E in response to system critical situations (i.e. voltage reduction). Events last for 4 or more hours.	<p>Customers in the Reservation Option receive a reservation payment of \$2.75 per kilowatt ("kW")-month pledged for months with four or less Events and \$3.00 per kW-month pledged for months with five or more planned load relief Events.</p> <p>Performance Payment equal to \$0.15 per kilowatt-hours ("kWh") reduced for the first four hours of the load relief Event and \$0.30 per kWh for all hours beyond the first four hours of the Event.</p> <p>Customers in the Voluntary program are paid only a Performance Payment equal to \$0.15 per kWh reduced from a baseline amount.</p>	<p>Customers in the Reservation Option receive a reservation payment of \$3.25 per kilowatt ("kW")-month pledged for months with four or less Events and \$3.50 per kW-month pledged for months with five or more planned load relief Events.</p> <p>Performance Payment equal to \$0.15 per kilowatt-hours ("kWh") reduced for the first four hours of the load relief Event and \$0.30 per kWh for all hours beyond the first four hours of the Event.</p> <p>Customers in the Voluntary program are paid only a Performance Payment equal to \$0.15 per kWh reduced from a baseline amount.</p>
Direct Load Control (DLC)	Activated by NYSEG or RG&E in system critical situations. Customers with air-conditioning controlled by a qualifying control device are eligible. Allows NYSEG or RG&E to remotely adjust thermostat settings.	<p>Customers, in designated areas, who receive a Control Device from the Company which controls a room air conditioner, will receive up to a \$20 sign-up payment after the Control Device is enrolled.</p> <p>Customers, in designated areas, who receive a Control Device from the Company which controls a central air conditioning system will receive a free Company provided device and installation.</p> <p>Customers who install and enroll a Control Device through a service provider which controls central air conditioning will receive a one-time \$85 e-gift card.</p> <p>An event or test payment of \$5 per event is paid as a bill credit.</p>	<p>Customers, in designated areas, who receive a Control Device from the Company which controls a room air conditioner, will receive up to a \$20 sign-up payment after the Control Device is enrolled.</p> <p>Customers, in designated areas, who receive a Control Device from the Company which controls a central air conditioning system will receive a free Company provided device and installation.</p> <p>Customers who install and enroll a Control Device through a service provider which controls central air conditioning will receive a one-time \$85 e-gift card.</p> <p>An event or test payment of \$5 per event is paid as a bill credit.</p>

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**Table 2 - Peak Shaving Programs:**

<b>Program</b>	<b>General Information</b>	<b>NYSEG Incentive</b>	<b>RG&amp;E Incentive</b>
Commercial System Relief Program (CSRP)	Event activated when day-ahead forecast is 92 percent or greater of forecasted summer system peak to relieve distribution network peak loads.	<p>Customers in the Reservation Option receive a reservation payment of \$2.75 per kW-month pledged for months with four or less Events and \$3.00 per kW-month pledged for months with five or more planned load relief Events.</p> <p>Performance Payment equal to \$0.15 per kilowatt-hours ("kWh") reduced for the first four hours of the load relief Event and \$0.30 per kWh for all hours beyond the first four hours of the Event.</p> <p>Customers in the Voluntary Option receive a Performance Payment equal to \$0.15 per kWh reduced from a baseline amount.</p>	<p>Customers in the Reservation Option receive a reservation payment of \$3.25 per kW-month pledged for months with four or less Events and \$3.50 per kW-month pledged for months with five or more planned load relief Events.</p> <p>Performance Payment equal to \$0.15 per kilowatt-hours ("kWh") reduced for the first four hours of the load relief Event and \$0.30 per kWh for all hours beyond the first four hours of the Event.</p> <p>Customers in the Voluntary Option receive a Performance Payment equal to \$0.15 per kWh reduced from a baseline amount.</p>
Direct Load Control (DLC)	Activated by NYSEG or RG&E during peak shaving events. Customers with central air-conditioning controlled by a qualifying device are eligible. Allows NYSEG or RG&E to remotely adjust thermostat settings.	<p>Customers, in designated areas, who receive a Control Device from the Company which controls a room air conditioner, will receive up to a \$20 sign-up payment after the Control Device is enrolled.</p> <p>Customers, in designated areas, who receive a Control Device from the Company which controls a central air conditioning system will receive a free Company provided device and installation.</p> <p>Customers who install and enroll a Control Device through a service provider which controls central air conditioning will receive a one-time \$85 e-gift card.</p> <p>An event or test payment of \$5 per event is paid as a bill credit.</p>	<p>Customers, in designated areas, who receive a Control Device from the Company which controls a room air conditioner, will receive up to a \$20 sign-up payment after the Control Device is enrolled.</p> <p>Customers, in designated areas, who receive a Control Device from the Company which controls a central air conditioning system will receive a free Company provided device and installation.</p> <p>Customers who install and enroll a Control Device through a service provider which controls central air conditioning will receive a one-time \$85 e-gift card.</p> <p>An event or test payment of \$5 per event is paid as a bill credit.</p>

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### COMMERCIAL SYSTEM RELIEF PROGRAM (“CSRP”)

CSRP is open to participants in the Companies’ service territory who can curtail load or bring on certain on-site generation to reduce their demand by a minimum of 50 kW individually, or to Aggregators/Curtailment Service Providers who aggregate 50 kW or more of demand reduction. Planned Events refer to the Companies’ request for Load Relief when the day-ahead forecasted load level is at least 92 percent of the Companies’ forecasted summer system peak.

The customer is required to respond to a CSRP Planned Event for a four-hour period. In 2016, the call window for CSRP was Monday through Friday between 2:00 PM and 6:00 PM.

CSRP has environmental and performance requirements, including a 20 percent cap on the program resources enrolled via the use of on-site diesel or gas-turbine generation. Participating diesel electric generating equipment must have an engine of model year vintage 2000 or newer. Enrollment by such generators is accepted on a first-come, first-served basis. All other electric generating equipment is limited to the following: natural gas-fired rich burn electric generating equipment that incorporates three-way catalyst emission controls; natural gas lean-burn electric generating equipment with an engine of model year vintage 2000 or newer; or electric generating equipment that has a NO<sub>x</sub> emissions level of no more than 2.96 pounds (“lbs.”) per megawatt-hour (“MWh”).

#### Participation Options

The CSRP includes both a Reservation Option and a Voluntary Option for participation.

#### Reservation Option

Participants enrolled in the Reservation Option receive monthly Reservation Payments. In addition to the Reservation Payment, participants choosing this payment option receive a Performance Payment that is equal to \$0.15 per kWh reduced during an Event. If the Companies call a Test, the participant receives payment of \$0.15 per kWh reduced during the Test. The Reservation Payment values are shown in Table 3 below:

**Table 3:**

CSRP 2016 Reservation Payment Schedule				
Company	0 – 4 Planned Events /month	5+ Planned Events /month	Unplanned Event	Performance or Test payment
NYSEG	\$2.75/ kW	\$3.00/ kW	\$0.15/ kWh	\$0.15/ kWh
RGE	\$3.25/ kW	\$3.50/ kW	\$0.15/ kWh	\$0.15/ kWh



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### Voluntary Option

Voluntary Participants receive Performance Payments of \$0.15 per kWh reduced compared to a baseline amount during a Planned Event, an Unplanned Event, or a Test.

### CSRP Program Costs

Table 4 summarizes the costs, by component, associated with the CSRP in 2016

**Table 4:**

CSRP--2016 Program Costs				
Component	NYSEG		RG&E	
	Cost	Percentage	Cost	Percentage
Program Operation Expense	\$22,165	12.0%	\$27,105	12.6%
Program Incremental Marketing Material Expense	\$671	0.3%	\$340	0.2%
Customer Incentives Expense	\$162,469	87.7%	\$187,613	87.2%
<b>Total Program Costs</b>	<b>\$185,305</b>	<b>100%</b>	<b>\$215,058</b>	<b>100%</b>

### Program Operation Expense

Costs in this category include the Companies' staff salary and overheads associated with CSRP management and support. This includes, but is not limited to, work performed by program managers and marketing staff. Program staff salaries are recovered through the operating and maintenance ("O&M") budget while other operational costs are recovered via the Non-By Passable Charge ("NBC"). The costs associated with program operation at NYSEG were \$22,165 (12.0 percent of the total program cost), and at RG&E \$27,105 (12.6 percent of the total program cost). These values were calculated using a percentage of time allocation for staff and support personnel to CSRP activities, with their associated salaries, overheads, and Administrative and Supervisory ("A&S") costs.

### Program Incremental Marketing Material Expense

Incremental marketing material expenses include expenses associated with printing and production of direct mail materials and associated postage used as part of the marketing initiatives developed to inform and involve customers in the program. The expenses associated with program marketing materials were \$671 (0.3 percent of the total program cost) at NYSEG and \$340 (0.2 percent of the total program cost) at RG&E.

### Customer Incentive Expense

Customer incentives consist of Performance and Reservation Payments paid to customers and Aggregators for their participation and performance in Events and Tests. In 2016, no Tests were conducted since actual curtailment Events occurred (two NYSEG Events and thirteen RG&E Events). The cumulative total of NYSEG customer incentives (Performance Payment plus

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Reservation Payments) amounted to \$162,469 (87.7 percent of the total program cost) and \$187,613 (87.2 percent of the total program cost) for RG&E customers.

### CSRP Outreach and Enrollment

The Companies offered the CSRP throughout their service territories primarily targeting customers currently enrolled in Mandatory Hourly Pricing (“MHP”) programs. Customers enrolled in MHP already have an interval meter installed along with the potential to curtail the minimum 50 kW without a major impact on their business operations. A total of 1,260 customers are currently enrolled in MHP throughout the Companies’ service territories; 838 at NYSEG and 422 at RG&E.

In support of these targeted initiatives, a one page program summary was developed and mailed to each of the 1,260 MHP customers. Additionally, Key Account Managers reached out to customers that had expressed interest in CSRP in 2015 but chose not to participate due to time constraints.

The Companies used components of the one page summary to build a section on its’ website describing CSRP (see Appendix C). The website contains program information, enrollment forms, Aggregator application and links to other related webpages of the Companies. The website was also used to inform the CSRP participants (as well as participants of the other DLDR programs) of the predicted Day Ahead MW load and the predicted percent of peak.

Aggregators are eligible for CSRP as well and many of the established Aggregators that have active programs throughout New York State responded with interest in the Companies programs. The Companies worked one-on-one with all Aggregators who responded with interest in the program to assist in describing the program, answering questions, outlining requirements and eligibility, enrolling customers and to ensure their participants had all the required components for CSRP participation. Consequently, three Aggregators chose to participate in the 2016 CSRP program.

Lastly, a toll free number and an email address dedicated to Demand Response is currently in operation and available for potential customers and Aggregators to obtain more information on the CSRP.

### Enrollments

The outreach initiatives mentioned above resulted in four Direct Customers enrolling in the NYSEG program and one Direct Customer enrolling in the RG&E program. A Direct Customer is a customer who has enrolled directly with the Companies rather than enrolling through an Aggregator.

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All customers have the option of choosing between the Reservation Option and Voluntary Option when they enroll. At the time of enrollment, customers choosing the Reservation Option inform the Companies of the kW they are committing to curtail.

Direct Customers enrolled in the Voluntary Option enroll for a minimum of 50 kW, and are not required to inform the Companies of the amount they plan to curtail above the minimum 50 kW. It should be noted that 50 kW was the value used in Table 5 below as the enrolled kW and also the value used in the program evaluation tests.

The three Aggregators that participated enrolled 57 meters in the NYSEG program and enrolled 35 meters in the RG&E program. The Aggregators chose to participate in the Reservation Option with both Companies.

The Companies CSRP Program Enrollment is displayed in Table 5.

**Table 5:**

CSRP 2016 Program Enrollment						
	NYSEG			RG&E		
Enrollment type	Enrollees	kW	Meters	Enrollees	kW	Meters
Direct Customer - Reservation Option	1	4,600	1	1	10,000	1
Direct Customer - Voluntary Option	3	150	3	0	0	0
Aggregator - Reservation Option	3	10,536	57	3	7,140	35
Aggregator - Voluntary Option	0	0	0	0	0	0
<b>Program Total</b>	<b>7</b>	<b>15,286</b>	<b>61</b>	<b>4</b>	<b>17,140</b>	<b>36</b>

### Event Performance

One of the goals of the program evaluation is to determine whether participants are providing the pledged demand reductions. The Customer Baseline Load ("CBL") for the day of an Event is the estimate of the customer's load level had there been no Event. The difference between the CBL and the actual load is used to determine the achieved performance.

### Event Summary

NYSEG called two (2), four (4) hour Events between 2:00 PM and 6:00 PM, and RG&E called thirteen (13), four (4) hour Events between 2:00 PM and 6:00 PM during the Summer of 2016. Participants enrolled in the Reservation Option were required to participate in the Event and participants enrolled in the Voluntary Option were notified that they could participate in the Event, although their participation was optional.

A summary of all the Events is shown in Table 6 below. Performance Factors for the Events can be found in Appendix A.

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**Table 6:**

Average Hourly CSRP Event Participation			
Enrolled Program	Enrolled Load Relief	Enrolled Meters	Average Load Relief Provided During Called Events
NYSEG CSRP—Reservation	15,136 kW	58	14,603 kW
NYSEG CSRP—Voluntary	150 kW	3	320 kW
<b>NYSEG Total</b>	<b>15,286 kW</b>	<b>61</b>	<b>14,923 kW</b>
RG&E CSRP—Reservation	17,140 kW	36	9,938 kW
<b>RG&amp;E Total</b>	<b>17,140 kW</b>	<b>36</b>	<b>9,938 kW</b>
<b>Program Total</b>	<b>32,426 kW</b>	<b>97</b>	<b>24,861 kW</b>

### CSRP Measurement and Methodology

CSRP uses the CBL methodology to measure load reduction during all Tests and Events for both Reservation Option and Voluntary Option enrolled customers.

### **DISTRIBUTION LOAD RELIEF PROGRAM (“DLRP”)**

DLRP is a network contingency DLDR program applicable to individual customers who contract to reduce 50 kW or more during an Event and Aggregators who contract to reduce 50 kW or greater of demand reduction. DLRP may be called by the Companies to reduce load on local distribution circuits within specific load areas when contingencies occur.

### Participation Options

Like the CSRP, the DLRP includes both a Reservation Option and a Voluntary Option for participation.

### Reservation Option

The incentive at NYSEG for the Reservation Option is \$2.75 per kW-month and \$3.25 per kW-month at RG&E. A participant receives a Performance Payment for each kWh reduction from a baseline amount during load relief Events. Performance Payments are \$0.15 per kWh for the first four hours of the load relief Event and \$0.30 per kWh for all hours beyond the first four hours of the Event.

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### Voluntary Option

Voluntary Option participants receive Performance Payments of \$0.15 per kWh for the electricity reduced from a baseline amount.

### DLRP Program Costs

Table 7 summarizes the costs, by component, associated with the Companies' DLRP in 2016.

**Table 7:**

DLRP 2016 Program Costs				
Component	NYSEG		RG&E	
	Cost	Percentage	Cost	Percentage
Program Operation Expense	\$0	0%	\$0	0%
Program Incremental Marketing Material Expense	\$671	100%	\$340	100%
Customer Incentive Expense	\$0	0%	\$0	0%
<b>Total Program Costs</b>	<b>\$671</b>	<b>100%</b>	<b>\$340</b>	<b>100%</b>

### Program Operation Expense

Costs in this category include the Companies' staff salary and overheads associated with DLRP management and support. This includes, but is not limited to, work performed by program managers and marketing staff. Program staff salaries are recovered through the operating and maintenance ("O&M") budget while other operational costs are recovered via the "NBC". The costs associated with program operation at NYSEG were \$0 (0 percent of the total program cost), and at RG&E \$0 (0 percent of the total program cost). Since there was no participation in the DLRP all Program Operation Expenses were allocated to the CSRP.

### Program Incremental Marketing Material Expense

Incremental marketing material expenses include expenses associated with the printing and production of direct mail materials and associated postage used in part of the marketing initiatives developed to inform and involve customers in the program. Expenses associated with program marketing materials were \$671 (100 percent of the total program cost) at NYSEG and \$340 (100 percent of the total program cost) at RG&E.

### Customer Incentive Expense

Customer incentives consist of Performance and Reservation Payments paid to customers for their participation and performance in Events and Tests. In 2016, there were no enrollees in this program and therefore there were no customer incentive expenses.

### DLRP Outreach and Enrollment

The Companies offered the DLRP in 4,300 NYSEG designated areas and 1,200 RG&E designated areas throughout their service territories, primarily focusing on customers currently enrolled in Mandatory Hourly Pricing ("MHP") programs. As was stated earlier, Customers enrolled in MHP

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already have an interval meter installed along with the potential to curtail the minimum 50 kW without a major impact on their business operations. A one page program summary was developed and mailed to MHP customers.

The Companies used components of the one page summary to build a section on its' website (see Appendix D) describing the DLRP. The website contains program information, enrollment forms, Aggregator application and links to other related webpages of the Companies.

Aggregators are eligible for DLRP as well and several different Aggregators that have active programs throughout New York State responded with interest in the Companies programs. The Companies worked one-on-one with all Aggregators who responded with interest in the program to assist in describing the program, answering questions, outlining requirements and verifying eligibility. Although some customers and Aggregators inquired for further information on the program, there were no enrollees in 2016.

Lastly, a toll free number and an email address dedicated to Demand Response is currently in operation and available for potential customers and Aggregators to obtain more information on DLRP.

### **DLRP Test and Event Performance Impacts**

This section focuses on three major areas: evaluation of performance, evaluation of impacts by network, and an assessment of program growth.

The goal of DLRP is to reduce the impact of load area contingencies by inducing customer load reductions prior to or at the time of an Event. The achieved performance is calculated by subtracting customer/Aggregator actual load from customer/Aggregator baseline load. The Performance Factor is the ratio of the achieved load reduction to the pledged load reduction.

During the 2016 Capability Period, there were no enrollees in the Companies' programs and therefore no Test or Event was called.

### **CSRP AND DLRP Evaluation**

Pursuant to the January 21, 2016 Order Establishing the Benefit – Cost Analysis Framework, the Companies are required to perform the Societal Cost Test (SCT), the Utility Cost Test (UCT), and the Ratepayer Impact Measure (RIM) test for all Distributed Energy Resources (DERs).

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Table 8 summarizes the results of these tests:

Table 8:

CSRP Benefit - Cost Summary			
		NYSEG	RGE
		August 12, 2016	September 8, 2016
Test	Test Description		
SCT	<i>Societal Cost Test</i>	54.7	29.9
UCT	<i>Utility Cost Test</i>	1.49	1.00
RIM	<i>Ratepayer Impact Measure</i>	1.49	1.00

### Benefit - Cost Test Assumptions

The Companies updated the assumptions for all tests to those required by the Companies' Benefit – Cost Handbook.<sup>2</sup> Input assumptions include:

- Avoided Energy Cost
  - NY ISO CARIS Phase II database update
- Avoided Generation Capacity Cost
  - NY ISO CARIS Phase II database update and work papers from NY DPS Staff dated August 5<sup>th</sup>, 2016
- Avoided Marginal Cost of Service At the Distribution Level
  - NYSEG and RG&E Benefit Cost Analysis Handbook, Version 1.0, June 30<sup>th</sup>, 2016
- Avoided Carbon Cost
  - Work papers from NY DPS Staff dated March 23rd, 2016
- Interest Rates
  - NYSEG and RG&E Benefit Cost Analysis Handbook, Version 1.0, June 30<sup>th</sup>, 2016
- Line Losses At the Secondary Distribution Level
  - NYSEG and RG&E Benefit Cost Analysis Handbook, Version 1.0, June 30<sup>th</sup>, 2016

### CSRP AND DLRP Conclusions

NYSEG had seven (7) customers/Aggregators enrolled in the CSRP which represented 61 electric meters. There were two (2), four (4)-hour demand response Events in the Summer of 2016. Of the 15,136 kW enrolled for load reduction in the CSRP Reservation Option an average of 14,603

<sup>2</sup> Benefit – Cost Handbook filed June 30<sup>th</sup>, 2016 in Case 14-M-0101.

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kW of load relief was provided during each hour of the event. Of the 150 kW enrolled for load reduction in the CSRP Voluntary Option an average of 320 kW of load relief was provided during each hour of the event. No NYSEG customers enrolled in DLRP.

RG&E had four (4) customers/Aggregators enrolled in the Commercial System Relief Program which represented 36 electric meters. There was a total 13, four (4)-hour demand response Events in the Summer of 2016. Of the 17,140 kW enrolled for load reduction in the CSRP Reservation Option an average of 9,938 kW of load relief was provided during each hour of the event. The performance from RG&E participants was most likely the result of the number of CSRP events and that many events were called on consecutive days. Also, some may have chosen not to participate in all the events since there is no immediate penalty for failing to achieve reductions based on a customer's enrolled load (Customers only incur a reduction in the monthly reservation payment). It should also be noted that the event with the best participation coincided with a NYISO Special Case Resource event.

Lastly, there were no RG&E customers enrolled in the CSRP Voluntary Option or in DLRP.

### **CSRP AND DLRP Program 2017 Changes**

There are no program changes planned for CSRP and DLRP in 2017.

The Companies reviewed the potential events that would have been called if a CSRP and DLRP were in place the previous five ("5") years (2011-2015). Using the existing 92% trigger for calling events, on average two ("2") events would have been called at NYSEG and six ("6") would have been call at RG&E. Based upon these results, the Companies concluded that due to the unusually hot, humid, and dry period in the RG&E service territory, 2016 appears to be an unusual Summer capability period. Based upon this information, the Companies conclude that the CSRP achieved the expected customer response for the conditions and number of events that were called and given normal weather conditions, the average anticipated events using the 92% trigger is reasonable. Therefore the Companies are not proposing a change to the 92% trigger at this time.

## **DIRECT LOAD CONTROL PROGRAM ("DLC")**

### **Program Summary**

The Companies' DLC program is available to all customers, excluding Mandatory Hourly Pricing customers, with a focus on residential and small commercial customers. In order to participate in the program customers must have a Company approved control device controlling a room air conditioning unit or central air conditioning. Customers have the option to bring their own thermostat (BYOT) or utilize a device provided by the Companies. This program utilizes smart Wi-Fi enabled thermostats or control devices which allow the Companies to change thermostat set points during Events or Tests to achieve demand reduction.



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Customers enrolling in the BYOT option receive an incentive to offset a portion of the cost of their smart thermostat. Customers with central air conditioning opting to enroll using a Company provided smart thermostat will receive a free device and installation. Customers with room air conditioning units opting to enroll in the program will receive a free control device from the Company and an incentive to enroll once they have installed the device.

Customers enrolled in the program will receive a \$5 bill credit for all events and tests they fully participate in.

### Program Results

Program implementation began in October 2016 with the official launch occurring in November to begin enrolling customers for the 2017 Summer period, due to delays in securing a program implementation vendor.

### Program Costs

DLC - 2016 Program Costs	
NYSEG	\$329,333.20
RG&E	\$194,935.16
Total	\$524,268.36

### Outreach and Enrollment

Outreach and program enrollment began in late November 2016. Enrollment data is not available in time for this report. Marketing initiatives include Black Friday and Cyber Monday campaigns through email, Google Search, Google Display Network banners, and Facebook advertisements. Customers can apply directly over the internet through the Program's websites.

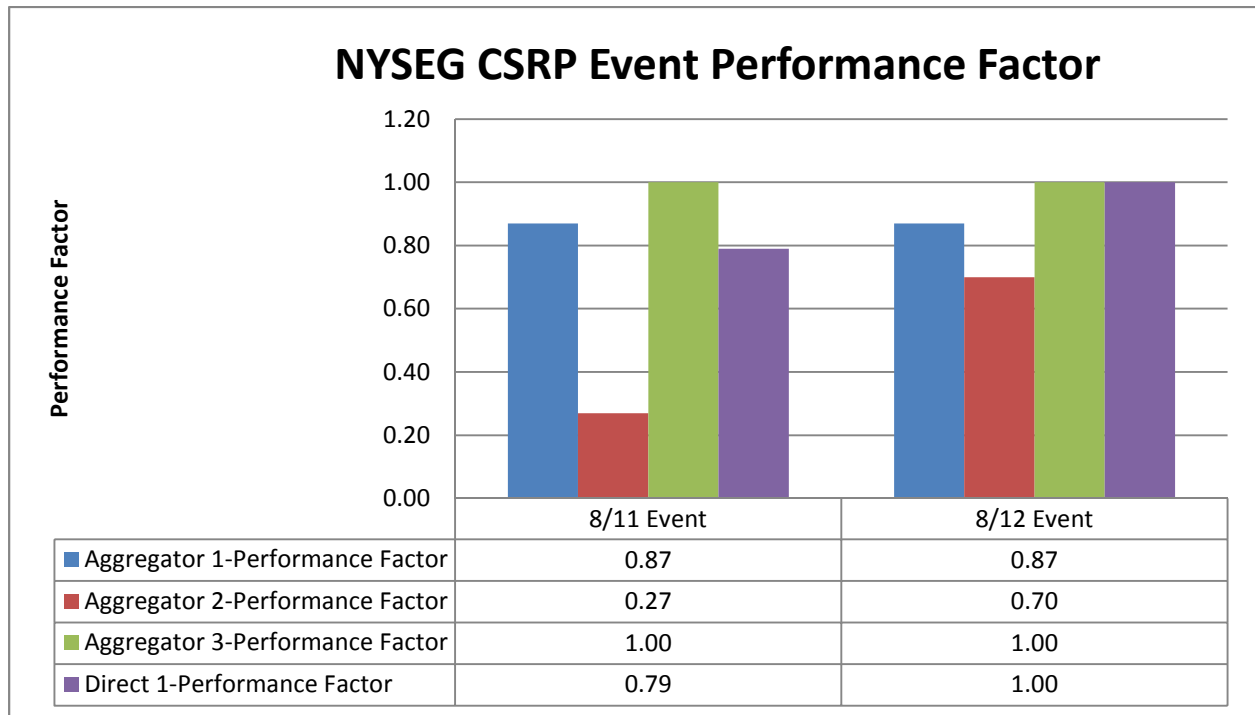
### DLC Program Changes for 2017

The companies are not proposing any DLC program changes for 2017.

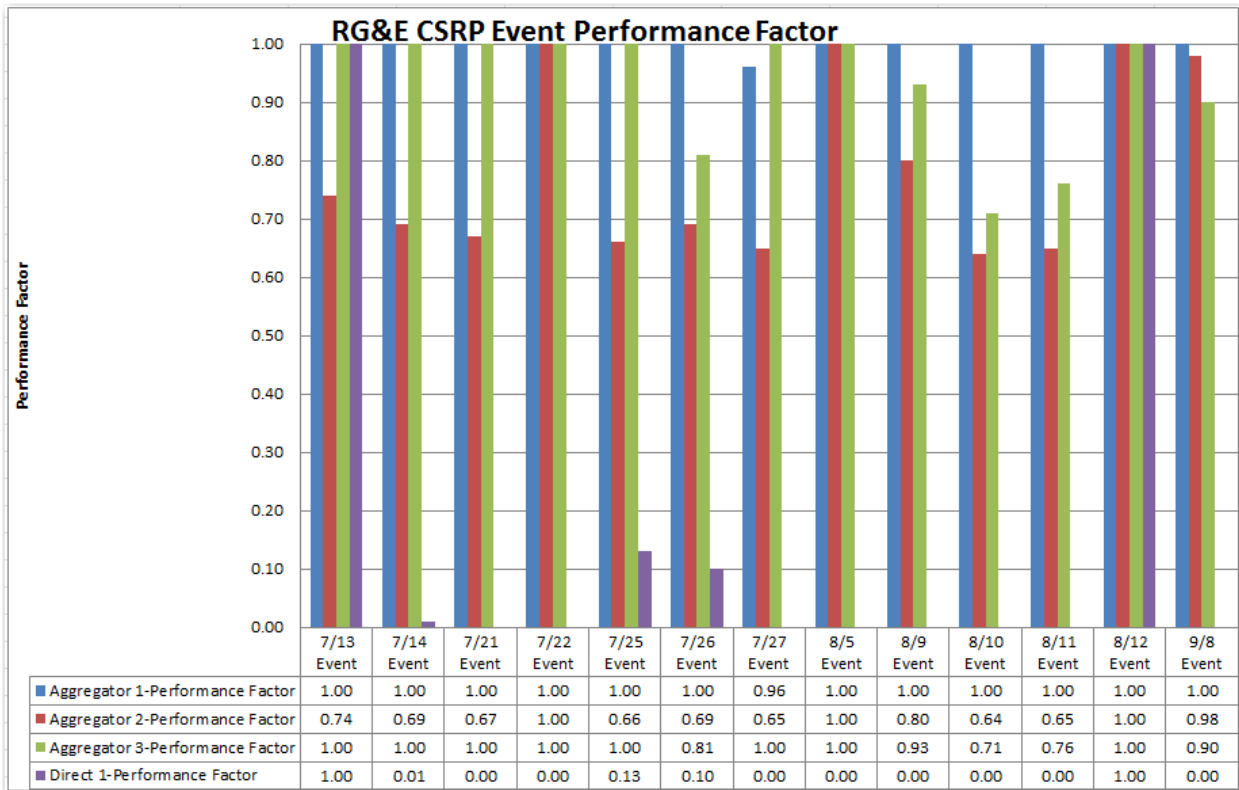
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## APPENDICES

### Appendix A: CSRP Event Performance Factor Graphs and Charts



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## Appendix B: DLDR Sample Web pages – Demand Response Programs

URL: <http://www.nyseg.com/YourBusiness/demandresponse/default.html>

<http://www.rge.com/YourBusiness/demandresponse/default.html>

The screenshot shows the NYSEG website interface. At the top, there is a navigation bar with the NYSEG logo, a "My Account Login" button, a search bar, and social media links for Facebook and Twitter. Below this is a secondary navigation bar with links: "Your Account", "Your Home", "Your Business", "Usage and Safety", "Outage Central", "Giving Back", "For Suppliers and Partners", and "Our Company". The main content area has a green header with the text "usage and safety" and "demand response programs". On the left, a green sidebar lists various energy-related topics. The main content area features a central box titled "Get paid to use less energy" with a description of demand response programs. To the right, a box announces "Demand Response Enrollment for Summer 2016 will begin March 2016". Below these are four program tiles: "CASHBACK Programs", "Control Your Savings", "Commercial System Relief Program", and "Distribution Load Relief Program", each with a brief description and a "Find out more" link. The footer includes the AVANGRID logo and a navigation bar with links: "Home", "Emergency Contact", "Contact Us", "Site Map", "Privacy Policy and Terms of Use".

**NYSEG** My Account Login Search Follow us on: f t

Your Account Your Home Your Business Usage and Safety Outage Central Giving Back For Suppliers and Partners Our Company

**usage and safety**

**demand response programs**

Convert to Natural Gas  
Energy Efficiency Incentives  
Electrical Safety  
Natural Gas Safety  
Using Energy Wisely  
Choose an Energy Supplier  
Dig Safely and Look Up  
Energy Theft

**Get paid to use less energy**  
Our Demand Response programs offer incentives to select residential, small business and industrial customers when they reduce electricity use during times of peak demand. Click on the programs below to find out how your home or business could benefit and help alleviate the strain on New York State's power supply.

**Demand Response Enrollment for Summer 2016 will begin March 2016**

**CASHBACK Programs**  
CASHBACK and CASHBACK plus are two programs that reward your business for reducing energy consumption when requested.  
[Find out more ►](#)

**Control Your Savings**  
Coming soon! This program will be available to residential and small business customers who agree to install a control device on their A/C equipment.

**Commercial System Relief Program**  
This program gives you advance notice to reduce your energy consumption and receive compensation.  
[Find out more ►](#)

**Distribution Load Relief Program**  
This program is available to select customers in parts of our electric service area. Eligible customers receive compensation for participation.  
[Find out more ►](#)

**AVANGRID** Home | Emergency Contact | Contact Us | Site Map | Privacy Policy and Terms of Use

# NYSEG AND RG&E DISTRIBUTION LEVEL DEMAND RESPONSE 2016 ANNUAL REPORT

## Appendix C: DLDR Sample Web pages – Commercial System Relief Program

URL: <http://www.nyseg.com/YourBusiness/demandresponse/commercialsystem.html>

<http://www.rge.com/YourBusiness/demandresponse/commercialsystem.html>

The screenshot shows the NYSEG website's 'usage and safety' section for the 'commercial system relief program'. The page features a green header with the NYSEG logo, a search bar, and a navigation menu. A left sidebar lists various energy-related topics. The main content area is titled 'Commercial System Relief Program' and includes a description of the program, eligibility requirements, and payment options.

**NYSEG** My Account Login Search

Follow us on: [f](#) [t](#)

Your Account Your Home Your Business Usage and Safety Outage Central Giving Back For Suppliers and Partners Our Company

### usage and safety

#### commercial system relief program

**Convert to Natural Gas**  
**Energy Efficiency Incentives**  
**Electrical Safety**  
**Natural Gas Safety**  
**Using Energy Wisely**  
**Choose an Energy Supplier**  
**Dig Safely and Look Up**  
**Energy Theft**

#### Commercial System Relief Program

When you participate in our Commercial System Relief Program (CSRP), you are paid to save energy, and you play a significant role in the operation of the electricity grid by reducing or shifting your electricity use during peak periods. The CSRP and other similar demand response programs can lower the cost of electricity in wholesale markets and, in turn, lead to lower retail rates.

Our Commercial System Relief Program (CSRP) provides notification of up to 21 hours to enrolled customers to reduce their electricity use to help maintain system reliability in their communities.

#### Eligibility & Requirements

- ▶ You must have an interval meter with telecommunications capability. If you do not have an interval meter installed for monthly billing, we will install an interval meter at your expense (\$700). A dedicated phone line also has to be installed to the meter and maintained at your expense.
- ▶ We may issue load reduction notifications from May 1 through September 30.
- ▶ You must be able to respond to demand response events Monday through Friday.
- ▶ You must maintain electricity reduction for at least four hours during an event beginning at 2 p.m.
- ▶ Customers enrolled in the Reservation Payment Option (see below) are required to participate in a one-hour test every year.
- ▶ Performance payment is based on electricity use reduction during the test and all events. It is measured using our [customer baseline load](#) procedures.
- ▶ Aggregators must have systems and processes in place to:
  - ▶ Respond to CSRP tests and events pursuant to notification through our prescribed notification system.
  - ▶ Ensure that the aggregator's enrolled customers respond to CSRP tests and events.
  - ▶ Electronically submit enrollments to us using the enrollment system established and modified by us.

#### Payment Options

There are two payment options for the CSRP under which a direct participant or an aggregator may contract to provide load relief during load relief periods designated by us. The options are the Voluntary Participation Option and the Reservation Payment Option.

## NYSEG AND RG&E DISTRIBUTION LEVEL DEMAND RESPONSE 2016 ANNUAL REPORT

### Voluntary Participation Option

Under the Voluntary Participation Option we will make a payment to a direct participant or aggregator who provides load relief during a designated load relief period. The performance amount paid per event is equal to the applicable performance payment rate per kilowatt-hour (kWh) multiplied by the average kilowatt (kW) of load relief provided during the event multiplied by the number of event hours.

- The current performance payment rate is \$0.15 per kWh.

We will make all performance payments to a direct participant or aggregator after the program year.

### Reservation Payment Option

To participate in the Reservation Payment Option, the direct participant or the aggregator must commit to load relief for planned and unplanned events upon our request. Under this option, the monthly payment is calculated by multiplying the applicable reservation payment rate per kW by the kW of contracted load relief multiplied by performance factor for the month. There is a reservation payment rate for months where we have requested four or fewer planned load relief events. There is also a reservation payment rate for months where we have requested five or more planned load relief events.

- The current reservation payment rate for four or less planned events is \$2.75 per kW per month.
- The current reservation payment rate for five or more planned events is \$3.00 per kW per month.

The direct participant or the aggregator will receive a performance payment per kWh for load relief during test, planned and unplanned load relief events.


- The current performance payment rate is \$0.15 per kWh.

We will make all performance payments to a direct participant or aggregator after the program year.

### Apply Now

Commercial System Relief Program participation details are contained in the tariff. The enrollment deadline for the Reservation Payment Option is June 15, 2016. The Voluntary Participation Option enrollment deadline is September 30, 2016.

We encourage you to apply through an aggregator. If you are able to reduce your electricity use by 50 kW or more, you can be a direct participant by applying directly with us.

To participate directly with us, complete and submit the [demand response application](#) and [demand response enrollment form](#). Applications and any questions you may have can be submitted [here](#), or call 1.866.410.7545  for more information.



[Home](#) | [Emergency Contact](#) | [Contact Us](#) | [Site Map](#) | [Privacy Policy and Terms of Use](#)

# NYSEG AND RG&E DISTRIBUTION LEVEL DEMAND RESPONSE 2016 ANNUAL REPORT

## Appendix D: DLDR Sample Web pages – Distribution Load Relief Program

URL: <http://www.nyseg.com/YourBusiness/demandresponse/distributionloadrelief.html>

<http://www.rge.com/YourBusiness/demandresponse/distributionloadrelief.html>

The screenshot displays the NYSEG website interface. At the top, the NYSEG logo is on the left, and a 'My Account Login' button is on the right. A search bar is located to the right of the login button. Below the logo, a navigation menu includes links for 'Your Account', 'Your Home', 'Your Business', 'Usage and Safety', 'Outage Central', 'Giving Back', 'For Suppliers and Partners', and 'Our Company'. The 'Usage and Safety' link is highlighted, and the page title 'usage and safety distribution load relief program' is displayed. On the left side, a green sidebar lists various topics: 'Convert to Natural Gas', 'Energy Efficiency Incentives', 'Electrical Safety', 'Natural Gas Safety', 'Using Energy Wisely', 'Choose an Energy Supplier', 'Dig Safely and Look Up', and 'Energy Theft'. The main content area is titled 'Distribution Load Relief Program' and contains the following text:

When you participate in our Distribution Load Relief Program (DLRP), you are paid to save energy, and you play a significant role in the operation of the electricity grid by reducing or shifting your electricity use during peak periods. The DLRP and other similar demand response programs can lower the cost of electricity in wholesale markets and, in turn, lead to lower retail rates.

Our Distribution Load Relief Program (DLRP) provides two hours or less notification to enrolled customers to reduce their electricity use to help maintain system reliability in their communities.

**Eligibility & Requirements**

- ▶ Participants must be in a NYSEG-designated service area. Click [here](#) to see if you are in a designated area.
- ▶ You must have an interval meter with telecommunications capability. If you do not have an interval meter installed for monthly billing, we will install an interval meter at your expense (\$700). A dedicated phone line also has to be installed to the meter and maintained at your expense.
- ▶ We may issue load reduction notifications from May 1 through September 30.
- ▶ You must be able to respond to demand response events from 6 a.m. to midnight any day of the week.
- ▶ You must maintain electricity reduction for at least four hours during an event.
- ▶ Customers enrolled in the Reservation Payment Option (see below) are required to participate in a one-hour test every year.
- ▶ Performance payment is based on electricity reduction during the test and all events. It is measured using our [customer baseline load procedures](#).
- ▶ Aggregators must have systems and processes in place to:
  - ▶ Respond to DLRP events pursuant to notification through our prescribed notification system.
  - ▶ Ensure that the aggregator's enrolled customers respond to DLRP tests and events.
  - ▶ Electronically submit enrollments to us using the enrollment system established and modified by us.



# NYSEG AND RG&E DISTRIBUTION LEVEL DEMAND RESPONSE 2016 ANNUAL REPORT

## Payment Options

There are two payment options for the DLRP under which a direct participant or an aggregator may contract to provide load relief during load relief periods designated by us. The options are the Voluntary Participation Option and the Reservation Payment Option.

### Voluntary Participation Option

Under the Voluntary Participation Option, we will make a payment to a direct participant or aggregator who provides load relief during a designated load relief period. The performance amount paid per event is equal to the performance payment rate per kilowatt-hour (kWh) multiplied by the average kW (kilowatt) of load relief provided during the event multiplied by the number of event hours.

- The current performance payment rate is \$0.15 per kWh.

We will make all performance payments to a direct participant or aggregator after the program year.

### Reservation Payment Option

To participate in the Reservation Payment Option, the direct participant or the aggregator must commit to load relief for no less than four consecutive hours upon our request. Under this option, the monthly payment is calculated by multiplying the reservation payment rate per kW by the kW of contracted load relief multiplied by the performance factor for the month. For a load reduction requested by us, the direct participant or the aggregator will receive a performance payment per kWh for the first four hours of load relief provided during the load relief period. There is also a performance payment rate for requested load relief period hours over four hours.


- The current reservation payment rate for four or less planned events is \$2.75 per kW per month.  
The current reservation payment rate for five or more planned events is \$3.00 per kW per month.
- The current performance payment rate for the first four hours of the load relief period is \$0.15 per kWh.
- The current performance payment rate for the load relief period hours over four hours is \$0.30 per kWh.

We will make all performance payments to a direct participant or aggregator after the program year.

## Apply Now

Distribution Load Relief Program participation details are contained in the tariff. The enrollment deadline for the Reservation Payment Option is June 15, 2016. The Voluntary Participation Option enrollment deadline is September 30, 2016.

We encourage you to apply through an aggregator. If you are able to reduce your electricity use by 50 kW or more, you can be a direct participant by applying directly with us.

To participate directly with us, complete and submit the [demand response application](#) and [demand response enrollment form](#). Applications and any questions you may have can be submitted [here](#), or call 1.866.410.7545  for more information.

