



**Earnings Adjustment Mechanisms
Second Quarter 2026 Report**

Cases 24-E-0322 and 24-G-0323

Niagara Mohawk Power Corporation d/b/a National Grid

August 28, 2026

1. INTRODUCTION

Pursuant to Section 4.0 of Appendix 7 of the Joint Proposal (“Joint Proposal”) adopted by the New York State Public Service Commission (“Commission”) in Cases 24-E-0322 and 24-G-0323,¹ Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid” or the “Company”) submits this quarterly report of the Company’s progress towards the Earnings Adjustment Mechanisms’ (“EAMs”) metric target and the Company’s current forecast of whether it expects to meet the annual target levels for each EAM.

The Joint Proposal establishes four electric EAMs and one gas EAM during the term of the current rate plan.² The four electric EAMs established in the Joint Proposal are (1) an electric Demand Response (“DR”) EAM, (2) a residential electric vehicle managed charging (“Residential Managed Charging”) EAM, (3) a Storage MW EAM, and (4) a Transportation Electrification EAM, all of which will be measured on a calendar year (“CY”) basis for each rate year: i.e., for rate year 1 (“RY1”), running April 1, 2025 – March 31, 2026, will be based on CY2025 performance; for RY2 (April 1, 2026 – March 31, 2027), will be based on CY2026 performance and for RY3 (April 1, 2027 – March 31, 2028), will be based on CY2027 performance.³ The one gas EAM is a Gas DR EAM and will be measured on a Rate Year basis to align with the heating season.⁴ If any of the performance levels detailed below are achieved, the Joint Proposal enables the Company to earn an annual pre-tax positive revenue adjustment.

Based on the results through the second quarter of CY 2026, the Company is tracking to achieve the maximum target on the Residential Managed Charging EAM. The Company is tracking to fall below the minimum target level on the Storage MW EAM and Transportation Electrification EAM. The Company is unable to provide an update of its anticipated performance for the Gas Demand Response EAM until after the close of the 2026-2027 heating season. Similarly, the Company is unable to provide an update on Electric DR performance until the CY 2026 annual EAM report, when all the necessary data will be available.

Section 2 of this quarterly report describes the Company’s efforts and performance through the second quarter of calendar year 2026.

¹ Cases 24-E-0322 and 24-G-0323, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid*, Order Adopting Terms of Joint Proposal and Establishing Rate Plans (August 14, 2025).

² Joint Proposal, Appendix 7, p. 1.

³ *Id.*

⁴ *Id.*

2. EAM PERFORMANCE SUMMARY

2.1 Electric EAMs

2.1.1 Electric Demand Response EAM

The electric DR EAM is designed to measure the maximum annual demand reduction, measured in MW, in response to DR programs that the Company implements. These include the Distribution Load Management Program (“Term DLM”), Auto-Dynamic Load Management Program (“Auto DLM”), Direct Load Control (“DLC”) Program, and the NYISO Special Case Resources (“SCR”) Program.⁵

The electric DR EAM is the total incremental operationally available MW of demand reduction from the Company’s demand response programs and NYISO’s SCR program within the Company’s service territory in any given calendar year compared to the prior calendar year.

The Company will use data calculated using the methodology employed in the Company’s Annual DR Program Report to measure incremental “operationally available” load relief (MW) from the Company’s DR programs. Specifically, for the Commercial System Relief Program (CSRP) and Distribution Load Relief Program (DLRP), “operationally available” load relief (MW) is calculated in accordance with the Company’s Customer Baseline (CBL) methodology. The Company will then calculate Performance Factor for CSRP and DLRP by dividing the operationally available load relief by the enrolled load relief amount. Should the performance factor exceed 100% for CSRP or DLRP, the operationally available load relief will be capped at the enrolled program amount.

Final NYISO SCR performance results will be sourced from NYISO’s “Annual Report on Demand Response Programs” which is expected to be filed in February 2027. As such, the Company will provide an update on Electric DR performance in the CY 2026 annual EAM report when all the necessary data will be available.

2.1.2 Electric Vehicle Managed Charging - Residential EAM

The Residential Managed Charging EAM incentivizes the Company to increase enrollment in the Charge Smart NY managed charging program, which encourages participants to avoid charging during peak hours and decrease Electric Vehicle (EV) charging coincident peak demand, relative to baseline performance. Calendar Year 2026 will be the first year for potential earnings under this EAM with performance during the June to September period of Calendar Year 2025 as a baseline.

⁵ The NYISO recently introduced the Distributed Energy Resource (DER) Aggregation program that consolidates the SCR DR program and Demand Side Ancillary Services program (DSASP). Because NYISO sunset the DSASP, participation in NYISO’s demand-side ancillary services markets is now available only through the DER Aggregation program, and the Company has observed that customer participation in electric DR is migrating from the SCR program to the DER Aggregation program.

The baseline reflects the maximum possible peak charging demand of participants in the Charge Smart NY program less the actual peak charging demand compared to the number of light-duty EV on the road in the Company's service territory, each from the prior September. The baseline Avoided Peak Charging per EV for 2025 was calculated to be approximately 0.293 kW and is reflected in the table below.

The Company will calculate the earnings in a given Calendar Year corresponding to its Calendar Year Percent Improvement in Total Charging kW Avoided over the previous year's baseline, with opportunities for earnings at 10%, 15%, or 25% improvement.

Table 1. Residential Managed Charging EAM Baseline and Targets	
Metric	Avoided Peak Charging per EV in Territory (kW)
2025 Baseline	0.293
2026 Target Min (10% improvement)	0.322
2026 Target Mid (15% improvement)	0.337
2026 Target Max (25% improvement)	0.366
2026 Actual Performance	To be determined for the end of 2026

The Company's forecast for September 30, 2026 reflects an estimated 56,281 Light Duty EVs in its territory and 4,598 active customers enrolled in the Residential Managed Charging program. The highest aggregate observed 30-minute coincident charging demand (kW) of participants in the program during the system peak period (2:00 pm - 6:00 pm) between June and September 2026 is currently forecasting to be 1,640 kW.

Based on the forecast, the avoided peak charging of 0.559 kW per vehicle in NMPC territory will result in a 91% improvement over the 2025 baseline of 0.2926 kW, which will put this EAM above the Maximum Target.

2.1.3 Storage MW EAM

The Storage MW EAM incentivizes the Company to increase efficiency during the interconnection process and work with third parties to expand use of storage resources in the Company's service territory. This metric will measure the MW capacity from incremental energy storage resources.

Performance will be calculated by determining the MWs of energy storage successfully interconnected by the Company in a given calendar year. The amount of MWs storage will then be compared against target levels set based on incremental performance above baseline.

The Storage MW EAM is currently forecasting 8 MW of energy storage interconnected in the calendar year, which is below the minimum threshold of 49 MW.

2.1.4 Transportation Electrification EAM

The Transportation Electrification (“TE”) EAM encourages Company efforts toward increasing adoption of light-duty electric vehicles with resulting decrease in lifetime CO₂e (carbon dioxide equivalent) emissions on a marginal emissions basis.

These technologies are considered based on their associated annualized lifetime CO₂e emission reductions as further discussed below. If lifetime CO₂e emissions reductions from incremental adoption of such technologies in a given calendar year exceed the minimum levels described in Appendix A, the Company will receive an incentive under the TE EAM.

Table 2 below provides the incremental EV registration data within NIMO service territory through March 31, 2026, with the lifetime CO₂e reductions of those incremental EV registrations.⁶ The Company does not forecast achieving the minimum threshold of 1,184,274 lifetime metrics tons of CO₂e emissions reductions required under the TE EAM in 2026.

Table 2. Transportation Electrification EAM: Incremental Vehicles in Operation and Associated CO₂ Reductions		
Technology	Incremental Vehicles in Operation thru Q1 2026	Lifetime CO₂e Reductions (tons)
Light-duty Battery Electric Vehicle (“BEV”)	546	26,496
Light-duty Plug-in Hybrid Electric Vehicle (“PHEV”)	187	4,961
Light-duty Commercial Electric Vehicles (“Fleet”)	82	8,166
Total	815	39,623

2.2 Gas EAMs

2.2.1 Gas Demand Response EAM

The Gas Demand Response (“Gas DR”) EAM incentivizes the Company to increase participation in its portfolio of Gas DR programs to support reductions in gas peak demand. This EAM will measure the performance of the Company’s firm Gas DR portfolio during Gas DR events. Total seasonal performance will be converted to the common unit of dekatherms per hour (Dth/Hr).

⁶ Data is through June 30, 2026 apart from Transportation Electrification data, which is updated through March 31, 2026. The Transportation Electrification data for the quarter ending June 30, 2026 currently is under review and will be included in the Third Quarter 2026 EAM Report.

For the Company's Gas DR program portfolio, the enrollment period for Load Shedding and Load Shifting programs will close on September 30, 2026. As of June 30, 2026, enrollments in the ConnectedSolutions (Bring Your Own Thermostat) program reached 13,562 devices.

The Gas DR winter capability season begins on November 1, 2026, and ends on March 31, 2027. At this time, the season has not started, and consequently, no events have been called to measure program performance. As such, the Company will be providing the Gas DR EAM performance in the CY 2026 annual EAM report after the close of the 2026-2027 heating season.

Appendix A
CY 2026/RY 2 EAM Performance

Cases 24-E-0322 and 24-G-0323
Niagara Mohawk Power Corporation d/b/a National Grid
Earnings Adjustment Mechanisms
CY 2026 Second Quarter Report

		Targets	2026 Earnings Adjustment Opportunity (\$M)	Actual Results Through Q2 ⁷	Forecasted Year End Positive Revenue Adjustment (\$M)
ELECTRIC EAMS					
SYSTEM EFFICIENCY EAMS					
Electric Demand Response	Minimum	Determined formulaically	1.94	N/A	
	Midpoint	224.47	3.87		
	Maximum	312.30	7.74		
Managed Charging - Residential	Minimum	10%	1.29	80% ⁸	
	Midpoint	15%	1.94		
	Maximum	25%	3.23		
Storage MW	Minimum	49	1.94	2.29	
	Midpoint	55	3.87		
	Maximum	65	6.45		
BENEFICIAL ELECTRIFICATION EAMS					
Transportation Electrification	Minimum	1,184,274	1.94	39,623	
	Midpoint	1,691,820	3.23		
	Maximum	2,481,336	7.74		
GAS EAMS					
SYSTEM EFFICIENCY EAMS					
Gas Demand Response	Minimum	Determined formulaically	0.16	N/A	
	Midpoint		0.48		
	Maximum		0.81		

⁷ Data is through June 30, 2026 apart from Transportation Electrification data, which is updated through March 31, 2026. The Transportation Electrification data for the quarter ending June 30, 2026 currently is under review and will be included in the Third Quarter 2026 EAM Report.

⁸ Estimated improvement over 2025 baseline.