STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on April 24, 2025

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
James S. Alesi
David J. Valesky
John B. Maggiore
Uchenna S. Bright
Denise M. Sheehan, recusing
Radina R. Valova

CASE 14-E-0423 - Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs.

ORDER ADDRESSING DYNAMIC LOAD MANAGEMENT PROGRAM MODIFICATIONS

(Issued and Effective April 25, 2025)

BY THE COMMISSION:

INTRODUCTION

On November 15, 2024, Central Hudson Gas & Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc. (Con Edison), New York State Electric & Gas Corporation (NYSEG), Niagara Mohawk Power Corporation d/b/a National Grid (National Grid), Orange and Rockland Utilities, Inc. (O&R), and Rochester Gas and Electric Corporation (RG&E), (collectively, the Utilities) individually submitted annual reports detailing the performance of their respective Dynamic Load Management (DLM) Programs over the most recent Capability

Period.[1] The annual reports also provide responses to the Public Service Commission's (Commission) 2024 DLM Order, which sought proposals from each of the Utilities for a "Bring Your Own Battery" (BYOB) Program allowing for the inclusion of energy storage in their Direct Load Control (DLC) Programs as an energy storage demand response program.[2] In their annual reports, National Grid, NYSEG, RG&E, and O&R propose to extend their DLC Programs to include BYOB Programs that target customers who are eligible to participate in DLC programs and have existing or planned energy storage systems (ESS), providing the opportunity for these customers to participate in demand response and significantly contribute to meeting peak power demands. Con Edison did not propose a BYOB Program, while Central Hudson indicated that further analysis was required prior to implementing such Program.

National Grid's annual report also includes proposed changes and tariff amendments seeking to modify its DLM program. In its annual report, National Grid proposes to modify its CSRP tariff language to clarify that if the monthly Performance Factor is below or equal to 25 percent it will be set to zero. National Grid also proposes to clarify that customers participating in the New York Independent System Operator, Inc.'s (NYISO) Distributed Energy Resource (DER) Aggregation Program will not receive Performance Payments under the CSRP.

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[1] For clarity, the Commission uses the term "DLM Programs" as an umbrella phrase to refer to one or more demand response programs, including the Commercial System Relief Program (CSRP), Distribution Load Relief Program (DLRP), Direct Load Control (DLC) Program, Term-DLM Program, and Auto-DLM Program. When referring only to the Term-DLM or Auto-DLM Programs, the Commission uses those specific program names.

[2] Case 14-E-0423, Order Directing Dynamic Load Management Program Changes (issued March 15, 2024) (2024 DLM Order), p. 19.

Additionally, National Grid proposes an increase to the one-time enrollment incentive for the DLC ConnectedSolutions Program from $30 to $50.

Separately, Con Edison filed a petition and proposed tariff amendments on November 15, 2024, seeking to effectuate proposed changes to its DLM Program. In its petition, Con Edison proposes three changes to its Rider T – Commercial Demand Response Programs tariff.[3] First, Con Edison proposes to enable an automatic rollover for aggregator and direct enrollee enrollments from one Capability Period to the next. Second, Con Edison proposes to remove the enrollment minimum pledge requirement of 50 kilowatts (kW) of load relief for sub-aggregations. Third, Con Edison proposes to extend the voluntary DLRP event period to enable Con Edison to call a DLRP event at any time within a 24-hour period.

By this Order, the Commission approves the proposals by National Grid, NYSEG, RG&E, and O&R to implement a DLC energy storage program, and directs Con Edison and Central Hudson to submit proposals for the participation of energy storage in DLC programs. Additionally, the Commission approves Con Edison's proposed tariff amendments to its Rider T, to enable automatic rollover for aggregator direct enrollee enrollments from one Capability Period to the next, remove the minimum 50kW load relief pledge requirement for sub-aggregations, and extend the voluntary DLRP event period to a 24-hour period.

The Commission further approves National Grid's proposed increase to its one-time enrollment incentive for the DLC ConnectedSolutions Program from $30 to $50 and its proposed clarification to its CSRP tariff modification to clarify that if the monthly Performance Factor is below or equal to 25 percent

[3] Con Edison's Schedule for Electricity Service, P.S.C. No. 10 – Electricity -Rider T – Commercial Demand Response Programs.

it will be set to zero. National Grid's proposal to broaden the CSRP's exclusion of Performance Payments to customers in the NYISO DER Aggregation Program aligns with previous Commission directive and is therefore approved; the Commission further directs Central Hudson, Con Edison, NYSEG, O&R, and RG&E to implement this same modification.

ANNUAL REPORTS AND PETITIONS

Con Edison

In its petition, Con Edison proposes three modifications to its electric tariff schedule, P.S.C. No. 10 – Electricity, related to the DLM Programs under Rider T. First, Con Edison proposes to enable an automatic rollover for aggregator and direct enrollee enrollments from one Capability Period to the next. Con Edison notes that the significant growth in the CSRP and DLRP Programs, due to advanced metering infrastructure (AMI) installation, has led to challenges processing enrollments. Currently, a customer who participates must re-enroll prior to each Capability Period. Each account must be treated as a new account, regardless of prior participation, which Con Edison must review every year to validate eligibility. Con Edison proposes that customers who have participated in past years, with no change to their meter or equipment, be allowed to rollover enrollment into the next Capability Period, as new account checks on these customers is unnecessary. As Con Edison explains, automatic rollover removes a hurdle to consistent customer participation and frees up resources, allowing for greater focus on new enrollments.

Second, Con Edison proposes to remove the enrollment minimum pledge requirement of 50 kW of load relief for sub-aggregations. Con Edison notes that the 50 kW minimum for sub-aggregations hinders aggregators from providing load reduction services to smaller customer segments. Using an example of a sub-aggregation made up of 50 residential customers providing 25 kW of load relief and one generator providing 25 kW of load relief, Con Edison demonstrates that if the generator does not perform then all customers in the sub-aggregation would receive reduced Performance Payments, even if the residential customers provide 100 percent of their pledged load relief. Con Edison's proposal does not change the CSRP and DLRP limit of three sub-aggregations per network, per aggregator; the 50 kW minimum pledge requirement for aggregators and direct enrollees would remain in place.

Third, Con Edison proposes to enable the ability to call a DLRP event at any time within a 24-hour period by extending the voluntary DLRP event period, presently from midnight to 8:00 a.m., to 9:00 p.m. to 8:00 a.m. While Con Edison can currently call mandatory DLRP events between 8:00 a.m. and midnight during the Capability Period, Con Edison's Rider T tariff mandates a minimum three-hour event for accurate performance calculation and prohibits events extending beyond midnight. Because of this, mandatory DLRP events cannot begin after 9:00 p.m. Additionally, while voluntary events are allowed between midnight and 8:00 a.m., this creates a three-hour gap (9:00 p.m. to midnight) where no DLRP events can be called. Consequently, Con Edison's ability to react to emergency situations and maintain consistent system reliability throughout the day is compromised. In the 2024 season alone, three potential DLRP activations between 9:00 p.m. and midnight, triggered by network contingencies, were prevented by the existing tariff regulations. Con Edison's proposal to extend its DLRP event window for voluntary events from midnight – 8:00 a.m. to 9:00 p.m. - 8:00 a.m. addresses this gap. By expanding the event window, Con Edison gains flexibility to initiate voluntary events, such as one starting at 10:00 p.m., when load relief is needed after the mandatory event deadline. This adjustment allows for mandatory events from 8:00 a.m. to 9:00 p.m. (ending by midnight) and voluntary events from 9:00 p.m. to 8:00 a.m., effectively enabling 24-hour load relief through DLRP during the Capability Period.

National Grid

In its annual report, National Grid notes that, as of October 1, 2024, the DLC ConnectedSolutions Program achieved a total enrollment of 27,040 thermostats, reflecting a growth of 2,036 from the 2023 enrollment of 25,004. Having achieved substantial customer growth since 2016, National Grid finds the program is currently experiencing a reduced rate of enrollment growth, likely due to market saturation. As part of its annual report, National Grid proposes to increase its enrollment incentive from $30 to $50 for the 2025 Capability Period to improve program participation.

National Grid also proposes a housekeeping modification to the CSRP to clarify that if the monthly Performance Factor is less than or equal to 25 percent it will be set to zero. This modification is needed to comply with the Commission’s 2023 DLM Order, which directed National Grid to submit tariff amendments modifying the calculation of CSRP Performance Factors such that those Performance Factors calculated to be less than or equal to 25 percent would be set to zero.[4] Although National Grid previously filed a tariff modification pursuant to the 2023 DLM Order, it omitted this modification.

National Grid proposes an additional modification to clarify that customers participating in the NYISO’s DER

[4] Case 14-E-0423, Order Directing Dynamic Load Management Program Changes (issued April 21, 2023) (2023 DLM Order).

Aggregation Program will not receive Performance Payments under the CSRP. The Commission's NEM Clarification Order directed National Grid to file tariff revisions to allow customers participating in traditional Net Energy Metering (NEM) and Value of Distributed Energy Resources (VDER) to simultaneously participate in the CSRP and DLRP, provided that such customers will not be eligible to receive Performance Payments under those programs.[5] National Grid filed tariff revisions pursuant to the NEM Clarification Order and propose to further clarify that customers participating in the NYISO DER Aggregation Program would not receive Performance Payments under the CSRP.

<u>Direct Load Control - Energy Storage</u>

In each of their annual reports, National Grid, NYSEG, RG&E, and O&R proposed BYOB Programs that target customers who are eligible to participate in the DLC programs and have existing or planned ESS. Proposed incentives would be awarded based solely on annual performance, with no upfront compensation provided. ESS telemetry providing system power output would enable performance measurements. Customer performance would be assessed by comparing ESS output during event hours to their baseline output during the same period on non-event days. All ESS output, including net export, would be factored into the performance calculation. These utilities propose to calculate event performance by averaging hourly performance during the event. Proposed incentives for customers would be based on summer Capability Period average performance.

National Grid, NYSEG, RG&E, and O&R performed a preliminary benefit cost analysis (BCA), and each propose that the dollar per kilowatt-year ($/kW-year) incentive be set at

[5] Case 14-E-0423, Order Clarifying Participation Rules for Net Metering Customers (issued December 23, 2024) (NEM Clarification Order).

$50/kW-year, maintaining program cost-effectiveness. The utilities also propose that further BCA would be done over the coming months, and that this incentive may be revised, with the final incentive being filed no less than 60 days before the effective date. The proposed annual incentive payment would be calculated as $50/kW-year multiplied by summer Capability Period performance. For example, if a participant achieves a 3 kW average summer Capability Period performance and the $/kW-year incentive is $50, the annual customer performance incentive is $150. Customers would receive their performance incentives at the end of each summer Capability Period, either as a direct payment or, with their written approval, as a credit to their service provider to reduce battery installation expenses.

Central Hudson Residential Energy Storage

Central Hudson conducted a BCA for its proposed residential battery program under the low-avoided-cost-scenario currently in place today and under a high-avoided-cost-scenario calculated using assumptions developed in response to the Commission's 2024 MCOS Order establishing a statewide methodology for estimating marginal costs.[6] Central Hudson states the BCA found a BYOB Program not to be cost-effective under the current low-avoided-cost-scenario due to insufficient potential participants and low individual benefits. However, Central Hudson found the high avoided cost scenario suggests break-even enrollment could be feasible. Central Hudson states that there are currently not enough residential batteries to justify a program under their existing methodology and proposes to wait to implement a BYOB Program until a revised BCA, based

[6] Case 19-E-0283, Marginal Cost of Service Studies, Order Addressing Marginal Cost of Service Studies (issued August 19, 2024) (2024 MCOS Order).

on an updated MCOS study expected by mid-2025, demonstrates sufficient benefits to warrant customer incentives.

Con Edison Residential Energy Storage

Con Edison acknowledges the 2024 DLM Order requires a new, standalone DLC Program for residential ESS. However, Con Edison asserts that it has the unique ability to utilize existing CSRP and DLRP Programs to fulfill the 2024 DLM Order's intended outcomes. As detailed in its annual report, Con Edison states that residential customers with smart meters are utilizing their ESS to help lower their total home energy consumption and that currently, 41 out of over 400 residential ESS owners are actively participating in this energy management capability. Con Edison anticipates an increase in residential ESS deployment, driven by expected improvements in incentives, that will enhance customers' return on investment. Con Edison posits that these incentives can encourage both ESS adoption and demand response participation, consistent with Commission objectives. Con Edison states that its current demand response programs benefit from a strong network of aggregators focused on the residential market which includes at least six aggregators partnering with ESS manufacturers and retailers to support new battery deployments, which Con Edison believes will enable the rapid integration of ESS into its demand response initiatives.

Con Edison notes that substantial investment has been made in its Demand Response Management System (DRMS) for managing AMI data, enrollments, dispatch, and settlements, and that a standalone ESS program relying solely on battery telemetry would not leverage this existing infrastructure, potentially requiring external vendor management and underutilizing the DRMS investment. Con Edison states that improving its existing demand response programs is more cost-effective than creating a new BYOB Program, allowing it to better encourage the adoption of ESS. Con Edison posits that it can most effectively implement the Commission's directive to implement a BYOB Program by enhancing its current demand response Programs rather than creating new ones.

PUBLIC NOTICE

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), Notices of Proposed Rulemaking (Notices) were published in the State Register on December 24, 2024, including: Central Hudson, [SAPA No. 14-E-0423SP17]; Con Edison [SAPA No. 14-E-0423SP18]; National Grid [SAPA No. 14-E-0423SP19]; NYSEG and RG&E [SAPA No. 14-E-0423SP20]; and O&R [SAPA No. 14-E-0423SP21]. The time for submission of comments pursuant to the Notices expired on February 24, 2025.[7] The comments that were received are summarized and addressed below.

Moreover, the Secretary to the Commission issued a Notice of Stakeholder Session on December 20, 2024, convening a stakeholder session on January 8, 2025. At the stakeholder session, the Utilities' presented on their annual reports and stakeholders were given the opportunity to provide verbal feedback.

COMMENTS

Comments were received from Energy Technology Savings, Inc., doing business as Logical Buildings (Logical Buildings). Additionally, Sunrun, Inc. (Sunrun) filed comments on November 6, 2024, which were partially addressed by the Commission in its NEM Clarification Order.

[7] In compliance with the Commission's 2018 DLM Order, Department of Public Service staff (Staff) must convene annual stakeholder feedback sessions regarding the contents of the Utilities' annual reports and proposed modifications between December 1 and January 15 of each year.

Logical Buildings

Logical Buildings supports Con Edison's current demand response program process for residential ESS participation. It believes that leveraging this existing, scalable process, which allows customers flexibility in how they participate (e.g., electric vehicle charger adjustments), is the most effective way to increase ESS use for demand response and ensure successful adoption and meaningful customer engagement. Logical Buildings notes that Con Edison’s existing programs prioritize customer choice and accommodate a wide range of behind-the-meter load control technologies for demand response participation. Logical Buildings posits that this unified approach is more efficient than creating separate programs for each specific technology capable of reducing energy usage during events.

Logical Buildings attributes the increase in Con Edison's residential demand response participation to its established customer network and effective enrollment process. Logical Buildings believes this same process can be used to educate customers about the advantages of adding battery storage to enhance their demand response participation. It suggests that aggregators, such as Logical Buildings, can partner with ESS suppliers, facilitated by Con Edison, to target residential customers.

Logical Buildings states that although National Grid proposes a BYOB Program as an expansion of their current DLC program, this approach would not utilize the benefits of utility AMI meter data, which offers residents a wider range of technology choices for participation. Logical Buildings argues that using AMI data allows ESS and future technologies to seamlessly participate in demand response events without telemetry or data calculation issues from external sources, as the utility would handle these calculations. It believes that as other utilities complete smart meter installations, they should adopt Con Edison's proposed process that leverages AMI data for greater flexibility and to avoid the need for developing new programs for each emerging technology.

Sunrun

Sunrun notes that other states such as California, Hawaii, Massachusetts, and Texas, as well as the territory of Puerto Rico, each operate tariff-based retail Virtual Power Plant (VPP) programs not dissimilar to those in New York, but with different outcomes.[8] Sunrun notes that different participation rules, compensation rates and structures, and other elements of program implementation have led to successful and robust residential customer participation in VPPs, whereas New York’s tariff-based programs have not. Sunrun highlights the importance of leveraging residential batteries in enabling flexible and scalable resources to meet New York’s energy and demand needs, as well as climate and energy policy goals. Further, Sunrun highlights that other New York State programs, such as those run by the New York State Energy Research and Development Authority (NYSERDA), may require customers to participate in available DLM Programs.

Sunrun notes its support for the Commission’s directive in the 2024 DLM Order to make proposals to establish ways for residential-scale batteries to participate in the DLM Programs. Sunrun notes support for National Grid, NYSEG, RG&E, and O&R’s proposals to implement a BYOB program, similar to the

[8] The difference between a VPP and a demand response program is largely definitional. A VPP is a collection of small-scale energy resources that, aggregated together and coordinated with grid operations, can provide similar services to the grid as traditional power plants. The Commission considers all demand response programs as VPPs, whereas all VPPs are not necessarily demand response programs.

existing Bring Your Own Thermostat (BYOT) program, to allow enrollment of NEM and VDER Phase 1 NEM customers into demand response program offerings.

Sunrun highlights, however, areas where participation in DLM Programs does not perfectly align with other grid service compensation mechanisms, such as NEM, VDER Phase 1 NEM, and the VDER Value Stack.[9] Sunrun notes that present program rules require NEM and VDER Phase 1 NEM customers to forego Performance Payments during called CSRP and DLRP events. Similarly, Sunrun notes that VDER Value Stack customers must choose to forego the Demand Reduction Value (DRV) and Locational System Relief Value (LSRV) Value Stack components to be eligible to participate in the CSRP. Sunrun asserts that the remaining incentive payments available after NEM, VDER Phase 1 NEM, and VDER Value Stack customers forgo the applicable payment streams are not sufficient to motivate mass market customer participation in the CSRP and DLRP.

LEGAL AUTHORITY

Pursuant to Public Service Law (PSL) §§5, 65, and 66, the Commission has the legal authority to take the actions prescribed in this Order. Specifically, PSL §5 grants the Commission authority to direct utilities to "formulate and carry out long-range programs, individually or cooperatively, with economy, efficiency, and care for the public safety, the preservation of environmental values and the conservation of natural resources." The Commission has further authority under

[9] SunRun incorrectly asserts that there are some programs which limit the amount of load relief a participant is allowed to provide to the amount which would offset that customer's load, thus not allowing net export to the grid to be considered. However, there are no demand response programs in New York under our jurisdiction which include this restriction.

PSL §66(5) to prescribe the "safe, efficient and adequate property, equipment and appliances thereafter to be used, maintained and operated for the security and accommodation of the public" whenever the Commission determines that the Utility's existing equipment is "unsafe, inefficient or inadequate." PSL §65 also authorizes the Commission to ensure that every electric corporation furnishes and provides safe and adequate service, instrumentalities, and facilities at just and reasonable rates. The modifications authorized by this Order enable the utilities to run more effective DLM programs.

Moreover, PSL §66(2) provides that the Commission shall "examine or investigate the methods employed by ... persons, corporations and municipalities in manufacturing, distributing and supplying ... electricity ... and have power to order such reasonable improvements as will best promote the public interest, preserve the public health and protect those using such ... electricity." The actions taken herein with respect to the modifications to the DLM Programs fall within this legal authority and are designed to support long-range program goals economically and efficiently, support public health and safety, preserve environmental values, and conserve natural resources.

DISCUSSION AND CONCLUSION

The Commission finds that National Grid and Con Edison's proposed program changes are responsive to Commission directives and will improve the 2025 Capability Period participation and performance. Therefore, National Grid and Con Edison's proposed tariff modifications are approved, except as specified below. Additionally, as it relates to the BYOB programs, the proposals by National Grid, NYSEG, RG&E, and O&R are approved as discussed below; Con Edison and Central Hudson are directed to include proposals for BYOB programs in their 2025 annual reports. Because stakeholders have had ample notice and opportunity to submit comments, the requirements of newspaper publication pursuant to PSL §66(12)(b) and Title 16 of the New York Codes, Rules and Regulations (16 NYCRR) §720-8.1, with respect to the tariff amendments directed in this Order, are waived.

Con Edison

The Commission hereby approves Con Edison's proposed modifications to its Rider T tariff. The ongoing growth of Con Edison's CSRP and DLRP Programs, in terms of both customer participation and available load relief, is set to continue with increased marketing to newly eligible customers. To ensure future growth, however, the current challenges in processing the increasing number of enrollments must be addressed. The current process requires participants to opt-in for each Capability Period, meaning aggregators must re-enroll customers annually. This forces Con Edison to treat every enrollment as "new" each year for validation, even for returning participants. If an enrollment fails validation (e.g., a meter check), Con Edison requests more information or manually verifies eligibility. A successful meter check, confirming communication and setup, allows the account to pass validation. Single-metered accounts typically pass this check if communication and setup are sound. Accounts with multiple meters, however, are frequently flagged. This necessitates manual validation of the meter check for each flagged multi-meter account. For returning customers with unchanged meters and equipment, these checks are often redundant, as prior year confirmation exists. The Commission finds that Con Edison's proposal for an annual enrollment rollover for unchanged accounts would improve participants' experience and support continued expansion. Con Edison's proposal is a tenable and well-reasoned recommendation and constitutes a viable enhancement to the current process.

The Commission finds that Con Edison’s proposal to remove the enrollment minimum pledge requirement of 50 kW of load relief for sub-aggregations to be reasonable. To participate in Con Edison's demand response programs, participants (i.e., aggregators and direct enrollees) must commit to at least 50 kW of load reduction. Aggregators can further divide their enrollments into smaller sub-aggregations (up to three levels) for the Company's evaluation. Participant performance and payment are based on the average performance of these smaller groups. However, each sub-aggregation also faces a 50 kW minimum load relief requirement; this requirement prevents aggregators from effectively using sub-aggregation to manage smaller customer contributions. Con Edison’s petition notes that, due to recent improvements in their DRMS platform, which enhance the computational output of its automated settlement process, the need for a minimum pledge threshold has been removed. This elimination of sub-aggregation restrictions will provide aggregators with greater flexibility in organizing customer enrollments, ultimately resulting in more accurate compensation based on the specific performance of each sub-aggregation.

The Commission also finds that Con Edison's proposed extension of the voluntary DLRP event period (i.e., 9:00 p.m. – 8:00 a.m.) to allow 24-hour event calls to be a beneficial step in maintaining the DLRP's usefulness for reliability during unusual times. Con Edison's current tariff for mandatory DLRP events limits initiation between 8:00 a.m. and 12:00 a.m., requires a minimum three-hour duration, and prohibits extension past midnight; this prevents mandatory events after 9:00 p.m. While voluntary events are allowed between 12:00 a.m. and 8:00

a.m., a three-hour gap exists between 9:00 p.m. and 12:00 a.m., when no DLRP events can be called. This gap restricts Con Edison's ability to respond to contingency events and prioritize system reliability across a full 24-hour period, as evidenced by three instances in the 2024 season where DLRP activation was needed between 9:00 p.m. and 12:00 a.m. but was not possible due to tariff restrictions. By extending the voluntary event window, Con Edison will gain the flexibility to initiate a voluntary event, for instance, at 10:00 p.m., should load relief be necessary after the cutoff time for scheduling mandatory events. Additionally, this adjustment will allow Con Edison to initiate mandatory events between 8:00 a.m. and 9:00 p.m. (concluding by 12:00 a.m.) and voluntary events between 9:00 p.m. and 8:00 a.m., effectively enabling 24-hour load relief from the DLRP throughout the Capability Period.

The Commission therefore approves Con Edison’s proposed changes to its Rider T tariff. Con Edison is directed to file tariff amendments in compliance with this Order on not less than two days’ notice, to become effective on May 1, 2025, to effectuate these modifications.

National Grid

Despite continued overall increase in enrollment, National Grid’s DLC ConnectedSolutions Program has experienced a decrease in the annual growth rate, falling to about half of what it was in 2023. The Commission finds National Grid’s proposal to address this slowdown in program enrollments, likely caused by the saturation of early adopters, by increasing the one-time enrollment incentive for the DLC ConnectedSolutions Program to be a reasonable approach. The Commission adopts National Grid’s proposal to increase the one-time enrollment incentive for the DLC ConnectedSolutions Program from $30 to $50. National Grid’s proposal to clarify its CSRP Performance

Factor language to state that Performance Factors calculated to be less than or equal to 25 percent would be set to zero is consistent with the 2023 DLM Order and is therefore approved.

The NYISO DER Aggregation Program allows aggregations of smaller DERs to participate in the NYISO-administered wholesale electricity markets. Instead of individual small resources trying to access these markets, they can be grouped together to enable these resources to participate in the wholesale electricity market. However, a customer participating in both the CSRP and the NYISO DER Aggregation Program could potentially receive payment twice for the same energy: once through the CSRP Performance Payment and again through the NYISO DER Aggregation Programs. To avoid double compensation for demand-based benefits, the Commission finds it reasonable to require customers participating in both the NYISO DER Aggregation Program and the CSRP to forgo Performance Payments and therefore National Grid's modification is therefore approved. National Grid is directed to file tariff amendments in compliance with this Order on not less than two days' notice, to become effective on May 1, 2025, to effectuate this modification. To ensure that participants in other territories are not double compensated for demand-based benefits, the Commission further directs Central Hudson, Con Edison, NYSEG, O&R, and RG&E to implement the same modification and file tariff amendments excluding CSRP Performance Payment for customers who are simultaneously participating in the NYISO DER Aggregation Program on not less than two days' notice, to become effective on May 1, 2025, to effectuate this modification.

In addition, National Grid is directed to file tariff amendments in compliance with this Order on not less than two days' notice, to become effective on May 1, 2025, to effectuate modifications to increase the DLC one-time enrollment incentive from $30 to $50 and to clarify the Performance Factor language.

DLC Energy Storage Program

ESS have evolved, becoming increasingly sophisticated in their ability to respond to grid signals while ensuring sufficient backup power for customers. Moreover, expanding demand-side management programs to include energy storage can significantly increase customer participation and provide valuable grid resources as the ESS market grows. Building on the success of the BYOT program, similar benefits can be realized for customers using battery storage in a BYOB program. The inherent communication and telemetry within customer-owned ESS eliminates the requirement for dedicated metering, including interval metering. As ESS adoption rapidly increases, enabling participation in demand response programs becomes crucial for addressing peak power demands.

Prior to discussing the specifics of the energy storage proposals put forth by the utilities, it is necessary to provide context for the way the Commission views this evolving market. The Commission envisions a future where participation is accessible and attractive to a diverse range of customers, contributing significantly to grid reliability and efficiency, while allowing for customers to choose the level and depth of participation in energy and flexibility services offerings that is right for them. To achieve this, the Commission anticipates the development of two distinct pathways for ESS participation in DLC Programs, catering to varying levels of customer engagement and preferences.

Path 1: Curated, Low-Intervention Portfolio for Less-Engaged Participants

This first path focuses on creating a seamless and effortless experience for customers who may be less actively engaged in energy management. The core objective of this portfolio of program offerings is to maximize participation by minimizing the perceived effort and potential disruption to desired household systems associated with demand response. These programs will be characterized by:

- Ease of Enrollment: Streamlined and intuitive sign-up processes requiring minimal customer input or technical expertise.
- Seamless Participation: Programs are designed to operate and coordinate with other programs, incentives, and rate structures available to customers to maximize customer participation in all available programs, instead of creating tradeoffs where customers must choose to participation in certain programs to the exclusion of others.
- Highly-Coordinated, Minimally-Invasive Control: Leveraging advanced technology and sophisticated algorithms to manage customer DER and flexible resources in a coordinated manner, ensuring load reduction at scale with minimal direct intervention in customer settings.
- "Set It and Forget It" Functionality: Once enrolled, participants would contribute to grid flexibility as needed, ideally without consciously perceiving changes in temperature, home energy consumption, or the cycling of their equipment.

This path envisions a future where a broad base of customers can contribute valuable grid flexibility resources through programs that are easy to adopt and require minimal ongoing attention. Examples of programs aligning with this vision include existing utility BYOT programs and planned utility BYOB initiatives designed for automated and passive participation, both of which are designed to work well within a variety of rate structures and DER compensation mechanisms like NEM. Taken to its extreme, this curated path could create a resilient, efficient, and more inclusive energy system where the collective flexibility of participating customers plays a significant role in balancing supply and demand, potentially reducing the need for large-scale infrastructure investments and fostering greater grid stability.

It is important to note that participants in this low-intervention pathway can expect comparatively lower incentive payments than customers participating in options that require a deeper level of engagement. Further, the low-intervention pathway must necessarily require participants to cede a certain amount control of their appliances, although the ability for participants to manually over-ride appliance control is a critical feature of any program. These are necessary trade-offs, as a portion of the value derived from the procured flexibility services must be allocated to offset the relatively higher platform and administrative costs associated with delivering this more curated and seamless experience at scale, and as the curated experience itself will require a greater degree of external communications and control over participants' equipment.

Path 2: Market-Based Approach for Highly-Engaged Customers

The second path will cater to highly-engaged customers who are interested in actively managing their energy consumption and maximizing both grid benefits and their own incentive values. By and large, this pathway exists already today, as customers enabled with AMI are able to participate in demand response programs designed originally for more sophisticated commercial customers (e.g., the CSRP, DLRP, Term- and Auto-DLM Programs). This approach is market-based, provides participants with an opportunity to take greater control their energy usage patterns, and typically provides higher rewards in exchange for more active participation and responsiveness.[10] Con Edison's proposal to direct residential energy storage customers to participate in the CSRP and/or DLRP lies squarely in this second category of program design philosophies.

As noted in Sunrun's comments, however, while this path provides the greatest opportunity to earn incentives and foster deep participation and engagement with managing grid needs, participants are faced with more complicated program participation eligibility and incentive payment eligibility rules which do not presently align perfectly with participation in other popular customer programs, such as NEM. Additionally, although the Commission has approved Con Edison's proposal to remove load relief amount limitations in sub-aggregations, residential customers would continue to be required to participate in CSRP, DLRP, the Term-DLM Program, and Auto-DLM Program through an aggregator, which may present some friction in the enrollment process and require matchmaking between individual customers and the relative handful of aggregators currently participating in the market.

National Grid, NYSEG, RG&E, and O&R's proposals for including energy storage in demand response programs leverage the direct power output data available from these systems for

[10] For example, a Con Edison customer in Westchester with a smart thermostat that is able to provide approximately 1 kW of load relief when called on would be eligible for an $85 one-time incentive for enrolling in the BYOT program, and would begin earning annual incentives of up to $25 beginning in their third year of participation, based on the incentive levels for that program in place today. The same customer enrolling the same 1 kW of load relief into the CSRP and DLRP would potentially earn as much as $120 in Reservation Payment incentives per year, in addition to any Performance Payment incentives earned during called events, based on incentive levels for those programs in place today.

performance measurement and compensation. Unlike BYOT programs that rely on estimated load reduction, ESS performance will be gauged by comparing event-hour output to a baseline, with compensation directly tied to the average kW delivered per season. Recognizing the significant differences in data granularity and the purchase/installation process between ESS and thermostats, National Grid, NYSEG, RG&E, and O&R will utilize this direct measurement and also consider allowing the assignment of incentives to service providers to accommodate the diverse ownership models associated with ESS. This tailored approach aims to accurately value and incentivize the valuable grid resources provided by ESS.

As to the level of the incentive for the BYOB program, National Grid, NYSEG, RG&E, and O&R each propose using a rate of $50/kW-year for the incentive, but that such rate may be modified based on further BCA. The Commission finds that the $50/kW-year is reasonable and it shall remain at that level until modified by the Commission in response to a proposal by National Grid, NYSEG, RG&E, or O&R as part of a subsequent annual DLM report.

The proposals by National Grid, NYSEG, RG&E, and O&R aim for accessible and attractive ESS participation that will support grid reliability and efficiency, offering customers choices in their level of engagement and flexibility service offerings. The Commission approves these proposals for BYOB Programs, as they comport with established Commission directives and advance statewide energy objectives. National Grid, NYSEG, RG&E, and O&R are directed to file tariff amendments modifying DLC language to accommodate the BYOB Programs in compliance with this Order, on not less than two days' notice, to become effective on May 1, 2025.

The Commission finds Central Hudson's reasoning for delaying a BYOB Program until a revised BCA reflecting an updated MCOS and sufficient customer incentive benefits to be persuasive. Central Hudson proposes to revise the residential storage BCA once they complete a revised MCOS study using the Commission-approved methodology. Central Hudson notes that it expects to finish this study by mid-2025, and afterwards, it will re-evaluate avoided generation capacity costs and distribution deferral value to determine the program's cost-effectiveness. The Commission therefore directs Central Hudson to proceed with developing a DLC energy storage program, using the expected updated cost of service, and to file a proposal with its 2025 annual DLM report.

The Commission acknowledges Con Edison's existing infrastructure and arguments for not integrating a BYOB Program into its existing DR Programs; however, the Commission finds Con Edison's position to be inconsistent with its vision for a more tailored DLC Program. In accordance with the Commission’s 2024 DLM Order, Con Edison is directed to submit a proposal outlining the specifics for a DLC energy storage BYOB Program as part of its 2025 annual DLM report.

<u>The Commission orders</u>:

1. Consolidated Edison Company of New York, Inc. shall file tariff amendments, on not less than two days’ notice, to become effective on May 1, 2025, to (1) enable automatic rollover for aggregator and direct enrollee enrollments between capability periods, (2) remove the enrollment minimum pledge of 50 kW of load relief requirement for sub-aggregations, and (3) extend the voluntary Distribution Load Relief Program call window to include 9:00 p.m. to 8:00 a.m., consistent with the discussion in the body of this Order.

2. Niagara Mohawk Power Corporation d/b/a National Grid shall file tariff amendments, on not less than two days' notice, to become effective on May 1, 2025, to modify the Commercial System Load Relief Program Rule No. 62 to clarify that if the monthly Performance Factor is less than or equal to 25 percent it will be set to zero.

3. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Niagara Mohawk Power Corporation d/b/a National Grid, New York State Electric & Gas Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file tariff amendments, on not less than two days' notice, to become effective on May 1, 2025, to clarify that customers participating in the New York Independent System Operator, Inc. Distributed Energy Resource Aggregation Program will not receive Performance Payments under the Commercial System Relief Program, consistent with the discussion in the body of this Order.

4. Niagara Mohawk Power Corporation d/b/a National Grid shall file an updated Statement of Demand Response Incentives, on not less than two days' notice, to become effective on May 1, 2025, modifying the Direct Load Control enrollment incentive from $30 to $50, consistent with the discussion in the body of this Order.

5. New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file tariff amendments, on not less than two days' notice, to become effective on May 1, 2025, updating respective Direct Load Control Program tariffs to include an energy storage program, consistent with the discussion in the body of this Order.

6. Consolidated Edison Company of New York, Inc. is directed to submit a proposal for the participation of energy storage in the Direct Load Control programs, consistent with the discussion in the body of this Order, as part of its 2025 annual Dynamic Load Management report.

7. Central Hudson Gas & Electric Corporation shall submit a proposal for the participation of energy storage in the Direct Load Control programs, consistent with the discussion in the body of this Order, as part of its 2025 annual Dynamic Load Management report.

8. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720-8.1, as to newspaper publication with respect to the tariff filings directed in Ordering Clause Nos. 1, 2, 3, 4, and 5 are waived.

9. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

10. This proceeding is continued.

By the Commission,

(SIGNED) MICHELLE L. PHILLIPS
Secretary