NYSEG
An Avangrid company

Request for Proposal

Term- and Auto- Dynamic Load Management Resources

2027 Vintage Year

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I. Introduction

New York State Electric & Gas Corporation ("NYSEG" or the "Company"), a subsidiary of AVANGRID, is issuing this Request for Proposals ("RFP") for Proposals ("Proposals") from qualified and experienced vendors ("Applicants") with the capability to deliver Dynamic Load Management ("DLM") including Load Relief (kW) solutions, within the Company's electric service territory. Applicants can bid to provide Load Relief in fixed four (4) hour Call Windows on weekdays with at least twenty-one (21) hours' notice as part of a Term-DLM Program, or with at least ten (10) minutes' notice, eighteen (18) hours per day, seven (7) days a week as part of an Auto-DLM Program.

II. Executive Summary

The New York State Public Service Commission adopted a statewide energy storage goal of installing up to 3,000 MW of qualified energy storage systems by 2030, with an interim objective of deploying 1,500 MW of energy storage systems by 2025. Further, the Commission ordered utilities, including NYSEG, to procure longer term Dynamic Load Management resources in addition to maintaining existing Demand Response ("DR") programs. The Commission required a minimum three-year term for contracts agreed to under the Procurement to foster capital-intensive technologies and provide increased Load Relief for utility systems. In addition to the Term-DLM program, the Commission required utilities to establish an Auto-DLM resource category with higher performance factors.

Following the guidance of the Commission, this RFP is designed to help New York State achieve its energy storage targets by creating an environment for energy storage resources to provide benefits to the distribution system in a manner similar to existing tariff-based Demand Response programs, but with longer-term price certainty. However, all DR participation strategies are welcome to respond to this RFP, including curtailment and onsite generation, subject to the restrictions listed in the eligibility section of this RFP. All areas in NYSEG's service territory are eligible for the Term-DLM procurement, and fourCompany Designated Area's are eligible for the Auto-DLM procurement.

The Company created two DLM programs – "Term-DLM" and "Auto-DLM" – both of which will be competitively procured through this RFP for multi-year contracts. Term-DLM will require the provision of Load Relief when called with 21 hours' notice, five days per week during four-hour Call Windows that will be fixed for each Capability Period. Auto-DLM will require the provision of Load Relief for 4 hours when called with 10 minutes' notice, seven days per week, 18 hours per day, during the Capability Period. These programs are expected to improve system reliability by reducing the peak electricity demand in areas of the system on the hottest days of the Summer, including weekends, and by reducing demand on specific parts of the system when experiencing contingencies. Specifically, the two programs are described as:

- **Term-DLM Program**— Applicant will commit via 3- to 5-year contracts to provide a quantity of Load Relief for four hours in fixed Call Windows on certain days during the Capability Period when the Company's day-ahead system peak electric load is expected to be high. Participation in this program bars participation in the Company's Commercial System Relief Program ("CSRP") program during the contracted years.

- **Auto-DLM Program**— Applicant will commit via 3- to 5-year contracts to provide a quantity of Load Relief on days when the Company calls a Term-DLM event or during electric system contingencies. As Auto-DLM provides the capabilities of Term-DLM plus the ability to rapidly respond to contingencies, the value attributed to Auto-DLM resources will be higher when evaluating responses to the Procurement. Participation in this program bars participation in CSRP and Distribution Load Relief Program ("DLRP") during the contracted years.

The Term and Auto-DLM Programs are offered as an alternative way for resources to provide benefits to NYSEG's distribution system. Alternatives to the Competitive Procurement include the Demand Response programs offered in the Company's tariffs[1].

For this procurement the Company will issue an RFP for obligations commencing in the 2027 Capability Period.

[1] *NYSEG PSC No. 120 – Electricity, Part 34, Distribution Load Relief Program, Leaves 117.46-117.46.8 and NYSEG PSC No. 120 – Electricity, Part 35, Commercial System Relief Program, Leaves 117.46.8-117.46.17.*

Applicants will be required, at a minimum, to detail the amount of Load Relief they will provide, the locations where they will provide it, and other supporting information. The proposed Load Relief amounts and locations must remain the same for each contract year of the proposal. The Incentive Rate will determine maximum annual compensation per kW. The Incentive Rate for bid acceptance in the Auto- and Term- DLM is $25.50/kW per year. The fixed published price per kW, multiplied by the total kW pledged, multiplied by the number of years of the contract, represents the full contract value that can be achieved with 100% performance when called over the contract length. Applicants will also receive a $0.50 per kilowatt hour ("kWh") payment for every kWh of load reduction their Aggregations achieve during a Term- or Auto-DLM Event. An Applicant will be paid based on performance at the end of each Capability Period as detailed in the 2027 DLM Program Agreement.

Performance will be evaluated by measuring how much Load Relief an Applicant (on behalf of a customer, where applicable) provides, compared to how much was committed.

III. Program Descriptions

a. Term-DLM

1.1.1. Purpose

For peak shaving.

1.1.2. Activation Conditions

Applicant will commit via a 3- to 5-year contract to provide a quantity of Load Relief for four hours in a fixed Call Window on weekdays during the Capability Period. An Event may be called when the Company's day-ahead peak electric load is 90 percent of the forecasted summer system peak, and will be called when the day-ahead peak electric load is 92 percent of the forecasted summer system peak. The Company will activate this program, or call an event, by providing a minimum of 21 hours' notice prior to the start of an Event. There shall be an Event confirmation or cancellation notification no less than 2 hours before the start of the event. The Company anticipates the Call Window for Term-DLM Events in 2027 to begin at 2:00 PM and end at 6:00 PM, however the Call Window may change from year to year. The Call Window will be posted annually on the Company's website no later than January 1 for the upcoming Capability Period.

1.1.3. Availability

Fixed four-hour Call Windows five days per week during the Capability Period. Applicants using energy storage technology cannot charge during the Call Window for the entirety of each Capability Period under contract.

b. Auto-DLM

1.1.4. Purpose

A reliability and peak shaving program whereby participants will provide Load Relief on not less than 10 minutes advance notice offered in a Company Designated Area. The Company Designated Area for this RFP are the distribution circuits supplied by the following substations: Tom Miller Road Substation in Plattsburgh, northwest of Champlain Centre, Chenango Bridge Substation in Chenango Bridge, northeast of Hinmans Corners, Aurora Substation in Aurora, east of Cayuga Lake, and Vine Street Substation in Lockport, west of Dudley Square Park. As load continues to grow and expand in this area, we anticipate that these circuits will be at capacity within the next 5 years, and heavily loaded under peak conditions. NYSEG is looking to identify load relief opportunities to prevent an exceedance of equipment ratings in the near future. For a public version of a map of the area around the Tom Miller Road, Chenango Bridge, Aurora, and Vine Streat Substations, please consult NYSEG's "Distributed Generation Interconnection Guide Map" at the following location: ArcGIS Web Application.[2] Detailed maps of the circuits served by the Tom Miller Road, Chenango Bridge, Aurora, and Vine Street Substations may be available upon request, subject to the completion of a fully executed Confidentiality Agreement (see Attachment B).

1.1.5. Activation Conditions

Applicant will commit via a 3- to 5-year contract to provide a quantity of Load Relief on days when the Company calls a Term-DLM event as well as during electric system contingencies. Auto-DLM customers will provide four hours of Load Relief after receiving at least 10 minutes' notice of an event. Events can be called in Company Designated Areas for peak shaving or reliability needs.

1.1.6. Availability

Between 6 AM and midnight seven days per week during the Capability Period. An applicant using energy storage technology cannot charge their batteries during the Call Window associated with their Company Designated Area for the entirety of each Capability Period under contract.

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2 https://www.arcgis.com/apps/webappviewer/index.html?id=84de299296d649808f5a149e16f2d87c

c. Test Events for Term- and Auto-DLM

For both programs, the Company can hold Test Events to assess participants' response to a request for Load Relief. Test Events under these two programs will last one hour.

d. Event Notification for Term- and Auto-DLM

The Company will notify Applicant by phone, e-mail, or machine-to-machine electronic signal, or a combination thereof, in advance of the commencement of a Load Relief Period or Test Event. The Applicant shall designate in writing an authorized representative and an alternate representative, and include an electronic address, to receive notifications. If a Customer is served by an Applicant in the Term- or Auto-DLM Program, only the Applicant will be notified of the Load Relief Period or Test Event, and the Applicant shall be responsible for notifying all of its Participating Customers.

e. History of Activation Condition Frequency for Term- and Auto-DLM

Days where 90 and 92 percent load thresholds were hit from 2018-2025:

Year	90% of Forecasted Summer System Peak	Weekdays above 90% of Forecasted Summer System Peak	92% of Forecasted Summer System Peak	Weekdays above 92% of Forecasted Summer System Peak
2018	2,928	14	2,994	12
2019	2,832	3	2,895	1
2020	2,869	7	2,933	4
2021	2,902	5	2,967	3
2022	2,793	7	2,855	3
2023	2,828	5	2,891	4
2024	2,760	7	2,821	7
2025	2,668	20	2,727	17

During the Summer 2025 Capability Period, the Company estimates there would have been 17 reliability Events called for Auto-DLM resources. The Company anticipates that Auto-DLM resources would be called for reliability purposes on a more frequent basis in the future as industry develops and load continues to grow.

IV. RFP Process

A. Timeline

Below is the expected schedule to be followed for this solicitation

	Milestones	Dates for 2027 Vintage Year
1	Release RFP	November 26, 2025
2	Last day to submit questions to NYSEG	January 9, 2026
3	Last day NYSEG to respond to all questions	January 23, 2026
4	RFP responses due	March 6, 2026
5	RFP award/notification	April 2026
6	Contract execution	May-June 2026
7	Early Exit Deadline for 2027 Capability Period	November 1, 2026
8	Enrollment deadline	April 1, 2027
9	Capability Period start	May 1, 2027

a. Application

1.1.7. Form of Application

Applicants must bid a minimum of at least 50 kW of Cleared Quantity associated with each Aggregation in a single program and Vintage Year. Proposed Aggregations for Term and Auto-DLM shall be declared on separate tabs which are labeled for each of the two programs.

Each row shall contain:

1) Amount of Load Relief requested, in integer values of kW, for each Aggregation.
2) Contract duration requested ranging from 3- to-5 years.
3) Aggregation Program to which applicant is applying to participate. Separate tabs are available for the Term and Auto-DLM programs.

It is expected that the Applicant can fulfill all Load Relief pledges applied for and therefore overlapping pledges using the same Customers should not be made. This applies in the case of bids for Aggregations across the two programs. For example, if an Applicant bids 100 kW for Term-DLM and 200 kW for Auto-DLM in the same area and both bids clear, the applicant will be expected to deliver 300 kW of Load Relief when called with 21 hours of notification. All bids that clear will be offered as a bundled contract that must be fully accepted as a package, or fully rejected by the Applicant. Therefore, an Applicant should plan on being able to satisfy all obligations associated with Aggregations they bid for assuming all may be awarded.

Up until January 9, 2026, Applicants may submit clarifying questions regarding the RFP to nyseg-dr@nyseg.com. These will be answered by the Company by January 23, 2026. Applications shall be submitted to NYSEG by March 6, 2026, electronically to nyseg-dr@nyseg.com.

b. Description of Terms that Will Result in More Favorable RFP Consideration

1.1.8. Program choice

As Auto-DLM provides the capabilities of Term-DLM plus the ability to manage contingencies fitting program dispatch criteria via availability on 10 minutes' notice, the value attributed to Auto-DLM resources will be higher when evaluating responses to this Procurement.

1.1.9. Application submission

All applications shall be submitted electronically to nyseg-dr@nyseg.com. This is a PRESCRIPTIVE RFP; no exceptions may be provided or assumptions declared. The following information must be sent in the standard templated format(s) provided:

1. Complete quantitative submittal, for each applicable Vintage Year (see Attachment A)

To be considered for this Procurement, Applicants must submit a completed Application by the application deadline of March 6, 2026. Each Applicant must submit an application with one or multiple bids Receiving the full contract value is contingent upon meeting the performance requirements described in the 2027 DLM Program Agreement.

c. Evaluation

1.1.10. Clearing based on minimum kW requirement of Aggregations

Aggregations proposed in response to this RFP will be reviewed in detail by NYSEG. The review process is intended to be fair and equitable, with the objective of providing the greatest value to NYSEG ratepayers. Applicant should note that although the Company will be reviewing the Applicant's solution if the submission criteria are met, there is no guarantee that Applicant's proposal will be selected. Bids not meeting the minimum 50 kW Load Relief requirement either as a Direct Participant or Aggregator will be rejected.

d. Contract awards and signature

1.1.11. Form of Contract

The Program Agreement shall list all accepted Aggregations for a Vintage Year along with the contract terms.

1.1.12. Acceptance Options

The Applicant will have the option of accepting or rejecting the set of Aggregations listed in the Program Agreement in full but not in part. If accepted, the Cleared Quantity of Load Relief for each Aggregation shall become the Cleared Quantity associated with that Aggregation.

1.1.13. Early Exit Options and Fees

Applicants shall have the opportunity to declare a Deficient Quantity in an Aggregation by November 1 prior to the forthcoming Capability Period. To declare a Deficient Quantity, the applicant shall submit a request to nyseg-dr@nyseg.com.

If the Applicant declares a Deficient Quantity, it must pay the Early Exit Fee, which is calculated as the product of the Deficient Quantity, multiplied by the Incentive Rate, multiplied by ten percent (10%), multiplied by the remaining years of the contract. The Early Exit Fee must be paid to the Company by the following January 15 or the first weekday business day following January 15 if the date falls on a weekend.

If the Early Exit Fee is not paid in full by the due date, then such occurrence shall constitute an Event of Default and NYSEG shall have the right to terminate all or any portion of the Applicant Portfolio Quantity for any or all remaining Aggregations. Any and all Aggregations so terminated shall be deemed to constitute Deficient Quantity and the Early Exit Fee in respect thereof shall be due and payable within five (5) business days after demand invoice for payment therefore is given by the Company.

Payment of an Early Exit Fee does not absolve the Applicant of the requirement to pay penalties owed as a result of program participation for prior Capability Periods.

If an Aggregation achieves an Average Season Performance Factor of less than 0.00 for the Term-DLM Program or the Auto-DLM Program, the Company can at its own discretion cancel the Portfolio Quantity associated with that Aggregation and assess the associated Applicant the Early Exit Fee along with any penalties for poor performance accumulated to that point.

V. Eligibility

A. Program Exclusions

The following restrictions on customer enrollment apply for Term- and Auto-DLM.

1. Customer accounts enrolled in Term-DLM may not enroll in CSRP.
2. Customer accounts enrolled in Auto-DLM may not enroll in CSRP, DLRP, or Term-DLM.
3. Customers participating in Term- or Auto-DLM and taking service under Rule 26.B. Value Stack will be ineligible for the DRV and LSRV components for the duration of the Aggregation's contract term they are participating with.
4. Net Energy Metering customers may not enroll in either Term- or Auto-DLM.

a. Technology Exclusions and Restrictions

Diesel-fired Electric Generating Equipment will not be permitted and if used by a customer will be grounds for cancelling a contract associated with an Aggregation.

No limit or cap will be placed under Term- or Auto-DLM on 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 NOx emissions level of no more than 2.96 lb/MWh. If Applicant requests to operate Electric Generating Equipment for Load Relief purposes under the Term- or Auto-DLM Program, the application must state generator information, including the unit's serial number, nameplate rating, manufacturer, date of manufacture, fuel type or energy source, and the kW enrolled using this equipment. Without this information, the enrollment cannot be accepted.

The application must also identify whether the unit incorporates three-way catalyst emission controls (natural gas-fired rich burn), a natural gas lean-burn engine of model year vintage 2000 or newer or whether it has a NOx emission level of no more than 2.96 lb./MWh. If the generating equipment has a NOx emission level of no more than 2.96 lb./MWh, but is not natural gas-fired rich burn generating equipment that incorporates three-way catalyst emission controls or natural gas lean-burn engine of model year vintage 2000 or newer, written certification by a professional engineer must be attached to the application attesting to the accuracy of all generation-related information contained in the application, including the NOx emission level.

A copy of the required New York State Department of Environmental Conservation ("DEC") permit or registration must be included with the Term- or Auto-DLM customer enrollment. If the permit or registration has not yet been issued, a copy of application to the DEC for the required permit or registration may instead be submitted; provided, however, that a copy of the actual DEC permit or registration must be submitted before commencing service under Term-or Auto-DLM. By applying for service under Term- or Auto-DLM, Applicants (on behalf of their customers, as applicable) agree to permit the Company to provide information regarding the Electric Generating Equipment to the DEC for its review, subject to the DEC's agreement to keep this information confidential.

VI. Enrollment

A. Aggregator Approval

Enrollment applications for each Customer must be submitted electronically by the Applicant. Before submitting enrollment applications, Applicants should complete the Aggregator eligibility process, if Applicant has not already completed this process.

The process of enrolling as an approved NYSEG Demand Response Aggregator requires the completion of the following forms:

1) A Demand Response Program Application
2) A Demand Response Enrollment Form
3) Financial documents:
    a) To receive payments via check:

- W-9
- Remittance Letter

b) To receive payments via wire transfer:

- W-9
- Remittance Letter
- ACH Form
- Bank letter or copy of a voided check

a. Customer Enrollments

Each Demand Response Enrollment Form must state the Demand Response Program, the valid NYSEG account number, the NYSEG service address, the NYSEG POD ID number, the Customer name, the Baseline Verification Methodology, Load Relief via Curtailment (kW) with those participating solely by generation filling in 0 kW, the Vintage Year the Customer is being enrolled as part of, and whether or not there is on-site generation being used to provide Load Relief. If on-site generation is being used to provide Load Relief, Applicant must submit the Load Reduction via Generation (kW), Nameplate Capacity (kW), Asset Type, Capacity (kWh), Model year, Manufacturer, Serial Number, and any associated compliance documentation. Compliance documentation must be submitted with the enrollment.

Each account enrolled in the programs may be placed in an Aggregation. If an account is not placed in an Aggregation, the account will be defaulted to Aggregation 1. Applicants will specify which sets of Customers are associated with Aggregations defined by both number and Vintage Years if they were awarded aggregations across vintage years.

All accepted enrollments will have valid account numbers and corresponding interval meters prior to the Enrollment Deadline. Any errors on the enrollment application must be corrected immediately, but in any event, no later than seven (7) business days before the commencement of the Capability Period. Only the Load Relief of enrolled customers will be considered for calculating the Performance Factor and associated payments.

VII. Performance and Payment Calculations

A. Customer Baseline Load Approach and Option Details

The Customer Baseline Load ("CBL") is calculated using the Company's Customer Baseline Load methodology. Currently approved Customer Baseline Load methodologies are described in the Company's baseline operating procedure, which is published on the Company's website. The Company will advise Aggregators and Department of Public Service Staff of any potential changes to baseline options in the methodology by December 1 of each year. If the Company proposes any changes, the Company will hold a meeting with concerned parties to obtain feedback about those changes by January 1 of each year. The Company will advise Aggregators and Department of Public Service Staff of any potential additional baseline options to be added to the methodology and, if the Company proposes any changes, hold a meeting with concerned parties to obtain feedback about those additional baselines at least one month before they are to go into effect.

Performance will be evaluated by measuring how much Load Relief an Aggregation provides compared to how much was committed. The Baseline Verification Methodology will be used by the Company to verify the actual Load Relief provided (measured in kW and kWh) during each hour of each designated Load Relief Period or Test Event. Actual load levels are compared to the Customer Baseline Load to verify whether the Applicant provided the kW of contracted Load Relief; provided, however, that the Company may estimate data in accordance with its operating procedure if data is not available for some or all intervals required.

A single Baseline Verification Methodology will be used for each Customer account to assess both energy (kWh) and demand (kW) Load Relief.

An Applicant may change their selection of Baseline Verification Methodology associated with each Customer for the upcoming Capability Period provided the request is received prior to the Enrollment Deadline.

a. Calculation of Event Performance Factor

For all Event Performance Factors, the contracted Load Relief shall be the Portfolio Quantity associated with an Aggregation. The hourly kW of Load Relief provided is based on the sum of Load Relief provided by the Customers comprising the Aggregation.

1) Event Performance Factor under Term-DLM: When a Term-DLM Event is called, is the ratio of: (i) the average hourly kW of Load Relief provided during the Contracted Hours up to the kW of contracted Load Relief to (ii) the kW of contracted Load Relief. The Event Performance Factor is rounded to two decimal places and has an upper limit of 1.00 and a lower limit of 0.
2) Event Performance Factors under Auto-DLM: When an Auto-DLM or Term-DLM Event is called, is the ratio of: (i) the average hourly kW of Load Relief provided during the first four hours of the Load Relief Period up to the kW of contracted Load Relief to (ii) the kW of contracted Load Relief. The Event Performance Factor is rounded to two decimal places and has an upper limit of 1.00 and a lower limit of 0.
3) Test Event Performance Factor under Term- and Auto-DLM: Event Performance Factor, when a Test Event is called, is the ratio of (i) the average hourly kW of Load Relief provided during the Test Event hour up to the kW of contracted Load Relief to (ii) the kW of contracted Load Relief. The Test Event Performance Factor is rounded to two decimal places and has an upper limit of 1.00 and a lower limit of 0.

b. Calculation of Adjusted Performance Factor

The Adjusted Performance Factor for each Term-DLM Event is equal to (1) the Performance Factor when greater than or equal to 0.80 and (2) when below 0.80 is equal to the difference of the Performance Factor and the difference of 0.80 and the Performance Factor.

The Adjusted Performance Factor for each Auto-DLM Event is equal to (1) the Performance Factor when greater than or equal to 0.90 and (2) when below 0.90 is equal to the difference of the Performance Factor and the difference of 0.90 and the Performance Factor.

c. Calculation of Average Season Performance Factor

The average of all Adjusted Performance Factors recorded for a given Aggregation during that season. The Average Season Performance Factor is rounded to two decimal places and has an upper limit of 1.00 and a lower limit of -0.8 for Term-DLM and -0.9 for Auto-DLM. An Average Season Performance Factor below 0.00 results in a penalty with money due to the Company. For example, if an Applicant has an Aggregation consisting of 100 kW and with an Incentive Rate of $100 per kW, an Average Season Performance Factor of -0.2 would result in the Applicant owing $2,000 to the Company at the end of the Capability Period.

d. Description of Reservation Payment Calculation

The Reservation Payment, which is issued annually, is equal to the applicable Incentive Rate per kW per Capability Period multiplied by the Applicant Portfolio Quantity multiplied by the Applicant Aggregation Average Season Performance Factor. An Applicant will end up owing NYSEG money following the Capability Period if this calculation results in a negative value.

e. Timing of reservation payment issuance

Reservation Payments will be issued to Applicants by the end of November following the Capability Period. Any amounts owed to the Company by an Applicant will be due by January 15 following the issuance of an invoice by the Company. If the Company does not receive payment in full, the Applicant may be barred from current and future participation in other Company programs. If payment is not received for the preceding Capability Period, the Company may vacate any award received by that Applicant for future Capability Periods and charge the Applicant the Early Exit Fee in addition to money already owed which must be paid within 30 days of receiving an invoice. If the Applicant participates in the Company's CSRP or DLRP Program under the Company's Tariff, the Applicant agrees that payments from those programs can be collected by the Company to satisfy outstanding debts to the Company incurred through Term- or Auto-DLM participation.

f. Performance Payments

The Company will provide a Performance Payment for participation in Events at the rate of $0.50/kWh. The Performance Payment is equal to the applicable $0.50/kWh multiplied by the average hourly kWh of Load Relief provided by the Applicant Aggregation during the Event multiplied by the number of Event hours.

Performance Payments for Test Events are equal to $0.50/kWh multiplied by the average hourly kWh of Load Relief provided by the Applicant during the Test Event up to the contracted Portfolio Quantity multiplied by the number of Event hours.

All Performance Payments for a Capability Period will be issued at the same time as an Applicant's Reservation Payments.

VIII. Metering and Communications Requirements

Participating in the Company's Distribution Level Demand Response Programs requires that the entire service for each Customer account be measured by Interval Metering with telecommunications capability. If an Aggregator participates in the Term- and/or Auto-DLM Program, all customers of the Aggregator must meet the metering and telecommunications requirements specified hereunder to be enrolled.

If, at the time of application, the Company does not bill the Customer account using Interval Metering, the Customer shall arrange for the furnishing and installation of Interval Metering with telecommunications capability to be used for billing and arrange for telecommunications service, at the participant's expense.

If, at the time of application the Company does not bill the Customer account monthly using Interval Metering, the telecommunications must be in place by the time the Company calculates Reservation and Performance Payments. If communications are not established by the time September Reservation Payments are calculated, then the Customer account will be assigned Event Performance Factors of 0.00 for all Events during the Capability Period where data was unavailable to calculate Event Performance Factors. If insufficient data are available after communications are established for calculating performance as a result of previously unavailable communications, then Event Performance Factors of 0.00 for all Events during the Capability Period where data was unavailable to calculate Event Performance Factors.

For customers seeking an Interval Meter who do not already have an AMI Meter or a communicating hourly pricing meter, requests for the Company to install a new meter must be made at least 21 business days before April 1 to ensure the Interval Meter is installed prior to the Enrollment Deadline. If so, the Company will install Interval Metering within 21 business days of the later of the Company's receipt of an applicant's payment for an upgrade to Interval Metering, so long as the Customer seeking an Interval Meter already has an account number and is interconnected, and: (i) evidence that a request has been made to the telephone carrier (e.g., receipt of a job number) to secure a dedicated phone line for a meter with landline telecommunications capability or (ii) the active Internet Protocol ("IP") address that the wireless carrier has assigned to the modem's ESN for a meter with wireless capability. If the Company misses the installation time frame before

the start of the Capability Period, it will assign Event Performance Factors of 1.00 to the Applicant for all Term- or Auto-DLM Events that occurred prior to Interval Meter installation, unless the meter delay was caused by a reason outside the Company's control, such as the telephone company's failure to install a landline or, if, at the Company's request, the Commission grants the Company an exception due to a condition such as a major outage or storm.

The Company will visit the premises at the request of the Customer to investigate a disruption of normal communications between the phone line or wireless communications and the meter, or operation of external pulses from the meter to the Customer's energy management equipment. The Company will charge for its visit based upon the cost to the Company. If the Company cannot collect data needed to calculate Event Performance Factors from AMI Meters and the Customer has allowed the Company access to its premises to make repairs upon request, it will assign Event Performance Factors of 1.00 to the Applicant for all Term- or Auto-DLM Events for which Event Performance Factors could not be calculated. If the Company has attempted to make repairs but the Customer has denied access to its premises, the Company will assign Event Performance Factors of 0.00 to the Applicant for all Term- or Auto-DLM Events for which Event Performance Factors could not be calculated.

IX. Transferring Aggregations

An Applicant may elect to transfer part or all of its Portfolio Quantity for an Aggregation prior to the enrollment deadline of a Capability Period to another Applicant who is an approved Aggregator. All transfers must be completed before the Enrollment Deadline to take effect for the forthcoming Capability Period. Otherwise, the transfer shall take effect after the end of that year's Capability Period. The recipient of an Aggregation takes on the full contractual responsibilities of the previous Applicant associated with the Aggregation upon submitting a transfer request and the new Aggregator has signed a Program Agreement with the Company.

The Portfolio Quantity is transferred as an Aggregation depending on how the original Portfolio Quantity was awarded. Program Agreements also must be updated or created to reflect these transfers. If the recipient of the Aggregation has existing Aggregations for that Vintage Year in that area, then the transferred Aggregation will be added as a new sub-Aggregation.

X. Participation in Non-Wires Alternative Solutions

Applicants shall provide the contracted Load Relief obligations for the full duration of the Term-DLM or Auto-DLM contract term as specified in the Program Agreement. Should there ever be a Non-Wires Alternative ("NWA") Solution in the same location as the Term-DLM or Auto-DLM procurements, and the Applicant is able to provide additional Load Relief that is incremental to the contracted kW amount, the Applicant may bid to provide such service to an NWA Solution. Applicants will be required to fulfill the remaining Load Relief obligations in the Term-DLM Program or Auto-DLM Program before committing any additional Load Relief into an NWA Solution.

XI. Definitions

Adjusted Performance Factor: An Adjusted Performance Factor is calculated for each Event using the Event Performance Factor and reducing the value based on a formula described in the Adjusted Performance Factor Calculation section of this RFP.

Advisory: Refers to the Company's notice that the Company's day-ahead forecasted load level is at least 90 percent of the forecasted summer system peak.

Aggregation: Means all Customers represented by an Applicant within a network if there are no Sub-aggregations for that Aggregator within that network.

Aggregator: Refers to a party other than the Company that represents and aggregates the load of Customers who collectively have a Load Relief potential of 50 kW or greater under Term- or

Auto-DLM for a particular Vintage Year and that is responsible for the actions of the Customers it represents, including performance and, as applicable, repayments to the Company.

AMI Meter: An Advanced Metering Infrastructure equipped meter.

Applicant: For the purpose of this RFP, an individual and/or entity, replying to this RFP, including NYSEG customers and/or Aggregators acting on a customer's behalf. Applicant may include new and/or existing Customers or Aggregators.

Auto-DLM Program: Applicant will commit via a 3- to 5-year contract to provide a quantity of Load Relief for a contingency program activated to prevent or mitigate critical situations on the utility's electric grid or for peak shaving purposes using the same activation criteria as for Term-DLM. A contingency may be designated under Auto-DLM in Company Designated Areas. The Company will call an Auto-DLM Event or a Test Event on not less than ten minutes' advance notice.

Average Season Performance Factor: The average value of all Adjusted Performance Factors calculated for an Aggregation during a Capability Period.

Baseline Verification Methodology: Performance will be evaluated by measuring how much Load Relief an Aggregation provides compared to how much was committed. The Baseline Verification Methodology will be used by the Company to verify the actual Load Relief provided (measured in kW and kWh) during each hour of each designated Load Relief Period and Test Event. Actual load levels are compared to the CBLs to verify whether the Applicant provided the kW of contracted Load Relief; provided, however, that the Company may estimate data in accordance with its operating procedure if data is not available for some or all intervals required.

A single CBL Verification Methodology will be used for each Customer account to assess both energy (kWh) and demand (kW) Load Relief. Customers using generators to provide Load Relief cannot be enrolled under a CBL Verification Methodology that includes a weather adjustment.

An Applicant may change the CBL Verification Methodology or kW of pledged Load Relief for the upcoming Capability Period during each enrollment period by the enrollment deadline.

Benefit Cost Analysis (BCA): A defined process for comparing the benefits and costs associated with the program to determine whether the benefits associated with an Aggregation or portfolio of Aggregations sufficiently outweighs the costs associated with an Aggregation or portfolio of Aggregations to justify the awarding of Cleared Quantity to an Aggregation.

Call Window (Contracted Hours): Refers to the four-hour period within a weekday, Monday through Friday during the Capability Period, excluding federal holidays, during which the Applicant contracts to provide Load Relief whenever the Company designates a Term-DLM Event. The Contracted Hours are established by the Company for and will be posted on the Company's website no later than January 1 for the upcoming Capability Period. The Contracted Hours for any SC 10 Customer who exports power to the Company shall be the Contracted Hours established by the Company for the Network unless the Company assigns an alternate four-hour period. If the Company assigns an alternate four-hour period, it will notify the Applicant within ten calendar days of enrollment.

Capability Period: May 1 through September 30th.

Cleared Quantity: The amount of load relief, measured in kW, awarded to an Aggregation through the RFP.

Company Designated Area: An electrically defined area determined by the Company to be approaching system capacity limits during peak periods.

Curtailment: The provision of Load Relief without use of Electric Generating Equipment or Battery Energy Storage.

Customer: Means an individual NYSEG electricity account holder. All performance is calculated at an account level rather than at the meter level.

Customer Baseline Load (CBL): The Customer Baseline Load as calculated under the Company's Customer Baseline Load methodology using the baseline options listed in the

methodology. The Customer Baseline Load methodology is described in the Company's baseline operating procedure, which is published on the Company's website.

Deficient Quantity: Means the portion of the Cleared Quantity, measured in kW, that a Demand Response Provider requests, on or prior to November 1 of the calendar year prior to a Capability Period to be relieved of its commitment for contract Load Relief and for which an Early Exit Fee shall be paid.

Dynamic Load Management (DLM): Public Service Commission ordered programs run by utilities with the aim of addressing distribution level grid conditions during times of acute need.

Early Exit Fee: A fee paid to the Company prior to the beginning of a Capability Period to reduce the amount of Portfolio Quantity associated with an Aggregation. The Early Exit Fee is equivalent to the product of the Deficient Quantity, multiplied by the Incentive Rate, multiplied by ten percent (10%), multiplied by the remaining years of the contract.

Electric Generating Equipment: Refers to: (a) electric generating equipment at the premises of a Customer served under Service Classification No. 10 or Service Classification No. 11 and used to provide Load Relief under the Term- or Auto-DLM Program; or (b) emergency electric generating equipment that is interconnected and operated in compliance with rules governing Emergency Generation Facilities used for self-supply and used to provide Load Relief under a Term- or Auto-DLM Program Agreement.

Event: A period where Load Relief was requested under Term- or Auto-DLM.

Event Performance Factor: The ratio between the Load Relief provided by an Aggregation during a Term- or Auto-DLM Event and the Aggregation's Portfolio Quantity.

Fixed Published Price: A form of procurement in which the $/kW Incentive Rate is provided by the Company within the RFP.

Incentive Rate: The $ per kW per Capability Period based off the fixed published price determined by the Company.

Interval Meter: Means a meter with communications capability that records electric usage in increments of 15 minutes or less and includes meters installed under the Company's AMI program.

Load Relief: Refers to power (kW) and energy (kWh): (a) ordinarily supplied by the Company that is displaced by use of Electric Generating Equipment and/or reduced by the Applicant at the Customer's premises; or (b) produced by use of Electric Generating Equipment by an SC 10 Customer and delivered by that Customer to the Company's distribution or transmission system during a Load Relief Period. The amount of Load Relief delivered during an Event is determined by the Company's Baseline Verification Methodology.

Load Relief Period: refers to the hours for which the Company requests Load Relief during: (a) Term-DLM Event; or (b) an Auto-DLM Event, provided, however, that Load Relief will not be required under Auto-DLM between the hours of 12:00 AM and 6:00 AM.

Performance Payment: Payments made to Applicants based on the kWh of Load Relief an Aggregation provides during a Term- or Auto-DLM Event.

Portfolio Quantity: For each Aggregation of an Applicant, the initial Cleared Quantity less any Deficient Quantities associated with the payment of Early Exit Fees for each Aggregation.

Procurement: Process by which the Company evaluates different proposed Aggregations using the same framework to determine which should be approved and included in Program Agreements offered to successful Applicants.

Program Agreement: Refers to the specific terms and conditions that apply to Applicants based on signed agreements associated with their Vintage Year. These agreements will include a list of all Aggregations for which an Applicant has been awarded a Cleared Quantity for.

Renewable Generation: Means behind-the-meter Electric Generating Equipment that is not fossil-fueled and has no emissions associated with it. Batteries do not emit pollutants at their source and are therefore included under this definition.

Reservation Payment: Payments made to Applicants at the conclusion of each Capability Period based on an Aggregation's Portfolio Quantity, its Incentive Rate, and its Average Season Performance Factor.

Term-Dynamic Load Management (DLM) Program: Applicant will commit via a 3- to 5-year contract to provide peak shaving during Contracted Hours when the day-ahead system electric load forecast reaches at least 93 percent of its forecasted summer system peak.

The Company will call a Term-DLM Event on not less than two hours' advance notice. A Term-DLM Event will not be called unless an Advisory was issued at least 21 hours in advance.

Test Event: Refers to the Company's request under either Term- or Auto-DLM for Customers and Aggregators to provide Load Relief in order to test participants' response to a request for Load Relief. These will last one hour for both programs.