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2025 Annual Report on Program Performance and Cost Effectiveness of Distrubtion Level Demand Response Programs

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

Index

01.
Introduction

1. Introduction

New York State Electric & Gas Corporation ("NYSEG") and Rochester Gas and Electric Corporation ("RG&E"), collectively referred to as the ("Companies"), submit this evaluation of its Distribution Level Demand Response ("DLDR") programs pursuant to the New York Public Service Commission's ("Commission" or "PSC") December 15, 2014 Order Instituting Proceeding Regarding Dynamic Load Management ("DLM") and Directing Tariff Filings (the "Order"). The Order requires that the Companies submit a report to the Commission by December 1st of each year assessing the DLDR programs approved in the Order.1 The annual December 1st deadline was revised to November 15th under the PSC April 23, 2018 Order Adopting Program Changes with Modification and Other Findings. In compliance with the September 17, 2020 Order Establishing Term-Dynamic Load Management and Auto-Dynamic Load Management Program Procurements and Associated Cost-Recovery2 ("Term- and Auto-DLM Procurement Order") this annual filing will include an assessment of the effectiveness of the Term- and Auto-DLM programs.

The Companies' five DLDR programs are:

- Distribution Load Relief Program ("DLRP"),
- Commercial System Relief Program ("CSRP"),
- Term- Dynamic Load Management Program ("Term-DLM"),
- Auto- Dynamic Load Management Program ("Auto-DLM"), and
- Direct Load Control Program ("DLC").

The Companies will address the performance of each program, including an operational overview, enrollment analysis, and assessment of event performance and cost effectiveness, for the 2025 program year from January 1, 2025 through December 31, 2025. Costs are based on actual spend through September and estimates for the remainder of the year.

The CSRP and DLRP are designed for commercial, municipal, and industrial customers who participate as Direct Customers or through an Aggregator, and can achieve a pledged reduction amount through their own demand reduction strategies. Both programs each have a mandatory (Reservation Option) and voluntary (Voluntary Option) enrollment option with separate obligations and incentive rates. For the 2025 capability period, CSRP was offered to customers throughout the Companies' entire service territory. In 2019, the incentive rates for DLRP were

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

2 Case 18-E-0130, In the Matter of Energy Storage Deployment Program, Order Establishing Term-Dynamic Load Management and Auto-Dynamic Load Management Program Procurements and Associated Cost-Recovery, issued and effective September 27 2020, p. 57.

reduced to zero and subsequently there have been no enrollments in the program. DLRP and CSRP are described respectively in NYSEG's General Information sections 34 & 35 of PSC No. 120 – Schedule for Electric Service tariff ("PSC No. 120") and RG&E's Metering & Billing Part II sections 4.R and S of PSC No. 19 – Schedule for Electric Service tariff ("PSC No. 19").

Term- and Auto-DLM are also designed for commercial, municipal, and industrial customers to place bids for demand response resources through a competitive procurement process as a Direct Participant or through an Aggregator, pledging reduction amounts at either a specified price or a fixed, published price set by the Companies, with longer term participation through 3- to 5- year contracts. Term- and Auto-DLM are described respectively in NYSEG's General Information section 48 of PSC No. 120 – Schedule for Electric Service tariff ("PSC No. 120") and RG&E's Part II Rules and Regulations, section 31 of PSC No. 19 – Schedule for Electric Service tariff ("PSC No. 19").

The DLC program is primarily for residential and small-commercial customers and achieves demand response through active dispatch of energy storage systems or by remotely adjusting thermostat set points on customers' Wi-Fi enabled thermostats connected to their central air conditioning systems. The DLC programs are described in General Information Section 36 of NYSEG's PSC No. 120 tariff and Metering & Billing Part II Section 4.T of RG&E's PSC No. 19 tariff. One DLC program option, Bring Your Own Thermostat ("BYOT") for central air conditioning ("Central AC") was available during program year 2025. Another DLC program option is the NYSEG and RG&E Energy Storage Solutions ("NYSEG and RG&E ESS") program for batteries which went live mid-August of 2025. BYOT and NYSEG and RG&E ESS is available throughout the Companies' entire service territory.

Appendix 1 summarizes the Companies' 2025 Distribution Level Demand Response programs.

02. Commercial Demand Response Programs

2. Commercial Demand Response Programs

2.1 Commercial Demand Response Program Overview

NYSEG and RG&E offer two distinct sets of commercial demand response programs, with the Direct Load Relief Program ("DLRP") and Commercial System Relief Program ("CSRP") being open for participants to enroll annually for each capability period, and the Term- and Auto Dynamic Load Management ("Term-DLM and "Auto-DLM") being offered through a competitive procurement process for 3- to 5- year contract terms. Each of the Companies' Commercial and Industrial DR programs operate during a capability period of May 1st to September 30th.

DLRP is a network contingency DLDR program applicable to individual customers ("Direct Customer") who contract to reduce 50 kW or greater of demand reduction during an event or Aggregators/Curtailment Service Providers who aggregate 50 kW or greater of demand reduction from one or more customers. DLRP may be called by the Companies to reduce load on local distribution circuits within specific load areas when contingencies occur. CSRP is open to Direct Customers in the Companies' service territory who can curtail load or bring on certain on-site generation to reduce their demand by a minimum of 50 kW individually, or to Aggregators/Curtailment Service Providers who aggregate 50 kW or greater of demand reduction from one or more customers. The Companies request load relief when the day-ahead forecasted load level is at least 92 percent of the company's forecasted summer system peak for NYSEG and 94 percent for RG&E.Participants are required to respond to a load relief request ("Planned Event") Monday through Friday for at least four-hours during an event, starting at 2:00 PM. A participant is notified the day ahead of a Planned Event (at least 21 hours prior). The day of the Planned Event, the request for load relief is confirmed or cancelled based upon the day-of load forecast and event threshold trigger.

Term- and Auto-DLM are available to customers ("Direct Participants") who contract to reduce 50 kW or greater of demand reduction during an event or Aggregators/Curtailment Service Providers who aggregate 50 kW or greater of demand reduction from one or more customers during a specified call window. Term-DLM is available system-wide, while Auto-DLM is available in specified company-designated areas. Term-DLM call windows are four-hours duration, Monday through Friday, and are established annually depending on system needs. Term-DLM may request load relief for peak-shaving when the day-ahead forecasted load level is at least 90 percent for the forecasted system peak for NYSEG and 93 percent for RG&E. The Companies will activate resources by sending an event notification at least 21 hours prior to the start of the event. The Companies will send an additional notification confirming or cancelling the event at least 2 hours before the start of the event. Auto-DLM will commit to provide load relief during Term-DLM events as well as incidents of

electric system contingencies between the hours of 6 AM and midnight seven days per week, with at least 10 minutes' notice within the company-designated areas.

Performance evaluation for Summer 2025 is based on actual event data collected.

2.1.1 Participation Options

The DLRP and CSRP include both a Reservation Option and a Voluntary Option for participation.

Reservation Option

Participants enrolled in the Reservation Option receive monthly Reservation Payments for pledged kW demand reduction and Performance Payments for kWh load reduced during a Planned Event.

Voluntary Option

Participants receive only a Performance Payment for kWh load reduction during a planned or unplanned event when requested by NYSEG or RG&E.

Term- and Auto-DLM participants are eligible to receive Reservation and Performance Payments, which are calculated annually, based on their contracted incentive rate, multiplied by their portfolio quantity of their contracted load (kW), and multiplied by the Applicant Aggregation Average Season Performance Factor. Participants will end up owing money to the Companies if this calculation results in a negative value.

2.1.2 Technology

An interval meter is used to measure a participants' usage. Customers not billed on hourly pricing must have dedicated telecommunications to the interval meter. NYSEG and RG&E used EnergyHub Distributed Energy Resources Management System (DERMS) to determine a customer's baseline load, call demand response events, and evaluate interval data to measure each participant's performance.

2.1.3 Marketing

Due to most customers enrolling through an aggregator, the Companies targeted Demand Response aggregators listed on the NYISO website and emailed a program summary. The Companies' websites contain the detailed tariff provisions and summary program descriptions to assist customers or aggregators with any questions.

2.1.4 Customer Service

Dedicated email addresses for NYSEG and RG&E[3] are provided on the Companies' websites[4] for additional program information requests. Both email mailboxes are monitored by the DR Lead Analyst (Energy Specialist) and Program Manager. The Lead Analyst and Program Manager respond to all inquiries which allows for one-on-one personal assistance to guide customers and Aggregators through the program details and enrollment process.

2.1.5 Enrollment Process

Through direct communication with the DR Lead Analyst, Program Manager, or through the Companies' websites, customers and aggregators can request to obtain login credentials which allow them access the "Aggregator Portal," part of the EnergyHub DERMS platform. After securing login credentials, they can download the demand response enrollment form. The demand response enrollment form allows Aggregators and Direct Customers to enroll a batch of accounts at one time. Through the enrollment form, participants identify the desired program, participation option, customer name, account number, Point of Delivery ID, service address, whether an interval meter and phone line is installed, indicate if already participating in EPO, CBL method desired, and enrolled load reduction. The completed form containing all the enrollment criteria can then be uploaded via the portal.

Once the demand response application and enrollment forms are submitted to the Companies, the DR Lead Analyst and Program Manager validate the information and work directly with the customer or Aggregator to complete and verify all enrollment requirements for participation.

2.2 CSRP and DLRP

2.2.1 Incentives

At NYSEG, the Reservation Payment is $4.10 per kW-month, and at RG&E it is $4.25 per kW-month, applied to enrolled load and multiplied by the monthly performance factor. If five or more Planned Events occur during any month of the Capability Period, the Reservation Payment increases to $4.35 per kW-month at NYSEG and $4.50 per kW-month at RG&E for that month. To qualify for a Reservation Payment, the monthly performance factor must be ≥ 0.25. Participants also receive $0.50 per kWh for the first four hours of a Planned Load Relief Event and $0.60 per kWh for each hour beyond the initial four, based on load reduction from baseline. DLRP Reservation Payments are currently set at $0.00 per kW-month. Participants enrolled under the Voluntary Option do not

[3] nyseg-dr@nyseg.com, rge-dr@rge.com
[4] https://www.nyseg.com/wps/portal/nyseg/saveenergy/businesssolutions/cidemandresponse, https://www.rge.com/wps/portal/nyseg/saveenergy/businesssolutions/cidemandresponse

receive Reservation Payments. They earn a Performance Payment of $0.50 per kWh, calculated from their average hourly load reduction during events, multiplied by the number of event hours.

2.2.2 Program Enrollment

NYSEG received enrollments from five Aggregators representing 87 customers, and one enrollment for a Direct Participant for the 2025 Capability Period. RG&E received enrollments from four Aggregators representing 45 customers and two customers enrolled as Direct Participants. All CSRP participants enrolled in the Reservation Payment option. The NYSEG participants enrolled a cumulative 42,030 kW of curtailable load. The RG&E participants enrolled a cumulative 7,405 kW of curtailable load. There were no enrollments in DLRP in 2025.

Table 2 summarizes the Companies' 2025 CSRP enrollments.

Table 1: CSRP 2025 Enrollment Summary

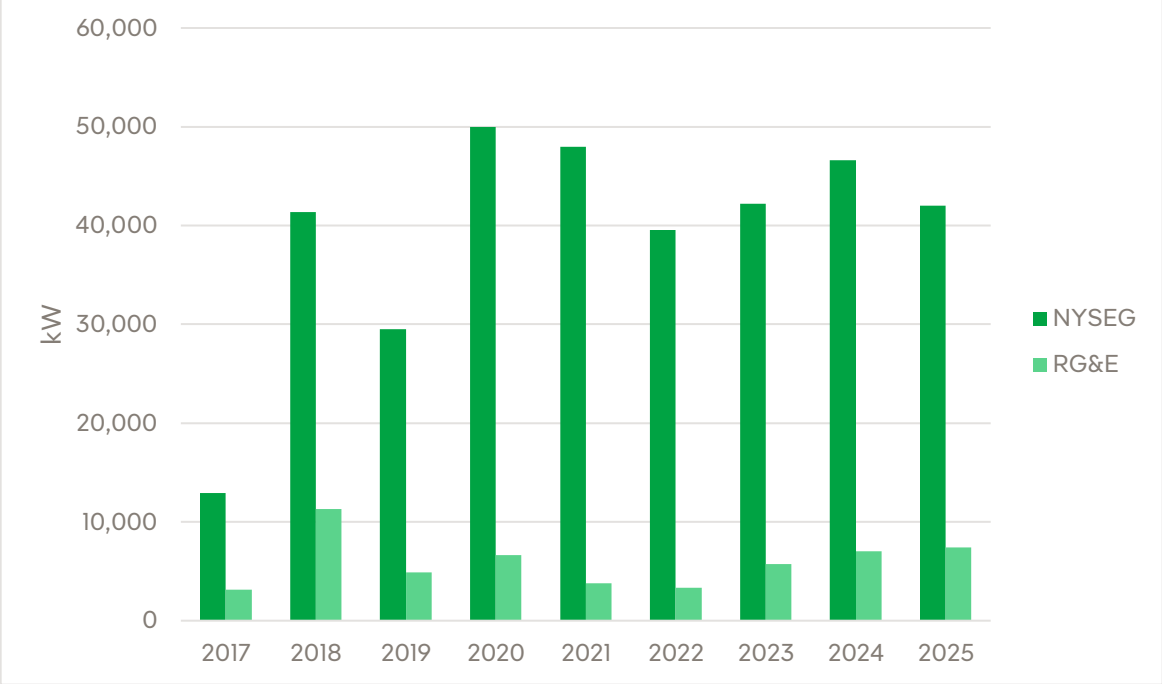
Enrollment Type	NYSEG			RG&E		
	Enrollees	kW	Meters	Enrollees	kW	Meters
Direct Customer - Reservation Option	1	30,000	1	2	2,555	7
Direct Customer - Voluntary Option	0	0	0	0	0	0
Aggregator - Reservation Option	5	12,030	87	4	4,850	45
Aggregator - Voluntary Option	0	0	0	0		0
Program Total	6	42,030	88	6	7,405	52

Historical Enrollment

Participation in CSRP has fluctuated over the past nine years. In 2025, total enrolled load declined by 8% compared to 2024. NYSEG saw a 10% decrease,while RG&E saw a 5% increase in enrolled load year-over-year. NYSEG reached its peak enrolled load in 2020, and RG&E's highest enrollment occurred in 2018.

Table 2 provides an nine-year summary of CSRP enrolled load.

Table 2: CSRP Enrolled Load Summary



2.2.3 Cost Summary

Table 4: summarizes the costs, by component, associated with the CSRP in 2025.

Table 4: CSRP Cost Components for Program Year 2025

Component	NYSEG		RG&E	
	Cost	Percentage	Cost	Percentage
Program Operation Expense	$236,488	11.78%	$72,490	23.69%
Program Incremental Marketing Material Expense	$0	0.00%	$0	0%
Customer Reservation Payments*	$790,407	39.37%	$140,682	45.97%
Customer Performance Payments*	$980,986	48.86%	$92,833	30.34%
Total Program Costs	$2,007,882	100%	$306,004	100%

* Please note: The program cost figures presented above are subject to revision. The Companies will update these figures in the revised filing once data validation is complete.

Program Operation Costs

Costs in this category include the Companies' staff salary and overhead associated with CSRP management and support. This includes, but is not limited to, work performed by program managers, marketing staff, and vendor support. Program staff salaries are recovered through the operating and maintenance ("O&M") budget while other operational costs are recovered via the Companies' Transition Charges. The costs associated with program operation were $236,488 (11.78% of total program costs) at NYSEG and at RG&E $72,490 (23.69% of total program costs).

Marketing Costs

Marketing costs include the Companies' marketing initiative to inform customers of the program. Emails with program information were sent directly to prospective aggregators prior to the 2025 curtailment season. The expenses associated with program marketing were $0 for both NYSEG and RG&E.

Customer Incentives

Customer incentives consist of Reservation and Performance payments paid to customers and Aggregators for their program participation and performance in events and tests. In 2025, NYSEG had seventeen Planned Events and three Unplanned Event, and RG&E had eleven Planned Events and two Unplanned Events. NYSEG paid $790,407 (39.37% of total program costs) and RG&E paid $140,682 (45.97% of total program costs) in Reservation Payments. Performance payments were $980,986 (48.86% of total program costs) at NYSEG and $92,833 (30.34% of total program costs) at RG&E.

2.2.4 Event Performance and System Impacts

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

Per the *Order Directing Dynamic Load Management Program Changes*[5], issued and effective March 16, 2022, the Companies were directed to include within the November 15, 2022, Annual Report discussion on establishing a Performance Factor floor set less than or equal to 25%. The Companies

[5] Case 14-E-0423, Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs Order Directing Dynamic Load Management Program Changes, issued and effective March 16, 2022, p. 14.

established a minimum Performance Factor of 25% in 2019[6], and have found this to be a reasonable level. This retractor incentivizes the aggregator or direct participant to fully participate in the CSRP/DLRP event. Per *Order Directing Dynamic Load Management Program Change*[7], issued and effective March 15, 2024, the Companies will be continuing its procedure of giving a 50% Performance Factor to new participants with a subsequent true up with a credit or charge once an event has been called.

Event Summary

NYSEG called seventeen (17), 4-hour Planned Events from 2:00 PM to 6:00 PM during the 2025 summer capability period (6/23, 6/24, 6/25, 6/30, 7/7, 7/15, 7/16, 7/17, 7/24, 7/28, 7/29, 7/30, 8/11, 8/12), and three (3) Unplanned Events from 2:00 PM to 6:00 PM on 7/11, 7/14, and 8/13.

RG&E called eleven (11), 4-hour Planned Events from 2:00 PM to 6:00 PM during the 2025 summer capability period (6/23, 6/24, 7/16, 7/17, 7/24, 7/28, 7/29, 8/11, 8/12) and two (2) unplanned 4-hour events from 2:00 PM to 6:00 PM on 6/30 and 7/15.

All participants were enrolled in the Reservation Option and were required to participate in the Planned Events.

During the 2025 capability period, NYSEG CSRP participants achieved an average monthly Payment Performance Factor (PF) of 0.67, while RG&E participants averaged 0.58. The PF values for both utilities ranged from 0 to 1, consistent with the Companies' tariff provisions that cap performance payments at a maximum PF of 1.0. Historically, the monthly average PF has reflected this capped value used for calculating performance payments. However, beginning with this report, the Companies will use the monthly average PF to represent the actual average load relief delivered by program resources across all called events, providing a more accurate measure of program effectiveness.

In 2025, NYSEG's average event load relief was 94% of enrolled load and RG&E's average event load relief was 60% of committed load.

[6] Case 14-E-0423, Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs Order Adopting Program Changes with Modifications and Making Other Findings, issued and effective March 18, 2019, p. 16.

[7] Case 14-E-0423, Proceeding on Motion of the Commission to Develop Dynamic Load Management Programs Order Directing Dynamic Load Management Program Changes, issued and effective March 15, 2024, p. 20.

Table 5 summarizes the Companies' event performance.

Table 5: 2025 CSRP Event Summary

Enrolled Program	Enrolled Load Relief	Enrolled Meters	Average Monthly True PF	Average Load Relief
NYSEG CSRP Reservation	42,030 kW	88	0.94	39,660 kW
RG&E CSRP Reservation	7,405 kW	52	0.60	4,472 kW
Program Total	49,435 kW	140		44,132 kW

Measurement and Methodology

Customer load reduction is measured using a Customer Baseline Load ("CBL") methodology. This is a representation of a customer's average consumption based on the top five highest days of energy usage within a 10-weekday period selected from the 30 weekdays prior to an event. The CBL is used to calculate the customer's performance during a test or event. The customer's performance during a test or event is the difference between the CBL and their actual load.

System Impacts

The goal of the Companies' CSRP is to reduce the level of network peak, limiting the need for capital costs, and providing benefits to customers related to cost reduction and increased reliability. In 2025, the companies saw an average system impact of 39,660 kW load shed at NYSEG and 4,472 kW reduction at RG&E, per event, for a total average load reduction of 44,132 kW across both Companies' during the 2025 Summer curtailment season.

The New York Independent System Operator ("NY-ISO") New York Control Area ("NYCA") peak to date was on July 29, 2025, hour beginning 18:00. NYSEG and RG&E did conduct an event coincident with the NYCA peak. Both companies conducted an event on the Company System Peak: NYSEG's peak was on July 17, 2025 at hour beginning 19:00 and RG&E's peak was on June 24, 2025 at hour beginning 15:00.

2.2.5 CSRP Cost Effectiveness Summary

Pursuant to the January 21, 2016 Order Establishing the Benefit – Cost Analysis ("BCA") Framework, the Companies are required to evaluate cost-effectiveness of each program using the Societal Cost Test (SCT), Utility Cost Test (UCT), and Ratepayer Impact Measure (RIM) for all Distributed Energy Resources (DERS).

The Companies updated the following for all tests to those required by the Companies' Benefit – Cost Analysis Handbook:

- Avoided Energy Cost
  - NY-ISO CARIS Phase II database update. Work paper from NY DPS Staff LBMP-Outputs-2024 System Resource Outlook report
- Avoided Generation Capacity Cost
  - Based on 2024 Gold Book
- Avoided Marginal Cost of Service at the Distribution Level
  - NYSEG and RG&E Benefit Cost Analysis Handbook, June 30, 2020
- Avoided Carbon Cost
  - Average 2024 quarterly RES Compliance Year Resources from Compliance Year 2024 of NYSERDA's Clean Energy
- Interest Rates
  - NYSEG and RG&E Benefit Cost Analysis Handbook, June 30, 2020
- Line Losses at the Secondary Distribution Level
  - NYSEG and RG&E Benefit Cost Analysis Handbook, June 30, 2020

NYSEG test results use the NYSEG capacity savings on the NYCA peak of July 29, 2025 from hour beginning 18:00. RG&E test results use the actual RG&E capacity savings from RG&E's peak day of June 24, 2025, hour beginning 15:00. NYSEG and RG&E's CSRP Benefit Cost Test results indicate that the program was cost effective.

Table summarizes the CSRP results of the BCA tests.

2.2.6 CSRP and DLRP Conclusions

With the DLRP incentive level still set at $0.00 per kW-month, there were no enrollments for 2024. The Companies intend to keep the incentive level at $0.00 per kW-month indefinitely, until the need for DLRP resources arises. 2025 saw a slight decrease in CSRP enrolled load from the prior year. NYSEG CSRP resources on average performed just below their enrolled kW level while RG&E performed under the amount of their enrolled kW. The Companies intend to keep the designated event threshold for each OpCo even though an unusually high number of events had been called for the Summer 2025. Overall, both NYSEG and RG&E CSRP contributed to the reduction of the system-wide peak.

2.3 Term- and Auto-DLM

2.3.1 Term- and Auto-DLM RFP

Pursuant with the Commission's September 17, 2020, Term- and Auto-DLM Procurement Order, the Companies developed the Term- and Auto-DLM programs and filed tariff amendments effective December 1, 2020. As directed, the Companies issued Request for Proposals ("RFP") for proposals from qualified and experienced applicants with the capability to deliver DLM solutions. Applicants could bid system-wide to provide load relief in a fixed four (4) hour Call Window on weekdays with at least twenty-one (21) hours' notice as part of the Term-DLM Program. A Company Designated Area at each Company was selected for applicants to bid to provide load relief with at least ten (10) minutes notice, eighteen hours per day, seven (7) days per week as part of the Auto-DLM Program. Resources were solicited for the Summer 2021, Summer 2022, Summer 2023, Summer 2024, Summer 2025, and Summer 2026 capability periods. The initial RFPs were released on November 30, 2024. Afterwards, updated RFPs were filed on January 24, 2025 that included the fixed price procurement, and were filed electronically[8], posted to both NYSEG and RG&E demand response websites, and emailed to interested parties. Questions were accepted from potential applicants until February 24, 2025, and answers were sent back on or before March 10, 2025. RFP responses were due April 7, 2025.

2.3.2 Term- and Auto-DLM RFP Bids

NYSEG and RG&E did not receive any bids for the Term- DLM program and Auto- DLM programs.

2.3.3 Term- and Auto-DLM Conclusions

Although there were no successful bids accepted into the Term-DLM or Auto-DLM programs for the 2021 through 2026 Summer capability periods, NYSEG and RG&E have scheduled to release the Term- and Auto-DLM RFP on November 30, 2025. The Companies have collaborated with the JU and DLM stakeholders to identify areas of improvement for the Term- and Auto-DLM RFP process to encourage more competitive bids from a greater number of applicants for the 2026 Summer capability period. Per *Request For a Timeline Accommodation Regarding the Procurement of DLM Programs* issued November 2nd, 2023, the Companies in collaboration with the JU filed a petition to provide a longer procurement window, from 12 month to 18 months. This window will introduce flexibility in the procurement methodologies with the goal of increasing customer participation and incremental competitiveness in future DLM program solicitations. The flexibility in the procurement methodology went live in NYSEG and RG&E's RFPs that were released in January 24, 2025. In the upcoming RFP, the Companies will indicate it will utilized the fixed published pricing procurement metholdolgy.

03.
Direct Load Control Demand Response Program

3. Direct Load Demand Response Program

The DLC program supports electric system reliability and utilizes smart Wi-Fi enabled thermostats connected to alarm systems, or other control devices which allow the Companies to change thermostat set points as well and utilizes customers energy storage systems during events or tests to achieve demand reduction during periods of critical electrical distribution system stress or peak demand levels. The annual capability period for calling demand response events and tests is from May 1st through September 30th. The Companies' DLC program, branded Smart Savings Rewards and NYSEG and RG&E Energy Storage Solutions, is available to all customers, excluding Mandatory Hourly Pricing customers, with a focus on residential and small commercial customers who have Central Air Conditioning (AC) systems for Smart Savings Rewards and energy storage systems for NYSEG and RG&E Energy Storage Solutions.

The Companies contracted with EnergyHub to provide their Distributed Energy Resources Management System ("DERMS") services for its Bring Your Own Thermostat (BYOT) program. BYOT launched in November 2016. At the end of the 2025 capability period, a total of 35,366 devices, 19,267 NYSEG thermostats plus 15,739 RG&E thermostats, were actively participating in the Smart Savings Rewards program.

The Companies released its NYSEG and RG&E Energy Storage Solution (NYSEG and RG&E ESS) program to its NYSEG and RG&E customers in August 2025. The Companies contracted Uplight, Inc. as their energy storage DERMS provider. As of October 2025, the Companies have 88 pending enrollments.

3.1 Bring Your Own Thermostat (BYOT)

3.1.1 BYOT Overview

The BYOT program launched in November 2016 and is targeted to residential and small commercial customers. Under the Smart Savings Rewards BYOT program, customers provide their own thermostat and enroll through designated thermostat providers. To participate, customers must have a qualifying thermostat controlling their Central AC system. The BYOT program offers customers choices with thermostat equipment, flexibility, and control. Thirty-four thermostat models are eligible from eight participating thermostat providers: Alarm.com, Amazon, ecobee, Emerson, Honeywell Home, Lux, Nest, Radio Thermostat Company of America, and Vivint.

Program participants receive a one-time sign-up incentive of $70 per thermostat and a $20 seasonal participation bill credit for fully participating in at least one summer event. At the end of September, there were 19,267 NYSEG and 15,739 RG&E thermostats participating in the Smart Savings Rewards BYOT option. NYSEG called twenty events in 2025 yielding an average demand reduction of 18.07 MW. RG&E called ten events for an average demand reduction of 17.12 MW.

Technology

With a variety of qualifying Wi-Fi thermostats, this program allows customers to enroll their own new and/or existing thermostat. A Wi-Fi enabled smart thermostat connects to the customer's existing Wi-Fi router without any additional hardware needs. Smart thermostats using Z-Wave communication protocol connected through customer alarm systems are also included. Customers can enroll their thermostat through their thermostat Original Equipment Manufacturer (OEM). Once enrolled, the Companies can remotely make temperature adjustments on participating thermostats. The Companies utilize EnergyHub's Mercury DERMS (Distributed Energy Resources Management System) platform to schedule and dispatch events and tests.

Customers are advised of events various ways such as, email, SMS, in-device displays, and smartphone and internet apps, depending on their thermostat provider.

Customers have flexibility to choose not to participate in all or a portion of an event or test ("opt-out") by adjusting the temperature on their thermostat during an event or test. Customers can remotely control their Central AC online through their OEM's website or mobile application, allowing a customer to opt-out of an event or test regardless of the customer's location.

Marketing

Smart Savings Rewards BYOT marketing was designed to recruit and engage customers year-round throughout the Companies' service territories. The 2025 campaign factored in the success rates of 2024 strategies and penetration levels.

A NYSEG and RG&E co-branded Smart Savings Rewards microsite[9], provides customers with program information, including program eligibility requirements, FAQs, contact information, links to purchase thermostats, and links to enroll thermostats by thermostat provider.

Smart Savings Rewards program recruitment is continuous throughout the year. In 2025, a wide range of marketing channels were utilized to engage customers and maximize enrollments:

- Company websites
- Thermostat provider promotions and emails
- Program emails
- Promotion in customer newsletters and bill inserts
- Word of mouth
- Promotion and instant enrollments on NYSEG and RG&E online marketplaces*

***NYSEG and RG&E Online market place was discontinued effective 10/31/25**

Promotional email continues to be used for acquisition. Customer engagement email campaigns were used in 2025 to encourage customer participation. Assets were comprised of the following emails: season start welcome back email, mid-season email, and a post season participation summary.

Customers purchasing a qualifying thermostat on the Companies' online marketplaces could enroll in Smart Savings Rewards instantly and receive their enrollment incentive during checkout. Customers choosing not to connect their thermostat to Central AC and/or Wi-Fi after 61 days are charged the enrollment incentive amount. The instant enrollment has been highly successful in generating enrollments. However, the NYSEG and RG&E Smart Solutions Online Marketplace is no longer operational after October 31, 2025. After the closing of the Online Marketplace, NYSEG and RG&E shifted their Smart Savings Rewards program marketing efforts toward other qualified retailers, allowing customers to purchase program-eligible thermostats at a 20% discount.

Customer Service

Customer support is available through email and phone, providing customer assistance with general program questions, eligibility and application support, and other inquiries. Email inquiries are taken at nyseg-rge@energyhub.com and phone inquiries are supported by the NYSEG and RG&E Customer Relations Center.

Customer Incentives

[9] https://www.smartsavingsrewards.com/

Customer incentives consist of all payments to customers for program participation based on the program design. Customers signing up in the BYOT option receive an incentive to encourage program enrollment; a $70 Mastercard e-gift card per enrolled.
The Companies issue a $20 bill credit to customers who participate in at least one full summer event per season. The $20 bill credits are posted to participant accounts at the end of the season.

3.1.2 BYOT Program Enrollment

BYOT program enrollment began late in 2016 and as of October 2025 there are 36,221 thermostats enrolled.

2025 Enrollment

In 2025, the Companies continued to see the BYOT program grow. Applications are submitted and accepted year-round to achieve the highest participation during capability periods. 19,267 NYSEG and 15,739 RG&E thermostats were enrolled at the end of the 2025 summer capability period.

The following tables shows new enrollments from December 1, 2016 to October 31, 2025 by month and Company.

Table 7: BYOT Thermostat Monthly Enrollments

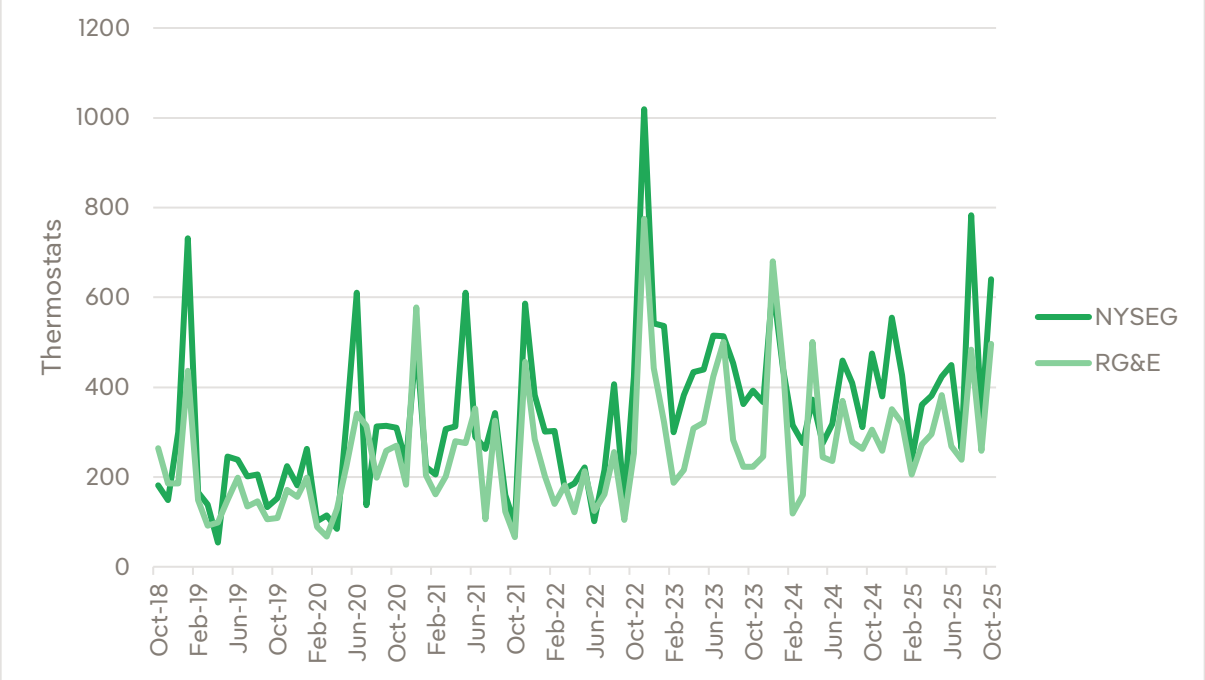
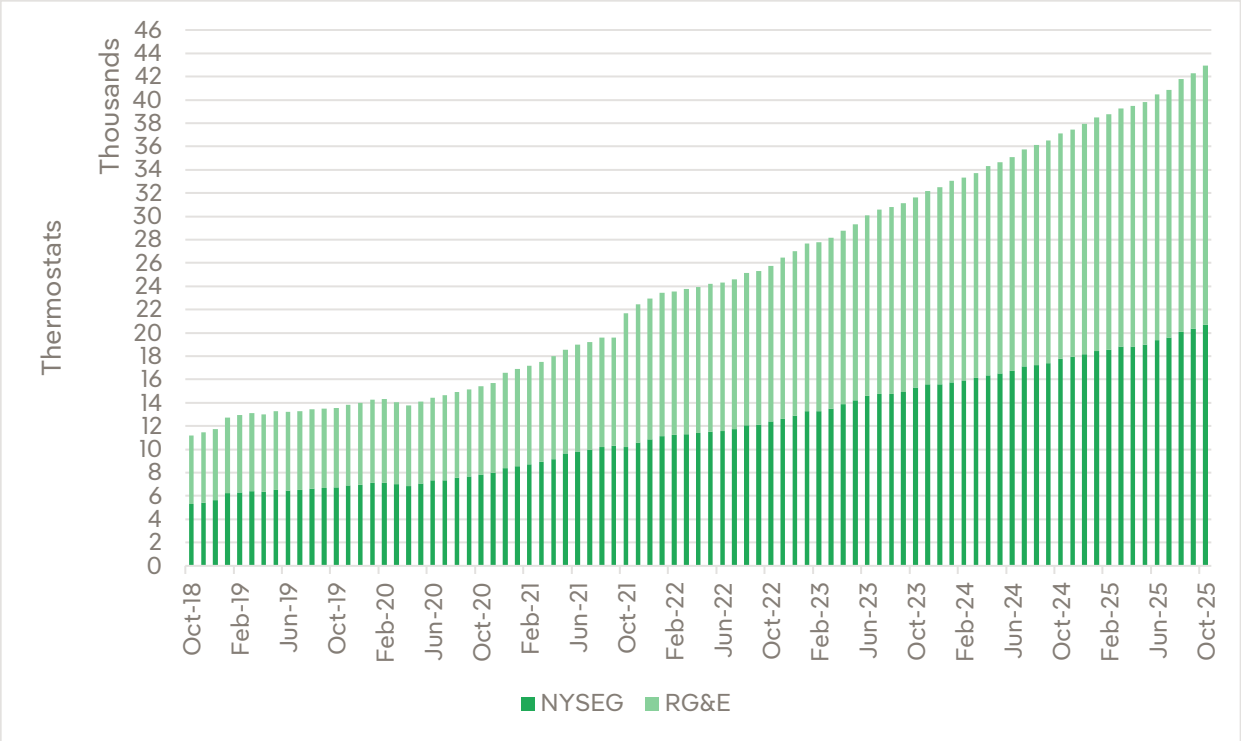


Table 8: BYOT Total Thermostat Enrollments



Enrollment Assessment

2025 has shown a steady increase in enrollments attributable to the continuous marketing and new customer thermostat installations. In April, the companies conducted an audit of all enrollments which resulted in the unenrollment of any devices that were linked to inactive account numbers, or that had been offline for more than 60 days.

In 2025, NYSEG's average monthly enrollment rate increased compared to the prior year. In 2024, NYSEG averaged 365 device enrollments per month while the 2025 average through October increased to 430 devices. RG&E's 2025 average increased as well, with 292 enrollments per month in 2024, up to 322 per month in 2025.

NYSEG and RG&E continued its partner marketing campaign through the Marketplace, OEMs, and internal marketing. NYSEG thermostat enrollments outpaced RG&E enrollments most likely due to NYSEG's number of electricity customers being more than twice the number of RG&E electricity customers. NYSEG homes also tend to have more thermostats per home than RG&E.

3.1.3 BYOT Cost Summary

As indicated in the table below, the total program cost for 2025 is expected to be $1,260,653 for NYSEG and $1,067,003 for RG&E. The costs outlined below are calculated using actuals from

January through October and estimates for the months of November and December. Year-end actuals will vary based on the unpredictability of enrollments from year end marketing campaigns. All expenses are passed through NYSEG's and RG&E's per kWh transition charge; except for, internal administration which is recovered through the Companies' base delivery rates.

Table 9: 2025 BYOT Expenses

BYOT Expense	NYSEG		RG&E	
	Cost	Percentage	Cost	Percentage
Vendor Program Administration	$829,752	66%	$663,792	62%
Internal Program Administration	$9,896	1%	$9,896	1%
Program Marketing	$0	0%	$0	0%
Hardware	$0	0%	$0	0%
Customer Incentives	$421,005	33%	$393,315	37%
Total Program Costs	$1,260,653	100%	$1,067,003	100%

Vendor Administration

Vendor administration costs encompass program expenses incurred by the Companies' BYOT vendor for program management, implementation, and operational program support, as well as some marketing costs. Operational costs include, but are not limited to, general oversight, customer support, partner fees, DERMS platform and other software fees, incentive processing, and device fees. Vendor marketing costs include program literature, email campaigns, social media promotions, web development, direct mail materials, and promotional events. Program microsite and enrollment website maintenance are also included in this category. The NYSEG BYOT vendor administration costs are $829,752 and RG&E costs are $663,792.

Internal Administration

Costs in this category include salaries and overhead of Company staff allocated to BYOT program management and operational support. 2024 Company BYOT administration costs were $9,896 at both Companies. These costs were calculated using a percentage of employee BYOT time allocation. Employee salaries are recovered through the Companies' operational and management expenses embedded in NYSEG and RG&E's delivery rates.

Hardware

Program hardware costs refer the incremental equipment purchased by the Companies to support the program, such as thermostats. Since customers are responsible for purchasing and installing their own thermostat, there are no incremental hardware program costs.

Internal Program Marketing

Internal marketing costs include all expenses associated with the marketing initiatives facilitated by the Companies' internal resources. These costs include, but are not limited to, program literature, email campaigns, and bill inserts.

Customer Incentives

Costs in this category include the actual payments paid to customers for enrolling in the Smart Savings Rewards program through October and estimates for November through December, based on the average monthly thermostat enrollments from January 1st through October 31st with some inflation for an anticipated increase in December $125,325 is allocated to sign-up incentives at NYSEG and $118,775 at RG&E.

Amounts also include customer payments for their full participation in tests or events. $295,680 in participation incentives were paid to NYSEG BYOT participants and $274,540 to RG&E BYOT participants.

3.1.4 BYOT Event Performance and System Impacts

Demand response event activity in 2025 was greater than typical for both companies; NYSEG called 20 events from June to September, while RG&E called 10 events from June to September. Both NYSEG and RG&E experienced hot weather with temperatures ranging from 80's to mid-90's.

During most events, NYSEG and RG&E used a pre-cool setting of 60 minutes with a 4 degree off-set for three to four hours, from 17:00-19:00.

The Companies' event results are in Tables 10 and 11 below. Times exclude pre-cool.

Table 10: NYSEG BYOT 2025 Event Summary

Company	Date	Start	End	Event Type	Number of Targeted Thermostats	Avg. Total Hourly kW Reduction	Avg. Shed Per Device (kW)

NYSEG	23-Jun	17:00	19:00	Peak Shaving	7,719	7,699	1.00
	24-Jun	17:00	19:00	Peak Shaving	20,752	22,389	1.08
	25-Jun	17:00	19:00	Peak Shaving	20,809	22,187	1.07
	30-Jun	17:00	19:00	Peak Shaving	20,770	20,359	0.98
	7-Jul	17:00	19:00	Peak Shaving	20,773	21,697	1.04
	9-Jul	17:00	19:00	Peak Shaving	20,801	17,957	0.86
	11-Jul	17:00	19:00	Peak Shaving	20,760	22,591	1.09
	14-Jul	17:00	19:00	Peak Shaving	20,792	18,542	0.89
	15-Jul	17:00	19:00	Peak Shaving	20,754	21,812	1.05
	16-Jul	17:00	19:00	Peak Shaving	20,725	17,875	0.86
	17-Jul	17:00	19:00	Peak Shaving	20,692	15,955	0.77
	24-Jul	17:00	19:00	Peak Shaving	20,558	15,307	0.74
	25-Jul	17:00	19:00	Peak Shaving	20,676	16,683	0.81
	28-Jul	17:00	19:00	Peak Shaving	20,594	17,881	0.87
	29-Jul	17:00	19:00	Peak Shaving	20,605	16,477	0.80
	30-Jul	17:00	19:00	Peak Shaving	20,658	18,332	0.89
	11-Aug	17:00	19:00	Peak Shaving	20,886	16,416	0.79
	12-Aug	16:00	18:00	Peak Shaving	20,911	17,239	0.82
	13-Aug	17:00	19:00	Peak Shaving	20,924	16,519	0.79
	15-Aug	17:00	19:00	Peak Shaving	21,007	17,538	0.83

Table 11: RG&E BYOT 2025 Event Summary

Company	Date	Start	End	Event Type	Number of Targeted Thermostats	Avg. Total Hourly kW Reduction	Avg. Shed Per

							Device (kW)
RG&E	23-Jun	16:00	18:00	Peak Shaving	5,261	7,275	1.38
	24-Jun	17:00	19:00	Peak Shaving	15,633	21,862	1.40
	30-Jun	14:00	16:00	Peak Shaving	15,618	19,203	1.23
	15-Jul	17:00	19:00	Peak Shaving	15,673	23,641	1.51
	16-Jul	16:00	18:00	Peak Shaving	15,667	13,634	0.87
	24-Jul	17:00	19:00	Peak Shaving	15,710	16,271	1.04
	28-Jul	16:00	18:00	Peak Shaving	15,694	17,769	1.13
	29-Jul	16:00	18:00	Peak Shaving	15,690	16,775	1.07
	11-Aug	16:00	18:00	Peak Shaving	15,842	17,978	1.13
	12-Aug	16:00	18:00	Peak Shaving	15,856	16,817	1.06

The total weighted average shed per device in 2025 was 0.84 kW for NYSEG and 1.16 at RG&E. On average, 62% of NYSEG's targeted devices either fully or partially participated in events while RG&E realized 70% participation.

The New York Independent System Operator ("NY-ISO") New York Control Area ("NYCA") peak to date was on July 29, 2025, hour beginning 18:00. NYSEG and RG&E did conduct an event coincident with the NYCA peak. Both companies conducted an event on the Company System Peak: NYSEG's peak was on July 17, 2025 at hour beginning 19:00 and RG&E's peak was on June 24, 2025 at hour beginning 15:00.

3.2 Energy Storage Solutions

3.2.1 ESS Overview

The NYSEG and RG&E ESS program launched in mid-August 2025 and targets residential and small commercial customers. Under the program, participants provide their own energy storage systems and enroll through designated battery Original Equipment Manufacturer (OEM) providers or via the Uplight Flex platform. To participate, customers must have a qualifying energy storage system that is interconnected with NYSEG and/or RG&E. The BYOT program offers customers choices flexibility, choice and control, with three supported energy storage systems: Enphase, SolarEdge and Tesla.

Program participants receive seasonal incentive payments based on their average performance across summer events. Incentives are calculated by multiplying the participants's average seasonal event performance by $50 per kW. As of the end of September, there were 88 pending enrollments. No events were called during Summer 2025 due to the program's launch in late August.

Technology

Through the current three battery OEM's, this program allows customers to enroll their own new and/or existing energy storage systems. The energy storage system OEM would monitor the system and provide the necessary input/output data to the Distributed Energy Resources Management System (DERMS) vendor. Customers can enroll their energy storage system through their energy storage system OEM. Once enrolled, the Companies can call active dispatch events which discharges (or takes) up to 80% of the battery during the event. The Companies utilize Uplight's FlexSaver DERMS platform to schedule and dispatch events and tests.

Customers are advised of events various ways such as, email, SMS, and smartphone and internet apps, depending on their energy storage system provider.

Customers have flexibility to choose not to participate in all or a portion of an event or test ("opt-out") by adjusting their energy storage system during an event or test. Customers can remotely control their energy storage system online through their OEM's website or mobile application, allowing a customer to opt-out of an event or test regardless of the customer's location.

Marketing

NYSEG and RG&E ESS program marketing was designed to recruit and engage customers year-round throughout the Companies' service territories. In 2025, the Companies created a combined NYSEG and RG&E website to provide customers with program information, including program eligibility requirements, FAQs, and contact information.

The NYSEG and RG&E ESS program recruitment is continuous throughout the year. In 2025, a wide range of marketing channels were utilized to engage customers and maximize enrollments:

- Company websites
- Energy Storage System provider promotions and emails
- Promotion in bill inserts
- Word of mouth

The battery OEM in-app promotion continues to be the fore-front of enrollment acquisition. As the program matures, additional marketing tactics will be utilized to promote and engage with customers.

Customer Service

Customer support is available through email and phone, providing customer assistance with general program questions, eligibility and application support, and other inquiries. Email inquiries are taken at nyseg_rge_ess_support@uplight.com and phone inquiries are supported by the NYSEG and RG&E Customer Relations Center.

Customer Incentives

Customer incentives consist of all payments to customers for program participation based on the program design. Customers who participate in events called during the season will receive a $50 per average kW seasonal event performance.

After the Companies review the performance of customers at the end of the season, they will authorize Uplight to issue the pay-for-performance incentive checks to customers.

3.2.2 NYSEG and RG&E ESS Program Enrollment

NYSEG and RG&E ESS program enrollment began late in August 2025 and as of September 2025, there are 88 pending enrollments of energy storage systems.

2025 Enrollment

Applications are accepted year-round to maximize participation during capability periods. Given the program's late launch, initial enrollment figures are still developing.

Enrollment Assessment

Due to the limited operational period in 2025, there is insufficient data to conduct a full enrollment assessment. As the Companies continue to promote the ESS program through various marketing channels, enrollment is expected to grow. NYSEG is anticipated to have higher participation than RG&E, given that NYSEG serves more than twice the number of electricity customers.

3.2.3 NYSEG and RG&E ESS Cost Summary

As indicated in the table below, the total program cost for 2025 is expected to be $64,846 for NYSEG and $64,846 for RG&E. The costs outlined below are calculated using actuals from January through October and estimates for the months of November and December. All expenses are

passed through NYSEG's and RG&E's per kWh transition charge; except for, internal administration which is recovered through the Companies' base delivery rates.

Table 12: 2025 ESS Expenses

ESS Expense	NYSEG		RG&E	
	Cost	Percentage	Cost	Percentage
Vendor Program Administration	$56,865	84%	$56,865	87%
Internal Program Administration	$4,874	7%	$4,874	7%
Program Marketing	$6,213	9%	$3,721	6%
Hardware	$0	0%	$0	0%
Customer Incentives	$0	0%	$0	0%
Total Program Costs	$67,952	100%	$65,460	100%

Vendor Administration

Vendor administration costs encompass program expenses incurred by the Companies' NYSEG and RG&E ESS vendor for program management, implementation, and operational program support, as well as some marketing costs. Operational costs include, but are not limited to, general oversight, customer support, partner fees, DERMS platform and other software fees, incentive processing, and device fees. The NYSEG and RG&E vendor administration costs are $56,865.

Internal Administration

Costs in this category include salaries and overhead of Company staff allocated to NYSEG and RG&E ESS program management and operational support. 2025 Company ESS administration costs were $4,874 at both Companies. These costs were calculated using a percentage of employee BYOT time allocation. Employee salaries are recovered through the Companies' operational and management expenses embedded in NYSEG and RG&E's delivery rates.

Hardware

Program hardware costs refer the incremental equipment purchased by the Companies to support the program, such as energy storage systems. Since customers are responsible for purchasing and installing their own energy storage systems, there are no incremental hardware program costs.

Program Marketing

Marketing costs include all expenses associated with the marketing initiatives facilitated by the Companies' resources. These costs include, but are not limited to, program literature, email campaigns, and bill inserts. $6,213 was spent for customer outreach and engagement at NYSEG and $3,721 for RG&E.

Customer Incentives

Costs in this category include the payments paid to customers for their performance in the NSYEG and RG&E ESS program. Since no events were held after the program went live, no payments have been issued for 2025.

3.2.4 NYSEG and RG&E ESS Event Performance and System Impacts

Since the NYSEG and RG&E ESS program launched in late August 2025, the event threshold was not met, and no demand response events were called during the 2025 Capability Period. As a result, event performance and system impacts cannot be assessed at this time.

As the program matures and enrollment increases, the Companies anticipate gaining a clearer understanding of how customer-owned energy storage systems can contribute to system reliability and grid performance.

3.3 DLC Cost Effectiveness Summary

Pursuant to the January 21, 2016 Order Establishing the Benefit – Cost Analysis ("BCA") Framework, the Companies are required to evaluate cost-effectiveness of each program using the Societal Cost Test (SCT), Utility Cost Test (UCT), and Ratepayer Impact Measure (RIM) for all Distributed Energy Resources (DERS).

The Companies updated the following for all tests to those required by the Companies' Benefit – Cost Analysis Handbook:

- Avoided Energy Cost
  - NY-ISO CARIS Phase II database update. Work paper from NY DPS Staff LBMP-Outputs-2024 System Resource Outlook report
- Avoided Generation Capacity Cost
  - Based on 2024 Gold Book
- Avoided Marginal Cost of Service at the Distribution Level
  - NYSEG and RG&E Benefit Cost Analysis Handbook, June 30, 2020
- Avoided Carbon Cost
  - Average 2024 quarterly RES Compliance Year Resources from Compliance Year 2024 of NYSERDA's Clean Energy
- Interest Rates

  - NYSEG and RG&E Benefit Cost Analysis Handbook, June 30, 2020
- Line Losses at the Secondary Distribution Level
  - NYSEG and RG&E Benefit Cost Analysis Handbook, June 30, 2020

The following assumptions were made:

- The benefits and costs were calculated over the current program year.
- The Utility Costs reflect the realized and expected costs in year 1 itemized in this report.

3.3.1 BYOT

Table 13 summarizes BYOT test results.

Table 13: BYOT 2025 Benefit Cost Summary

Test	Test Description	NYSEG*	RG&E**
SCT	Societal Cost Test	1.39	1.96
UCT	Utility Cost test	1.39	1.93
RIM	Ratepayer Impact Measure	1.39	1.92

*BCA evaluation for NYSEG will stay with NYCA peak due to NYSEG territory located in several NYISO zones.
**BCA evaluation for RG&E will move to the RG&E peak day due to RG&E being located in one NYISO zone.

BYOT benefit cost test results were higher for NYSEG and RG&E compared to 2024. NYSEG called an event on the NYCA peak day July 29, 2025. Going forward, RG&E will evaluate its BCA on RG&E peak day. For 2025, RG&E peak day was June 24, 2025. Both costs test results still signify that the programs are beneficial. As the programs have become more established with a larger customer base, NYSEG and RG&E's BYOT BCA test results continue to provide benefits to both the Company and its customers.

3.3.2 NYSEG and RG&E ESS

Table 14 summarizes ESS test results.

Table 14: ESS 2025 Benefit Cost Summary

Test	Test Description	NYSEG*	RG&E**
SCT	Societal Cost Test	0	0

UCT	Utility Cost test	0	0
RIM	Ratepayer Impact Measure	0	0

*BCA evaluation for NYSEG will stay with NYCA peak due to NYSEG territory located in several NYISO zones.
**BCA evaluation for RG&E will move to the RG&E peak day due to RG&E being located in one NYISO zone.

The NYSEG and RG&E ESS benefit cost test resulted in zero as no events were called for 2025. However, the Companies are confident in the coming years as the program grows that the program will provide positive impacts to both the system and to its' customers.

3.3.3 NYSEG and RG&E BYOT and ESS

Table 15 summarizes BYOT and ESS test results.

Table 15: BYOT and ESS 2025 Benefit Cost Summary

Test	Test Description	NYSEG	RG&E**
SCT	Societal Cost Test	1.33	1.85
UCT	Utility Cost test	1.33	1.83
RIM	Ratepayer Impact Measure	1.32	1.81

*BCA evaluation for NYSEG will stay with NYCA peak due to NYSEG territory located in several NYISO zones.
**BCA evaluation for RG&E will move to the RG&E peak day due to RG&E being located in one NYISO zone.

The NYSEG and RG&E BYOT and ESS benefit cost test resulted in a positive BCA for NYSEG and RG&E. NYSEG called a BYOT event on the NYCA peak day July 29, 2025. Going forward, RG&E will evaluate its BCA on RG&E peak day. For 2025, RG&E peak day for its BYOT event was June 24, 2025. Both costs test results still signify that the programs are beneficial. As the programs have become more established with a larger customer base, NYSEG and RG&E's BYOT and ESS BCA test results continue to provide benefits to both the Company and its customers.

3.4 DLC Program Conclusions and Recommendations

2025 marked the ninth full year of the Companies' DLC programs. The Companies remain committed to the development and successful implementation of these programs.

Customer feedback is essential to program success. To support ongoing improvement, the Companies will conduct customer satisfaction surveys with program participants in November.

In 2026 and beyond, the Companies will continue to refine their DLC program, evaluate other opportunities and technologies to include in the portfolio, assess cost effectiveness, and strive

to increase program participation, as well as maximize benefits to our loyal customers and distribution system. The Companies are considering changes to the method of delivering incentive payments under the BYOT program, pending evaluation of vendor-related costs. For the NYSEG and RG&E ESS program, the Companies are currently evaluating the existing battery OEMs and plan to expand the list of qualified devices in the future. On July 15, 2025, the Companies submitted their Gas Residential Demand Response Proposal, modeled after the electric Smart Savings Rewards program. Pending approval, the Smart Savings Rewards – Gas program is proposed to launch as early as January 1, 2026 for RG&E and November 1, 2026 for NYSEG. Finally, with the closure of the NYSEG and RG&E Online Marketplace, the Companies have shifted Smart Savings Rewards marketing efforts toward other qualified retailers to help offset the loss of thermostat pre-enrollments previously driven by Marketplace purchases.