

Final Gas Long-Term Plan

2025 Annual Update

Gas Residential Demand
Response Proposal

New York State Electric & Gas
and Rochester Gas and Electric

Case 23-G-0437

Supplemented September 30, 2025

Gas Residential Demand Response Proposal

A. Introduction

New York State Electric & Gas Corporation (“NYSEG”) has a service area that is spread throughout New York, serving approximately 270,000 natural gas customers in 30 counties and 91 cities and villages. The majority of NYSEG’s gas customers are located in central New York, with isolated pockets in four corners of the State. In contrast, Rochester Gas and Electric Corporation’s (“RG&E”) natural gas service area is concentrated in Western New York, serving approximately 323,000 natural gas customers in 7 counties and 25 communities around Rochester.

NYSEG and RG&E (collectively “the Companies”) filed their Final Gas Long-Term Plan (“Final LTP”) on April 26, 2024.¹ On January 23, 2025, the New York Public Service Commission (“Commission”) issued its Order Regarding Long-Term Natural Gas Plan and Directing Further Actions (“Further Actions Order”) ² addressing the Companies’ Final LTP filing. The Further Actions Order directed the Companies to develop and file a proposal for a gas demand response (“DR”) program.³ On March 17, 2025, the Commission granted the Companies an extension until July 15, 2025, to file the gas DR proposal.⁴ This filing presents the Residential Gas Demand Response Program (Pilot) proposal.

B. Smart Savings Rewards – Residential Gas Program (Pilot) (“Smart Savings Rewards - Gas DR Program” or “Gas DR Program”)

i. The Smart Savings Rewards - Gas DR Program

RG&E and NYSEG’s residential Gas DR Program is a voluntary program designed to reward participating customers (“participants”) for reducing gas use during periods of high gas

¹ Case 23-G-0437 – *In the Matter of a Review of the Long-Term Gas System Plan of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation: Final Long-Term Gas Plan, filed April 26, 2024* (“Final Long-Term Plan”).

² Case 23-G-0437, *In the Matter of a Review of the Long-Term Gas System Plan of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, Order Regarding Long-Term Natural Gas Plan (issued and effective January 23, 2025)* (“Further Actions Order”).

³ Case 23-G-0437 - *In the Matter of a Review of the Long-Term Gas System Plan of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, Further Actions Order at p. [77]*.

⁴ Case 23-G-0437 *In the Matter of a Review of the Long-Term Gas System Plan of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, Ruling on Extension Request (issued March 17, 2025)* (“Ruling on Extension Request”).

demand. By reducing gas use during these periods of high demand, the Smart Savings Rewards - Gas DR Program:

- i. Supports New York state's energy initiatives;
- ii. Protects the environment by lowering emissions; and
- iii. Helps reduce the cost of peak gas in the region.

Participants will agree to brief, limited events during which the temperature on their thermostats will be automatically lowered by an outside vendor during peak gas demand periods from November 1 through March 31. Temperatures will typically be adjusted by 4 degrees Fahrenheit or less and thermostats will not drop below 60 degrees Fahrenheit. Customers can anticipate at least one event, and a maximum of 8 events per winter. Peak demand periods typically occur during consecutive cold days, and the Companies will review weather forecast reports and identify days that have an average day temperature between 15 to 20 degrees Fahrenheit, with an ideal event trigger point of 17 to 18 degrees Fahrenheit.⁵ Notifications will be sent to participating customers through a third party vendor 24 hours before an event occurs, and customers can opt out at any time by turning their thermostat back to their preferred temperature. In some cases, the temperature might be adjusted prior to an event to pre-heat the participating home, and at the start of the event the temperature will be automatically adjusted down. These events will only occur between 5am and 9am on the coldest days of the year, excluding holidays, and typically last four hours. Once the temperature adjustment is over, the temperature will return to its normal set point and/or schedule. In addition, there is a possibility of having one 24-hour event per winter, but there may be limitations based on specific thermostat constraints.

ii. Location and Timing

The Companies plan to start the Smart Savings Rewards - Gas DR Program in the RG&E service territory in the Pavilion Division which includes Genesee, Livingston, and Wyoming counties. Livingston County includes the Avon Citygate, which has been identified as a vulnerable location due to supply-related concerns related to Maximum Daily Delivery Obligations (MDDOs) capacity in addition to concerns about new, incremental customer load. The Companies designed the Smart Savings Rewards - Gas DR program to help reduce usage in the area during periods of peak demand and provide some relief at this vulnerable location. In addition, Genesee County is a Disadvantaged Community ("DAC"), which the Companies are aiming to include in the Smart Savings Rewards - Gas DR Program. Advanced Metering Infrastructure ("AMI") for dual electric and gas customers has been implemented within RG&E's service territory, making the transition into the Gas DR Program easier for customers who wish to participate. The RG&E Gas DR Program is planned to start on January 1, 2026, and is

⁵ Initially, the Companies may call events using higher average day temperatures for data analysis.

expected to continue for three years until December 31, 2028. At that time, the success of the Smart Savings Rewards - Gas DR Program will be evaluated.

The NYSEG Smart Savings Rewards - Gas DR Program is anticipated to begin on January 1, 2027. This timeline allows the Companies to incorporate operational insights and performance data from the RG&E Smart Savings Rewards - Gas DR Program, while also enabling further deployment of Advanced Metering Infrastructure (AMI) across NYSEG's service territory to support program functionality. The NYSEG Smart Savings Rewards - Gas DR Program is planned for two years, through December 31, 2028. The targeted area of NYSEG's service territory will be Goshen and Lansing, both of which are vulnerable locations. There are supply-related concerns in Goshen due to intermediary pipeline capacity issues and increased customer load. Goshen is also a DAC, which the Companies are aiming to include in the Smart Savings Rewards - Gas DR Program, as mentioned above. There are distribution-related concerns in Lansing due to the system operating below 50 percent Maximum Allowable Operating Pressure ("MAOP").

Table 1 contains a summary of the timeframes and target locations.

Table 1: Timing and Location Details

	DR Start Date	Targeted Location	DAC?	Vulnerable Location?	Reason	Status
RG&E	January 1, 2026 (Winter 2025-2026)	Genesee County	Yes	No	n/a	n/a
		Wyoming County	No	No	n/a	n/a
		Livingston County	No	Yes – Avon Citygate	Supply-Related: concerns about station/MDDO capacity in addition to new/incremental customer load	RG&E is currently monitoring this area
NYSEG	January 1, 2027 (Winter 2026-2027)	Goshen	Yes	Yes	Supply-Related: intermediary pipeline capacity concerns in	NYSEG is currently evaluating options to address

					addition to new/ incremental customer load	these concerns
		Lansing	No	Yes	Distribution- Related: Operating below 50% MAOP	Moratorium; NPA Portfolio currently being implemented

The Companies also are considering expansion of the Smart Savings Rewards - Gas DR Program to other constrained areas in need of gas relief in the future. The Companies are in the process of identifying future target areas and an optimal timeline for the potential expansion of the Smart Savings Rewards – Gas DR Program.

iii. Customer Eligibility

Customers will participate in the Smart Savings Rewards - Gas DR Program by providing their own eligible thermostat control device and enrolling through a vendor. To be eligible to enroll, customers must meet the following qualifications:

- i. Be an RG&E or NYSEG gas customer;
- ii. Have gas central heating system controlled by a thermostat; and
- iii. Have an installed, eligible connected Wi-Fi thermostat (see Attachment 1 for list of eligible thermostats).

The RG&E Smart Savings Rewards - Gas DR Program will initially aim to enroll up to 2,500 customers. The Companies will evaluate data from this initial group to assess program performance and determine whether adjustments are needed.

iv. Distributed Energy Resource Management System (“DERMS”) Vendor

An RFP was issued in April 2025 for a DERMS vendor to partner with on Demand Response and to oversee and implement the Electric and Gas programs for New York and Connecticut. Proposals are currently under review. Specifically for Gas programs, the DERMS portal chosen will be used to set parameters for events such as pre-heating values, timeframes, and other messaging. Once an event is called, participants will be notified by the vendor and through in-app messaging (where applicable).

v. Marketing and Outreach

To support enrollment, the Companies will prioritize outreach to customers currently participating in their Electric Demand Response Programs, as well as to new customers with qualifying Wi-Fi-enabled thermostats. Marketing and customer engagement activities will be conducted jointly by the DERMS vendor and the Companies, utilizing bill inserts, e-newsletters, and social media. Additionally, the Companies will enhance program visibility through coordinated marketing efforts with relevant industry organizations, ensuring broader awareness of this offering.

vi. Participant Rewards and Budget

The Companies anticipate a budget of approximately \$579,500 for the initial RG&E Gas DR Program for approximately 2,500 participants over the course of three years and approximately \$747,000 for NYSEG Gas DR program for roughly 4,000 participants over the course of two years. All enrolled participants will receive a one-time \$70 virtual prepaid Mastercard® after being accepted into the Gas DR Program. Participants will also receive a \$50 bill credit or an alternative incentive mechanism such as a e-gift card at the end of each season as long as they stay enrolled and participate in at least one thermostat adjustment without opting out. A summary of these incentives is found in the table below.

Table 2: RG&E Smart Savings Rewards - Gas DR Program Costs

Estimated Year 1-Year 3 Enrollments (customers)	2,500
RG&E Gas DR Program total	\$579,500
Rebates/ Customer	\$70
Participation Credits/ Customer	\$50

Table 3: NYSEG Smart Savings Rewards - Gas DR Program Costs

Estimated Year 1-Year 2 Enrollments (customers)	4,000
NYSEG Gas DR Program total	\$747,500
Rebates/ Customer	\$70
Participation Credits/ Customer	\$50

Budget projections are based on anticipated customer adoption rates within the Companies' service territories, as well as preliminary cost estimates provided by prospective DERMS vendors. Should there be any material changes to program implementation or customer participation levels that significantly impact these assumptions, the Companies will promptly notify Department Staff and provide updated information.

The following table contains a summary of each element of the Smart Savings Rewards - Gas DR Program:

Table 4: Summary of Smart Savings Rewards - Gas DR Program Elements

Program Element	Description
Event Qualifications	• The Companies will review weather forecasts for the nearest local weather station used by the Companies in conjunction with Gas Supply and identify days that have an average day temperature between 15 to 20 degrees Fahrenheit • Ideal event trigger point of 17 to 18 degrees Fahrenheit daily average temperature
Frequency	• Up to 8 events per winter
Season	• November 1 through March 31
Hours	• Will typically occur for a 4-hour period between 5am and 9am on the coldest days of the year, excluding weekends and holidays • Possibility of one 24-hour event
Temperature Adjustments	• Participants agree to brief adjustments of 4 degrees Fahrenheit or less to thermostats, with the possibility of a pre-heat adjustment • Setpoint on the thermostat will not drop below a minimum temperature of 60 degrees Fahrenheit
Opt-Out Option	• Participants can opt out at any time by adjusting the thermostat to override the change in thermostat temperature
Notifications	• A notification will be provided to participants 24 hours in advance of the event • Depending on the thermostat provider, notifications will appear on the thermostat or in a web/mobile application
Participant Eligibility	• Must be an RG&E or NYSEG gas customer; • Must have gas central heating system controlled by a thermostat; and • Must have an installed, eligible Wi-Fi connected thermostat (see Attachment I for list of eligible thermostats)
Benefits	• Decreased usage on peak demand days; • Supports New York state's energy initiatives; • Protects the environment by lowering emissions; and • Helps reduce the cost of peak gas in the region
Incentives	• Participants will receive a one-time \$70 virtual prepaid Mastercard® after being accepted into the Gas DR Program • Participants will receive a \$50 bill credit at the end each season as long as they stay enrolled and participate in at least one thermostat adjustment without opting out

vii. Reporting, BCA, and Cost Recovery

The Companies will receive real-time event data through the selected DERMS vendor portal, along with post-event reports detailing demand reductions and average therm savings per device. This data will be used to evaluate the performance of the Smart Savings Rewards – Gas DR Program. The Companies will summarize program outcomes and key insights annually, either within the Gas Long-Term Plan (LTP) or as part of the annual update to the Gas LTP, to ensure transparency and continuous improvement.

The Companies have developed a Gas BCA Handbook that outlines a standardized methodology for assessing the costs and benefits of gas-related projects and investments, including the Smart Savings Rewards – Gas DR Program. This Handbook is being filed concurrently with this proposal. Upon approval, the Companies will apply the BCA methodology to assess the cost-effectiveness of the Program and will report findings accordingly.

Finally, to facilitate cost recovery for the proposed Gas DR Program, the Company intends to implement a per-therm surcharge applicable to all customer classes. This surcharge is designed to recover program-related costs in a manner that reflects the system-wide benefits of demand response. The specific methodology for calculating the surcharge and its presentation on customer bills is currently under development.

Attachment 1

Thermostats that qualify for Smart Savings Rewards Gas Program

Provider	Approved Thermostats
Amazon	Amazon Smart Thermostat
Alarm.com	Trane ComfortLink Control; RCS Z-Wave Communicating Thermostat; GoControl Z-wave Thermostat; Alarm.com Smart Thermostat; 2GIG Z-Wave Plus™ Battery Powered Thermostat; Trane Z-Wave Thermostat; Linear Thermostat; Smart Thermostat HD (ADC T40K-HD); ADC T3000, ADC T2000, ecobee Thermostat, Honeywell T6
ecobee	ecobee3, ecobee3 Lite, ecobee4, ecobee SmartThermostat with voice control, Smart Thermostat Enhanced, Smart Thermostat Premium, Smart Thermostat Essential
Sensi	Sensi™ Wi-Fi Programmable Thermostat, Sensi Touch Wi-Fi Thermostat, Sensi Lite Smart Thermostat, Sensi Touch 2 Smart Thermostat
Honeywell Home	Wi-Fi T5+ Smart Thermostat, Wi-Fi T6 Pro Smart Thermostat, Wi-Fi T9 Smart Thermostat, Wi-Fi T10 Smart Thermostat
Honeywell TCC	Wi-Fi Smart Color Thermostat, Wi-Fi 7-Day Programmable Thermostat, Wi-Fi 9000 7-Day Programmable Thermostat, Wi-Fi 9000 Smart Thermostat, Wi-Fi 7-Day Programmable Smart Thermostat, Wi-Fi VisionPro 8000 Smart Thermostat, Wi-Fi Round Smart Thermostat
Lux	LUX/GEO, LUX KONO
Google Nest	Google Nest Thermostat, Google Nest Learning Thermostat, Google Nest Thermostat E
Vivint	Radio Thermostat CT100 with Vivint Go!Control Panel