

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

REQUEST FOR PROPOSALS

DYNAMIC LOAD MANAGEMENT SOLUTIONS TO PROVIDE
DEMAND SIDE MANAGEMENT FOR SUBTRANSMISSION
AND DISTRIBUTION SYSTEM LOAD RELIEF

2023 VINTAGE YEAR

ISSUED: November 3, 2021

SUBMISSION DEADLINE: February 4, 2022

Table of Contents

Introduction.....	4
Executive Summary	4
Process Flow and Timeline.....	6
Program Description	7
Term-DLM.....	7
Purpose.....	7
Activation Conditions	7
Availability	7
Auto-DLM	8
Purpose.....	8
Activation Condition.....	8
Availability	8
Test Event for Term- and Auto-DLM.....	8
Event Notification for Term- and Auto-DLM	8
Historical Frequency of Conditions that May Trigger Term- or Auto-DLM Event Calls	9
RFP Process	10
Timeline	10
Application.....	11
Form of application and required inputs in each Aggregation.....	11
RFP Bid Evaluation Criteria	12
Program choice	12
Tier 2 Networks	12
Application submission.....	13
Evaluation	14
Clearing based on BCA evaluation of Aggregations	14
Form of contract.....	14
Acceptance options	15
Early Exit options and fees	15
Eligibility	16
Program exclusions.....	16
Technology exclusions and restrictions	16
Additional Guidance Regarding Electric Generating Equipment	17
Enrollment.....	18

Pre-condition: Aggregator approval and access to DR Portal	18
Customer Enrollments	19
Performance and Payment Calculations	20
CBL approach and option details	20
Calculation of Event Performance Factor	20
Calculation of Adjusted Performance Factor	21
Calculation of Average Season Performance Factor	21
Description of Reservation Payment Calculation	22
Timing of Reservation Payment Issuance.....	22
Performance Payments.....	23
Metering Requirements.....	23
Transferring Aggregations	25
Definitions.....	25

Introduction

Consolidated Edison, Inc. (CEI), is one of the nation’s largest investor-owned energy companies providing electric service to approximately 3.6 million Customers and gas service to approximately 1.2 million Customers. CEI provides a wide range of energy-related products and services to its Customers through its two regulated subsidiaries: Consolidated Edison Company of New York, Inc., which provides electric, gas and steam services to New York City and Westchester County; and Orange & Rockland Utilities, Inc., which provides electric and gas services in Rockland County and Orange County of New York State, and also parts of New Jersey, as well as electric service to Sullivan County of New York.

By this request for proposal (“RFP”) Consolidated Edison Company of New York, Inc. (the “Company” or “Con Edison”) is soliciting bid proposals from qualified and experienced vendors (“Applicants”) with the capability to deliver Dynamic Load Management (DLM), including Load Relief (kW) solutions, within Con Edison’s electric service territory. Applicants can bid to provide Load Relief in pre-determined 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. Capitalized terms are defined in the definition section at the end of the document.

Executive Summary

The New York State Public Service Commission ordered utilities, including Con Edison, to procure longer term Dynamic Load Management (DLM) resources in addition to maintaining existing Demand Response (DR) programs.¹ 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.

¹ 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 September 17, 2020).

All DR participation strategies are welcome to respond to this RFP, including curtailment and onsite generation, with some restrictions listed in the eligibility section of this RFP. The RFP provides an opportunity for enrolled 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. All Networks in Con Edison's Electric System are eligible for this Procurement; however, bids must be made by Aggregations within a single Network.

The Company created two new 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 of notification, five days per week (Monday through Friday) during four-hour Call Windows that will be determined before each Capability Period. Auto-DLM will require the provision of Load Relief for 4 hours when called with 10 minutes of notification, seven days per week, and 18 hours per day, during the Capability Period. These programs are expected to improve system reliability and defer electric infrastructure upgrades 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:

- 1) Term-DLM Program— Applicant will commit via 3-5 year contracts to provide a quantity of Load Relief for four hours in pre-determined Call Windows on certain days during the Capability Period when (1) the Company's day-ahead system peak electric load is expected to be high. Participation in this program bars participation in Rider T's CSR program during the contracted years.
- 2) In the Auto-DLM Program—Applicant will commit via 3-5 year contracts to provide a quantity of Load Relief on days when the Company calls Term-DLM as well as 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 Rider T's CSR and DLRP programs during the contracted years.

The Term and Auto-DLM Programs are offered as an alternative way for resources to provide benefits to Con Edison's distribution system. (Potential alternatives to the Procurement reflected by this RFP include the demand response programs offered in Rider T.)

The Company expects to conduct similar Term- and Auto-DLM Procurements annually with each RFP being conducted approximately 18 months prior to the start of the first Capability Period of the Program Agreement. For this Procurement, obligations will commence for the 2023 Capability Period.

Applicants will be required to detail the amount of Load Relief that they will provide, what Network they will provide it in, the Incentive Rate per kilowatt (“kW”) per Capability Period, and other supporting information. This Incentive Rate will determine the maximum annual per kW Reservation Payment compensation. The price requested in the bid 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 through reservation payments with 100% performance over the contract length. Applicants will also receive a \$1 per kilowatt hour (“kWh”) payment for every kWh of Load Relief 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.

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

Process Flow and Timeline

A comprehensive process flow and timeline regarding the RFP process, enrollment and capability periods can be found below.

Con Edison Dynamic Load Management (DLM) Program							
Milestones & Deadlines	2021		2022				
	November	December	January	February	March	May	November
DLM Competitive Procurement*	RFP released for Vintage Years 2023 on: 11/3 Con Ed Hosts Webinar on: 11/15	Applicant submits questions by: 12/6 Con Ed responds to questions by: 12/16	Applicant enabled in Con Ed's Oracle System by: 1/7	RFP Submittal Deadline: 2/4	RFP Award Notification: 3/4	Contract Execution Deadline: 5/6	Early Exit Fee Deadline: 11/1
Program Implementation**							

Milestones & Deadlines	2023				
	March	April	May	September	November
DLM Competitive Procurement*	Enrollment Period Opens: 3/1				Early Exit Fee Deadline: 11/1
Program Implementation**		Enrollment Deadline: 4/3	Summer Capability Period Starts on: 5/1	Summer Capability Period Ends on: 9/30	

*Future RFP's to be released annually.

** Enrollments will be completed annually for New & Existing Aggregators.

Program Description

Term-DLM

Purpose

For Network peak demand shaving.

Activation Conditions

Applicant will commit via a 3-5 year contract to provide a quantity of Load Relief for four hours in Call Windows assigned prior to a Capability Period on weekdays during the Capability Period when the Company's day-ahead peak electric load is expected to be at least 88 percent of the forecasted summer system peak. The Company can choose to call resources at 88 percent, and will always call when above 92 percent of the forecasted summer system peak. The Company will activate the Term-DLM program by providing a minimum of 21 hours notice prior to the start of an Event. Customers participating in this program will provide local peak reduction.

Availability

Pre-determined four-hour Call Windows five days per week during the Capability Period.

Applicants using energy storage technology cannot charge during the Call Window associated

with their Network for the entirety of each Capability Period under contract. If day-ahead notification is provided for a Term- or Auto-DLM Event, Applicants using energy storage technology cannot charge on the day the notification is called for between 11 AM and midnight.

Auto-DLM

Purpose

A reliability and peak shaving program whereby participants will provide Load Relief on not less than 10 minutes advance notice.

Activation Condition

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

Availability

Applicants must be available to respond to Auto-DLM Events between 6 AM and midnight seven days per week during the Capability Period. Applicants using energy storage technology cannot charge during the Call Window associated with their Network for the entirety of each Capability Period under contract. If day-ahead notification is provided for a Term- or Auto-DLM Event, Applicants using energy storage technology cannot charge on the day the notification is called for between 11 AM and midnight.

Test Event 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.

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 the [DR Portal](#) an authorized representative and an alternate representative 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.

Historical Frequency of Conditions that May Trigger Term- or Auto-DLM Event Calls

For Term-DLM, an Event can be called when the Company’s day-ahead load forecast is 88 percent of forecasted summer system peak and will be called when the day ahead load forecast is 92 percent of forecasted summer system peak. The table below presents the number of days over the last five years when actual load rose above these thresholds. A history of the day-ahead forecasts issued is not available but would likely show similar results.

Year	92 Percent of Forecasted Summer System Peak (kW)	88 Percent of Forecasted Summer System Peak (kW)	Weekdays above 92 percent of Forecasted Summer System Peak	Weekdays above 88 percent of Forecasted Summer System Peak
2017	12,400	11,900	0	3
2018	12,300	11,800	6	12
2019	12,300	11,800	1	4
2020	12,100	11,600	0	3
2021	11,900	11,400	1	6

The activation condition for Auto-DLM is the same as for the Company’s existing Distribution Load Relief Program (DLRP).² Because Events can be limited to individual Networks where an applicable contingency Event is ongoing, the number of Events called in the most active Network during a given summer provides a good benchmark for the number of Auto-DLM Events that could be called in a given Network. For most Networks in a given summer the number of Events called will be fewer.

² Auto-DLM may be called in specific networks, feeders, or geographical areas if the next contingency would result in a Condition Yellow (i.e., when the next contingency, excluding breaker failure, either will result in an outage to more than 15,000 customers or will result in some equipment being loaded above emergency ratings) or if a voltage reduction of five percent or greater has been ordered.

Year	Days with DLRP Events	Maximum Events any Network was Called for	Test Events
2017	3	3	2
2018	4	2	1
2019	8	5	1
2020	18	13*	1
2021	9	4	1
*In 2020 three networks faced a multiday contingency causing a large number of events to be called in a short period			

RFP Process

Timeline

Below is the expected schedule to be followed for this solicitation

	Milestones	Dates for 2023 Vintage Year
1	Release RFP	Wednesday, November 3, 2021
2	Webinar	Monday, November 15, 2021
3	Applicants submit clarification questions	Monday December 6, 2021
4	Responds to clarification questions	Thursday, December 16, 2021
5	Deadline for Aggregator enablement in Oracle and expression of interest	Friday, January 7, 2022
6	RFP response deadline	Friday, February 4, 2022
7	RFP award/notification	Friday, March 4, 2022
8	Contract execution date	Friday, May 6, 2022
9	Early Exit Fee exercise & payment due	Tuesday, November 1, 2022
10	Enrollment Deadline	April, April 3, 2023
11	Capability Period start	Monday, May 1, 2023

Application

Form of application and required inputs in each Aggregation

Con Edison provides [this form](#) for the submission of bids. Applicants may apply for as many Aggregations as they wish provided Applicants are awarded a total of at least 50 kW of Cleared Quantity associated with all Aggregations in a single program and Vintage Year. 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 of as many as three Sub-aggregations within a single Network. For purposes of performance calculation and compensation, these Sub-aggregations shall be treated as separate Aggregations.
2. \$ per kW bid associated with each of those Aggregations (“Incentive Rate”). This Procurement’s clearing mechanism is Pay-as-Bid and each bid will be made to the nearest dollar and will determine the level of compensation if the bid is accepted. These Incentive Rates determine the maximum per kW annual Reservation Payment an Applicant can receive for its Aggregation.
3. Contract duration requested ranging from three to five years.
4. The program for which the Aggregation is intended to participate. Separate tabs are available for the Term- and Auto-DLM programs

It is expected that the Applicant is capable of fulfilling all Load Relief pledges for which the Applicant is applying and therefore overlapping pledges using the same Customers should not be made. This applies both in the case of bids for Aggregations across the two programs or across different Vintage Years. For example, if an Applicant bids 100 kW for Term-DLM and 200 kW for Auto-DLM in the same Network and both bids clear, then the Applicant will be expected to deliver 300 kW of Load Relief when called with 21 hours of notification. The same applies for an Applicants with an existing Aggregation in a Network that started with the 2021 Vintage Year and is making a bid into the same Network for the 2023 Vintage Year. 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 bid for and should assume that all may be awarded.

Up until December 6, 2021, Applicants may submit clarifying questions regarding the RFP to our supply chain contact armelyl@coned.com. These will be answered by the Company publicly on the RFP website by December 16, 2021 where all Applicants will have access. Interested Applicants shall contact armelyl@coned.com to request access to the Company's Oracle system for the purpose of submitting bids. Applications shall be submitted to Con Edison by February 4, 2022 using the Company's Oracle system.

RFP Bid Evaluation Criteria

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 Term-DLM Aggregations will be 60 percent of an equivalent Auto-DLM Tier 1 Aggregation when evaluating responses to the Procurement. Term-DLM provides similar Load Relief capabilities as the Company's CSR program. CSR compensation, with a premium for the long-term Load Relief commitments Aggregations are providing, should therefore be viewed as a reference point for Term-DLM compensation. In contrast, Auto-DLM combines Load Relief capabilities provided by Customers enrolled in the Company's CSR and DLRP programs and therefore Auto-DLM Aggregations will be evaluated based on the combined value of those two programs.

Tier 2 Networks

Auto-DLM Aggregations in Tier 2 Networks will be valued at 140 percent of an equivalent Auto-DLM Aggregations in Tier 1 Networks for this Procurement because of the increased reliability risk Tier 2 Networks face. Tier 2 Networks are listed in [this document](#) for the 2021 Capability Period.³

³ <https://www.coned.com/-/media/files/coned/documents/save-energy-money/rebates-incentives-tax-credits/smart-usage-rewards/networks-and-tiers.pdf>

Application submission

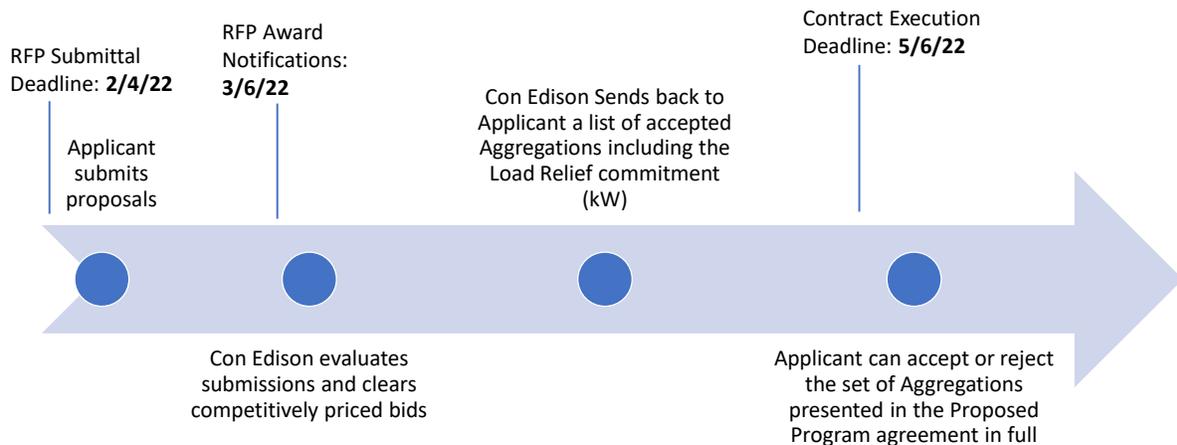
All applications shall be submitted using the Oracle RFQ system.

A submittal for the 2023 Vintage Year must be uploaded in the standard templated format(s) provided:

To be considered as an applicant to the RFP, Applicants must submit a completed application by the application deadline of February 4, 2022. Each Applicant must submit an application with one or multiple bids. All bids will be treated as Sealed Bids. Receiving the full contract value is contingent upon meeting the performance requirements described in this RFP.

Instructions and General Process Flow

- 1. Applicant will submit a proposal (i.e., complete quantitative submittal) for the 2023 Vintage Year (Excel template) detailing proposed Networks, Load Relief, pricing, etc.*
- 2. Con Edison will evaluate bid submissions, and clear competitively priced Aggregations.*
- 3. Con Edison will summarize within Applicant's Excel template, which Network Aggregations clear, and which have not cleared.*
- 4. Con Edison will provide back to the Applicant a summary of the cumulative Load Relief commitment for the 2023 Vintage Year.*
- 5. Should Applicant desire to accept the Con Edison award, Applicant will accept the award in the proposed Program Agreement*
- 6. Should Applicant desire to reject the Con Edison award, Applicant will reject the proposed Program Agreement.*



Evaluation

Clearing based on BCA evaluation of Aggregations

Aggregations proposed in response to this RFP will be reviewed in detail by Con Edison. Con Edison will utilize an evaluation framework described in the “RFP Bid Evaluation Criteria” section above. The review process is intended to be fair and equitable, with the objective being to provide the greatest value to Con Edison ratepayers. Applicant should note that although Con Edison will be reviewing Applicant’s solution if the submission criteria are met, there is no guarantee that Applicant’s proposal will be selected. Proposals will be reviewed at the Aggregation level, meaning that individual Aggregations can be accepted or rejected.

The Company will use a Benefit-Cost Analysis (BCA) framework as outlined in the [BCA Handbook](#) filed with the New York State Public Service Commission as part of its determination of which bids are accepted. Each Aggregation will be evaluated separately as described in the “RFP Bid Evaluation Criteria” section.

Form of contract

The award made to the Applicant shall list all accepted Aggregations for the 2023 Vintage Year along with contract terms. Unless otherwise requested by the Applicant, Con Edison expects to enter into a contract containing comparable terms and conditions with the Program Agreement

proposed to the Applicant at the time of the award. Where the Applicant proposes contractual terms that differ substantively from those appearing in the Program Agreement, Con Edison will consider the risks and costs in connection with the proposed terms and conditions.

Acceptance options

The Applicant will have the option of accepting or rejecting the set of Aggregations listed in the award 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.

Early Exit options and fees

Applicants shall have the opportunity to declare a Deficient Quantity in an aggregation and pay an Early Exit Fee on or before November 1 prior to the forthcoming Capability Period. To declare a Deficient Quantity, the applicant shall submit a request to

Demandresponse@coned.com and submit payment for the Early Exit Fee at that time.

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.

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. This payment will be due within 30 days after an invoice is submitted to the Applicant. In the event that an Applicant enrolls no Customers in an Aggregation, this invoice can be sent any time following the Enrollment Deadline with payment due 30 days after.

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. This cancellation can be implemented during a Capability Period if no Customers are enrolled in a particular Aggregation.

Eligibility

Program exclusions

1. Customer accounts enrolled in Term-DLM may not enroll in CSRP. Customers enrolling in both Term-DLM and DLRP must do so with the same Aggregator.
2. If a customer is presently participating in Rider L, they must opt out of that program by notifying the Company before enrolling in Term- or Auto-DLM. It is the Applicant's responsibility to ensure the Company is notified that the Customer has left Rider L and is eligible to enroll in Term- or Auto-DLM prior to the Enrollment Deadline.
3. Customer accounts enrolled in Auto-DLM may not enroll in either CSRP or DLRP.
4. Customers participating in Term- or Auto-DLM and taking service under the Value Stack Tariff will be ineligible for the DRV and LSRV components of Rider R for the duration of the contract term applicable to the Aggregation. By accepting the award, Applicant will be acknowledging that the enrollment of Customers in Term- or Auto-DLM Programs that are also taking service under the Rider R - Value Stack Tariff will represent a decision on behalf of those Customers to forgo DRV or LSRV compensation for the length of the Applicant's contract under the Value Stack Tariff.
5. Net Energy Metering customers may not enroll in either Term- or Auto-DLM.
6. Customers with existing Non-Wires Solutions contracts cannot participate in Term- or Auto-DLM.
7. Applicants in Term- and Auto-DLM can bid Load Relief to Non-Wires Solutions RFPs above and beyond the Term- and Auto-DLM Portfolio Quantities associated with individual Aggregations so long as Load Relief provided by Customers participating in both counts first to satisfy the Term- or Auto-DLM Aggregations.

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. Other types of Electric Generating Equipment are prohibited from operating under the Term- or Auto-DLM Program within one-half mile of a peaking generator located at Gowanus (Brooklyn), Narrows (Brooklyn), Hudson Avenue (Brooklyn), Astoria (Queens), 59th Street (Manhattan, West Side)

and 74th Street (Manhattan, East Side), all as shown on the [Company's website](#). This restriction does not apply to Renewable Generation.

In other geographic areas, 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.

[Additional Guidance Regarding Electric Generating Equipment](#)

If Applicant requests to operate Electric Generating Equipment for Load Relief purposes under the Term- or Auto-DLM Program, during enrollment the application must state generator information, including 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 Applicant must state as part of enrolling Customers using Electric Generating Equipment whether the Customer's 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, the Applicant must provide written certification by a professional engineer at the time of Customer enrollment. The certification must be attached to the application attesting to the accuracy of all generation-related information contained in the application, including the NOx emission level. Without such information and certifications as necessary about a Customer's Electric Generating Equipment, the associated enrollment will be rejected.

Applicants with contractual Load Relief obligations in the 2025 Capability Period and beyond, that include Electric Generating Equipment, must comply with all local, state and federal rules, including, at a minimum, in addition to the following NOx emissions limits, from the beginning of their contractual obligations (the first contracted Capability Period):

1. Combustion turbines firing natural gas: 25 parts per million on a dry volume basis corrected to 15 percent oxygen;

2. Combustion turbines firing oil: 42 parts per million on a dry volume basis corrected to 15 percent oxygen;
3. Spark ignition engines firing natural gas: 1.0 grams per brake horsepower-hour.

Applicants should be familiar with rule 6 NYCRR Part 222 and comply when applicable.

Written evidence of extensions granted by the Department of Environmental Conservation to a participant under the provisions of §222.4(c), must be provided to the Demand Response team at Demandresponse@coned.com, during enrollment. Where applicable, 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 participating in 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.

Enrollment

Pre-condition: Aggregator approval and access to DR Portal

Enrollment will take place in the DR Portal which is accessible for Con Edison Customers and current or prospective Aggregators. Enrollment applications for each Customer must be submitted electronically by the Applicant.

Before submitting enrollments, Applicants should complete the Aggregator eligibility process which will provide access to the DR Portal, if Applicant has not already completed this process.

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

1. A Demand Response Program Application
2. A Demand Response Program New Aggregator Questionnaire
3. A Data Security Agreement
4. Financial documents:
 - a. To receive payments via check:

- i. W-9
 - ii. Remittance Letter
- b. To receive payments via wire transfer:
 - i. W-9
 - ii. Remittance Letter
 - iii. ACH Form
 - iv. Bank letter or copy of a voided check

Customer Enrollments

Each enrollment entered onto the DR Portal must state the valid Con Edison account number, the Demand Response program, the Baseline Verification Methodology, Load Relief via Curtailment (kW) with those participating solely by generation filling in 0 kW, the Sub-Aggregation number (if any) and 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, 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.

The Company will accept completed enrollments on or before the first weekday of April prior to the start of each Capability Period. For the purpose of this RFP, this is referred as the “Enrollment Deadline”, which is April 3, 2023

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 no later than seven (7) business days before the commencement of the Capability Period. Only the Load Relief of approved enrolled Customers will be considered for calculating the Event Performance Factor and associated payments.

Performance and Payment Calculations

CBL approach and option details

The Customer Baseline Load 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 CBLs to verify whether the Applicant provided the kW of contracted Load Relief; provided, however, that the Company may estimate data at its discretion 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.

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 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.

Calculation of Adjusted Performance Factor

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

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

Calculation of Average Season Performance Factor

The average of all Adjusted Performance Factors recorded for a given Aggregation during that Capability Period. The Average Season Performance Factor is rounded to two decimal places and has an upper limit of 1.00 and a lower limit of -0.80 for Term-DLM and -0.90 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 -0.20 would result in the Applicant owing \$2,000 to the Company at the end of the Capability Period.

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 Con Edison money following the Capability Period if this calculation results in a negative value. For example, an Applicant holding an Aggregation of 100 kW with an Incentive Rate of \$100 per kW will receive a single payment of \$8,000 if the Aggregation receives an Average Season Performance Factor of 0.80, while that same Applicant holding the same Aggregation would receive an invoice for \$8,000 if the Aggregation receives an Average Season Performance Factor of -0.80.

Timing of Reservation Payment Issuance

Reservation Payments will be issued to Applicants by the end of November following the Capability Period. If amounts are owed to the Company by the Applicant, the Company will issue an invoice that will be due 30 days after such an invoice is issued. 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 CSR 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.

The Company may issue an invoice to an Applicant assessing penalties for non-performance any time after the Capability Period's Enrollment Deadline in the event an Applicant fails to enroll any Customers in an Aggregation. These invoices will also be due 30 days after they are issued. Average Season Performance Factors will be calculated as -0.80 for Term-DLM Aggregations and -0.90 for Auto-DLM Aggregations.

Performance Payments

The Company will provide a Performance Payment for participation in Events at the rate of \$1/kWh. The Performance Payment is equal to the applicable \$1/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 \$1/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.

Applicants will not receive Performance Payments for Load Relief provided by Customers who participate in DLRP if those Customers are called during the same hours for Term-DLM and DLRP Events

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

Metering Requirements

Participating in Term- or Auto-DLM requires that the entire service for each Customer account be measured by Interval Metering with telecommunications capability. If an Aggregator participates in Rider AC, all Customers of the Aggregator must meet the metering and telecommunications requirements specified hereunder to be enrolled.

If, at the time of enrollment, 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 Applicant's expense, net of any discount or rebate received by the Applicant. The Company will issue an invoice within three business days of its receipt of a completed request for a meter that communicates by landline. If metering that communicates wirelessly is requested and the wireless service meets the Company's security requirements, the Company will charge \$200.00 to visit the premises to determine whether or not wireless communication is viable. Within 14 business days of receiving payment, the Company will visit the premises to determine wireless viability and, within three business days of the visit, issue an invoice that contains the cost of an upgrade to a meter that communicates wirelessly or, if wireless communications are

not viable, a meter that requires use of a landline. The Company will not be required to meet the 14 business-day timeframe if there are reasons outside of the Company's control, such as a major storm or denial of access to the meter. The process and rules pertaining to meter upgrades are described in the Meter Upgrade Manual posted on the Company's website.

If, at the time of enrollment 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 Reservation Payments are calculated, then the Customer account will be assigned a Load Relief value of 0.00 kW 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 a Load Relief value of 0.00 kW will be assigned for all Events during the Capability Period where data was unavailable to calculate that Customer's performance.

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 a Load Relief value equal to the sum of that Customer's enrolled Load Relief via Curtailment and Load Relief via Generation 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 as defined in General Rule 17.3 in the Company's tariff. 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 a Load Relief value in kW equal to the sum of that Customer's enrolled Load Relief via Curtailment and Load Relief via Generation for all Term- or Auto-DLM Events for which Load Relief 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 a Load Relief value of 0.00 kW for that Customer for all Term- or Auto-DLM Events for which Event Performance Factors could not be calculated.

Transferring Aggregations

An Applicant may elect to transfer part or all of its Portfolio Quantity for an Aggregation. 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. If an Applicant elects to transfer part or all of its Portfolio Quantity to another Applicant who is an approved Aggregator, the existing Program Agreements must be updated or a new Program Agreement must be created to reflect these transfers. The amended or new Program Agreement must be signed by the Applicant receiving the transfer. If the recipient of the Aggregation has existing Aggregations for that Vintage Year in that Network, then the transferred Aggregation will be added as a new sub-Aggregation. The transferring of an Aggregation, or potentially many Sub-aggregations, could result in more than three sub-aggregations. Having more than three sub-Aggregations under this circumstance is permitted.

Definitions

Auto-DLM Program: Applicant will commit via a 3-5 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 specific Networks, feeders, or geographical areas if the next contingency would result in a Condition Yellow (i.e., when the next contingency, excluding breaker failure, either will result in an outage to more than 15,000 Customers or will result in some equipment being loaded above emergency ratings) or if a voltage reduction of five percent or greater has been ordered.

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 "Calculation of Adjusted Performance Factor" section of this RFP.

Advisory: Refers to the Company's notice that the Company's day-ahead forecasted load level is at least 92 percent of the forecasted summer system peak. The Company can also send Advisory notices when the day-ahead forecasted load level is at least 88 percent of forecasted summer system peak for selected Networks.

Aggregation: Means either a Sub-aggregation or 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 Con Edison Customers and/or Aggregators acting on a Customer's behalf. Applicants may include new and/or existing Customers or Aggregators.

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 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 (AKA 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 in a Network whenever the Company designates a Term-DLM Event. The Contracted Hours are established by the Company for each Network based on individual Network needs 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 11 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.

Curtailement: The provision of Load Relief without use of Electric Generating Equipment or battery energy storage.

Customer: Means an individual Con Edison 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 an Applicant 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.

DR Portal: A Customer management platform that Applicants can use to enroll Customers electronically in the Term- and Auto-DLM Programs, receive notification of Events, track Applicant Event performance by Aggregation, and view payment information related to program participation. The portal is accessible only to Applicants who have completed the Company's Aggregator enrollment process.

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. These include the Company's programs under Rider L, Rider T, and Rider AC in the Company's tariff.

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 Standby Service, Rider R, or SC 11 and used to provide Load Relief under Con Edison's tariff; or (b) emergency Electric Generating Equipment that is interconnected and operated in compliance with General Rule 8.2 and used to provide Load Relief under Con Edison's tariff.

Event: A period when 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.

Incentive Rate: The \$ per kW per Capability Period bid made by an Applicant associated with each Aggregation.

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 11

Customer or a Rider R Customer taking service under the Value Stack Tariff at the time of enrollment in Con Edison's Rider AC, and delivered by that Customer to the Company's distribution 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 in a Network during: (a) Term-DLM Event; or (b) an Auto-DLM Event. The Company will not request Load Relief under Auto-DLM between the hours of 12:00 AM and 6:00 AM.

Network: Refers to a distribution Network or load area designated by the Company.

Pay-as-Bid: A form of Procurement in which the \$/kW Incentive Rate associated with each Aggregation is determined by the bid provided by the Applicant.

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 award 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.

Renewable Generation: Means behind-the-meter electric generating equipment that is not fossil-fueled and has no emissions associated with it. Electric energy storage systems 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.

Rider AC: The section of Con Edison's Tariff describing the treatment of Term- and Auto-DLM.

Sealed Bid: A form of Procurement in which the bids submitted by one Applicant will remain unknown to other Applicants.

Sub-aggregation: Means a subset of Customers represented by an Aggregator within a Network. An Aggregator may have up to three Sub-aggregations per Network, per vintage year, as long as each Sub-aggregation contains Customers who collectively have a Load Relief potential of 50kW or greater in the Network. An Aggregator may create Sub-Aggregations as specified in the Program Agreement for a given year.

Term-Dynamic Load Management (DLM) Program: Applicant will commit via a 3-5 year contract to provide Network peak shaving during Contracted Hours when the day-ahead system electric load forecast reaches at least 88 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. Test Events will last one hour for both programs.

Vintage Year: Refers to the first Capability Period an Applicant is contractually obligated to participate