



Request for Proposal (RFP) for Participation in Term-DLM Program and Auto-DLM Program

Term-DLM and Auto-DLM Procurement

to Provide Solutions for

National Grid System-Wide Demand Response

with Locational Auto-DLM Selections

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1. Introduction

National Grid is pursuing the potential procurement of resources in its Niagara Mohawk Power Corporation d/b/a National Grid (the “Company”) service territory both system-wide and in specific areas where there is an electric system need to provide load relief when events are called by the Company.

This procurement is in accordance with the requirements set forth in the New York Public Service Commission’s (“Commission”) September 17, 2020 *Order Establishing Term-Dynamic Load Management and Auto-Dynamic Load Management Program Procurements and Associated Cost-Recovery* in Cases 18-E-0130, 20-E-0112, and 20-E-0113 (the “Procurement Order”).

The Company has been offering demand response programs for both commercial and residential customers across its service territories for several years. Please visit <https://www.nationalgridus.com/Upstate-NY-Business/Energy-Saving-Programs/Demand-Response> for more information on the programs, available opportunities, links to the System Data Portals, state regulatory sites, and the Ariba vendor platform.

This competitive procurement describes the Term-Dynamic Load Management (“Term-DLM”) Program and Auto-Dynamic Load Management (“Auto-DLM”) Program that the Company will be offering to supplement its portfolio of demand response programs. This procurement document will collectively refer to the Term-DLM and Auto-DLM Programs as “The Programs” unless specifically addressing Term-DLM Program or Auto-DLM Program components. The Programs will be discussed in detail within this document.

2. Procurement

In accordance with the Procurement Order, the Term-DLM Program will be offered system-wide in the Company’s electric service territory. Term-DLM resources will offer peak-shaving benefits to the Company’s system and will be called on upon no less than 21 hours’ advance notice.

The Auto-DLM Program will be offered in specified areas within the Company’s electric service territory, as noted in this RFP. Auto-DLM resources will need to provide both peak shaving benefits as well as reliability services and may be called on upon no less than 10 minutes’ notice. For each location being targeted in the Auto-DLM Program outlined within this RFP, the notice period for each location will be provided and the amount of load relief procured by the Company will be capped at the amount of load relief needed as demonstrated herein.

3. Schedule for Resource Procurement

3.1. Schedule

The procurement schedule outlined below is subject to change. The capability period will be from May 1st through September 30th in each calendar year (“Capability Period”). Resources included in awarded bid(s) are required to be in-service no later than May 1, 2024 for the 2024 Capability Period, as shown below. 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 Capability Period.

Planned Date	Milestone
10/27/2022	Procurement Launch
11/7/2022	Intent to Bid Form Due (Appendix D)
11/7/2022	Pre-Bid Conference Call
12/1/2022	Written Questions Due through Ariba
12/15/2022	Answers to Questions Posted in Ariba
1/23/2023	Bid Responses Due
2/28/2023	All Bidders Notified of their Status
4/30/2023	Contracts/Program Agreement Executed (Appendix C)
11/1/2023	Early Exit Deadline for 2024 Capability Period
4/1/2024	Enrollment Deadline for List of Resources Commencing Participation in 2024 (Appendix E)
5/1/2024	Contract Performance for 2024 Begins

3.2. Pre-Bid Call Information

National Grid will host a pre-bid call for all interested parties on November 7, 2022 at 9AM Eastern US Time. Call information may be found below:

Microsoft Teams meeting

Join on your computer or mobile app

Meeting ID: 251 565 540 173

Passcode: BNJA8W

Join with a video conferencing device

nationalgrid@m.webex.com

Video Conference ID: 116 848 648 4

Or call in (audio only)

[+1 469-312-8116,,559509997#](tel:+14693128116559509997) United States, Dallas

Phone Conference ID: 559 509 997#

3.3 Definitions

“Aggregation” refers to the portfolio of eligible customers collectively enrolled by an Aggregator

“Aggregator” refers to a party other than the Company that represents and aggregates the load of eligible customers who collectively have a Load Relief potential of 50 kW or greater and is responsible for the actions of the customers it represents, including performance and, as applicable, performance adjustments, penalties, and repayments to the Company. “Application” is defined as the set of materials required to enroll eligible resources in the program(s) as detailed in the Program Agreement.

“Capability Period” under this Program refers to the period during which the Company can request Load Relief. The Capability Period shall be from May 1 through September 30.

“CBL” means the customer baseline load as calculated under the Company’s Customer Baseline Load methodology. The Customer Baseline Load methodology is described in the Company’s baseline operating procedure, which is published on the Company’s website. Direct Participants or Aggregators may propose alternate CBL methodologies to the Company by December 1 each year, with specific details and documentation as to how the proposed calculation

will be performed. The Company will review the process and methodology by January 1 of the subsequent year and notify the Direct Participant or Aggregator if the proposed methodology is acceptable. Following acceptance, the proposed alternate CBL will be used for the Direct Participant or Aggregator's demand response calculations beginning May 1.

"CBL Verification Methodology" means the methodology used by the Company to verify the actual Load Relief provided (kW and kWh) during each hour of each designated Load Relief Period and Test Event. Actual load levels are compared to the customer baseline loads to verify whether the Direct Participant or Aggregator provided the kW of contracted Load Relief; provided, however, that the Company may estimate the data pursuant to the Company's operating procedure if data is not available for all intervals. When the weather-adjusted CBL methodology is used and the calculated weather adjustment falls outside of Company defined ranges (i.e., the Company deems the weather to be atypical on the day of a Load Relief Period or Test Event when compared to the baseline period), the Company may review and revise a participant's baseline based on the customer's historical load data. When the weather-adjusted CBL methodology is used, or an approved alternate CBL methodology, the Company, at its own discretion, may select alternate hours for the adjustment period to calculate the weather adjustment factor in order to accurately reflect the customer's typical usage.

"Cleared Quantity" refers to the amount of Load Relief, measured in kW, awarded to an Aggregation through the RFP

"Contracted Hours" refers to the four-hour period within a weekday (i.e., Monday through Friday) during the Capability Period, excluding holidays, during which the Direct Participant or Aggregator contracts to provide Load Relief whenever the Company designates a Term-DLM Event. The Contracted Hours are established by the Company location and will be provided in the Program Agreement.

"Deficient Quantity" refers to 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

"Direct Participant" is a customer who enrolls under these Programs directly with the Company for a single account and agrees to provide at least 50 kW of Load Relief. If the customer wishes to enroll multiple customer accounts within the Company's service territory that collectively have a Load Relief potential of 50 kW or greater, each account must meet the terms of service under these Programs. Performance of multiple customer accounts will be measured on a portfolio basis.

"Early Exit Fee" Aggregators and Direct Participants shall have the right to terminate their obligations under their respective Program Agreements prior to the first Capability Period, before a Company-specified deadline, by paying an Early Exit Fee equal to ten percent of the product of the remaining length of the contractual obligation in years, the Aggregator or Direct Participant's applicable reservation rate, and the kW of Portfolio Quantity. At its discretion, the Company can offer additional opportunities to exercise such early exit rights or require payment of the Early Exit Fee based on a failure to meet minimum performance standards.

"Electric Generating Equipment" is the: (a) electric generating equipment, including technologies that can be exported, at the premises of an eligible customer used to provide Load Relief under these Programs; or (b) emergency electric generating equipment that is interconnected and operated in compliance with the Company's Standard Interconnection Requirements and used to provide Load Relief under these Programs.

“Emergency Event” is the Company’s request for Load Relief: (a) on less than the specified notice in the Program Agreement; or (b) for hours outside of the Contracted Hours.

“Load Relief” is the demand (kW) and energy (kWh): (a) ordinarily supplied by the Company that is displaced by use of Electric Generating Equipment and/or reduced by the Direct Participant or Aggregator at the customers’ premises; or (b) produced by use of Electric Generating Equipment at the premise of an eligible customer and delivered by that customer to the Company’s delivery system during a Load Relief Period.

“Load Relief Period” refers to the hours for which the Company requests Load Relief during: (a) a Term- DLM Event, which can also include Auto-DLM participants; or (b) an Auto-DLM Event, provided, however, that Load Relief will not be required under Auto-DLM Event between the hours of 12:00 AM and 6:00 AM. A Load Relief Period may be designated under Auto-DLM in accordance with the terms of the Program Agreement.

“Performance Factor” is the ratio of Load Relief specified in the Program Agreement to the actual Load Relief provided. “Performance Payments” will be paid by the Company, as applicable, to a Direct Participant or Aggregator for Load Relief during the Load Relief Period as described in the Program Agreement.

“Portfolio Quantity” is the amount of Load Relief a Direct Participant or Aggregator agrees to supply based on the Program Agreement.

“Program Agreement” refers to the specific terms and conditions that apply to Aggregators and Direct Participants based on signed contracts associated with their Vintage Year.

“Test Event” refers to the Company’s request under the Reservation Payment Option of either Term- or Auto-DLM for Direct Participants and Aggregators to provide Load Relief to test participants’ response to a request for Load Relief. The duration of a Test Event is one hour for both the Term- and Auto-DLM Programs. If a Test Event is called under the Term-DLM Program, Load Relief will be requested within the four-hour span of Contracted Hours. If called under the Auto-DLM Program, Load Relief will be requested at a time determined solely at the Company’s discretion but not between the hours of 12:00 AM and 6:00 AM.

“Vintage Year” refers to the first Capability Period an Aggregator or Direct Participant is contractually obligated to participate in.

4. Project Detail Information

In addition to the information presented in this RFP, the Company has provided information on the solution requirements in order to participate in The Programs.

4.1 Resource Technical Requirements and Program Needs

Term-DLM Requirements and Information
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Location	Niagara Mohawk Power Corporation d/b/a National Grid Electric Service Territory
Dispatch Notification Methods	Email, phone
Dispatch Threshold for Event (Activation when load forecast exceeds threshold)	92% of system-wide 95/5 peak forecast
End Date (year)	3-year contract
Days of the Week Needed	5 (M-F)
Time of Day	4:00pm-8:00pm
Response Time	21-hour notice
Duration per Event	4 hours
Number of Calls Expected per Year*	2-8 annually

*This information is based on 5 years of historical data available and subject to change as needs present as shown below. The below table provides the number of events called in the Company’s current Commercial System Relief Program (“CSRP”) for comparative purposes. The CSRP is one of the Company’s demand response programs that offers incentives for annual enrollment and load reductions.

Year	Number of events called in CSRP for comparison
2018	8
2019	1
2020	5
2021	8
2022	7

Auto-DLM Requirements and Information							
Location*	Tonawanda Terminal Cable Group	Buffalo Station #1	Military Road	Cloverbank	Buffalo Station #2	Grand Street	Walesville
Location City/Town	Tonawanda, Middleport, Kenmore, North Tonawanda,	Tonawanda	Tonawanda	Hamburg	Middleport, Tonawanda, North Tonawanda	Cobleskill, Howes Cave	New York Mills, Oriskany, Westmoreland, Yorkville, and Whitesboro
Load Relief Need	.71 MW	1.06 MW	.82 MW	2.47 MW	1.41 MW	0.59MW	3.06MW
NYISO Zone	A	A	A	A	A	F	E

Substation(s)	Tonawanda Terminal Cable Group A	Buffalo Station 126	74 Military	Cloverbank	Buffalo Station 77	Grand Street	Walesville
Feeder(s)	7761, 7763, 7764, 7765, 7766, 7461, 7462, 7463, 7464, 7465, 7466, 12761, 12762, 12763, 12764, 12765, 12766, 6361, 6362, 6363, 6364, 6365, 6366, 5761, 5762, 5763, 5764, 5765, 5766, 5767, 5768, 5769	12661, 12662, 12663, 12664	7461, 7462, 7463, 7464, 7465, 7466	9151, 9152, 9153, 9154	7761, 7763, 7764, 7765, 7766	43351	33151, 33152, 33153
Dispatch Notification Methods	Email, phone	Email, phone	Email, phone	Email, phone	Email, phone	Email, phone	Email, phone
Event Dispatch Criteria***	90% of system rating	90% of system rating	90% of system rating	90% of system rating	90% of system rating	90% of system rating	90% of system rating
Length of Obligation	5-year contract	5-year contract	5-year contract	5-year contract	5-year contract	5-year contract	5-year contract
Days of the Week Needed	7	7	7	7	7	7	7
Time of Day	2:00pm - 8:00pm	1:00pm - 10:00pm	11:00am - 10:00pm	2:00pm - 8:00pm	3:00pm-9:00pm	1:00pm – 9:00pm	12:00pm – 9:00pm
Response Time	Minimum 10 minutes' notice	Minimum 10 minutes' notice	Minimum 10 minutes' notice	Minimum 10 minutes' notice	Minimum 10 minutes' notice	21 hours' notice	21 hours' notice
Duration per Event	4 hours	4 hours	4 hours	4 hours	4 hours	4 hours	4 hours
Minimum Period Between Events	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Forecasted Number of	11	29	27	19	2	7	9

Calls for 2024**							
Tier****	IV	III	II	I	I	I	I

*<https://ngrid.portal.esri.com/SystemDataPortal/NY/index.html> can be used to further view the details of the noted locations. See usage instructions in Section 4.4.

** The forecasted number of calls is based on the Company’s 95/5 load forecast of the constraint in 2024 but the actual number of calls is based on real-time events and/or other factors that may impact number of events. The 95/5 forecast is an extreme weather scenario and may not represent the actual weather in a given year. As such, number of calls may vary greatly from the 95/5 weather scenario. This forecast should not be interpreted as any guarantee of number of events. Below is a table of how many events may have been called for each Auto-DLM location based on the number of historical peaks in these areas over the past five (5) years. This information should be used for informational purposes only and should not be interpreted as any guarantee of number of events:

Year	Tonawanda Terminal Cable Group A	Buffalo Station #1	Military Road	Cloverbank	Buffalo Station #2	Grand Street	Walesville
2018	1	17	21	8	0	0	0
2019	0	0	9	0	0	0	0
2020	7	8	36	6	2	0	0
2021	3	3	29	4	0	0	0
2022	0	8	18	5	0	1	0

*** An Auto-DLM event may be called when the targeted area’s forecasted or real-time loading exceeds the specified percentage (described in the Auto-DLM Requirements and Information table) of an operating rating that applies under normal system conditions, or emergency system conditions in the event a contingency were to occur.

Tier	Value Range per KW
I	\$0-\$100
II	\$101-\$200
III	\$201-\$300
IV	\$301-\$400
V	\$401-\$500

4.2 Bidder Criteria

Bids for service may be submitted by an Aggregator submitting bids on behalf of a portfolio of participants or by a Direct Participant submitting on their own behalf. Any Aggregator applying to enroll a resource(s) into the Term-DLM Program or Auto-DLM Program must already be a New York Independent System Operator (“NYISO”) DR Provider or an active Company Curtailment Service Provider. If not, the Aggregator may apply for acceptance into The Programs by submitting an application package as outlined for Curtailment Service Providers in Appendix B. Upon a final favorable determination of the application, the bidder may participate in The Programs. The Company can limit, suspend, or terminate participation by a bidder at any time and without notice. Bidders may participate in The Programs at the Company’s sole discretion. Direct Participants and Aggregators may refer to Niagara Mohawk Power Corporation d/b/a National Grid P.S.C. No. 220 Electricity Tariff (“Tariff”) Rule 65 to ensure they meet the minimum requirements. If a Direct Participant or Aggregator requests to operate Electric Generating Equipment for Load Relief Purposes under The Programs, they must adhere to any notifications required to be provided to the Company as outlined in the Tariff, Rule 65.3. Operation of diesel-fired generation to meet committed load relief is prohibited.

Term-DLM Program participants may not simultaneously participate in CSRP or the Auto-DLM Program. Auto-DLM Program participants may not simultaneously participate in CSRP, Distribution Load Relief Program (“DLRP”), or the Term-DLM Program. Value Stack customers may participate in either the Term-DLM Program or Auto-DLM Program, however, customers making such election must forgo Demand Reduction Value (“DRV”) and Locational System Relief Value (“LSRV”) compensation. Net Energy Metering customers are prohibited from participating in either the Term-DLM Program or the Auto-DLM Program.

Further, the Company reserves the right to close or extend solicitation at any time and/or add to the solicitation. If changes are made, notification will be posted on the Company’s Demand Response website at <https://www.nationalgridus.com/Upstate-NY-Business/Energy-Saving-Programs/Demand-Response>

By executing a contract for Load Relief through the Term-DLM Program or Auto-DLM Program, Aggregators and/or Direct Participants agree to all the terms and provisions set forth in the Tariff including technology requirements and compensation rules.

Bidders not selected for award or participation in The Programs may request feedback.

4.3 Operational Requirements

All participants must have National Grid interval metering in place to participate in The Programs. All performance will be measured using the Company’s interval meter data. Any resource that does not have interval metering in place must submit a request to the Company requesting the installation of a new meter at least 21 business days before April 1, 2024 to ensure the interval meter is in place prior to the Enrollment Deadline. The Company will install interval metering within 21 business days of the later of the Company’s receipt of a participant’s payment for an upgrade to interval metering 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) receipt of the active Internet Protocol (“IP”) address that the wireless carrier has assigned to the modem’s electronic serial number (“ESN”) for a meter with wireless capability. The Company will not be required to meet the 21-business day timeframe if there are reasons outside of the Company’s control, such as a major outage or storm, or denial of access

to the meter. The customer taking electric service from the Company is responsible for paying the metering and installation costs. The metering and installation costs are available from the Company's representatives. Metering communications are necessary for administration of The Programs. Where meter reading communications must be installed, the Company shall provide the necessary communications equipment to the customer's meter which records the electric requirements delivered to the customer's premise. The customer agrees to pay the Company an Incremental Customer Charge in the amount of \$11.77 per month (or the rate in effect in Rule 25 of the Tariff at the time of the request) to cover the incremental cost of metering communications. The customer shall be responsible for all metering and communication devices and associated costs as prescribed above and in accordance with Rule 25 of the Tariff.

The Company may notify Direct Participants and Aggregators by phone, e-mail, or machine-readable electronic signal, or a combination thereof, in advance of the commencement of a Load Relief Period or Test Event. The Direct Participant or Aggregator shall designate in writing an authorized representative and an alternate representative, and include an electronic address, if applicable, to receive the notice. In the case of aggregations, only the Aggregator will be notified of the Load Relief Period or Test Event. The Aggregator is responsible for notifying resources within its respective aggregation(s).

A resource applying to enroll in the Term-DLM Program must be capable of a response time with 21 hours' notice from the Company, Monday through Friday. A resource applying to enroll in the Auto-DLM Program must be capable of a response time within 10 minutes of notice from the Company and available 7 days per week.

The Company may issue a Test Event for the resources enrolled in The Programs. These Test Events will consist of one-hour time periods. If the Company issues a Test Event, Term-DLM Program resources will be notified 21 hours in advance of the event and Auto-DLM Program resources with the notification specified in the Auto-DLM Requirements and Information table above. If a Test Event is called under the Term-DLM Program, Load Relief will be requested within the four-hour span of Contracted Hours. If a Test Event is called under the Auto-DLM Program, Load Relief will be requested at a time determined solely at the Company's discretion but not between the hours of 12:00 AM and 6:00 AM.

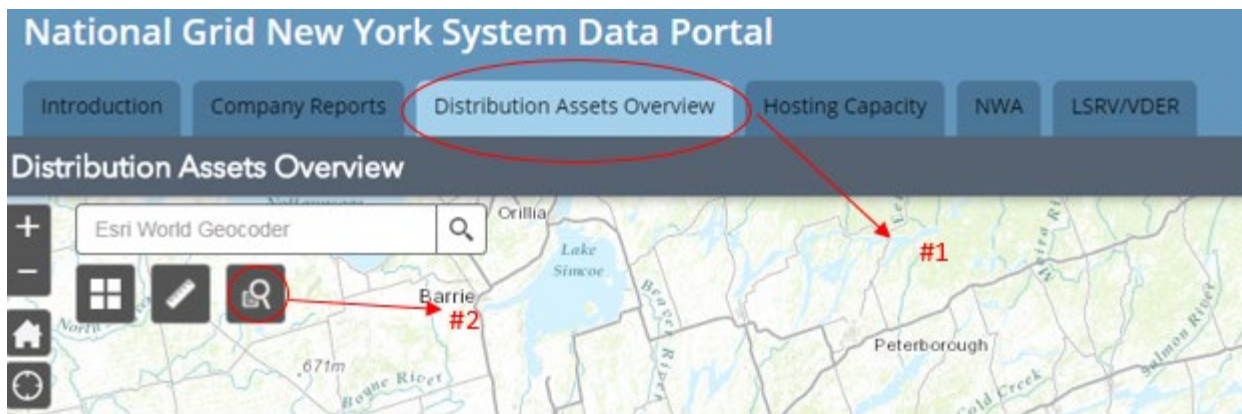
Direct Participants or Aggregators submitting bids to begin participation in the 2024 Capability Period that are accepted and contracted through this procurement are expected to be operational and ready to provide their contracted Load Relief by May 1, 2024.

4.4 Locational Need Details

The Company's New York System Data Portal can be used by bidders to visually view the locations being targeted for the Auto-DLM Program. Interested parties may access the National Grid System Data Portal for more information that is available online via the following link: <https://ngrid.portal.esri.com/SystemDataPortal/NY/index.html>

To view specific substations or feeders mentioned in Section 4.1 of this RFP:

1. Select the tab "Distribution Assets Overview"
2. Utilizing the search function, search for the locations in the "Auto-DLM Requirements and Information" table above to verify eligibility of the resource location. Searches can be performed by feeder or by substation.
3. Refer to Section 4.1 of this RFP for feeder and substation information.



4.5 Payments and Penalties

The Company is seeking cost-effective solutions that provide value to our customers. Bidders should bid their lowest acceptable price to be considered for enrollment.

Participants will be required, at a minimum, to detail the amount of Load Relief they will provide, what location they will provide it in, the Incentive Rate per kilowatt ("kW") per Capability Period, and other supporting information. This Incentive Rate will determine maximum annual per kW compensation. The price requested in the bid per kW, multiplied by the total kW pledged, then multiplied by the number of years of the contract, represents the full contract value that can be achieved with 100% performance when called over the contract length. Direct Participants or Aggregators will also receive a \$0.10 per kilowatt hour ("kWh") payment for every kWh of load reduction their Aggregations achieve during a Term-DLM or Auto-DLM Event. Direct Participants or Aggregators will be paid based on performance at the end of each Capability Period as detailed in the Vintage Year 2024 DLM Program Agreements.

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 combined provision of the customers comprising the Aggregation. The following section outlines the Performance Factor Calculations respective to The Programs:

- 1) Event Performance Factor under Term-DLM Program: When a Term-DLM Event is called, it 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 0.00.
- 2) Event Performance Factors under Auto-DLM: When an Auto-DLM or Term-DLM Event is called, it is the ratio of: (i) the average hourly kW of Load Relief provided during the first four hours of the Load Relief Period up to the kW of contracted Load Relief to (ii) the kW of contracted Load Relief. The Event Performance Factor is rounded to two decimal places and has an upper limit of 1.00 and a lower limit of 0.00.
- 3) Test Event Performance Factor under Term-DLM and Auto-DLM: Event Performance Factor, when a Test Event is called, it is the ratio of (i) the average hourly kW of Load Relief provided during the Test 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 0.00.

The Adjusted Performance Factor for each Term-DLM Event is equal to (1) the Performance Factor when greater than or equal to 0.80 and (2) when below 0.80, the difference of the Performance Factor and the difference of 0.80 and the Performance Factor. For example, a Performance Factor of 0.70 would yield an Adjusted Performance Factor of $0.70 - (0.80 - 0.70) = 0.60$.

The Adjusted Performance Factor for each Auto-DLM Event is equal to (1) the Performance Factor when greater than or equal to 0.90 and (2) when below 0.90, the difference of the Performance Factor and the difference of 0.90 and the Performance Factor. For example, a Performance Factor of 0.70 would yield an Adjusted Performance Factor of $0.70 - (0.90 - 0.70) = 0.50$.

Computation of the Performance Factors applicable to Term-DLM Program and Auto-DLM Programs allow for negative Adjusted Performance Factors. Negative Adjusted Performance Factors would not occur unless participants provide less than 40 percent of their contracted load relief in the Term-DLM Program, and less than 45 percent of their contracted load relief in the Auto-DLM Program. The Average Season Performance Factor is the average of all Adjusted Performance Factors recorded for a given Aggregation during that season. The Average Season Performance Factor is rounded to two decimal places and has an upper limit of 1.00 and a lower limit of -0.80 for the Term-DLM Program and -0.90 for the Auto-DLM Program. An Average Season Performance Factor below 0.00 results in a penalty with money due to the Company. For example, if a participant has an Aggregation consisting of 100 kW with an Incentive Rate of \$10 per kW, an Average Season Performance Factor of -0.20 would result in the participant owing \$200 to the Company at the end of the Capability Period.

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

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

The Company will provide a Performance Payment for participation in events at the rate of \$0.10/kWh. The Performance Payment is equal to the applicable \$0.10/kWh multiplied by the average hourly kWh of Load Relief provided by the Aggregation during the event multiplied by the number of event hours. Performance Payments are made for both events called with the required notification, and for any participation in any emergency events called with less than the required notice.

Performance Payments for Test Events are equal to \$0.10/kWh multiplied by the average hourly kWh of Load Relief provided by the participant during the Test Event up to the contracted Portfolio Quantity multiplied by the number of event hours.

Restrictions of Performance Payments during concurrent Load Relief hours as detailed in Rule 65.8 of the Tariff apply.

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

Participants shall have the opportunity to declare a Deficient Quantity in an aggregation and pay an Early Exit Fee by November 1 prior to the forthcoming Capability Period. To declare a Deficient Quantity, the participant shall submit a request to TermandAutoDLM@nationalgrid.com

If the participant declares a Deficient Quantity, it must pay the Early Exit Fee, which is calculated as the product of the Deficient Quantity, multiplied by the Clearing Price, multiplied by 10%, multiplied by the remaining years of the contract. The Early Exit Fee must be paid to the Company by the following January 15 or first business day following January 15 if it falls on a weekend or Company holiday.

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

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

If an Aggregation achieves an Average Season Performance Factor of 0.00 or less 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 Direct Participant or Aggregator the Early Exit Fee.

A participant may elect to transfer part or all of its Portfolio Quantity for an Aggregation prior to the enrollment deadline of a Capability Period to another participant who is an approved Aggregator or Direct Participant. 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 a transferred Portfolio Quantity takes on the full contractual responsibilities of the previous Aggregator or Direct Participant associated with the Portfolio Quantity upon submitting a transfer request (see Appendix H). The new Aggregator or Direct Participant must sign a Program Agreement that is updated or created to reflect these transfers with the Company and submitted all corresponding documentation as applicable to participate in The Programs. If accepted, the Portfolio Quantity is transferred as an Aggregation depending on how the original Portfolio Quantity was awarded.

4.6 NWA Transition and Interaction

Contracts accepted and executed for The Programs' procurements will be valid through the date agreed upon within the Program Agreement. Should there ever be a Non-Wires Alternative ("NWA") procurement in the same location as a Term-DLM Program or Auto-DLM Program procurement, any existing Term-DLM or Auto-DLM contracts will expire at the end of the contract term and be allowed to bid into the solution for the NWA. Participants will be required to fulfill the remaining Load Relief obligations in the Term-DLM Program or Auto-DLM Program before committing any

additional Load Relief into an NWA solution. If a resource can provide additional Load Relief as part of an NWA solution that is incremental to the contracted amount under the Term-DLM Program or Auto-DLM Program, they may be permitted to do so.

5. Proposal Evaluation Criteria

National Grid's Review Team will evaluate and prioritize bids (bidders' proposed solutions or proposal(s)) based on eligibility per the criteria set forth in this RFP.

The review process is intended to be fair and equitable, with the objective being to provide the greatest value to the Company's customers. The bidder should note that although National Grid will be reviewing the bidder's solution if the submission criteria are met, there is no guarantee that the bidder's proposal will be selected. Proposals will be reviewed at the Aggregation level, meaning that individual Aggregations can be accepted or rejected.

Proposals will be ranked based on their criteria scores. The quantity of Load Relief (Portfolio Quantity) which the Company will procure is a function of the proposal price, scoring of proposals based on evaluation criteria, and the Company's final discretion. National Grid will first evaluate bids on a simple Pass or Fail metric if all criteria outlined in this RFP and the Tariff is met by the bid. Bids which do not meet all required criteria will be judged as a "Fail" and will not be considered. Bids which pass the initial screen will then have their proposed price weighed against the applicable price ceiling, to determine if the bid qualifies for acceptance. If an Auto-DLM Program location receives bids in excess of the locational need, National Grid will award qualifying bids up until the need cap, with lowest cost qualifying resources given preference. If this is a single bid that is over the locational need, National Grid can negotiate the relief committed to only meet the locational value needed. If that resource is unwilling to execute a contract at the lower Load Relief, National Grid will extend the offer to the next resource in the criteria queue. Should two (or more) bids come in at the same price for an Auto-DLM Program location, National Grid will award on a first-come first-served basis based on time stamps on bid submittals.

Resources for The Programs will be procured through a sealed-bid, pay-as-bid auction.

National Grid will evaluate proposals based on bidder's original submittal, and therefore bidders should make every effort to provide their best offer in the original bid submittal. Incentive rates proposed by bidders are non-negotiable.

National Grid intends to inform successful bidders of their selection in February 2023, with new contracts implemented to be effective on or before April, 30 2023. All contracts will, as appropriate, incorporate the terms and conditions referenced herein and the written documents provided by the bidder in their proposal.

This procurement does not commit National Grid to award a contract, to pay any costs incurred in the preparation of the proposal, nor to procure or contract for any services and or supplies. National Grid reserves the right to accept or reject any or all proposals received, or to cancel this procurement in part or in its entirety, if in doing so is in the best interests of National Grid or the Company.

6. Proposal Submittal Process and Instructions

All Proposals must be submitted via National Grid's RFP service, Ariba. Any bidder intending to participate in The Programs must first fill out the attached Intent to Bid Form in Appendix D to be submitted to TermandAutoDLM@nationalgrid.com no later than January 23, 2023 and prior to submittal of any proposals in Ariba. Please submit any questions relating to the Intent to Bid Form to TermandAutoDLM@nationalgrid.com on or before November 7, 2022. After the Intent to Bid Form is received participants will be invited to an Ariba RFP event where bids can be submitted.

Proposals will not be accepted via email. Late bids will not be accepted. All bidders, regardless of enrollment or participation in other demand response programs, are required to submit an Intent to Bid Form to TermandAutoDLM@nationalgrid.com. If a Direct Participant or Aggregator are not already participants in National Grid's other demand response programs, they will be required to submit a Bidder Qualifications package, as outlined in Appendix B, in order to participate in this RFP.

After acceptance as a bidder into the Ariba platform and receiving an RFP invite, a Direct Participant or Aggregator may then submit their full Procurement Response by January 23, 2023. This full response will consist of a Bid-Form Application (Appendix A), a signed Non-Disclosure Agreement (Appendix F), and any applicable Insurance Requirements.

Bids providing partial solution for the total Load Relief need in Auto-DLM Program locations will be considered. Bids will be considered based on their Portfolio Quantity committed Load Relief, and at what price the Direct Participant or Aggregator is bidding.

It is expected that the bidder can fulfill all Load Relief pledges they are applying for and therefore overlapping pledges using the same customers should not be made. This applies both in the case of bids for Aggregations across The Programs or across different Vintage Years. For example, if a bidder bids 100 kW for the Term-DLM Program and 200 kW for the Auto-DLM Program and both bids clear, the bidder will be expected to deliver 300 kW of Load Relief when called upon with 21 hours of notification. All bids that clear as determined by the Company will be offered as a bundled contract that must be fully accepted as a package, or fully rejected by the participant. Therefore, a participant should plan on being able to satisfy all obligations associated with Aggregations they bid for, assuming all may be awarded.

If a bid is accepted for enrollment into one or more of The Programs, National Grid will send a Program Agreement to the bidder for signature. The contract will not be considered executed without it being signed and returned to National Grid by April 30, 2023. If a bidder agrees to the terms and conditions within the Program Agreement, they will then need to finalize their List of Resources (Appendix E) that will be participating in The Programs and submit that list to National Grid via Ariba Messaging by April 1, 2024.

It is the bidder's responsibility to thoroughly review all provisions of the respective supporting documents, appendices, and requirements of this RFP process as applicable. It is also the bidder's responsibility to understand all anticipated costs that should be factored into the Bid Price. Deviations from the prescribed eligibility requirements will not be considered for award.

Any questions on or technical issues with submitting a Proposal before the deadline should be promptly directed to TermandAutoDLM@nationalgrid.com.

6.1 Execution of Agreement

By submitting a Proposal, bidder agrees, if their Proposal is selected by National Grid, that they are prepared to execute a definitive contract consistent with the Bid Form Application and containing such other terms and conditions as may be mutually acceptable to National Grid and the bidder. This is a prescriptive RFP; no exceptions may be provided, or assumptions declared. National Grid will not consider, in its evaluation of Bidder's Proposal, any changes bidder requests to the documents. Please see Appendix C for the Summary of Terms and Conditions for an Agreement.

It is the bidder's responsibility to be aware of all eligibility requirements and terms and conditions before execution of a contract.