

# STATE OF NEW YORK

10354--B

## IN ASSEMBLY

February 26, 2026

Introduced by M. of A. KELLES, GALLAGHER, SHIMSKY, LEVENBERG, SIMON, DINOWITZ, BURDICK, SHRESTHA, OTIS -- read once and referred to the Committee on Energy -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- reported and referred to the Committee on Ways and Means -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the public service law, in relation to establishing the New York State grid reliability and energy affordability transition act

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. This act shall be known and may be cited as the "New York  
2 State grid reliability and energy affordability transition (GREAT) act".  
3 § 2. Legislative findings and declarations. The legislature finds and  
4 declares that:  
5 1. New Yorkers face rising energy costs and grid reliability risks  
6 driven by extreme weather, aging infrastructure, and use of expensive,  
7 polluting fossil fuel plants to meet peak demand.  
8 2. A virtual power plant is a coordinated network of energy resources  
9 like batteries, electric vehicles, and smart thermostats working together  
10 to help meet the needs of the electric grid. During periods of peak  
11 demand for electricity, virtual power plants can reduce demand, supply  
12 electricity, and provide other essential grid services, preventing  
13 blackouts and lessening the need for costly upgrades to utility infras-  
14 tructure.  
15 3. Virtual power plants can lower electric bills for all ratepayers  
16 and reduce emissions of greenhouse gases and other air pollutants, espe-  
17 cially from aging "peaker plants" in disadvantaged communities. Virtual  
18 power plants also pay participating families and businesses for support-  
19 ing the grid, enabling and encouraging them to invest in distributed  
20 energy resources and reduce their net energy costs. This can help the  
21 state advance its clean energy goals and give customers tools to better  
22 manage their energy bills.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 4. Current market rules, complex energy program structures, and inade-  
2 quate compensation to participants are preventing New York from using  
3 virtual power plants at the scale they are capable of, leaving a great  
4 potential source of grid reliability, ratepayer savings and customer  
5 benefits untapped.

6 5. Through the Reforming the Energy Vision initiative, the Public  
7 Service Commission has taken important steps toward modernizing New  
8 York's energy system, encouraging utilities to work proactively with  
9 customers and third-party providers to start the integration of distrib-  
10 uted energy resources into system planning and operations in order to  
11 lower system costs, reduce emissions, meet clean energy targets, and  
12 advance other public policy goals. Through this act the legislature  
13 provides comprehensive guidance to strengthen, accelerate, and codify  
14 those efforts, giving the Commission clear statutory direction to expand  
15 distributed energy markets by enhancing existing utility programs, and  
16 providing new program opportunities. This act further directs the  
17 Commission to reduce program barriers and maximize the benefits of  
18 virtual power plants.

19 6. The policy of New York State shall therefore be to establish a  
20 statewide virtual power plant program to promote greater use of distrib-  
21 uted energy resources to support a cleaner, more affordable, resilient,  
22 and reliable electric grid.

23 § 3. The public service law is amended by adding a new article 12 to  
24 read as follows:

25 ARTICLE 12

26 VIRTUAL POWER PLANT PROGRAM

27 Section 240. Definitions.

28 241. Virtual power plant program.

29 242. Cost recovery.

30 243. Program targets and performance incentive mechanisms.

31 244. Reporting.

32 § 240. Definitions. Where used in this article, the following terms,  
33 unless the context otherwise requires, shall have the following mean-  
34 ings:

35 1. "Aggregator" means a person or entity, other than a utility or its  
36 affiliate, that enrolls and manages customer participation in a utili-  
37 ty's virtual power plant program. An aggregator shall not be considered  
38 an electric corporation by virtue of its participation in the program.

39 2. "Battery" means a commercially available non-electric vehicle ener-  
40 gy storage system utilizing mechanical, chemical or thermal processes to  
41 absorb energy generated at one period of time, store such energy for a  
42 period of time, and discharge it for use at a later time.

43 3. "Battery rider" means the section of a utility's virtual power  
44 plant program tariff that specifies the terms and conditions for battery  
45 resource participation.

46 4. "Capacity value" refers to the value from reducing energy usage  
47 during the most energy-intensive days of the year.

48 5. "Demand reduction value" means the monetary value of avoided  
49 distribution system costs.

50 6. "Demand response" means actions taken by a customer to reduce the  
51 amount of electric load supplied by a utility, including through reduced  
52 customer consumption or the use of controllable water heaters, smart  
53 thermostats and other non-battery technologies.

54 7. "Direct participant" means a customer that enrolls in the virtual  
55 power plant program directly with a utility rather than via an aggrega-  
56 tor.

1 8. "Disadvantaged community" means a community identified as disadvan-  
2 tagged pursuant to the criteria set forth in section 75-0111 of the envi-  
3 ronmental conservation law.

4 9. "Distributed energy resource" means batteries, non-battery technol-  
5 ogies, and electric vehicles that are capable of reducing or shifting  
6 customer load supplied by a utility, generating electricity, storing  
7 electricity, discharging electricity to supply customer energy needs or  
8 exporting electricity to the grid.

9 10. "Electric vehicle" means a car, truck, bus or other mobile unit  
10 that utilizes electric power stored in an onboard battery for propulsion  
11 along with the associated equipment utilized to charge the battery.

12 11. "Electric vehicle rider" means the section of a utility's virtual  
13 power plant program tariff that specifies the terms and conditions for  
14 electric vehicle resource participation.

15 12. "Eligible customer" means an active residential electric service  
16 account holder of a utility with an eligible device.

17 13. "Eligible device" means customer or third-party-owned distributed  
18 energy resources that meet the requirements for participation specified  
19 in the relevant virtual power plant program rider.

20 14. "Grid-edge distributed energy management system" means a third-  
21 party software platform capable of communicating, optimizing and facili-  
22 tating the participation of behind-the-meter distributed energy  
23 resources to provide grid services.

24 15. "Grid event" means a condition on an electric system in response  
25 to which a utility calls upon a virtual power plant to provide a grid  
26 service.

27 16. "Grid service" means those services identified in paragraph (a) of  
28 subdivision one of section two hundred forty-one of this article.

29 17. "Locational system relief value" means the monetary value of  
30 avoided distribution costs in specific geographic locations.

31 18. "Low-to-moderate income customer" means a utility account holder  
32 for a household with an income of up to eighty percent of the state  
33 median income or area median income, whichever is greater.

34 19. "Non-battery technology" means demand response and customer-sited  
35 devices, including but not limited to smart thermostats, water heaters,  
36 and other devices that can be controlled to reduce or otherwise modify  
37 customer energy consumption.

38 20. "Non-battery rider" means the section of a utility's virtual power  
39 plant program tariff that specifies the terms and conditions for non-  
40 battery resource participation.

41 21. "Participant" means an aggregator or a direct participant.

42 22. "Performance payment" means the compensation received by a partic-  
43 ipant for the amount of grid service delivered or deemed delivered by  
44 the customer, device or aggregator during the applicable grid event or  
45 grid events.

46 23. "Program rider" means one or more of the following: (a) a battery  
47 rider; (b) a non-battery rider; (c) an electric vehicle rider; or (d)  
48 any other virtual power plant program rider approved by the commission.

49 24. "Small commercial customer" means a non-residential customer of a  
50 utility with an onsite behind-the-meter distributed energy resource with  
51 a rated capacity of seven hundred fifty kilowatts of alternating current  
52 or lower.

53 25. "System peak load reduction" means a reduction in electricity  
54 demand or the amount of electricity supplied by a utility during the  
55 highest use periods of the day.

1 26. "Utility" means an electric corporation as defined in section two  
2 of this chapter.

3 27. "Utilization factor" means a system or device's capacity used at a  
4 particular time as a percentage of the system or device's total capaci-  
5 ty.

6 28. "Value of distributed energy resources" means a structured frame-  
7 work for determining the component values of distributed energy  
8 resources established by the commission.

9 29. "Virtual power plant" means an aggregation of distributed energy  
10 resources operated in coordination to provide one or more grid services.

11 30. "Virtual power plant program tariff" or "tariff" means the commis-  
12 sion approved standardized terms and conditions, including formal pric-  
13 ing schedules and operating rules, governing aggregator and customer  
14 participation and utility operation of the virtual power plant program.

15 § 241. Virtual power plant program. 1. No later than ninety days after  
16 the effective date of this article, each utility shall file with the  
17 commission a virtual power plant program proposal including standard  
18 terms and conditions for participation and compensation in accordance  
19 with the requirements of this article. Each utility shall post its  
20 proposal in a conspicuous and easily accessible place on its website.  
21 The commission shall provide public notice of each utility's proposal,  
22 and provide opportunity for the public and parties to the case to  
23 comment for a period of not less than sixty days, and provide such other  
24 opportunity for public input as the commission determines appropriate.  
25 The commission shall conduct at least two public hearings on each utili-  
26 ty's proposal following the public comment period. Public hearings shall  
27 be held within the utility's service territory, at least one of which  
28 shall be held in a disadvantaged community within such territory, and  
29 shall offer video participation and any other measures the commission  
30 deems appropriate to ensure accessibility. Within ninety days of a util-  
31 ity filing its proposal, the commission shall, after consideration of  
32 all public and party comments, approve, or approve with modifications,  
33 the virtual power plant program. Within thirty days of final approval by  
34 the commission, the utility shall file a virtual power plant program  
35 tariff proposal with the commission for program implementation. No later  
36 than forty-five days after a utility files a tariff proposal, the  
37 commission shall approve, or approve with modification, the proposed  
38 tariff for immediate implementation. Upon such approval, the utility  
39 shall update its website with the final approved program and provide  
40 additional customer education materials and such other content as the  
41 commission may direct or approve on its website. Such materials and  
42 other content shall be distributed through bill inserts and such other  
43 means deemed appropriate by the commission to sufficiently educate rate-  
44 payers of the program's existence, benefits, and how to participate.

45 (a) The program filed pursuant to this subdivision shall include a  
46 battery rider and a non-battery rider, and may include a separate elec-  
47 tric vehicle rider for eligible customers to enroll eligible devices  
48 into the applicable rider for their respective technologies. Each rider  
49 shall independently, at a minimum, provide a system peak load reduction  
50 service offering, and may provide additional grid service offerings,  
51 including, but not limited to:

52 (i) clean peak service to reduce reliance on fossil fuel generation  
53 during peak demand periods;

54 (ii) congestion relief, system utilization factor improvement,  
55 location specific demand reduction, and other location specific  
56 services;

1 (iii) avoidance or deferral of need to construct new or upgrade exist-  
2 ing components of the distribution system;

3 (iv) ancillary services, including but not limited to voltage support  
4 and frequency regulation; and

5 (v) such other grid services as the commission may direct or otherwise  
6 deem are in the public interest.

7 (b) The program filed pursuant to this subdivision shall provide oper-  
8 ating parameters and related terms for each grid service offered under  
9 each technology specific rider, which may be incorporated into existing  
10 programs for residential customers or as new programs for such custom-  
11 ers, and which shall include:

12 (i) the minimum and maximum numbers of grid events the utility may  
13 call;

14 (ii) the months of the year that grid events may occur;

15 (iii) days of the week that grid events may occur;

16 (iv) times of day that grid events may occur;

17 (v) maximum duration of grid events;

18 (vi) day-ahead notification of grid events, along with ability to call  
19 events on a day-of basis for grid services or grid events that are not  
20 or cannot be forecasted on a day-ahead basis;

21 (vii) a list of eligible devices; and

22 (viii) customer protections for direct participants and customers  
23 participating through an aggregator; and

24 (ix) such other provisions as the commission may direct or otherwise  
25 deem appropriate.

26 (c) If a utility does not include an electric vehicle rider as part of  
27 the utility's initial filing pursuant to this subdivision, such utility  
28 shall file for commission approval of such rider no later than two years  
29 after the effective date of this article.

30 (i) The electric vehicle rider shall, at a minimum:

31 (1) offer opportunities for program participants to provide system  
32 peak load reduction services. The rider may also offer opportunities to  
33 provide additional grid services identified in paragraph (a) of this  
34 subdivision.

35 (2) address the parameters identified in paragraph (b) of this subdi-  
36 vision for each grid service offering.

37 (3) be posted by the utility in a conspicuous and easily accessible  
38 place on the utility's website.

39 (ii) The commission shall provide public notice of each utility's  
40 electric vehicle rider proposal, if not part of the initial filing  
41 pursuant to this subdivision. The provisions and timeframes for commis-  
42 sion approvals and for implementation provided in paragraph (a) of this  
43 subdivision shall apply to the electric vehicle rider, except that the  
44 public hearing requirement shall be waived.

45 (d) On an annual basis on such date as directed by the commission,  
46 each utility shall file a report identifying any grid service listed in  
47 paragraph (b) of this subdivision that is not included as a grid service  
48 offering for any rider then in effect. Each report shall discuss any  
49 grid conditions, technology constraints or other circumstances prevent-  
50 ing the utility from including such grid service offerings and provide  
51 an assessment of what conditions or circumstances would need to be in  
52 place to incorporate such offerings in the respective riders. Such  
53 reports shall be subject to comment by the parties to the rider and the  
54 public. The commission may direct utilities to submit for commission  
55 approval additional grid service offerings under one or more riders as  
56 the commission deems appropriate.

1 2. The virtual power plant program, inclusive of the respective riders  
2 filed pursuant to subdivision one of this section, shall include the  
3 following additional terms and conditions:

4 (a) Provisions for the participation of aggregators, including the  
5 ability to directly enroll, unenroll and otherwise manage their custom-  
6 ers' participation, receive dispatch instructions and other communi-  
7 cations from the utility, receive program payments directly from the  
8 utility, and other customer protections determined by the commission.

9 (b) Provisions for direct participant customers to enroll and partic-  
10 ipate through the utility, disenroll from the program without penalty,  
11 receive dispatch signals and other communications from the utility,  
12 deliver performance measurement and verification data to the utility,  
13 and receive program payments directly from the utility.

14 (c) Provisions for device eligibility which shall allow for partic-  
15 ipation of new and existing distributed energy resources on a non-dis-  
16 crimatory basis.

17 (d) Program participation compensation through performance payments as  
18 follows:

19 (i) The commission shall approve performance payment rates for the  
20 system peak load reduction service in the form of a dollar per kilowatt  
21 value that is no lower than the sum of the capacity value and the demand  
22 reduction value using the most recent information for such value compo-  
23 ponents as provided in the commission's value of distributed energy  
24 resources proceeding, or any successor proceeding, for each utility.

25 (ii) Where applicable, the commission shall approve performance  
26 payment rates for resources located in areas designated as a locational  
27 system relief value area in the form of a dollar per kilowatt value no  
28 lower than the locational system relief value using the most recent  
29 information provided in the commission's value of distributed energy  
30 resources proceeding, or any successor proceeding.

31 (iii) For a period of no less than four years from the effective date  
32 of this article, the demand reduction value component for establishing  
33 the system peak load reduction service performance payment rate shall be  
34 calculated based on the system-wide average of a utility's long-run,  
35 non-zero marginal cost of service, inclusive of all substation areas  
36 with non-zero costs.

37 (iv) For a period of no less than four years from the effective date  
38 of this article, the locational system relief value component for estab-  
39 lishing the system peak load reduction service performance payment rate  
40 shall be calculated based on a single level of locational system relief  
41 value for each utility, reflecting the threshold level at which a utili-  
42 ty's costs are significantly higher than costs on average on a system-  
43 wide basis. The locational system relief value shall relate to no less  
44 than ten percent of a company's service areas for no less than five  
45 years from the effective date of this article.

46 (v) For a period of no less than four years from the effective date of  
47 this article, the capacity value for establishing the system peak load  
48 reduction service performance payment rate shall be calculated as the  
49 average market clearing price across the utility territory for the prior  
50 calendar year. After such four-year period, the commission may continue  
51 to use this method or adopt an alternative methodology to calculate the  
52 capacity value component.

53 (vi) The commission shall utilize the demand reduction value, loca-  
54 tional system relief value, and other values calculated pursuant to the  
55 commission's value of distributed energy resources proceeding, or any  
56 successor proceeding, and such other related valuation considerations to

1 establish performance payment rates, or such other compensation rates as  
2 the commission determines appropriate, for other grid service offerings  
3 approved under the program other than the system peak reduction service,  
4 provided that such rates reflect fair value for the service provided.

5 (vii) Participants shall receive the performance payment rate approved  
6 for a grid service that is applicable at the time of enrollment for a  
7 period of five years. After such five-year period, a participant may  
8 reenroll in the program at the then applicable rate for subsequent five-  
9 year terms.

10 (viii) Participants shall be eligible to provide multiple grid  
11 services under multiple technology riders and receive compensation for  
12 each grid service pursuant to each rider; provided, however, that the  
13 grid value delivered under one service is incremental to that provided  
14 under another service.

15 (ix) Customers shall have the option to receive performance payments  
16 directly or to assign such payments to a third-party.

17 (x) Performance payments shall be made by a utility to the applicable  
18 customer or third-party designated by the customer no less than once per  
19 year, but may be made more frequently, as approved by the commission. A  
20 utility shall provide performance payments in the form of a check or  
21 electronic transfer of funds, such as direct deposit or other ACH  
22 payment. The utility may provide customers the option to receive  
23 performance payments as a direct bill credit, but shall not require such  
24 payments to be issued in such manner.

25 (xi) The commission shall periodically review performance payment  
26 rates in relation to a utility's performance in achieving the partic-  
27 ipation targets established in section two hundred forty-three of this  
28 article. The commission may increase the performance payment rates as  
29 it determines appropriate to achieve the participation targets.

30 (e) Provisions to measure device performance, where:

31 (i) Battery performance shall be measured directly at the inverter;  
32 and

33 (ii) Non-battery and electric vehicle technology performance may be  
34 measured directly at the device or through such other methodologies as  
35 the commission may approve.

36 (f) Performance payment compensation calculations and methodologies,  
37 where:

38 (i) System peak load reduction service and locational services  
39 provided under a battery rider shall be compensated based on the appli-  
40 cable performance payment rate multiplied by the average battery  
41 performance as measured at the inverter during grid events over the  
42 course of the applicable measurement period. The commission may adopt  
43 the same or alternative methodologies to calculate compensation for  
44 other grid services offered under a battery rider as the commission  
45 deems appropriate.

46 (ii) The commission shall provide methodologies to calculate compen-  
47 sation for grid services offered under non-battery and electric vehicle  
48 riders taking into account the ability to directly measure performance  
49 from the respective eligible technologies, costs of facilitating direct  
50 measurement, and related considerations.

51 (g) A utility shall not assess penalties on customers or aggregators  
52 under this program; provided, however, that the commission may approve  
53 reasonable mechanisms to disenroll participants for continued non-per-  
54 formance.

1 (h) Provisions allowing customers to co-participate in other programs  
2 and provide multiple grid services across riders within the virtual  
3 power plant program, where:

4 (i) Customers may co-participate in the net metering, value of  
5 distributed energy resources, and any other applicable interconnection  
6 tariff approved by the commission. Net metering customers shall not be  
7 required to transition to a value of distributed energy resources or  
8 other non-net metering interconnection tariff to participate in the  
9 program.

10 (ii) Customers may co-participate in one or more program riders and  
11 provide multiple grid services within each rider. Customers may partic-  
12 ipate in other grid service programs outside the virtual power plant  
13 program, including wholesale market programs where otherwise permitted,  
14 so long as such value is distinct from that provided under the virtual  
15 power plant program.

16 (i) Notwithstanding the provisions of subdivision one of this section,  
17 each utility shall update the participation rules for battery storage  
18 resources to participate in the direct load control program approved by  
19 the commission in the commission proceeding to develop dynamic load  
20 management programs, or any successor proceeding. Such revisions to the  
21 direct load control program shall be made to comply with the directives  
22 set forth in this subdivision as applicable to batteries in time to be  
23 effective for the two thousand twenty-seven program year. Such revisions  
24 to the direct load control programs may occur through the process  
25 currently administered by the commission to review and approve changes  
26 proposed by each utility in its annual dynamic load management program  
27 report filed in the commission's proceeding to develop dynamic load  
28 management programs, or as the commission may otherwise direct.

29 3. The following additional terms shall apply to the virtual power  
30 plant program:

31 (a) Participating aggregators shall: (i) make customer performance  
32 data and related customer specific information available to the customer  
33 upon request for visibility into device performance under the program;  
34 (ii) provide a clear and prominently displayed statement on the applica-  
35 tion form and customer portal that such information is available upon  
36 request and disclosing that the operation, power consumption, or power  
37 discharge of the customer's enrolled devices may be remotely adjusted,  
38 curtailed, or dispatched by the aggregator during grid events, subject  
39 to the customer's right to physically or digitally override such adjust-  
40 ments; (iii) include reasonable terms and conditions for customers to  
41 disenroll from the program without penalty; (iv) not sell, trade, or  
42 otherwise provide customer data related to participation in a virtual  
43 power plant program, except as authorized by this article, and without  
44 the written consent of such customer; and (v) establish robust proce-  
45 dures and practices to protect customer data.

46 (b) The commission shall adopt other reasonable requirements for  
47 participation consistent with this subdivision; provided, however, that  
48 collateral or other financial commitments from aggregators or direct  
49 participants shall not be required as a condition for participation.

50 (c) Utility-owned distributed energy resources shall not be eligible  
51 to participate in the program. Utilities and utility affiliates may not  
52 be aggregators.

53 (d) Utilities shall provide non-discriminatory access to customer  
54 data, hosting capacity data, and other grid data to facilitate: (i)  
55 program enrollment; (ii) identification of grid support needs; and (iii)  
56 other program participation considerations for customers, distributed

1 energy resource developers and aggregators. No later than one year after  
2 the effective date of this article the commission shall promulgate rules  
3 allowing customers timely data sharing and third-party access, as neces-  
4 sary, to grid data.

5 (e) Utilities may, upon review by and with the consent of the commis-  
6 sion, engage third-party grid-edge distributed energy resource manage-  
7 ment system providers for program administration and other program  
8 support, such as facilitating the participation of aggregators and the  
9 enrollment and participation of direct participants.

10 (f) Each electric corporation shall take all necessary steps to facil-  
11 itate and streamline the processes required for virtual power plant  
12 participation. Such efforts shall include, but not be limited to, reduc-  
13 ing administrative barriers and transaction costs for virtual power  
14 plant participants and adopting standardized processes to simplify and  
15 ensure timely: (i) interconnection; (ii) data sharing and automated  
16 system integration with third-party aggregators; (iii) administrative  
17 and logistical coordination for mass-market enrollment; (iv) performance  
18 verification and payment settlement; and (v) such other measures as the  
19 commission may direct.

20 (g) (i) Prior to enrollment with an aggregator, each customer shall  
21 receive information in plain language, which shall include: (1) the  
22 rights of customers under the program; (2) how to disenroll or temporar-  
23 ily suspend participation in the program; and (3) examples of when an  
24 aggregator may control the customer's device to provide the grid service  
25 to the utility under the program.

26 (ii) Such information shall also be made available on the department's  
27 website as well as each participating utility's website.

28 § 242. Cost recovery. 1. Utilities may recover prudently incurred  
29 costs to facilitate administration and implementation of a virtual power  
30 plant program established pursuant to this article, as determined by the  
31 commission, including but not limited to grid-edge distributed energy  
32 resource management system provider and other service contract costs,  
33 operations and maintenance expenses, information technology costs, and  
34 such other costs, expenses and investments the commission finds neces-  
35 sary and prudent for the development and implementation of the program.

36 2. Utilities may recover the cost of program payments made to partic-  
37 ipants through cost recovery mechanisms approved by the commission.

38 § 243. Program targets and performance incentive mechanisms. 1. No  
39 later than one year after the effective date of this article, the  
40 commission shall, after notice and opportunity for public comment,  
41 establish system peak load reduction targets and performance incentive  
42 mechanisms for a virtual power plant program for each utility and guid-  
43 ance to ensure robust initial participant engagement and growth of  
44 virtual power plant programs. Each such target shall: (a) be established  
45 for a minimum period of ten years; (b) include increasing annual bench-  
46 marks; and (c) be structured as a percentage of a utility system's peak  
47 demand to ensure the program scales dynamically with load growth.

48 2. The commission shall adopt performance incentive mechanisms for  
49 achieving or exceeding the targets established for each year of the  
50 performance period. The commission may include as part of the perform-  
51 ance incentive mechanism: (a) performance metrics; (b) publicly-accessi-  
52 ble data dashboards, scorecards, and other tracking tools; (c) financial  
53 incentives and financial penalties for failure to meet performance  
54 targets; and (d) such other mechanisms appropriate to track performance  
55 and create financial incentive structures to motivate the utility to  
56 achieve performance targets.

1 3. The commission shall develop program performance incentive mech-  
2 anisms for additional grid services as the commission deems appropriate.

3 4. The commission shall design the virtual power plant program in a  
4 manner to provide substantial benefits for disadvantaged communities,  
5 which shall include consideration of proposals to deploy virtual power  
6 plants in order to reduce the usage of combustion-powered peaking facil-  
7 ities located in or near disadvantaged communities; for low or moderate  
8 income end-use consumers; and for maximum consumer cost reductions at a  
9 reasonable cost.

10 § 244. Reporting. Each utility shall file an annual report at a date  
11 determined by the commission that shall include, at minimum:

12 1. the total participants enrolled in each virtual power plant program  
13 rider broken out by technology type, customer class, and aggregator vs.  
14 direct participants for each grid service offered in the prior calendar  
15 year;

16 2. estimated cost reductions as a result of the virtual power plant  
17 program and how such reductions are reflected in customer bill savings;

18 3. recommendations to increase participation in the virtual power  
19 plant program; and

20 4. such other information as the commission may require.

21 § 4. This act shall take effect immediately.