**LIPA 2013 Performance Evaluation**

In 2013, goals and measurements were established for the Long Island Power Authority ("LIPA") to evaluate its performance relative to its mission. As set forth below, LIPA’s self-evaluation demonstrates progress in meeting the goals established.

<table>
<thead>
<tr>
<th>Long Island Power Authority Goal</th>
<th>2013 Performance Measurements</th>
</tr>
</thead>
</table>
| Provide reliable and economical electric service. | ▪ System Average Interruption Duration Index (SAIDI): a measurement of the current rolling 12 month total annual power outage time that the average customer experiences in a year.  
▪ System Average Interruption Frequency Index (SAIFI): a measurement of the current rolling 12 month average number of times a customer was interrupted compared to the annual 5 year average.  
▪ Customer Average Interruption Duration Index (CAIDI): a measurement of the current rolling 12 month average service restoration time or the average interruption duration for those customers interrupted during the year compared to the annual 5 year average.  
▪ Reliability comparison to other similar New York State utilities using SAIFI and CAIDI.  
▪ Reasonableness of Price |

Strong reliability performance is of paramount importance to the Long Island Power Authority and its customers. Over the past 14 years, LIPA’s investments in the transmission and distribution system ("T&D System") have resulted in LIPA being the most reliable overhead electric utility in New York State.

**System Average Interruption Duration Index (SAIDI)**

SAIDI is a measurement of the total power outage time that the average customer experiences in a year. In 2013, LIPA met its target for SAIDI by ending the year at a level of 47.9 minutes, which is 5.3% lower than what was experienced in 2012. The 2013 results handily beat the National Grid/LIPA Management Services Agreement ("MSA") target for SAIDI of 55.5 minutes.

**System Average Interruption Frequency Index (SAIFI)**

SAIFI measures the number of times the average customer was interrupted during the year. In 2013, LIPA met its MSA SAIFI target of 0.83 by ending the year at 0.709. This was 4.6% higher than what was experienced in 2012.
Customer Average Interruption Duration Index (CAIDI)

CAIDI is the average time to restore service for those customers impacted by outages during the year. In 2013, LIPA was successful in meeting a CAIDI MSA threshold of 75.5 minutes by ending the year with a CAIDI level of 67.6 minutes. This is 9.5% lower than 2012.

Reliability Comparison to average of other similar NYS Utilities using SAIDI, SAIFI and CAIDI for the 12 months ending September 2012.

- **System Average Interruption Duration Index (SAIDI):** measures total power outages time the average customer experiences in a year. This measurement places LIPA as #1 in New York State by a considerable margin of 21 minutes (47%) better than the second ranked utility.

- **System Average Interruption Frequency Index (SAIFI):** measures number of times the average customer was interrupted during the year. LIPA’s performance again ranked #1 among comparable NYS utilities.

- **Customer Average Interruption Duration Index (CAIDI):** measures, on average, how long it took to restore power to customers interrupted during the year. This performance ranks LIPA #1 in NYS by a considerable margin of 24 minutes (30%).

Reasonableness of Price

As a public power entity, LIPA sets rates to cover its costs and maintain an acceptable level of debt coverage. LIPA instituted no major rate changes in 2013.

Typical Residential Bill for 775 kWhs per month

<table>
<thead>
<tr>
<th>Year</th>
<th>Delivery</th>
<th>Power Supply</th>
<th>Revenue Taxes</th>
<th>Efficiency</th>
<th>NYS Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$30.38</td>
<td>$30.38</td>
<td>$35.71</td>
<td>$40.51</td>
<td>$72.23</td>
</tr>
<tr>
<td>2000</td>
<td>$30.38</td>
<td>$30.38</td>
<td>$35.71</td>
<td>$40.51</td>
<td>$72.23</td>
</tr>
<tr>
<td>2001</td>
<td>$35.57</td>
<td>$35.57</td>
<td>$35.57</td>
<td>$40.51</td>
<td>$72.23</td>
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<td>$40.51</td>
<td>$40.51</td>
<td>$40.51</td>
<td>$40.51</td>
<td>$72.23</td>
</tr>
<tr>
<td>2003</td>
<td>$47.42</td>
<td>$47.42</td>
<td>$47.42</td>
<td>$47.42</td>
<td>$72.23</td>
</tr>
<tr>
<td>2004</td>
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<td>$70.75</td>
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<tr>
<td>2005</td>
<td>$78.81</td>
<td>$78.81</td>
<td>$78.81</td>
<td>$78.81</td>
<td>$72.23</td>
</tr>
<tr>
<td>2006</td>
<td>$74.26</td>
<td>$74.26</td>
<td>$74.26</td>
<td>$74.26</td>
<td>$72.23</td>
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<td>$77.93</td>
<td>$77.93</td>
<td>$77.93</td>
<td>$72.23</td>
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<tr>
<td>2008</td>
<td>$82.57</td>
<td>$82.57</td>
<td>$82.57</td>
<td>$82.57</td>
<td>$72.23</td>
</tr>
<tr>
<td>2009</td>
<td>$154.43</td>
<td>$154.43</td>
<td>$154.43</td>
<td>$154.43</td>
<td>$154.43</td>
</tr>
<tr>
<td>2010</td>
<td>$148.19</td>
<td>$148.19</td>
<td>$148.19</td>
<td>$148.19</td>
<td>$154.43</td>
</tr>
<tr>
<td>2011</td>
<td>$147.93</td>
<td>$147.93</td>
<td>$147.93</td>
<td>$147.93</td>
<td>$154.43</td>
</tr>
<tr>
<td>2012</td>
<td>$157.79</td>
<td>$157.79</td>
<td>$157.79</td>
<td>$157.79</td>
<td>$154.43</td>
</tr>
<tr>
<td>2013</td>
<td>$157.79</td>
<td>$157.79</td>
<td>$157.79</td>
<td>$157.79</td>
<td>$154.43</td>
</tr>
</tbody>
</table>
## Average Revenue per kWh for Major New York State Electric Utilities
For the 12 Months ending November 2013

<table>
<thead>
<tr>
<th>Utility</th>
<th>Residential Rate</th>
<th>Commercial Rate</th>
<th>Industrial Rate</th>
<th>Average Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Edison</td>
<td>0.2678</td>
<td>0.2051</td>
<td>0.1829</td>
<td>0.2370</td>
</tr>
<tr>
<td><strong>Long Island Power Authority</strong></td>
<td><strong>0.2081</strong></td>
<td><strong>0.1904</strong></td>
<td></td>
<td><strong>0.1990</strong></td>
</tr>
<tr>
<td>Orange &amp; Rockland Utilities</td>
<td>0.1942</td>
<td>0.1496</td>
<td>0.0767</td>
<td>0.1720</td>
</tr>
<tr>
<td>Central Hudson Gas &amp; Electric</td>
<td>0.1682</td>
<td>0.1304</td>
<td>0.1079</td>
<td>0.1542</td>
</tr>
<tr>
<td>Rochester Gas &amp; Electric Corp</td>
<td>0.1325</td>
<td>0.1289</td>
<td>0.1147</td>
<td>0.1312</td>
</tr>
<tr>
<td>Niagara Mohawk Power Corp.</td>
<td>0.1430</td>
<td>0.1211</td>
<td>0.0668</td>
<td>0.1277</td>
</tr>
<tr>
<td>New York State Electric &amp; Gas</td>
<td>0.1172</td>
<td>0.1145</td>
<td>0.0580</td>
<td>0.1135</td>
</tr>
</tbody>
</table>

## Top Ten Average Revenue per kWh for Major Electric Utilities in the Contiguous 48 States Serving More than 500,000 Customers
For the 12 Months ending November 2013

<table>
<thead>
<tr>
<th>Utility</th>
<th>Residential Rate</th>
<th>Commercial Rate</th>
<th>Industrial Rate</th>
<th>Average Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Edison</td>
<td>0.2678</td>
<td>0.2051</td>
<td>0.1829</td>
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</tr>
<tr>
<td><strong>Long Island Power Authority</strong></td>
<td><strong>0.2081</strong></td>
<td><strong>0.1904</strong></td>
<td></td>
<td><strong>0.1990</strong></td>
</tr>
<tr>
<td>San Diego Gas &amp; Electric</td>
<td>0.1785</td>
<td>0.1666</td>
<td>0.1349</td>
<td>0.1675</td>
</tr>
<tr>
<td>Pacific Gas &amp; Electric</td>
<td>0.1707</td>
<td>0.1657</td>
<td>0.1238</td>
<td>0.1623</td>
</tr>
<tr>
<td>NSTAR Electric Company</td>
<td>0.1587</td>
<td>0.1769</td>
<td>0.1375</td>
<td>0.1607</td>
</tr>
<tr>
<td>Connecticut Light &amp; Power</td>
<td>0.1612</td>
<td>0.1419</td>
<td>0.1209</td>
<td>0.1555</td>
</tr>
<tr>
<td>Southern California Edison</td>
<td>0.1724</td>
<td>0.1461</td>
<td>0.1058</td>
<td>0.1512</td>
</tr>
<tr>
<td>Public Service Electric &amp; Gas</td>
<td>0.1644</td>
<td>0.1304</td>
<td>0.0614</td>
<td>0.1481</td>
</tr>
<tr>
<td>Massachusetts Electric</td>
<td>0.1469</td>
<td>0.1374</td>
<td>0.1311</td>
<td>0.1438</td>
</tr>
<tr>
<td>PECO Energy</td>
<td>0.1490</td>
<td>0.1221</td>
<td>0.0828</td>
<td>0.1394</td>
</tr>
</tbody>
</table>

Source: Department of Energy, Energy Information Administration, Form 826

## Long Island Power Authority Goal
- Provide superior customer service.

### 2013 Performance Measurements
- Performance metrics contained in LIPA Management Services Agreement with its contractor National Grid
- LIPA’s performance/rating according to JD Power and Associates’ Electric Utility Business Customer Satisfaction Study and LIPA Contactor Survey
- Use of Communications Systems
- Services for Special Customers
- Financial Assistance Programs
- Online/Web-Based Services
Performance Metrics Contained in LIPA Management Services Agreement with its Contractor National Grid

Customer metrics in the MSA are designed to improve customer satisfaction with the services provided by National Grid, as well as to support the financial goals of LIPA. Each grouping of metrics is designed to ensure that performance is balanced and appropriate. It is important to recognize that performance in certain areas, such as Billing Accuracy, Bad Debts and Days Sales Outstanding were impacted by Superstorm Sandy. In fact, the Manager, National Grid, has sent LIPA notice invoking Force Majeure due to Superstorm Sandy. Other areas, such as Meter Reading and the Call Center, met their goals for 2013;

a) **Call Center Performance:** the call management metrics are designed to assess the speed and effectiveness of the call center representatives in responding to customer inquiries, as measured by three metrics; First Call Resolution, Call Answer Rate and Average Speed of Answer. For 2013, the First Call Resolution metric performance was 76.7%, exceeding the agreed upon goal of 70% consistent with 2012 year ending performance. Call Answer Rate for 2013 was 95.8% exceeding the year ending goal of 93.5%, Average Speed of Answer ended the year at 158.0 seconds which is 10.9 seconds better than the annual target of 168.9 seconds. These results are significant in light of the higher level of calls throughout the first quarter.

b) **Customer Billing and Meter Reading:** the billing and meter reading metrics are designed to assess the accuracy of the bill and to minimize the amount of estimated bills customers receive. Billing accuracy is a measure of the percent of bills requiring cancellation and rebilling because of billing errors compared to the total bills rendered. For 2013, overall performance showed that 99.37% of the bills were accurately rendered, which was slightly below the goal of 99.54%. The Meter Read Rate is a measure of the percent of meters read compared to those scheduled. For 2013, year ending performance was 96.6%, above the goal of 96.13%. This is a significant improvement over the 89.9% rate for 2012 which was impacted by Superstorm Sandy.

c) **Collections:** the metrics measure the ability to ensure timely payment and protection of risk from customer default, and is comprised of two metrics: Days Sales Outstanding and Bad Debt Ratio. This particular aspect of the business continues to remain extremely challenging given the economy; discussions with neighboring utilities suggest that LIPA is similarly situated to their experiences. In addition to an adverse economy, LIPA experienced the additional negative impact from Superstorm Sandy. For 2013, the Days Sales Outstanding performance was measured at 42.5 days, above the 2012 figure of 35.08 days. The Bad Debt Ratio for 2013 was .57%, compared to the 2012 measurement of 0.551%.

LIPA measures customer satisfaction using two methods; the JD Power and Associates’ Electric Utility Business Customer Satisfaction Study (JD Power) and the LIPA Contactor Survey. The first methodology is a study designed to measure and understands the perceptions regarding LIPA of randomly selected Long Islanders, regardless of whether they have had any direct interaction with LIPA. This perception study is performed annually by JD Power (JDP) for both LIPA’s residential and commercial customers, and ranks LIPA’s performance against large peer utilities in the East. The second methodology measures actual customers’ touch-point experience with LIPA and is known as the Contactor Study.

Customer Satisfaction continues to be an issue with LIPA in last place for both Residential (total of 17 utilities) and Business (total of 12 utilities).

While efforts were made to improve satisfaction levels in 2013, resources were focused on a seamless transition to PSEG Long Island. Therefore, some elements that tend to improve Customer Satisfaction such as heavier communications regarding products and services were scaled back in the latter half of the year to minimize customer confusion between the LIPA and PSEGLI brands.¹

Services for Special Customers

LIPA strives to be responsive to its customers’ needs and offers an array of services for customers with special needs. These services include large print bills, braille bills, the Friendly Follow-up Program and the Critical Care Program. Customers who have impaired vision are able to receive large print or braille bills. Enrollment for each of these services is 488 customers and 12 customers respectively. The Friendly Follow-up Program allows customers to designate a relative, trusted friend or social service agency to receive an extra copy of the customer’s LIPA bill should it become overdue. The person chosen to receive notification is not responsible for payment of the bill but can help keep track of the status of the customer’s account. The Friendly Follow-up Program currently has 1251 enrollees. LIPA’s Critical Care Program provides customers who rely on qualifying life-support equipment to have their account noted and their meter tagged as “critical care”. When a severe storm is anticipated, a call is made to those customers so that they can make preparations regarding their health and safety in advance of the storm. Enrollment in LIPA’s Critical Care Program remains fairly consistent from year to year as customers are required to re-certify their eligibility. At the conclusion of 2013, this program had 6,328, an increase from the 2012 figure of 6,105 enrollees. LIPA continues to market the program to create awareness and participation of customers in need of this service.

¹ It should be noted that going forward under the Operating Services Agreement (OSA) PSEGLI must achieve first quartile ranking for Customer Satisfaction for each survey or Customer Satisfaction performance must achieve first quartile ranking status. Failures to meet these goals are terminable under the OSA.
Financial Assistance Programs

This program was designed to assist those customers who meet low income eligibility guidelines in an effort to offset increases to the amount of the Daily Service Charge portion of the bill. This rate was modeled on programs already approved by the New York State Public Service Commission for other large utilities. At year-end December 2013, LIPA had 15,407 customers enrolled in the program.

On-Line/Web Based Services

Performance for web-based services in 2013:

- Electronic bill payments totaled 3,835,098 representing an increase of 167,406 (4.6%) over 2012. Total electronic payments exceeded goal (3,814,400) by 20,698 (0.5%).
- Paperless billing enrollment totaled 90,077 customers. This number reflects an increase of 14,142 (18.6%) over 2012. Total enrollment exceeded goal (88,085) by 1,992 or (2.2%).

- My Account registrations totaled 425,101 customers, an increase of 30,706 or 7.7% over 2012. Registrations fell short of goal (449,610) by 24,509 or (5.4%).

Electronic bill payments indicate the total number of payments made via the internet through LIPA’s Online Payment Program in the My Account section of our web site.

Paperless billing indicates the total number of customers who have opted to no longer receive paper bills but receive an e-mail notifying them that their bill is ready to be viewed and paid online in LIPA’s My Account section of our web site.

My Account is the section of LIPA’s web site where customers can manage their LIPA account. This section includes viewing and paying your bill, usage history, enrollment in balanced billing, direct pay, paperless billing programs, signing up for texting, entering a meter read and other valuable options to assist you in managing your LIPA account.

<table>
<thead>
<tr>
<th>Long Island Power Authority Goal</th>
<th>2013 Performance Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>▪ Compliance with and timely submission of required reports and related governance and disclosure filings</td>
</tr>
<tr>
<td></td>
<td>▪ Board Committee Activities</td>
</tr>
<tr>
<td></td>
<td>▪ Voluntary Public Information Sessions</td>
</tr>
<tr>
<td></td>
<td>▪ Training of Staff and Trustees</td>
</tr>
</tbody>
</table>

Compliance With and Timely Submission of Required Reports and Related Governance and Disclosure Filings

Promoting effective management, improving accountability and oversight, encouraging transparent and full disclosure, and establishing a culture of ethical behavior and personal responsibility are all elements in reaching the goal of accountability. In that regard, LIPA continues to diligently meet all of its disclosure, compliance and reporting obligations pursuant
to requirements set forth by the LIPA Act, the Public Authorities Reform Act, the State Finance Law, the New York State Attorney General’s Office, the New York State Comptroller’s Office, Executive Orders and other various federal and state entities and organizations.

Working closely with other state authorities and the Authorities Budget Office, LIPA continually monitors best practices for compliance and accountability, and has been working with the Governance Committee of the Board of Trustees to determine, develop and implement such best practices and policies.

**Board Committee Activities**

LIPA’s Board of Trustees contributes greatly to the organization-wide awareness of the need to be accountable, in part, through the use of its committees, which focus on a particular area or element of LIPA’s operations.

The Board’s committees work hard to be accountable for LIPA’s mission, including the Finance and Audit Committee, the Governance Committee, the Energy Efficiency and Environmental Committee, the Operations Committee, the Personnel and Compensation Committee, a Special Committee addressing the Mooreland Commission Report and the Transition Oversight Committee. Each of these committees pursued matters of great importance to LIPA during 2013, further ensuring that LIPA is highly accountable for its actions.

The Board Committees addressed the following issues and completed the following during 2013:

- Regularly reviewed and presented Summary Financial Information
- Discussed Financing Issues
- Discussed Risk Management
- Reviewed and reported on Operational Audits
- Discussed Management Audit
- Reviewed Audited Financial Statements
- Discussed Securitization
- Discussed Proposed Staffing Levels
- Reviewed 2013 Performance of Efficiency Long Island
- Reviewed LIPA’s Solar & Renewable Programs
- Reviewed Tree Trim Program and Contracts
- Reviewed existing Employee Handbook
- Reviewed Internal Invoicing Process
- Reviewed Conflicts Identification Process
- Reviewed certain Board Committee Charters
- Discussed Issues Related to PSEG-LI Transition

**Voluntary Public Information Sessions**

In the spirit of increasing transparency and customer satisfaction, LIPA is fully committed to holding public information sessions and encouraging customer input as appropriate. It should be noted that LIPA delivered a zero percent budget increase for customers for 2013. In addition,
LIPA holds weekly open house meetings for business contractors to discuss and learn about LIPA’s energy-efficiency programs. LIPA also held its 2nd Power of Connections conference jointly with National Grid. The purpose of this conference is to offer information on the tools necessary for minority and women-owned businesses to secure contracts in the private and public sectors to help small businesses create jobs and economic opportunity. Finally, LIPA affords any member of the public the opportunity to speak at a LIPA Board of Trustees meeting.

**Training of Staff and Trustees**

LIPA’s customers have the right to expect that LIPA’s programs and services are administered and managed with the highest degree of professionalism and that employees and Trustees adhere to those principles which will insure that LIPA continues to earn and retain the public’s trust. LIPA’s employees and Trustees are subject to certain ethical statutes and rules, including but not limited to the Long Island Power Authority Employee Code of Ethics and Conduct, the Long Island Power Authority Trustee Code of Ethics and Conduct, New York State Public Officers Law and opinions issued by the New York Commission on Public Integrity. Training regarding these statutes and rules is provided to LIPA’s employees and Trustees so that they will continue to service LIPA’s customers with honesty and integrity. LIPA employees are provided additional opportunities to attend professional development training sessions.

**Employees:**

In 2013, LIPA provided the following training seminars and professional development seminars:

- Internal Controls Training
- Project Sunlight Training
- Ethics Training
- A New York State and Local Retirement System presentation
- NYPD Shield’s security presentation
- Career Transition presentation
- Dynamics of Change Management presentation
- Surviving Transition presentation

**Trustees:**

Section 2824(2) of the Public Authorities Law requires directors to “participate in State-approved training regarding their legal, fiduciary, financial and ethical responsibilities as board members of an authority within one year of appointment to a board. Board members shall participate in such continuing training as may be required to remain informed of best practices, regulatory and statutory changes relating to the effective oversight of the management and financial activities of public authorities and to adhere to the highest standards of responsible governance.”

The stated purpose of this training is to prepare individuals to understand and properly execute their roles as board members and to be well-versed in the principles of corporate governance and the requirements of the law. Training provides the foundation for directors to exercise
appropriate oversight and to recognize the responsibility they have to the mission of their organization, its management and staff, and to the public.

Of the Trustees that served on the Board during 2013, all but one Trustee satisfied their initial training obligation. The Trustee who did not receive training had until December 11, 2013 to receive the training; however, pursuant to the LIPA Reform Act, which became effective on July 29, 2013, the existing Board was dissolved on December 31, 2013. Thus, that Trustee did not participate in training and was not re-appointed to the Board under the new Act.

<table>
<thead>
<tr>
<th>Long Island Power Authority Goal</th>
<th>2013 Performance Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency</td>
<td>Website information availability, including meeting webcasts</td>
</tr>
<tr>
<td></td>
<td>Compliance with all aspects of New York State’s Open Meetings Law</td>
</tr>
<tr>
<td></td>
<td>Public Dissemination of Pertinent Customer and Other Information</td>
</tr>
</tbody>
</table>

### Website Information Availability, Including Meeting Webcasts

The Long Island Power Authority is committed to the principles of public disclosure and the transparent reporting of its financial and management information. This information is available in a manner that enables the public to easily find and navigate through it.

In compliance with Executive Order No. 3, all meetings that are subject to the Open Meetings Law are broadcast via the internet and are available on-demand for more than the required thirty (30) days. Company information, including meeting webcasts can be found online at the following address: [http://www.lipower.org/company/profile/transparency.html](http://www.lipower.org/company/profile/transparency.html).

### Compliance With All Aspects of New York State’s Open Meetings Law

LIPA is committed to complying with New York State’s Open Meetings Law and recognizes that it is essential to the maintenance of a transparent organization. LIPA performs its business in an open and public manner and takes all necessary steps to insure that its customers and other stakeholders are fully aware of and able to observe the performance of the LIPA Board. This includes being able to attend the meetings and/or listen to the deliberations and decisions that go into the making of LIPA policy. Therefore, the following steps are taken to ensure transparency and compliance with the Open Meetings Law:

- Any meeting of the LIPA Board that is open to the public is webcast.
- Public notice of the time and place of a meeting scheduled at least one week before the meeting is given to the news media and is conspicuously posted in one or more designated public locations at least seventy-two hours before such meeting.
- Notice of the time and place of a meeting is also conspicuously posted on LIPA’s Internet website.
- Materials to be discussed at public meetings are posted on the LIPA website by or prior to the meeting.
Public Dissemination of Pertinent Customer and Other Information

LIPA holds public information sessions regarding its annual budgets and any issues that may be of interest to customers, government officials, or any other stakeholders. This includes press releases advising of the Authority’s operations and activities and addressing both legislative bodies and committees on a variety of issues such as how LIPA is progressing with transition to PSEG Long Island as its new service provider and how LIPA is modifying its storm preparations and response. In addition, LIPA held public hearings on all proposed changes to its tariff before bringing it before LIPA’s Board of Trustees for approvals. LIPA also places advertisements about products and programs, and has an active presence on social networking sites such as Facebook and Twitter, and Flickr.

<table>
<thead>
<tr>
<th>Long Island Power Authority Goal</th>
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</tr>
</thead>
</table>
| Being a leader in the advancement of efficiency and renewable energy. | Efficiency Long Island Performance Report  
Performance compared with other utilities as reported in the American Public Power Association and Large Public Power Council reports and as compared to other New York utilities  
Participation and cooperation with other governmental agencies including NYSERDA, NYPA, NY DPS, NYS Department of Environmental Conservation, US Department of Energy, and US Environmental Protection Agency  
Incentives, Promotions and Programs Offered |

Efficiency Long Island Performance Report

LIPA’s Efficiency Long Island Program (ELI), which includes commercial and residential energy efficiency programs, continued to expand as designed to reduce peak demand by approximately 524 MW. The 10-year, $924 million customer-funded program, initiated in 2009, offers residential and business customers an array of programs to help reduce their energy usage resulting in savings on future bills, growing “green” jobs and achieving significant environmental benefits.

One demonstration of green leadership and commitment to a cleaner Long Island came about in 2013 as LIPA and the Viana Hotel & Spa in Westbury announced the completion of numerous energy efficiency upgrades, making the luxury hotel the first Leadership in Energy and Environmental Design (LEED) Certified hotel on Long Island.

In addition to the efficiency measures, solar panels were installed to qualify the hotel as a renewable energy facility.

The cumulative energy demand savings achieved from 2009 – 2012, as independently evaluated by Opinion Dynamics was 138 MW (90% of goal). Furthermore, Opinion Dynamics found that LIPA’s spending to achieve such savings was 21% below budgeted levels indicating that LIPA has been prudent in its expenditures as these programs are cost effective. In 2013, based upon current activity, LIPA estimates that year-end results for ELI will be at or will exceed the goals of 53.09 MW and 242,721 MWh in energy savings. Combined with the 2009 - 2012
achievements of the ELI program, LIPA forecasts reduced peak load by more than 191 MW (90% of cumulative goal) since the ELI program inception.

**ELI Progress Towards 2018 Goal**

Forecasted highlights for ELI in 2013 include:

- **Commercial Efficiency Program:**
  - Small-to-Medium Business – approximately 1,740 rebates processed
  - Solution Provider – approximately 1,205 rebates processed
  - Small Business Direct Install – approximately 1,775 projects verified
  - Total in 2013 of approximately 4,720 commercial rebates processed and/or verified

- **Residential Program**
  - New Homes – approximately 325 rebates processed
  - Home Performance with Energy Star and Home Performance Direct – approximately 2,500 rebates processed
  - Cool Homes – approximately 6,000 rebates processed
  - NYS On Bill Financing – approximately 1,150 LIPA customers have applied for this low interest program

LIPA continued to provide ongoing educational opportunities for the public and trade allies regarding the benefits of energy efficiency and ELI. These educational opportunities occurred at public and trade events, in free and paid media, and at weekly open houses.

In 2013, LIPA was recognized by the Environmental Protection Agency (EPA) and ENERGY STAR with their highest recognition receiving the ENERGY STAR Partner of the Year - Sustained Excellence Award. This award followed the fourth year in a row that LIPA was recognized by EPA and ENERGY STAR for its achievements in helping residential customers reduce their energy use and lowering bills by making their homes more energy efficient through the Home Performance with Energy Star program.

LIPA also received a Vision Long Island Smart Growth Award for on-going commitment to advancing energy efficiency and renewable energy on Long Island. The Smart Growth Awards celebrate and recognize those plans, projects, and industry leaders who have helped revitalize and develop communities on Long Island. LIPA was presented with the award for the continued support of and growing investment in clean energy programs which includes Efficiency Long Island, solar, wind, and geothermal programs.

In addition to the ENERGY STAR Partner of the Year - Sustained Excellence Award and Smart Growth Award, LIPA’s clean energy programs also received recognition from the Long Island chapter of US Green Building Council (USGBC). LIPA has worked closely with the USGBC on a number of LEED (Leadership in Energy and Environmental Design) certified structures on Long Island. These projects include Vienna Hotel, the first LEED certified hotel on Long Island,
Wild by Nature, the first LEED certified market on Long Island and Hampton Bays Middle School, the first LEED certified school on Long Island.

In 2013, LIPA paid nearly another $5,000,000 in rebates to K-12 schools for implementing energy efficiency measures in their facilities. These measures are expected to reduce the schools’ electric energy consumption by 4,200 kW peak demand and 10 million kilowatt hours (kWh) annual usage.

Since 2000, LIPA has paid $18,000,000 in rebates to 105 of 124 public school districts on Long Island and 73 private schools for energy conservation measures that reduced their peak demand by more than 17,000 kW and their annual electric energy use by more than 51 million kWh, with estimated annual electric bill savings of $9 million.

LIPA also continues its commitment to growing its renewable energy portfolio through its Backyard Wind and Solar Thermal programs, and the highly successful Solar Pioneer and Entrepreneur programs. In 2013, LIPA increased its budget for renewable energy technologies for the 6th year in a row and obtained an additional $19.6 million in Regional Greenhouse Gas Initiative funds for residential solar installations.

Since its inception, LIPA by year-end will have rebated over 7,500 solar installations totaling over $163 million in rebates for Solar Pioneer and Solar Entrepreneur participants. In 2013, LIPA will have rebated almost 1,500 photovoltaic installations, while providing the ability for commercial renewable installations to remote net meter, while residential solar leasing was authorized in December 2012.
As of December 31, 2013, LIPA’s Backyard Wind Program will have rebated approximately $723,200 for 17 installations totaling 350 kW of installed capacity.

Since 2006, LIPA’s Solar Entrepreneur Program has paid $6,300,000 in rebates for solar electric generating (PV) systems installed on 89 Long Island schools. These systems have an expected annual production of 2.8 million kWh.

By investing in solar energy, the impact of government funding constraints can be better absorbed as a result of lower utility costs. Additionally, these savings allow for more available funds to continue programs for people with developmental disabilities.
LIPA initiated the 50MW Clean Solar Initiative feed-in tariff in July 2012. LIPA currently estimates that by year end, 13 Projects totaling 4.2 MW of capacity will be operating. Additionally, LIPA will have executed 33 Additional agreements for 31.4 MW of capacity that are forecasted to come on line during 2014. Lastly, LIPA expects to execute 17 additional agreements in the beginning of 2014 for 13.2 MW that are anticipated to come on line in late-2014 or early-2015.

Following up on its launch of New York State’s first feed-in tariff for solar energy in 2012, LIPA announced and launched in 2013 its Clean Solar Initiative feed-in tariff II soliciting up to 100MW of solar energy, capacity, and renewable energy credits (RECs). In its Clean Solar Initiative II, LIPA took another first in industry approach by using a bid competition model in lieu of an administratively set price, and also set out additional incentives for projects that were able to provide benefit in load constrained areas.

Building off the success of its first Clean Solar Initiative feed-in tariff, LIPA has begun the process to bring online an additional 100 MW of solar energy through its Clean Solar Initiative-II (CSI-II) program. The new program provides enhancements to LIPA’s existing program that includes limiting size of projects to 2MW, allowing time for public entities to procure service and file applications, targeting a portion of the 100 MW for the South Fork on the East End in order to reduce load on constrained areas, and having the rate being set through a bidding process.
Applications period opened on September 30, 2013 and will remain open for an approximately 120 day application period (September 30, 2013 through January 31, 2014). The final price for the winning bidders will be fixed for 20 years.

Consistent with its utility-scale, customer-sided, and first feed-in tariff solar programs, all 100 MW will be generated on Long Island, further advancing the development of solar energy and the growth of clean energy jobs.

LIPA issued two Requests for Proposals (RFP); one proposal is for up to 280 megawatts (MW) of new, on-island, renewable capacity and energy such as solar, offshore wind, and fuel cells to come on line by 2018 and the other is to begin replacement of Long Island's fleet of "peaking" generation facilities. Both RFPs are part of a comprehensive long-term energy strategy approved by the LIPA board of trustees in October 2012 that includes increasing renewable energy projects and energy efficiency to a total of more than 1,000 MW by 2022.

Lastly, LIPA expects to launch a 20MW Clean Alternative Renewable Energy feed-in tariff prior to the end of 2013. This tariff which is similar in structure to LIPA’s Clean Solar Initiative feed-in tariff II will focus on all renewable technologies that would qualify for the New York Renewable Portfolio Standard other than photovoltaics.

Such renewable technologies include wind, biomass, hydroelectric, landfill gas, and fuel cells. Solar photovoltaic generation (which is eligible for the Renewable Portfolio Standard) is explicitly excluded as 150MW of solar PV has already been authorized through CSI and CSI II.

The Clean Renewable Energy Initiative, pursuant to the NYS Administrative Procedure Act, will be available for review and comment through March 2014; per approval by the LIPA Board of Trustees, applications for participation will be accepted starting May 5, 2014 with the rate being set through a bidding process similar to CSI II.

LIPA achieved approximately 121% of its allotted share of the NY Sun Initiative targets for solar PV installed during the year.

LIPA continues to be part of the LI-New York City Offshore Wind Collaborative with NYPA and Con Ed. In 2012, the United States Bureau of Ocean Energy Management (BOEM) issued a Request for Information to determine whether there is competitive interest in wind power development in federal waters off the coast of the Rockaway Peninsula and Long Island. BOEM’s request is an important step forward for the Long Island-NYC Offshore Wind Collaborative in seeking a lease (on behalf of NYPA) for its proposal to construct an offshore wind project at that location.

LIPA continues to work with its governmental partners to help uniform and streamline the solar installation approval process across Long Island through the Long Island Uniform Solar Permit Initiative.

In 2010, LIPA became the first utility in the State to initiate a plug-in (hybrid) electric vehicle rebate program. LIPA awards a one-time rebate check of $500 to customers who purchase and register a new, qualified PHEV or PEV, which equates to the approximate electrical costs for
yearly charging the vehicle or the cost for purchasing the optional charging station. By the end of 2013, LIPA expects to have processed 221 rebates through this program.

The performance of LIPA’s Efficiency Long Island Initiative and renewable energy programs is publicly reported as a component of the monthly Operations Report that is provided to LIPA’s Board of Trustees, as well as through the evaluation work performed by Opinion Dynamics Corporation (ODC). It is expected that ODC will be submitting their independent evaluation report on LIPA’s 2013 Efficiency Long Island and renewable energy programs in April, 2014.

On July 18th, LIPA activated its LIPAedge energy conservation program from 2:00pm through 6:00pm to help reduce stress on the electrical system and improve reliability during high periods of extremely high energy usage. LIPA invested in the peak load reduction program to provide customers with additional value during extreme heat situations. LIPA's load forecasts and state-mandated capacity requirements are based on peak-use. Initiating LIPAedge will potentially reduce these requirements, and costs, by experiencing lower peaks on the hottest days. Activation of the program also allows LIPA to fully understand the program’s capability to reduce demand on peak load days. The New York Independent System Operator, which is responsible for overseeing the operation of New York State’s power grid, also activated their Emergency Demand Response Program, which helps to reduce demand across the state’s power grid.

Only those approximately 31,000 customers who voluntarily participate in LIPAedge experienced slight curtailment on their central air-conditioning and pool pumps. LIPA can access these systems remotely with a special programmable thermostat that is provided to those program participants free of charge.

Performance Compared With Other Utilities as Reported in the American Public Power Association and Large Public Power Council Reports and as Compared to Other New York Utilities

LIPA offers its customers a comprehensive slate of residential and commercial energy efficiency and renewable programs. A survey of energy efficiency and demand-side management practices, conducted by the American Public Power Association (“APPA”) observed that LIPA currently offers all ten of the most common energy efficiency programs being offered by APPA members. LIPA’s efforts in promoting solar power were ranked in the top 10 for the eastern region by the Solar Electric Power Association. For the fourth year in a row, LIPA was recognized by the EPA and ENERGY STAR for its achievements in helping residential customers reduce their energy use and lowering bills by making their homes more energy efficient.

LIPA’s performance continues to be ahead of other New York State regulated utilities with regard to performance towards the 15 x 15 energy savings targets.
Participation and Cooperation with Other Governmental Agencies Including NYSERDA, the Department of Energy, the Environmental Protection Agency and the Department of Environmental Conservation

Throughout 2013, LIPA continued its coordination and cooperation with the New York State Energy Research and Development Authority (“NYSERDA”), primarily through implementation of the NYS Green Jobs–Green New York Act and on-bill financing for residential energy efficiency measures. An interdisciplinary team of LIPA’s management and staff have worked closely to ensure that LIPA’s and NYSERDA’s interests were served complementary to each other and that the potential for customer confusion (as the programs operated in the same area) was minimized to the greatest extent possible. LIPA and NYSERDA (along with others) also worked together in meeting targets established in the NY Sun Initiative and commenting upon and establishing common ground in New York as the EPA’s *Energy Star Homes Program* continues to evolve.

LIPA continues to work with both the EPA and the United States Department of Energy (“DOE”) to coordinate efforts on the development and implementation of Energy Star programs in order to establish a tighter collaboration between agencies and insure that such programs meet the needs of the Long Island region while remaining responsive to the nation.

As a leader in the development and implementation of energy efficiency and renewable energy programs, LIPA employs a dedicated and professional staff that actively serves on a number of government and not-for-profit professional and technical boards including:

- Consortium for Energy Efficiency (CEE)
- New England Economic Partnership (NEEP)
- US Department of Energy State Energy Advisory Board
- NY State Energy Plan (SEP) – Energy Efficiency task force
- Solar Electric Power Association (SEPA)
- Brookhaven Town Clean Energy Task Force
- National Home Performance Council
- Evaluation Advisory Group (EAG) – advisor to department of public service
- Clean Energy Business Incubator of Stony Brook
- Greater Long Island Clean Cities Coalition

Examples of LIPA’s leadership in the area of Renewable Energy, include:

- Completion and commissioning of LIPA’s 50MW utility-scale solar projects (capacity, energy and associated Renewable Energy Credits) accomplished through a RFP by BP Solar Incorporated and enXco Development Corporation (now EDF).
- LIPA initiated NYS first feed-in tariff for solar, the Clean Solar Initiative.
- LIPA initiated the Clean Solar Initiative feed-in tariff II.
- LIPA started the process to establish a 20MW Clean Renewable Energy feed-in tariff Initiative.
- LIPA initiated residential solar leasing rebate program as it expanded commercial net metering to allow for remote net metering.
LIPA launched a performance based mechanism that could further expand the mid-to-large range solar energy installation market on Long Island in accordance with the Governor’s ambitious proposal to quadruple the state’s solar energy portfolio over the next few years.

LIPA’s Backyard Wind Initiative has provided rebates to five additional customers that are now harnessing power from the wind through the use of land-based wind turbines.

LIPA continues to provide rebates to its electric heat/hot water customers for the installation of solar thermal arrays through its Solar Thermal Program.

LIPA continues to partner with Con Ed and New York Power Authority (NYPA) in the LI-NYC Offshore Wind Collaborative.

LIPA has provided technical and financial resources to towns and villages that adopt the Long Island Unified Solar Code, which seeks to provide a streamlined permit process that protects public safety across the region.

LIPA continues to provide rebates for customers that purchase a Plug-in-Hybrid Electric Vehicle (PHEV) or a Plug-in-Electric Vehicle (PEV).