

LONG ISLAND POWER AUTHORITY
MINUTES OF THE OVERSIGHT COMMITTEE MEETING

HELD ON MAY 23, 2018

The Oversight Committee of the Long Island Power Authority (the “Authority”) was convened at 9:06 a.m. at LIPA Headquarters, Uniondale, NY, pursuant to legal notice given on May 18, 2018; and electronic notice posted on the Authority’s website.

The following Trustees of the Authority were present:

Elkan Abramowitz, Committee Chair
Matthew Cordaro, Committee Member
Sheldon Cohen, Committee Member
Drew Biondo, Trustee
Peter Gollon, Trustee
Jeffrey Greenfield, Trustee

Representing the Authority were Thomas Falcone, Chief Executive Officer; Jon Mostel; General Counsel; Bobbi O’Connor, Vice President of Policy, Strategy and Administration & Secretary to the Board of Trustees; Ken Kane, Interim Vice President; Rick Shansky, Vice President of Operations Oversight; and Michael Deering, Director of Customer Service Oversight and Stakeholder Relations.

Representing PSEG Long Island were Dan Eichhorn, President and COO, Paul Napoli, Vice President of Power Markets; John O’Connell, Vice President of Transmission & Distribution; and Dave Lyons, Vice President of Business Services.

Committee Chair Abramowitz welcomed everyone to the Oversight Committee meeting of the Long Island Power Authority Board of Trustees and stated that the first item on the agenda was the adoption of the minutes from the March 29, 2018 Committee meeting.

Upon motion duly made and seconded, the minutes of the March 29, 2018 meeting were approved unanimously.

Chair Abramowitz then stated that the next item on the agenda was PSEG Long Island's Briefing on Summer Preparation, which was presented by John O'Connell.

Mr. O'Connell presented the Briefing on Summer Preparation and then took questions from the Trustees.

Chair Abramowitz then stated that the next item on the agenda was the Consideration of a Recommendation to adopt a Board Policy for Evaluating Public Policy Transmission Needs, which was presented by Rick Shansky.

Mr. Shansky presented the following action item and took questions from the Trustees:

Requested Action

The Oversight Committee of the Board of Trustees (the "Committee") is requested to recommend approval of a Board Policy for the Evaluation of Public Policy Requirements for Transmission Planning within the Long Island Transmission District. In June 2015, the Board of Trustees (the "Board") first adopted procedures regarding public policy transmission planning. As described below, the Committee is requested to recommend amendments to those procedures in the form of a Board policy consistent with other Board policies that have been adopted since 2016.

Background

In 2011, the Federal Energy Regulatory Commission's ("FERC") Order 1000 required transmission providers to expand their transmission planning processes to address "Public Policy Requirements" that may drive the need for new transmission facilities. Order 1000 was implemented in New York by the New York Independent System Operator ("NYISO") which amended its Open Access Transmission Tariff ("OATT") through a series of filings with FERC between 2012 and 2015. As defined in the OATT, a Public Policy Requirement is a "federal or New York State statute or regulation, including a New York Public Service Commission order adopting a rule or regulation subject to and in accordance with the State Administrative Procedure Act, any successor statute, or any duly enacted law or regulation passed by a local government entity in New York State, that may relate to transmission planning on the bulk power transmission facilities."¹

Section 31 of the NYISO OATT describes the process for carrying out public policy transmission planning by the NYISO in cooperation with the New York Public Service Commission ("PSC") and the Long Island Power Authority ("Authority"). The process has two main parts: (1) determination of transmission needs; and (2) solicitation, evaluation and

¹ NYISO OATT, Section 31.1.1

selection of transmission and non-transmission projects to meet any identified needs. A key aspect of the process is the potential allocation of costs on a statewide basis for any public policy transmission projects that are selected, which is subject to review by the PSC and approval by FERC.

While the PSC is responsible for determining whether there are Public Policy Requirements that may drive the need for transmission on a statewide basis (which would then be referred to the NYISO for solicitation of proposed projects), the Authority retains responsibility for transmission planning on Long Island. However, the OATT provides that projects identified on Long Island may qualify for statewide cost allocation if so designated by the PSC. Thus, it is important for the Authority and PSC processes to be coordinated.

In August 2016, the NYISO issued a solicitation for proposed transmission needs that might be driven by Public Policy Requirements.

On October 3, 2016 the NYISO filed for consideration by the PSC and the Authority, 12 Proposals for Public Policy Transmission Needs, including three pertaining to Long Island: (i) North American Transmission LLC's reference to New York's Clean Energy Standard ("CES") driving the need for internal transmission; (ii) Poseidon LLC's reference to CES driving the need for new external transmission ties from LI to PJM; and (iii) PSEG Long Island's reference to CES driving the need for Long Island transmission to accommodate off-shore wind. During the PSC's evaluation of these proposals, Authority staff consulted with the Department of Public Service ("DPS") to assure that the Authority's evaluation would be informed by the work conducted by DPS.

On March 16, 2018, the PSC declined to identify any Public Policy Transmission Needs. The PSC recognized that "while there are certain regions in the Northern and Southeastern areas of New York State where additional transmission facilities may support the development of renewable resources, the extent and magnitude of such needs requires further consideration." The PSC directed the NYISO, DPS and market participants to continue to "work towards identifying potential transmission constraints on both the bulk and non-bulk transmission systems that may warrant the future identification of a Public Policy Requirement, considering current and projected resources."

Discussion

Authority staff and PSEG Long Island have reviewed the proposed Public Policy Transmission Needs, as well as the PSC's assessment thereof, and concur with the PSC that none of the proposals should be considered as Public Policy Transmission Needs at this time. However, Authority staff has identified certain changes to the evaluation procedures approved by the Board in 2015 to facilitate improved coordination between the Authority and the PSC processes. Staff proposes that issuance of a report for public comment should occur subsequent to consultation with DPS on a potential determination of a Public Policy Transmission Need (see Exhibit B).

The next consideration of public policy transmission needs is expected to commence in August 2018.

Authority staff and PSEG Long Island will work with the NYISO and DPS to identify potential transmission constraints and requirements on both the bulk and non-bulk transmission systems that may warrant the future identification of a Public Policy Requirement, including transmission requirements that may arise from the pending statewide solicitations of up to 800 megawatts of offshore wind in 2018 and 2019.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by adoption of the following resolution.

A motion was made and seconded, and the Trustees unanimously adopted the following resolution:

RESOLUTION RECOMMENDING APPROVAL OF A BOARD POLICY FOR THE EVALUATION OF PUBLIC POLICY REQUIREMENTS FOR TRANSMISSION PLANNING

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Oversight Committee of the Board of Trustees hereby recommends approval of the proposed Policy for the Evaluation of Public Policy Requirements for Transmission Planning in the form attached hereto.

Chair Abramowitz then stated that the last item on the agenda was the Oversight Committee's Annual Self Report to the Board, which was presented by Bobbi O'Connor.

Ms. O'Connor presented the Committee's Annual Self Report to the Board and then took questions from the Trustees.

Chair Abramowitz then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 9:36 a.m.