



CEO Report

September 25, 2019

SEPTEMBER 2019 BOARD MEETING STRATEGIC / SIGNIFICANT ITEMS

FOR BOARD DISCUSSION:

- Briefing on the Implementation of the Management Audit Recommendations

FOR COMMITTEE DISCUSSION:

- Annual Review of Board Policy on Enterprise Risk Management
- Annual Review of Board Policy on the Power Supply Hedging Program
- Annual Review of Board Policy on the Construction of Transmission and Distribution Projects
- Discussion of Independent Auditor's 2019 Audit Plan
- Briefing on Execution of 2019 Plan of Finance
- Briefing on PSEG Long Island's 2020 Energy Efficiency and Renewable Filing (2020 Budget)



AT A GLANCE

01 Clean Energy Update

02 A Sustainable Solar Industry

NEW YORK'S ELECTRIC POWER GOALS

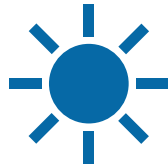
100% X 2040

New York's power grid will be 100% carbon neutral by 2040



70% X 2030

70 percent of electricity generated in New York to come from renewable energy by 2030



6,000 MW X 2025

Deploy 6,000 MW of distributed solar by 2025



9,000 MW X 2035

New York aims to develop 9,000 MW of offshore wind by 2035



3,000 MW X 2030

Energy storage target of 3,000 megawatts by 2030 to store clean & renewable energy



ENGAGING LONG ISLAND CUSTOMERS

NEW YORK OFFSHORE WIND UPDATE

Join us for an
open house.



NEW YORK
STATE OF
OPPORTUNITY.

NYSERDA



9/9 Staten Island, NYC	9/19 Long Beach, LI
9/12 Albany, Capital Region	9/23 Rockaways, NYC
9/17 Brookhaven, LI	9/25 Sunset Park, NYC
9/18 Southampton, LI	

More at wind.ny.gov

- Hundreds visited NYSERDA's Offshore Wind open houses last week

LONG ISLAND WELCOMES TWO NEW UTILITY-SCALE SOLAR FARMS

LIPA has 160 MW utility-scale solar online and 80MW under development, as well as 385MW of distributed solar

Kings Park Solar Project:

- 4MW Solar Farm
- NextEra
- Kings Parks, NY
- Re-uses former landfill
- Ribbon Cutting: June 19, 2019

Riverhead Solar Project:

- 20MW Solar Farm
- sPower (AES and AIMCo)
- Calverton, NY
- Ribbon Cutting: July 23, 2019

Long Island has the most vibrant rooftop solar market in New York with approx. 60 MWs of distributed solar added to the grid each year

Kings Park Solar Project Ribbon Cutting June 19, 2019



RANKED AS NATIONAL LEADER IN BATTERY STORAGE



LIPA ranked 6 of 211 utilities in battery storage by the Smart Electric Power Alliance in 2018

- PSEG Long Island interconnected New York's first utility scale energy storage system, a 5 MW, 40 MWh battery in East Hampton *shown to the right*
- The project was the first of two energy storage projects on the East End that will help meet peak energy demand, integrate renewable energy, and replace temporary generators

LEADING NEW YORK IN ELECTRIC VEHICLES

- ✓ Residential Charging Rebate Program
- ✓ DC Fast Charging Incentive **New!**
- ✓ Off Peak Charging Incentive **Coming Soon!**

NEW PROGRAMS FOR ELECTRIFICATION OF HEATING

- **Typical \$2,000 rebate for all-electric customers** to install an air-source heat pump
- PSEG Long Island's 2020 Energy Efficiency filing contains a significant ramp up of heat pump programs for 2020
- LIPA is exploring on-bill financing options (see 2020 Utility 2.0 filing)
- Customers can lower energy bills and help to reduce Long Island's carbon footprint



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THE VALUE OF DISTRIBUTED ENERGY RESOURCES

- VDER is New York's plan to set fair compensation for distributed energy resources (like solar)
- Distributed energy resource projects that help the grid earn more \$ than projects that don't



WHAT IS THE VALUE STACK?

Central concept:

The value stack is the total value a distributed energy resource provides to the grid

Market Value of Energy on Long Island

Market Value of Capacity on Long Island

Value of Renewable Energy Credits

Long Island Systemwide Distribution Savings

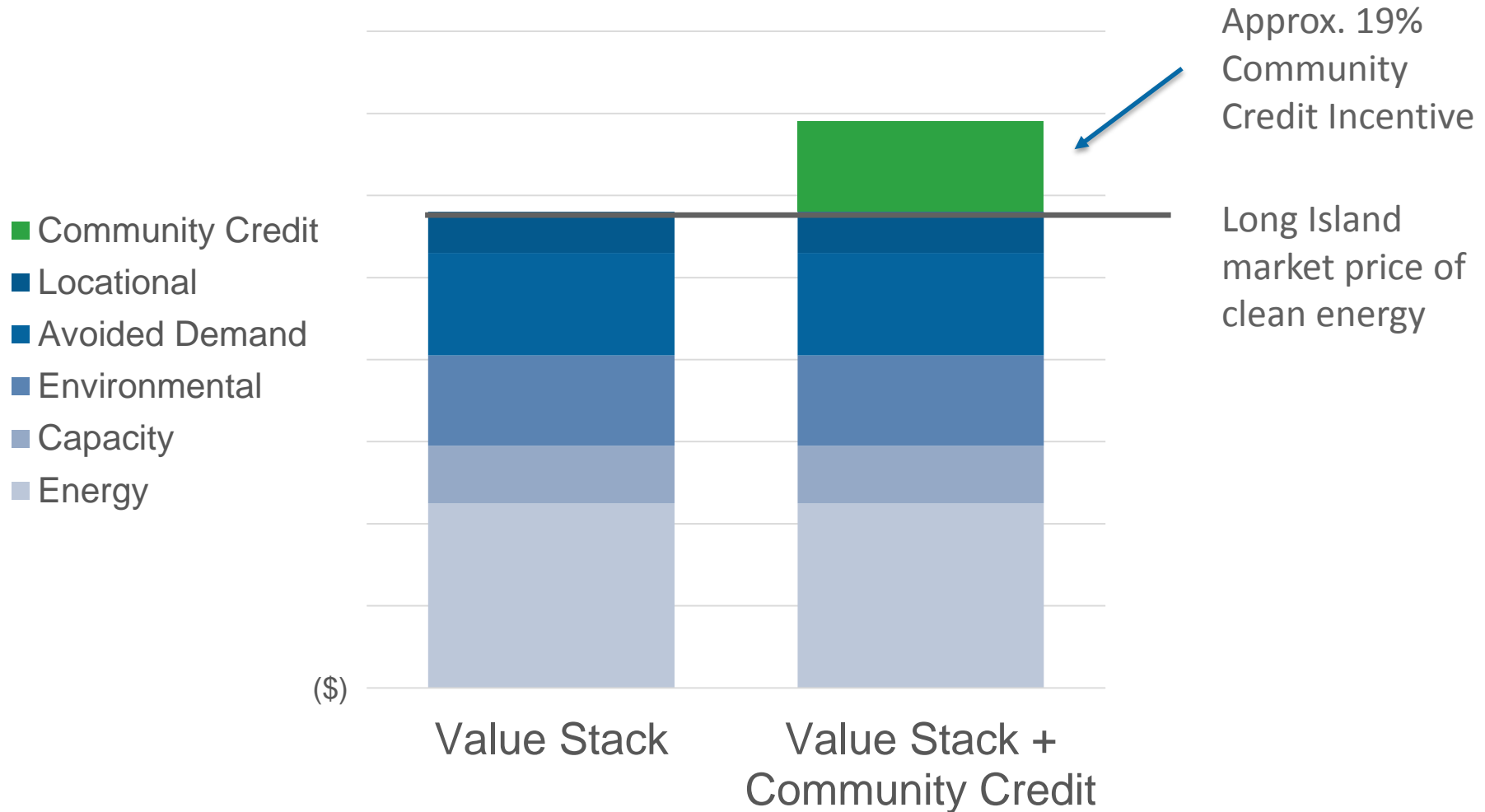
Value of Distribution Savings in Load Pockets

NEW: Community Credit

(for community distributed generation only)



LIPA OFFERS AN EXTRA INCENTIVE FOR COMMUNITY SOLAR PROJECTS





REFORMING THE ENERGY VISION

KEY MILESTONES

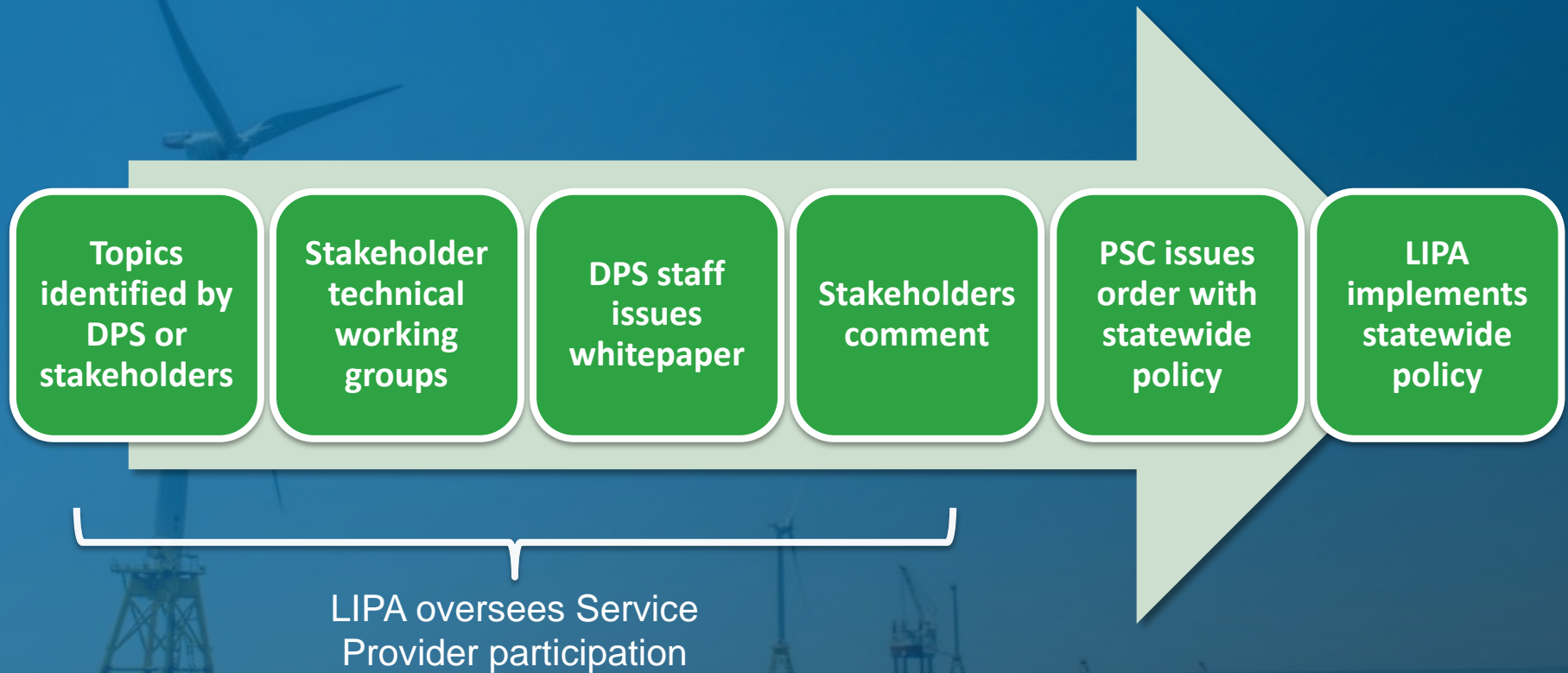
April 2014	New York REV is launched
December 2015	Proceeding launched on successor to net metering
May 2016	Track Two order outlines utility business model modernization
August 2016	PSC adopts Clean Energy Standard
March 2017	PSC issues VDER Phase 1
December 2017	LIPA adopts VDER Phase 1
June 2018	Energy Storage Roadmap
September 2018	PSC issues Value Stack Eligibility Order
December 2018	PSC issues Hybrid Energy Storage System Order
April 2019	PSC issues Value Stack Compensation Order
July 2019	LIPA adopts PSC updates to VDER

PSC HAS UPDATED AND IMPROVED VDER IN RESPONSE TO STAKEHOLDER COMMENTS

- **Increased certainty and predictability** of distribution value compensation
 - **Locked in the Demand Reduction Value compensation rate** for ten years and set **pre-defined peak hours**
 - Moved to **call system for Location Specific Relief Value**
- **Encouraged** Community Distributed Generation projects with added **Community Credit**
- **Standardized capacity payment approach** across utilities
- **Extended Phase One Net Metering** availability to small and midsize (under 750 kW) onsite projects for demand-metered commercial customers
- **Expanded eligibility** to additional clean energy technologies, energy storage, and electric vehicle-to-grid

OUR PROCESS

New York's REV Proceedings



SOLAR PROJECT DEVELOPERS HAVE OPTIONS

Program eligibility by project size

