

**LONG ISLAND POWER AUTHORITY**

**MINUTES OF THE OVERSIGHT and CLEAN ENERGY COMMITTEE MEETING**

**HELD ON JULY 22, 2020**

The Oversight and Clean Energy Committee of the Long Island Power Authority (“LIPA”) was convened at 9:34 a.m. at LIPA Headquarters, Uniondale, NY, pursuant to legal notice given on July 17, 2020; and electronic notice posted on LIPA’s website.

*In compliance with Governor Andrew M. Cuomo’s Executive Order No. 202.1 on COVID-19 safety, the following guidelines were publicly posted and followed:*

*The Long Island Power Authority is taking steps to minimize the risk of exposure for the public and our employees. As such, LIPA will not be permitting in-person access to its July 22, 2020 Oversight and Clean Energy meeting. Members of the public are encouraged to observe the live stream of the meeting posted at the LIPA website. The meeting will also be recorded and posted to LIPA’s website for later viewing.*

**The following LIPA Trustees were present:**

**Mark Fischl, Committee Chair (via video conferencing)**  
**Sheldon Cohen, (via video conferencing)**  
**Matthew Cordaro, Committee Member (in person)**  
**Peter Gollon, Committee Member (via video conferencing)**  
**Elkan Abramowitz (via video conferencing)**  
**Drew Biondo (via video conferencing)**  
**Laureen Harris (via video conferencing)**  
**Ali Mohammed, Committee Member (via video conferencing)**

**Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, Chief Administrative Officer & Board Secretary; Rick Shansky, Senior Vice President of Operations Oversight; Kenneth Kane, Senior Advisor to Operations Oversight; and Sid Nathan, Director of Communications.**

Participating via video conferencing were Anna Chacko, General Counsel; Justin Bell, Vice President of Public Policy and Regulatory Affairs; and Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.

Representing PSEG Long Island via video conference were John O'Connell, Vice President of Transmission and Distribution; Peggy Keane, Managing Director & Vice President of Construction and Business Services; and Suzanne Brienza, Director of Customer Experience & Utility Marketing.

Representing Opinion Dynamics was Bill Norton.

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*Chair Fischl welcomed everyone to the Oversight and Clean Energy 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 June 24, 2020 meeting.*

*Upon motion duly made and seconded, the minutes of the June 24, 2020 meeting were approved unanimously.*

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*Chair Fischl stated that the next item on the agenda was an Update on the T&D Capital Budget to be presented by Rick Shansky and Peggy Keane.*

*Mr. Shansky and Ms. Keane presented the Update on the T&D Capital Budget and took questions from the Trustees.*

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*Chair Fischl stated that the next item on the agenda is the Recommendation to Approve the Authorization to Execute an Agreement with the New York State Energy Research and Development Authority for the Purchase of Renewable Energy Certificates to be presented by Rick Shansky.*

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

### **Requested Action**

The Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is being requested to recommend the approval of the authorization of the Chief Executive Officer or his designee to execute an agreement with the New York State Energy Research and Development Authority (“NYSERDA”) for the purchase of renewable energy certificates (“RECs”) required for LIPA’s compliance with goals established by the Climate Leadership and Community Protection Act (“CLCPA”).

### **Background**

On August 1, 2016, the New York State Public Service Commission (“PSC”) adopted an order establishing a Clean Energy Standard (the “CES Order”) as part of the State’s strategy to achieve a 40% reduction of statewide greenhouse gas emissions by 2030. The Order required that 50% of New York’s electricity be generated from renewable resources by 2030. The CES Order expected every Load Serving Entity (“LSE”) in New York State, including LIPA, which is not subject to the PSC’s jurisdiction, to “participate by satisfying their requisite share of responsibility.”

Effective January 1, 2020, the CLCPA has increased the 2030 renewable energy goal from 50% to 70%. While NYSERDA issues requests for proposals (“RFPs”) on behalf of jurisdictional LSEs to procure RECs from newly-developed renewable energy resources under long-term contracts, LIPA has met its renewable energy procurement targets by purchasing RECs (along with associated energy) from generators contracted under LIPA’s RFPs and Feed-In Tariff programs.

The Board’s policy on Resource Planning and Renewable Energy provides for meeting the State’s clean energy goals in part by LIPA procuring cost-effective renewable resources and RECs and acting in coordination with other State energy authorities. Accordingly, LIPA seeks to contract with NYSERDA to include a portion of LIPA’s future needs in NYSERDA’s 2020 REC procurement in order to obtain statewide economies of scale.

### **Discussion**

Recognizing that cooperation and coordination of REC procurements with NYSERDA will further LIPA’s and NYSERDA’s mutual goal of stimulating and deepening the developer marketplace and providing the benefits of clean energy and efficient procurements to the State’s and LIPA’s electric ratepayers in a cost-effective manner, LIPA staff proposes that LIPA enter into an agreement with NYSERDA to purchase a share of RECs that NYSERDA will acquire from its 2020 REC RFP (RESRFP20-1). The agreement would allow LIPA the option to purchase a proportionate share (up to 20%) of RECs delivered under all contracts selected by NYSERDA in its 2020 REC RFP, at prices paid by NYSERDA to the renewable project developers. The specific amount purchased will be selected by LIPA based on projected LIPA REC needs.

## **Recommendation**

Based on the foregoing, I recommend that the Trustees authorize the Chief Executive Officer or his designee to take all actions, including, without limitation, execution of an agreement with NYSERDA to enable LIPA's purchase of RECs as described above.

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

### **RECOMMENDING AUTHORIZATION TO EXECUTE AN AGREEMENT WITH NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY ("NYSERDA") FOR THE PURCHASE OF TIER 1 RENEWABLE ENERGY CERTIFICATES TO BE ACQUIRED BY NYSERDA IN THE 2020 REQUEST FOR PROPOSALS (RESRFP20-1)**

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**WHEREAS, the New York State Public Service Commission has established a Clean Energy Standard ("CES") which requires that 50 percent of the State's electricity be generated from renewable energy resources by 2030; and**

**WHEREAS, the Climate Leadership and Community Protection Act of 2019 has increased the 2030 renewable energy goal to 70 percent; and**

**WHEREAS, the CES established annual renewable energy procurement targets for the period 2017 through 2021 for the Load Serving Entities, including LIPA, to meet the State's goal; and**

**WHEREAS, LIPA recognizes that cooperation and coordination of renewable energy certificate ("REC") procurements by LIPA and NYSERDA will further LIPA's and NYSERDA's mutual goal of stimulating and deepening the developer marketplace and providing the benefits of clean energy and efficient procurements to the State's and LIPA's electric ratepayers in a cost effective manner; and**

**WHEREAS, LIPA and NYSERDA have negotiated an agreement that would allow LIPA to purchase a portion of RECs acquired by NYSERDA under long-term contracts made as a result of its 2020 request for proposals;**

**NOW, THEREFORE, BE IT RESOLVED, that the Oversight and Clean Energy Committee (the "Committee") of the Board of Trustees (the "Board") hereby recommends that the Chief Executive Officer or his designee be authorized to execute and effect an agreement with NYSERDA consistent with the terms of the accompanying memorandum, and to perform such other acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chief Executive Officer or his designee, to implement LIPA's purchase of RECs from NYSERDA.**

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*Chair Fischl stated that the next item on the agenda was an Update on the Implementation of 2019 Utility 2.0 Programs and Briefing on the 2020 Utility 2.0 Plan and 2020 Energy Efficiency and Demand Response Plan to be presented by Suzanne Brienza.*

*Ms. Brienza presented the Update on the Implementation of 2019 Utility 2.0 Programs and Briefing on the 2020 Utility 2.0 Plan and 2020 Energy Efficiency and Demand Response Plan and took questions from the Trustees.*

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*Chair Fischl stated that the next item on the agenda was a Briefing on the Accelerated Renewable Energy Growth and Community Benefit Act to be presented by Rick Shansky and Anna Chacko.*

*Mr. Shansky and Ms. Chacko presented the Briefing on the Accelerated Renewable Energy Growth and Community Benefit Act and took questions from the Trustees.*

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*Chair Fischl stated that the next item on the agenda is the Recommendation to Approve the Annual Report and Amendments on the Board Policy on Oversight and LIPA Operations be presented by Bobbi O'Connor and Kenneth Kane.*

*Ms. O'Connor and Mr. Kane Shansky presented the following action item and took questions from the Trustees:*

### **Requested Action**

**The Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution recommending that the Board: (i) approve the annual report on the Board Policy on Oversight and LIPA Operations (the “Policy”); (ii) find that LIPA has complied with the Policy; and (iii) approve certain amendments to the Policy, which resolution is attached hereto as Exhibit “A”.**

### **Background**

LIPA utilizes contracts with service providers to provide transmission and distribution operations services, fuel and power procurement, and power supply resources. Under the LIPA Reform Act and the Amended and Restated Operations Services Agreement (the “OSA”), LIPA has oversight rights and certain responsibilities with respect to those contracts, the operation and maintenance of the Long Island electric grid, and the generation assets under contract to LIPA.

By Resolution No. 1409, dated March 29, 2018, the Board adopted the Policy with the purpose of establishing the Board’s expectations for oversight by LIPA of the “service providers in asystematic manner that meets the needs and protects the interests of LIPA’s customers”. By Resolution No. 1461, dated January 23, 2019, the Board approved amendments to the Policy related to LIPA’s direct operations.

### Compliance with the Policy

Staff recommends that, for the reasons set forth below, the Board find that LIPA complied with the Policy over the last year.

The Policy requires that the Chief Executive Officer annually report to the Board on the Policy, including: (i) work plans for LIPA Staff for each year; (ii) accomplishments versus the work plan for the prior year; (iii) oversight findings that involve material deviations from contract standards or that represent a significant risk to LIPA or its customers; (iv) activities that foster continuous improvement; and (v) sufficiency of LIPA Staff and resources to achieve oversight goals.

#### *2020 Work Plan:*

- Attached as Exhibit “C” is the 2020 Work Plan. The 2020 Work Plan describes the activities that LIPA Staff intends to undertake to further LIPA’s mission and the Board’s policies in the areas of Reliability, Customer Service, Oversight, Resource Planning, Energy Efficiency and Renewables, Regionally Comparable Electric Rates, and Taxes, PILOTs and Assessments.
- The 2020 Work Plan describes those activities that LIPA Staff believes are critical to advancing the Board Policies and LIPA’s mission and are achievable based on current staffing levels and budgets.
- The 2020 Work Plan includes activities for which LIPA has direct responsibility, like finance and legal, and oversight activities for functions for which LIPA’s service providers, including PSEG Long Island and National Grid have direct responsibility.

#### *2019 Work Plan Accomplishments:*

- Attached as Exhibit “D” is the 2019 Accomplishments Report (the “2019 Accomplishments Report”). The 2019 Accomplishments Report provides a summary of LIPA Staff’s 2019 accomplishments toward meeting the expectations of the LIPA Trustees and serving the needs of LIPA’s customer-owners.

- The 2019 Accomplishments Report documents Staff's progress on the 49 initiatives identified in the 2019 Work Plan as activities that would further the Board's policies in LIPA's key performance areas such as customer service, reliability, clean energy and affordability.
- As discussed in more detail in the 2019 Accomplishments Report, Staff completed 32 of the 49 goals and made significant progress on the remaining 17, with additional work to be completed during 2020.

*Oversight observations that involve material deviations from contract standards or that represent a significant risk to LIPA or its customers:*

- Staff has reviewed its oversight and audit observations and concludes that none constitute a material deviation or significant risk to LIPA or its customers.

*Activities that foster continuous improvement:*

- As discussed with specificity in the 2019 Work Plan Accomplishments Report, many of the accomplishments Staff achieved during 2019, and the new plans and initiatives Staff will develop in response to its experiences with the 2019 Work Plan, will foster continuous improvement.
- Specifically, Staff (i) worked with the other stakeholders in New York State to begin to implement and advance the clean energy and renewables policies included in the Climate Leadership and Community Protection Act adopted in July 2019; (ii) explored additional avenues for reducing costs through financial tools; (iii) implemented the Board's Policy on Debt and Access to Credit Markets, which resulted in ratings upgrades from all three rating agencies; and (iv) improved LIPA's employee engagement scores and employee assistance programs to maintain a healthy and productive workforce. PSEG Long Island also undertook several initiatives, and the Report describes Staff's oversight of those projects.

*Sufficiency of LIPA Staff and resources to achieve oversight goals:*

- As shown in the 2019 Accomplishments Report, Staff completed 32 of the 49 goals it set in the 2019 Work Plan and made significant progress on the remaining 17. Staff believes that current staffing levels and resources are adequate to achieve LIPA's oversight goals with hiring for vacant positions.

### Annual Review of the Policy

Staff proposes changes to the Policy, as detailed below and reflected in the revised Policy in Exhibit "B".

As part of LIPA's efforts towards continuous improvement, Staff has completed a project to better define its strategic planning process and the concept of oversight. This effort has included drafting of internal policies for strategic planning and oversight, which among other things, established certain management committees to coordinate such activities.

Staff recommends amending the Policy to contemplate the work to be done by these committees, as well as to better define the roles of the Board and management around these activities. The roles defined in the Policy for the Board and management are consistent with the Board's Policy Governance model.

Additionally, certain other non-material wording changes are proposed.

**Recommendation**

Based upon the foregoing, I recommend approval of the above requested action by adoption of a resolution in the form attached hereto.

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

**RESOLUTION RECOMMENDING APPROVAL OF THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON OVERSIGHT AND LIPA OPERATIONS**

WHEREAS, the Board Policy on Oversight and LIPA Operations (the "Policy") was most recently reviewed and approved by the Board of Trustees (the "Board") by Resolution No. 1461, dated January 23, 2019; and

WHEREAS, the Oversight and Clean Energy Committee (the "Committee") has received the annual Staff report on compliance with the Policy; and

WHEREAS, the Committee has reviewed the Policy and recommends approval of the changes to the Policy as recommended by Staff.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board find that LIPA has complied with the Policy for the period since the adoption of the Policy, approves the annual report to the Board, and approves updates to the Policy, as recommended herein.

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*Chair Fischl stated that the last item on the agenda was a Presentation of Annual Energy Efficiency Report to be presented by Bill Norton of Opinion Dynamics.*

*Mr. Norton presented the Annual Energy Efficiency Report and took questions from the Trustees.*

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*Chair Fischl then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 10:39 a.m.*

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