

FOR CONSIDERATION

January 27, 2021

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Consideration of the Adoption of Implementation Plans for the ERM Recommendations

Requested Action

The Board of Trustees of the Long Island Power Authority (the “Board”) is requested to adopt a resolution attached hereto as **Exhibit “A”** adopting Implementation Plans for certain of the Enterprise Risk Management (“ERM”) recommendations (the “ERM Recommendations”) adopted by the Board at the December 16, 2020 meeting.

Discussion

The Isaias Task Force’s 90-Day Report found numerous examples where PSEG Long Island lacked transparency in its dealings with LIPA. This lack of transparency has impacted the effectiveness of LIPA’s ERM Program, including inaccurate and, at times, overly confident rankings by PSEG Long Island of certain key risks and poor implementation of mitigation strategies. To address these issues, LIPA Staff recommended, and the Board adopted, on December 16, 2020, the ERM Recommendations. The Board required Implementation Plans to be submitted no later than the Board’s January Board meeting. Specifically, the ERM recommendations were as follows:

- Include LIPA SMEs and ERM team members in all risk discussions;
- Designate management-level owners for each risk mitigation strategy and related management action plan;
- Establish a joint SharePoint site so that risk information, including risk assessment, deep dive analysis, mitigation strategies, and current status of implementation plans, can be accessed in real-time by LIPA SMEs;
- Produce an annual ERM report, providing a complete aggregation of all risks, effectiveness of mitigation actions for high-priority risks, areas of weakness/need improvement, and general observations, by June 1 of each year;
- Perform deep dive analysis on high-priority risks including what mitigation actions have been implemented, those underway, planned, and areas of deficiency;
- Develop a risk correlation matrix to better understand end-to-end impacts and the risks that are interrelated (especially for major storm) to better inform needed mitigation strategies;
- Provide risk training to all SMEs participating in the annual risk assessment process so that the expectations and value of the process are better understood by the participants; and
- Develop a process so that if a high-risk event or condition is identified by LIPA, PSEG Long Island, or PSEG personnel (e.g. when OMS was failing days before the storm) such event or condition (i) immediately triggers a risk review by the LIPA and PSEG Long Island ERM teams and (ii) is elevated to both LIPA and PSEG Long Island management.

On January 8, 2021, PSEG Long Island submitted Implementation Plans for the ERM Recommendations. LIPA ERM Staff provided comments on each Implementation Plan on January 11, 2021 and asked for revised Plans addressing those comments to be submitted on January 14, 2021. PSEG Long Island submitted its revised Implementation Plans on January 14, 2021. ERM Staff recommends the Board adopt five of the eight Implementation Plans attached hereto as **Exhibit “B”** and that PSEG Long Island resubmit the remaining three Implementation Plans by February 3, 2021, so they can be considered by the Board at the February 24, 2021 meeting.

Recommendation

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

Attachments

- Exhibit “A”** Resolution
- Exhibit “B”** ERM Implementation Plans

RESOLUTION APPROVING IMPLEMENTATION PLANS FOR CERTAIN ENTERPRISE RISK MANAGEMENT RECOMMENDATIONS

WHEREAS, the Isaias Task Force’s 90-Day Report found numerous examples where PSEG Long Island lacked transparency in its dealings with LIPA, and this lack of transparency has impacted the effectiveness of LIPA’s ERM Program, including inaccurate and, at times, overly confident rankings by PSEG Long Island of certain key risks and poor implementation of mitigation strategies; and

WHEREAS, on December 16, 2020, the Board adopted the ERM Recommendations and requested implementation plans for each of these recommendations and quarterly reporting to the Finance & Audit Committee (the “Committee”) on the status of their implementation.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board adopts the Implementation Plans attached hereto as **Exhibit “B”**; and

BE IT FURTHER RESOLVED, PSEG Long Island shall resubmit to LIPA Staff the remaining Implementation Plans not otherwise adopted herein; and

BE IT FURTHER RESOLVED, that the Board asks for quarterly reporting to the Committee on the status of the implementation plans until such time as the plans are fully implemented.

Dated: January 27, 2021

**PSEG Long Island
Project Implementation Plan
for
Recommendation Implementations
Recommendation No. 1
Project Title: Enterprise Risk Management**

The following PSEGLI ERM Letter recommendation is directly addressed as part of this plan:

LIPA ID	Report	Task Force recommendations directly addressed in this plan
1	ERM Letter	Include LIPA Subject Matter Experts and ERM team members in all risk discussions.

Table of Contents

1. Project Definition	2
1.1. Project Purpose, Objectives, and Success Criteria.....	2
2. Project Deliverables	2
2.1. Assumptions, Dependencies, and Constraints	2
3. Project Structure	3
3.1. Internal Project Organization	3
3.2. Other Stakeholders.....	3
4. Project Plan	3
4.1. Project Work Plan	3
4.2. Risk Mitigation Plan	3
4.3. Issue Resolution Plan.....	4
4.4. LIPA Reporting Plan.....	4
5. Technical Execution Plan	4
5.1. Technical Approach	4
5.2. Quality Assurance Plan.....	4

1. Project Definition

The Purpose of this plan is to address recommendation no. 1 of LIPA’s December 4, 2020 letter (the “ERM Letter”) to “include LIPA SMEs and ERM team members in all risk discussions.” Prior to the ERM Letter, this recommendation was discussed and agreed to between the ERM teams for the 2021 ERM work plan at their November 2020 planning session. Joint efforts to implement this recommendation have already been in process since early December.

1.1. Project Purpose, Objectives, and Success Criteria

1.1.1 Project Objectives:

Include the LIPA ERM team and LIPA’s Oversight Subject Matter Experts (SMEs) in risk meetings with PSEG Long Island SMEs.

1.1.2 Project Scope:

As part of this implementation plan, PSEG (i) will continue to invite the LIPA ERM team members to the risk assessment meetings for the PSEG Long Island Departments (e.g., PSEG Long Island Electric Operations, Customer Operations, Construction Services and Power Markets), (ii) will now uniformly invite the LIPA ERM team members to all the Support Group risk assessment meetings, and (iii) will now also invite the LIPA Oversight SMEs to the risk assessment meetings.

In addition, PSEG will continue to invite the LIPA ERM team members to the VP department risk review meetings, and will now also invite the LIPA Oversight SMEs to these meetings.

1.1.3 Project End State and Success Criteria:

LIPA ERM team and designated LIPA Oversight SMEs are invited to attend risk meetings and participate in risk meetings to add additional insights and perspective in all risk assessments and mitigation discussions.

2. Project Deliverables

Coordinate and schedule ERM risk meetings to include attendance of LIPA’s ERM team and LIPA’s Oversight SMEs at the meetings with PSEG Long Island SMEs.

2.1. Assumptions, Dependencies, and Constraints

LIPA participants/invitees will make necessary arrangements to attend. Schedule changes are reasonably expected and PSEG Long Island ERM will make reasonable efforts to adjust scheduled meetings. All parties will be required to exhibit flexibility in scheduling meetings.

Input and comments from the LIPA participants are welcomed to support the on-going development of the risk assessments.

3. Project Structure

3.1. Internal Project Organization

- Dan Eichhorn will be the Executive Sponsor for this Project.
- PSEG Long Island Vice Presidents (Andrea Elder-Howell, Margaret Keane, John O’Connell, Paul Napoli, and Rick Walden) will provide guidance to the ERM team and direction to their teams on their participation in risk meetings.
- Risk liaisons, who are individuals who are knowledgeable about each department assigned to the ERM program by their respective Vice Presidents, will provide assistance with scheduling meetings and facilitating risk discussions in their departments.
- PSEG Chief Risk Officer (Laurent Pommier) will provide oversight of the ERM process for PSEG.
- PSEG’s ERM team (Ted Repetti and John Lemanski) will implement the project work plan.

3.2. Other Stakeholders

- LIPA ERM team
- LIPA Oversight SMEs

4. Project Plan

4.1. Project Work Plan

Task	Owner	Current Status	Target End Date
Include LIPA Subject Matter Experts and ERM team members in all risk discussions.	D. Eichhorn	In Progress	05/30/2021
Send 2021 Kickoff Email to all ERM participants	J. Lemanski	Complete	Complete
Schedule meetings and monitor progress of meeting invites	J. Lemanski / Risk liaisons	In Progress	01/31/2021
Facilitate ERM meetings and discussions including participation from LIPA ERM team and LIPA Oversight SMEs	J. Lemanski / Risk liaisons	In Progress	05/30/2021

4.2. Risk Mitigation Plan

Project Risk	Mitigation
Scheduling conflicts	All parties will be required to exhibit flexibility in scheduling meetings

4.3. Issue Resolution Plan

PSEG ERM will document issues, related action items and facilitate resolution, with support from project Executive Sponsor.

4.4. LIPA Reporting Plan

PSEG ERM team will provide updates to the LIPA ERM team through regular collaboration on ERM program efforts.

5. Technical Execution Plan

5.1. Technical Approach

There are no significant technical issues that require additional action beyond the project plan above.

5.2. Quality Assurance Plan

- PSEG ERM team will seek Executive Sponsor and team member input on quality of deliverable.
- LIPA ERM team will provide input and feedback to project quality and acknowledge completion of deliverables.

Revision History

Name	Date	Reason for Changes	Version
D. Eichhorn / L. Pommier	1/8/21	Initial version	1.0
D. Eichhorn / L. Pommier	1/15/21	Revised based on LIPA ERM comments	2.0

**PSEG Long Island
Project Implementation Plan
for
Recommendation Implementations
Recommendation No. 2
Project Title: Enterprise Risk Management**

The following PSEGLI ERM Letter recommendation is directly addressed as part of this plan:

LIPA ID	Report	Task Force recommendations directly addressed in this plan
2	ERM Letter	Designate management-level owners for each risk mitigation strategy and related management action plan.

Table of Contents

1. Project Definition	2
1.1. Project Purpose, Objectives, and Success Criteria.....	2
2. Project Deliverables	2
2.1. Assumptions, Dependencies, and Constraints	2
3. Project Structure	3
3.1. Internal Project Organization	3
3.2. Other Stakeholders.....	3
4. Project Plan	4
4.1. Project Work Plan	4
4.2. Risk Mitigation Plan	4
4.3. Issue Resolution Plan.....	4
4.4. LIPA Reporting Plan.....	4
5. Technical Execution Plan	5
5.1. Technical Approach	5
5.2. Quality Assurance Plan.....	5

1. Project Definition

The Purpose of this plan is to address recommendation no. 2 of LIPA’s December 4, 2020 letter (the “ERM Letter”) to “designate management-level owners for each risk mitigation strategy and related management action plan”. Prior to the ERM Letter, this recommendation was discussed and agreed to between the ERM teams for the 2021 ERM work plan during multiple conversations throughout the fall of 2020.

1.1. Project Purpose, Objectives, and Success Criteria

1.1.1 Project Objectives:

The objective of this implementation plan is to increase the focus on ownership and accountability for mitigation actions.

1.1.2 Project Scope:

The ERM program currently identifies direct responsibility for risk and mitigation at the Director level in the department risk profiles (“Risk Managers”). Designating management-level SMEs for each risk mitigation activity (“Mitigation Managers”) will enhance the accountability of each mitigation action and will allow the ERM teams to improve opportunities to track mitigation action progress. Further, senior management-level oversight is also incorporated in the ERM process: the appropriate VP (“Risk Owners”) for each organization reviews and approves risk profiles, including the mitigation actions.

As part of this implementation plan, PSEG Long Island’s ERM will solicit appropriate SMEs to be designated as the accountable individual for each mitigation action during 2021’s annual assessment and mitigation tracking.

1.1.3 Project End State and Success Criteria:

Designation of an accountable management-level individual for each mitigation action plan by senior management, and a longer term deliverable of supporting clearer accountability and tracking of the mitigation actions.

2. Project Deliverables

The project’s deliverable will be the designation of an accountable management-level individual for each mitigation action plan by senior management.

2.1. Assumptions, Dependencies, and Constraints

Designating the Mitigation Managers requires identification of that person (as part of the annual risk assessment process, which is scheduled for the first four months of 2021), approval by senior management, and a process to maintain contact with the accountable person for each mitigation and document, through the risk profile, the progress toward completion. The PSEG Long Island Directors will promptly identify and approve the management-level accountable individuals.

3. Project Structure

3.1. Internal Project Organization

- Dan Eichhorn will be the Executive Sponsor for this Project.
- PSEG Long Island Vice Presidents (Andrea Elder-Howell, Margaret Keane, John O’Connell, Paul Napoli, and Rick Walden) will provide direction to their teams on their participation in this project.
- PSEG Chief Risk Officer (Laurent Pommier) will provide oversight of the ERM process for PSEG.
- PSEG’s ERM team (Ted Repetti and John Lemanski) along with appropriate Director SMEs, will provide key support to completion of this project:
 - Develop list of Mitigation Managers for each mitigation plan
 - Seek support and approval for the Mitigation Managers
 - Maintain contact with Risk Managers and Mitigation Managers for the purpose of tracking mitigation progress
 - When necessary, provide training and support to Mitigation Managers to ensure that the value of the ERM process is maintained

3.2. Other Stakeholders

- LIPA ERM team
- LIPA Oversight Subject Matter Experts (SMEs)

4. Project Plan

4.1. Project Work Plan

Task	Owners	Current Status	Target End Date
Designate management-level owners for each risk mitigation strategy and related management action plan	D. Eichhorn	In Progress	6/1/2021
Define roles and responsibilities for “Mitigation Managers”, “Risk Managers” and “Risk “Owners	PSEG ERM LIPA ERM	In Progress	2/15/2021
Agree on approach to mitigation tracking (process, frequency, reporting, etc.)	PSEG ERM LIPA ERM	In Progress	2/15/2021
During risk meetings, identify accountable management-level SMEs (“Mitigation Managers”) for each mitigation action	J. Lemanski	In Progress	1/4/2021 - 4/30/2021
Seek PSEG Long Island Director’s approval of identified Mitigation Managers	J. Lemanski	Pending	4/30/2021
Include summary of risk mitigation activities progress to date in annual report	J. Lemanski	Pending	6/1/2021

4.2. Risk Mitigation Plan

Project Risk	Mitigation
Lack of clarity for the accountable management-level individual	Get senior level input on most appropriate individuals to be accountable for the mitigation plan
Difficulty finding a single accountable person when cross-departmental mitigation exists for a given risk	Break mitigating actions down into sufficient subsets to get to single accountability

4.3. Issue Resolution Plan

PSEG ERM will document issues, related action items and facilitate resolution, with support from project Executive Sponsor.

4.4. LIPA Reporting Plan

PSEG ERM team will provide updates to the LIPA ERM team through regular collaboration on ERM program efforts.

5. Technical Execution Plan

5.1. Technical Approach

There are no significant technical issues that require additional action beyond the project plan above.

5.2. Quality Assurance Plan

- PSEG ERM team will seek Executive Sponsor and team member input on quality of deliverable.
- LIPA ERM team will provide input and feedback to project quality and acknowledge completion of deliverables.

Revision History

Name	Date	Reason for Changes	Version
D. Eichhorn / L. Pommier	1/8/21	Initial version	1.0
D. Eichhorn / L. Pommier	1/15/21	Revised based on LIPA ERM comments	2.0

**PSEG Long Island
Project Implementation Plan
for
Recommendation Implementations
Recommendation No. 3
Project Title: Enterprise Risk Management**

The following PSEGLI ERM Letter recommendation is directly addressed as part of this plan:

LIPA ID	Report	Task Force recommendations directly addressed in this plan
3	ERM Letter	Establish a joint SharePoint site so that risk information, including risk assessment, deep dive analysis, mitigation strategies, and current status of implementation plans, can be accessed in real-time by LIPA Subject Matter Experts (SMEs)

Table of Contents

1. Project Definition	2
1.1. Project Purpose, Objectives, and Success Criteria.....	2
2. Project Deliverables	2
2.1. Assumptions, Dependencies, and Constraints	2
3. Project Structure	3
3.1. Internal Project Organization	3
3.2. Other Stakeholders.....	3
4. Project Plan	3
4.1. Project Work Plan	3
4.2. Risk Mitigation Plan	3
4.3. Issue Resolution Plan.....	4
4.4. LIPA Reporting Plan.....	4
5. Technical Execution Plan	4
5.1. Technical Approach	4
5.2. Quality Assurance Plan.....	4

1. Project Definition

The Purpose of this plan is to address recommendation no. 3 of LIPA’s December 4, 2020 letter (the “ERM Letter”) to “establish a joint SharePoint site so that risk information, including risk assessment, deep dive analysis, mitigation strategies, and current status of implementation plans, can be accessed in real-time by LIPA SMEs”. Prior to the ERM Letter, this recommendation was discussed and agreed to between the ERM teams for the 2021 ERM work plan at their November 2020 planning session. Efforts to implement this recommendation are largely complete.

1.1. Project Purpose, Objectives, and Success Criteria

1.1.1 Project Objectives:

Establishment of a joint SharePoint site so that risk information, including risk assessment, deep dive analysis, mitigation strategies, and current status of implementation plans, can be accessed in real-time by LIPA SMEs.

1.1.2 Project Scope:

The SharePoint site is established and authorization for access is complete. During the November 2020 ERM Planning meeting on 11/24/20, both ERM teams agreed that the site would be established and available for the 2021 Annual Assessment. As of 12/2/20, the SharePoint site is established and the authorization for access to the site for the appropriate individuals is complete.

1.1.3 Project End State and Success Criteria:

LIPA will maintain the SharePoint as a repository for the risk information provided by the PSEG ERM and LIPA ERM teams.

2. Project Deliverables

The SharePoint site was established on December 2, 2020.

2.1. Assumptions, Dependencies, and Constraints

PSEG ERM will provide risk documents to the SharePoint on an on-going basis. The on-going administration of the site is the responsibility of LIPA. PSEG ERM will be updated as to addition and deletions made to the site.

3. Project Structure

3.1. Internal Project Organization

- Dan Eichhorn will be the Executive Sponsor for this Project
- PSEG Chief Risk Officer (Laurent Pommier) will provide oversight of the ERM process for PSEG
- PSEG’s ERM team (Ted Repetti and John Lemanski) will maintain the risk information on the SharePoint site
- LIPA’s ERM team will administer the site and ensure the integrity of the site and cyber protections

3.2. Other Stakeholders

- N/A

4. Project Plan

4.1. Project Work Plan

Task	Owner	Current Status	Target End Date
Establish a joint SharePoint site so that risk information, including risk assessment, deep dive analysis, mitigation strategies, and current status of implementation plans, can be accessed in real-time by LIPA Subject Matter Experts (SMEs)	D. Eichhorn	Complete	12/2/2020
Establish a joint SharePoint site so that risk information, including risk assessment, deep dive analysis, mitigation strategies, and current status of implementation plans, can be accessed in real-time by LIPA SMEs	LIPA	Complete	12/2/2020 (completion date)
Notify LIPA ERM who at PSEG should be an authorized site user and when users should be removed	PSEG ERM	Ongoing	
Add and remove users when notified of change in authorization	LIPA ERM	Ongoing	
Perform annual review and certification of list of authorized PSEG Long Island users	PSEG ERM	Ongoing	
Update and upload draft “working-versions” of the risk profiles during the annual assessment process	PSEG ERM	Ongoing	
Upload (or designate as final) the risk profiles and deep dives after vetting by senior management	PSEG ERM	Ongoing	

4.2. Risk Mitigation Plan

Project Risk	Mitigation
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Site not maintained	PSEG ERM commits to update the site with risk profiles, deep dives, and implementation plans after PSEG Long Island SMEs vet the information and to maintain the list of site participants, Administration of the site belongs to the LIPA ERM team.
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4.3. Issue Resolution Plan

PSEG ERM will document issues, related action items and facilitate resolution, with support from project Executive Sponsor.

4.4. LIPA Reporting Plan

PSEG ERM team will provide updates to the LIPA ERM team through regular collaboration on ERM program efforts.

5. Technical Execution Plan

5.1. Technical Approach

There are no significant technical issues that require additional action beyond the project plan above.

5.2. Quality Assurance Plan

- PSEG ERM team will seek Executive Sponsor and team member input on quality of deliverable.
- LIPA ERM team will provide input and feedback to project quality and acknowledge completion of deliverables.

Revision History

Name	Date	Reason for Changes	Version
D. Eichhorn / L. Pommier	1/8/21	Initial version	1.0
D. Eichhorn / L. Pommier	1/15/21	Revised based on LIPA ERM comments	2.0

**PSEG Long Island
Project Implementation Plan
for
Recommendation Implementations
Recommendation No. 6
Project Title: Enterprise Risk Management**

The following PSEGLI ERM Letter recommendation is directly addressed as part of this plan:

LIPA ID	Report	Task Force recommendations directly addressed in this plan
6	ERM Letter	Develop a risk correlation matrix to better understand end-to-end impacts and the risks that are interrelated (especially for major storm) to better inform needed mitigation strategies.

Table of Contents

1. Project Definition	2
1.1. Project Purpose, Objectives, and Success Criteria.....	2
2. Project Deliverables	2
2.1. Assumptions, Dependencies, and Constraints	2
3. Project Structure	3
3.1. Internal Project Organization	3
3.2. Other Stakeholders.....	3
4. Project Plan	4
4.1. Project Work Plan	4
4.2. Risk Mitigation Plan	4
4.3. Issue Resolution Plan.....	4
4.4. LIPA Reporting Plan.....	5
5. Technical Execution Plan	5
5.1. Technical Approach	5
5.2. Quality Assurance Plan.....	5

1. Project Definition

The Purpose of this plan is to address recommendation no. 6 of LIPA’s December 4, 2020 letter (the “ERM Letter”) to “develop a risk matrix to better understand end-to-end impacts and the risks that are interrelated (especially for major storm) to better inform needed mitigation strategies”.

1.1. Project Purpose, Objectives, and Success Criteria

1.1.1 Project Objectives:

Develop a risk matrix to better understand end-to-end impacts and the risks that are interrelated (especially for major storm) to better inform needed mitigation strategies.

1.1.2 Project Scope:

In order to assess a company’s risk portfolio, a company may assess the relationship of risks and then assign ownership for the risks and the accountability of the mitigation actions to manage the risk. Techniques typically used to capture these risk interactions are bow-tie analyses and risk interaction matrices:

- A risk interaction matrix is an effective form of graphical representation where the risks are plotted against each other and a determination is made as to how one risk interacts with other risks on the same matrix. It provides management with a view of how a discrete risk may coexist with other risks under certain circumstances.
- Bow-tie analysis, which is an integral part of the ERM program’s deep dive analyses, enables management to develop a deep view of the causes, consequences, and mitigations of a risk in one graphical representation.

For this implementation plan, PSEG ERM and LIPA ERM will develop a risk matrix tool, using major storm risk as an initial pilot, to evaluate the interrelationships between one risk and other risks within the portfolio. Lessons learned from the pilot, industry information, and best practices will be used to inform and improve the process.

1.1.3 Project End State and Success Criteria:

The development of a risk matrix tool that can be used to analyze a risk by identifying other risks that may be interdependent or interrelated to it in order to provide management with a qualitative view of interrelated risks, to help better identify the range of potential cascading impacts of a given risk and to help prioritize and coordinate mitigation actions. A pilot risk matrix on major storm risk will be completed in 2021.

2. Project Deliverables

2.1. Assumptions, Dependencies, and Constraints

With any process, identifying the appropriate data and SME support is necessary and a dedicated time commitment is required to engage SMEs in discussions regarding interrelated risks, which may be beyond their own expertise and accountability.

Risk interconnection is a topic in ERM that is not well established in our industry, and will require benchmarking information from peers, if available, and careful review and feedback from lessons learned from the initial pilot.

3. Project Structure

3.1. Internal Project Organization

- Dan Eichhorn will be the Executive Sponsor for this Project
- PSEG Long Island Vice Presidents (Andrea Elder-Howell, Margaret Keane, John O’Connell, Paul Napoli, and Rick Walden) will provide review and feedback and give direction to their teams on their required participation in this effort
- PSEG Long Island and LIPA SMEs will provide their expertise, engage in discussions regarding interrelation of risks, and identify mitigations that would apply holistically across the interrelated risks
- PSEG Chief Risk Officer (Laurent Pommier) will provide oversight of the ERM process for PSEG.
- PSEG’s ERM (Ted Repetti and John Lemanski) and LIPA’s ERM team will jointly provide key support:
 - Develop a pilot risk matrix
 -
 - Determine the appropriate SMEs and facilitate discussions regarding the interrelated risks
 - Secure senior management approval for the deliverables

3.2. Other Stakeholders

- LIPA ERM Team

4. Project Plan

4.1. Project Work Plan

Task	Owner	Current Status	Target End Date
Develop a risk matrix to better understand end-to-end impacts and the risks that are interrelated (especially for major storm) to better inform needed mitigation strategies	D. Eichhorn	Pending	9/30/21
Reach out to industry peers to gather any available best information on similar practices	PSEG ERM LIPA ERM	Pending	3/15/2021
Develop and agree on an approach to evaluate the interrelationships between risks, using major storm risk as a pilot, with the goal being to develop a risk matrix methodology/tool that: <ul style="list-style-type: none"> Provides management with a qualitative view of interrelated risks Helps better identify the range of potential cascading impacts of a given risk Helps prioritize and coordinate mitigation actions 	PSEG ERM LIPA ERM	Pending	3/31/2021
Engage with PSEG Long Island SMEs and LIPA SMEs in workshops to discuss the risks interrelated to major storm	PSEG ERM LIPA ERM	Pending	4/1/2021 – 4/30/2021
Complete draft of the pilot risk matrix on major storm	PSEG ERM LIPA ERM	Pending	4/30/2021
Review and finalize the pilot risk matrix with the Executive Sponsor and PSEG Long Island Vice Presidents	PSEG ERM	Pending	5/15/2021
Include results of major storm risk matrix pilot analysis as part of the annual report	PSEG ERM	Pending	6/1/2021
Assess the lessons learned from the pilot and use this information to finalize the risk matrix methodology/tool	PSEG ERM LIPA ERM	Pending	9/30/2021
Incorporate industry information and best practices as these are identified to continuously improve the process	PSEG ERM LIPA ERM	On going	

4.2. Risk Mitigation Plan

Project Risk	Mitigation
Matrix of interrelated risks does not meet expectations	LIPA ERM and PSEG ERM should agree on a common understanding of the desired deliverable

4.3. Issue Resolution Plan

PSEG ERM will document issues, related action items and facilitate resolution, with support from project Executive Sponsor.

4.4. LIPA Reporting Plan

PSEG ERM team will provide updates to the LIPA ERM team through regular collaboration on ERM program efforts.

5. Technical Execution Plan

5.1. Technical Approach

There are no significant technical issues that require additional action beyond the project plan above.

5.2. Quality Assurance Plan

- PSEG ERM team will seek Executive Sponsor and team member input on quality of deliverable.
- LIPA ERM team will provide input and feedback to project quality and acknowledge completion of deliverables.

Revision History

Name	Date	Reason for Changes	Version
D. Eichhorn / L. Pommier	1/8/21	Initial version	1.0
D. Eichhorn / L. Pommier	1/15/21	Revised for LIPA ERM comments	2.0

**PSEG Long Island
Project Implementation Plan
for
Recommendation Implementations
Recommendation No. 7
Project Title: Enterprise Risk Management**

The following PSEGLI ERM Letter recommendation is directly addressed as part of this plan:

LIPA ID	Report	Task Force recommendations directly addressed in this plan
7	ERM Letter	Provide risk training to all Subject Matter Experts participating in the annual risk assessment process so that the expectations and value of the process are better understood by the participants.

Table of Contents

1. Project Definition	2
1.1. Project Purpose, Objectives, and Success Criteria.....	2
2. Project Deliverables	3
2.1. Assumptions, Dependencies, and Constraints	3
3. Project Structure	3
3.1. Internal Project Organization	3
3.2. Other Stakeholders.....	3
4. Project Plan	4
4.1. Project Work Plan	4
4.2. Risk Mitigation Plan	4
4.3. Issue Resolution Plan.....	5
4.4. LIPA Reporting Plan.....	5
5. Technical Execution Plan	5
5.1. Technical Approach	5
5.2. Quality Assurance Plan.....	5

1. Project Definition

The Purpose of this plan is to address recommendation no. 7 of LIPA’s December 4, 2020 letter (the “ERM Letter”) to “provide risk training to all Subject Matter Experts (SMEs) participating in the annual risk assessment process so that the expectations and value of the process are better understood by the participants”.

1.1. Project Purpose, Objectives, and Success Criteria

1.1.1 Project Objectives:

ERM provides risk training to all SMEs participating in the annual risk assessment process so that the expectations and value of the process are better understood by the participants.

1.1.2 Project Scope:

PSEG Long Island leadership provides the “tone at the top” with their teams on the value and need for risk management. This message has also been supported by ERM through multiple ongoing activities:

- Communicate expectations regarding ERM to the SMEs that participate in the program
- Provide refresher training to SMEs on the ERM assessment process, its purpose, value and expectations, prior to each assessment meeting, and use that understanding to identify and assess their risks and compile mitigation actions for each risk
- Conduct one-on-one ERM education meetings with new SMEs (including new Directors) throughout the year, when requested
- Train and update risk liaisons on the ERM process and their role in facilitating risk discussions and developing department risk profiles
- Present an overview of ERM to all new hires at New Employee Orientations
- Discuss the value of the ERM program with the senior management of PSEG Long Island

PSEG Long Island recognizes there is always a continuing need for participants to be active, open, and supportive in the ERM process.

As part of this implementation plan, PSEG Long Island and PSEG ERM will continue the activities listed above and find opportunities to strengthen the risk awareness culture, for example through an annual risk awareness training workshop.

1.1.3 Project End State and Success Criteria:

In 2021, PSEG ERM will continue improving its risk training messaging and include opportunities to continue to strengthen the risk culture in the company. This will include developing annual risk awareness training targeting (i) Risk Managers (SMEs, generally Directors), (ii) Risk Owners (Vice Presidents), and (iii) any other interested parties involved in the ERM process.

2. Project Deliverables

This project's deliverable is an on-going process, but will be enhanced by each opportunity to develop training opportunities and continue to strengthen the risk culture in the company.

2.1. Assumptions, Dependencies, and Constraints

Training of SMEs, which takes place at the annual risk assessment meetings will continue as scheduled for the first four months of 2021. Lastly, ad hoc training for new Directors and risk owners will occur throughout the year, when requested.

3. Project Structure

3.1. Internal Project Organization

- Dan Eichhorn will be the Executive Sponsor for this Project and provide “tone at the top”.
- PSEG Long Island Vice Presidents (Andrea Elder-Howell, Margaret Keane, John O’Connell, Paul Napoli, and Rick Walden) will emphasize the need and value of ERM to their teams.
- PSEG Chief Risk Officer (Laurent Pommier) will provide oversight of the ERM process for PSEG.
- PSEG’s ERM team (Ted Repetti and John Lemanski) will provide key support and subject-matter expertise:
 - Develop a formal risk training workshop, to be conducted annually
 - Continue to train new employees through the company’s New Employee Orientation
 - Continue to review the ERM assessment process at each risk meeting
 - Continue to provide ERM training to new Directors and management-level employees, when requested
 - Provide risk training and seminars on an ad hoc basis, when requested

3.2. Other Stakeholders

- LIPA ERM Team

4. Project Plan

4.1. Project Work Plan

Task	Owner	Current Status	Target End Date
Provide risk training to all Subject Matter Experts participating in the annual risk assessment process so that the expectations and value of the process are better understood by the participants.	D. Eichhorn	In Progress	12/31/2021
Document expectations of participants to ERM program in training material to be provided at risk assessment meetings	J. Lemanski	Complete	01/05/2021
Continue to review risk assessment process with SMEs at each risk meeting, along with reaffirming their roles and responsibilities	J. Lemanski	In Progress	04/30/2021
Develop a formal risk training workshop, to be presented annually by the PSEG ERM team in advance of the next annual assessment cycle , which will cover: <ul style="list-style-type: none"> The ERM process (Identification, Assessment, Mitigation, Monitoring, and Reporting) Roles and responsibilities of program participants (Risk Owners, Risk Managers and Mitigation Managers) through all aspects of the ERM Process Risk awareness responsibilities (recognizing risk, understanding its impacts, taking steps to address it, encouraging a self-critical analysis of existing and incremental mitigations, and knowing resources available to help) Risk escalation 	PSEG ERM	Pending	12/31/2021
Continue presentations at New Employee Orientation	J. Lemanski	Ongoing	
Continue risk training to new Directors	J. Lemanski	As needed	
Provide risk training to any interested parties, when requested	J. Lemanski	As needed	

4.2. Risk Mitigation Plan

Project Risk	Mitigation
Inadequate risk training	PSEG ERM is committed to continuously train, and provide opportunities for enhanced risk training to individual and groups, when requested. As part of the ongoing risk program, ERM provides SMEs with a refresher training on the program's risk assessment process before each risk meeting during the annual assessment process.

4.3. Issue Resolution Plan

PSEG ERM will document issues, related action items and facilitate resolution, with support from project Executive Sponsor.

4.4. LIPA Reporting Plan

PSEG ERM team will provide updates to the LIPA ERM team through regular collaboration on ERM program efforts.

5. Technical Execution Plan

5.1. Technical Approach

There are no significant technical issues that require additional action beyond the project plan above.

5.2. Quality Assurance Plan

- PSEG ERM team will seek Executive Sponsor and team member input on quality of deliverable.
- LIPA ERM team will provide input and feedback to project quality and acknowledge completion of deliverables.

Revision History

Name	Date	Reason for Changes	Version
D. Eichhorn / L. Pommier	1/8/21	Initial version	1.0
D. Eichhorn / L. Pommier	1/15/21	Revised based on LIPA ERM comments	2.0