

FOR CONSIDERATION

March 29, 2021

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Authorization to Investigate LIPA’s Rights under Schedule F of the 1997 Merger Agreement

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is being asked to authorize the Chief Executive Officer or his designee to investigate and, as appropriate, exercise LIPA’s rights under Schedule F of the 1997 Merger Agreement.

Background

In 1998, LIPA purchased the Long Island Lighting Company (“LILCO”) pursuant to the Merger Agreement, dated June 26, 1997 (“Merger Agreement”). National Grid Generation LLC (“National Grid”) is one of the successors in interest with obligations under the Merger Agreement. LILCO’s generation plants were transferred to KeySpan Generation LLC, now National Grid. Pursuant to Schedule F of the Merger Agreement, LIPA has several rights, including the right to purchase or lease certain land located at certain of National Grid’s generation plants for its own generation facilities and a right of first refusal before National Grid Generation can sell its generating facility sites. In anticipation of LIPA issuing a Request For Proposals for the development of storage facilities (“Storage RFP”), LIPA may include certain generating facility sites which are the subject of Schedule F as potential storage development sites in the Storage RFP (“Schedule F Sites”).

Discussion

Recognizing that conducting a competitive Storage RFP is in the interest of Long Island electric customers and will facilitate efficiently and effectively achieving the State’s clean energy goals, LIPA Staff proposes that LIPA take appropriate steps to determine whether certain generating facility sites which are the subject of Schedule F are suitable as potential storage development sites and should be included within the scope of the Storage RFP.

Recommendation

Based on the foregoing, I recommend that the Trustees authorize the Chief Executive Officer or his designee to take all actions necessary or advisable to investigate and as appropriate, exercise LIPA’s rights under Schedule F of the 1998 Merger Agreement, including the right to purchase or lease property from National Grid.

Attachment:

Exhibit “A” Resolution

AUTHORIZATION TO INVESTIGATE LIPA’S RIGHTS UNDER SCHEDULE F OF THE 1997 MERGER AGREEMENT TO PURCHASE OR LEASE PROPERTY

WHEREAS, LIPA and National Grid Generation LLC (“National Grid”), as successor in interest to BL Holdings Corp., are parties to the Merger Agreement, dated June 26, 1997, among BL Holding Corp., Long Island Lighting Company, Long Island Power Authority and LIPA Acquisition Corp. (“Merger Agreement”); and

WHEREAS, the Merger Agreement gives LIPA rights, defined in Schedule F to the Merger Agreement, with respect to acquiring certain National Grid’s generating facilities; and

WHEREAS, the Authority is considering including certain National Grid generating facility sites subject to Schedule F of the Merger Agreement, in the scope of its upcoming request for proposals for development of battery storage on Long Island (“Storage RFP”).

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer or his designee be and hereby is authorized to take all actions necessary or advisable to investigate for the purposes of the Storage RFP, and, as appropriate, exercise all LIPA’s rights under Schedule F of the 1998 Merger Agreement, including the right to purchase or lease generating facility sites from National Grid.

Dated: March 29, 2021