Report to the LIPA Finance and Audit Committee
May 19, 2021

Power Supply Hedge Update
Agenda

• Recent Natural Gas Supply and Demand Fundamentals

• The Weather This Summer Will Be....

• Hedging Is Prudent—Volatility of Power Supply Charge vs. Market
Natural Gas Supply Fundamentals...similar production to last year, increased exports and the race to fill storage over this summer for winter 2021/’22 usage.
If It’s A Warm Summer, Natural Gas Storage May Not Refill As Much As Desired Before the Winter of ‘21/’22.. leading to high winter gas and power prices
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If It’s A Warm Summer, Natural Gas Storage May Not Refill As Much As Desired Before the Winter of ‘21/’22.. Leading to High Winter Gas and Power Prices
... Though Our Hedge Plans for Summer 2021 and Winter 2021/’22 Are In Place
Hedging Is Prudent—Volatility of Power Supply Charge vs. Market

Our hedging activity has produced volatility levels substantially below wholesale spot market volatility results, especially during market events like February 2021.

PSC pre 1/1/2017 adjusted up by 2.5 cents/kwh associated with transfer of capacity costs