

**LONG ISLAND POWER AUTHORITY**

**MINUTES OF THE 301st MEETING**

**HELD ON AUGUST 11, 2021**

*The Long Island Power Authority (“LIPA”) was convened for the three hundred and first time at 11:24 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on August 6, 2021, and electronic notice posted on the LIPA’s website.*

*The following LIPA Trustees were present:*

**Sheldon Cohen, Acting Chair  
Elkan Abramowitz  
Drew Biondo  
Rev. Alfred Cockfield  
Peter Gollon  
Laureen Harris  
Ali Mohammed**

**Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, Chief Administrative Officer and Board Secretary; Mujib Lodhi, Chief Information Officer and Senior Vice President of Customer Experience; Tamela Monroe, Chief Financial Officer; Billy Raley, Senior Vice President of T&D Oversight; and Jen Hayen, Director of Communications. Participating via video conferencing were Anna Chacko, General Counsel; Rick Shansky, Senior Vice President of Power Supply and Whole Markets; Donna Mongiardo, Vice President-Controller; Justin Bell, Vice President of Public Policy and Regulatory Affairs; Tom Locascio, Director of External Affairs; Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board; Danay Spencer, Manager of Human Resources, and Osman Ahmad, IT-Consultant.**

*Acting Chair Cohen welcomed everyone to the 301st meeting of the Long Island Power Authority Board of Trustees. In his opening remarks, Acting Chair Cohen acknowledged this was the first in-person Board of Trustees Meeting since February 2020.*

*Acting Chair Cohen stated that the first item on the agenda was the Consideration of the Consent Agenda Items.*

*After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolutions were unanimously adopted by the Trustees based on the memoranda summarized below:*

**1654. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JUNE 23, 2021 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY**

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**RESOLVED**, that the Minutes of the meeting of the Authority held on June 23, 2021 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

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**Requested Action**

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is being requested to authorize the Chief Executive Officer or his designee to execute an agreement(s) with Southeast Energy Authority/Morgan Stanley Energy Structuring/Morgan Stanley & Co. LLC and/ or Southeast Energy Authority/J. Aron & Company LLC/Goldman Sachs & Co. LLC for a Prepaid Commodity Sales Agreement for Natural Gas and/or Electricity (the “Agreement”).

**Background**

In the generation and delivery of electricity to Long Island and Rockaways customers, LIPA purchases both natural gas and electricity. Financial opportunities exist to reduce the cost of these purchases through Prepay Commodity programs. These programs are utilized by many public power and municipal gas utilities throughout the country to secure long-term discounts on the purchase of these commodities. LIPA would purchase the commodities through a long-term contract with a not-for-profit, governmental conduit prepay bond issuer. LIPA’s contract would be for the purchase of natural gas, electricity, or natural gas

with a conversion option to switch to electricity – either market-based or for renewable energy.

### **Discussion**

Energy prepayments, and the amount of savings available, are a function of bond market dynamics and the underlying price of the commodity. Savings arise from the difference between a prepay bond issuer's lower cost of capital relative to that of a prepaid energy supplier who would typically finance in the taxable bond market. Entering into these agreements, as market opportunities are presented, will generate savings in LIPA's Power Supply Charge in the form of discounts on commodities. LIPA would purchase natural gas or electricity at a discount to a generally accepted market index. LIPA would enter a long-term (approximately 25 to 30 years) contract with the governmental prepay bond issuer. Under current market conditions, it is expected that the 25 to 30-year contract would reset roughly five years after the initial bond pricing and discount setting.

LIPA's responsibility in the transaction is to take delivery and make payments for the commodity to the governmental prepay bond issuer at the time of delivery at the stated discounted price for a preset quantity. LIPA is not responsible for the bond debt. If the commodity is not delivered, LIPA has no obligation to make any payments.

LIPA has issued an energy prepay Request for Proposal to governmental prepay issuers, and reviewed the proposals. LIPA has selected a pool of two consortiums at this time to monitor the markets and propose options as they become feasible. These are financial transactions that are similar to bond refundings in their sensitivity to the commodity prices and interest rate relationships. LIPA would require minimum savings of \$0.30 per mmBtu for natural gas or \$1.00 per MWh for electricity for a contract to be considered. Market conditions may present options for multiple contracts. LIPA will not execute contracts in excess of the required commodity needs for current operations. Execution of all contracts will be reported to the Finance and Audit Committee of the Board of Trustees.

### **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, executing an agreement(s) with Southeast Energy Authority/Morgan Stanley Energy Structuring/Morgan Stanley & Co. LLC and/ or Southeast Energy Authority/J. Aron & Company LLC/Goldman Sachs & Co. LLC to enter into Prepaid Commodity Sales Agreement(s) for Natural Gas and/or Electricity.

### **1655. AUTHORIZATION TO EXECUTE PREPAID COMMODITY SALES AGREEMENT(S) FOR NATURAL GAS AND/OR ELECTRICITY**

WHEREAS, in the generation and delivery of electricity to Long Island customers, the Long Island Power Authority ("LIPA") purchases both natural gas and electricity; and

**WHEREAS, financial opportunities exist to reduce the cost of these purchases through Prepay Commodity programs; and**

**WHEREAS, these programs are utilized by many public power and municipal gas utilities throughout the country to secure long-term discounts in the purchase of these commodities; and**

**WHEREAS, the commodities would be purchased by LIPA through a long-term contract with a not-for-profit, governmental conduit prepay bond issuer. LIPA’s contract would be for the purchase of natural gas, electricity, or natural gas with a conversion option to switch to electricity—either market-based or for renewable energy.**

**NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer or his designee be and hereby is authorized to execute and effect an agreement(s) with Southeast Energy Authority/Morgan Stanley Energy Structuring/Morgan Stanley & Co. LLC and/ or Southeast Energy Authority/J. Aron & Company LLC/Goldman Sachs & Co. LLC 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 the terms and conditions of such agreement.**

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### **Requested Action**

**The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution: (i) approving the annual report on the Board Policy on Economic Development and Community Engagement (the “Policy”); and (ii) finding that LIPA has complied with the Policy since the last annual review, which resolution is attached hereto as Exhibit “A.”**

### **Background**

**By Resolution No. 1356, dated March 29, 2017, the Board adopted the Policy with the purpose of promoting the economic growth and vitality of the service territory through the efficient use of utility plant and equipment, consistent with LIPA’s mission to its customer-owners. The Board last reviewed and approved updates to the Policy by Resolution No. 1537, dated June 24, 2020.**

### **Compliance with the Policy**

**LIPA Staff recommends that, for the reasons set forth below, the Board find that LIPA has complied with the Policy since the last annual review of the Policy.**

**The Policy requires that LIPA “promote the economic growth and vitality of its service territory.”**

**Additionally, the Policy “encourages the efficient use of utility plant and equipment and attracts personnel to LIPA and its service provider who are mission-oriented and dedicated to Long Island and the Rockaways.” In accordance with the Policy, LIPA and its service provider will:**

**“Attract commercial customers to LIPA’s service territory and help such customers grow their businesses through electric rates that are discounted below LIPA’s average cost of service, without which rates such companies would not locate in the service territory.”**

- **50 large business accounts received discounted power through our Business Development Rate and legacy New York State programs, such as the Excelsior Jobs program in 2020.**

**These businesses have received approximately \$1.3 million in discounts and provided over 1,200 jobs.**

**“Offer economic development rates and programs consistent with those offered by other utilities in the state or best practices within the electric utility industry.”**

- **262 large business accounts received power through the Recharge New York program, with commodity delivered by LIPA and its agent, PSEG Long Island. Collectively, since its inception, the Recharge New York program has developed over 2,600 jobs.**
- **16 small business customers opened new accounts through the Vacant Space program in 2020, which encourages new businesses to occupy spaces that have been vacant for at least one year. Total incentives awarded during 2020 were \$56,000.**
- **A total of \$255,000 in incentives were awarded to support 11 community projects through the Main Street Revitalization program in 2020. Since 2019 these projects leveraged over \$116 million in private investment while creating over 500 jobs.**

**“Engage in community events, volunteerism, and educational programs consistent with the purpose of this Policy.”**

- **Due to the COVID-19 pandemic, two new programs were developed and implemented through working with the various Chambers of Commerce in our service territory. Grants of up to \$5,000 to enable outdoor commerce began in 2020 and to date have given out 36 grants totaling \$185,000. Beginning in 2021, the program was expanded to include grants up to \$2,000 for landscaping and beautification to improve the appearance of the business community.**

### **Annual Review of the Policy**

**LIPA Staff has reviewed the Policy and recommends no changes at this time.**

**Recommendation**

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

**1656. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON ECONOMIC DEVELOPMENT AND COMMUNITY ENGAGEMENT**

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WHEREAS, the Board Policy on Economic Development and Community Engagement (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1356, dated March 29, 2017; and

WHEREAS, the Policy was last reviewed and amended by the Board pursuant to Resolution No. 1537, dated June 24, 2020; and

WHEREAS, the Board of Trustees has conducted an annual review of the Policy and affirms that the Policy has been complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board of Trustees hereby finds that the Long Island Power Authority has complied with the Policy for the period since the last annual review and approves the annual report to the Board.

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**Requested Action**

The Board of Trustees (“the Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution approving the Annual Report on the Board Policy on Public Policy Transmission Planning (“the Policy”), which resolution is attached as Exhibit “A.”

**Background**

By Resolution No. 1540, dated June 24, 2020, the Board approved amendments to the Policy that, among other things, directed the CEO to report annually on LIPA’s evaluation of public policy transmission needs. LIPA Staff has reviewed the Policy and does not recommend any changes at this time. Since the June 2020 report, LIPA has participated in the 2020-2021 biennial planning cycle for the determination of public policy transmission needs.

**LIPA’s 2020-2021 Evaluation**

**In August 2020, the New York Independent System Operator (“NYISO”) issued its biennial solicitation for proposed transmission needs that might be driven by Public Policy Requirements.**

**In response to that solicitation, PSEG Long Island submitted its recommended Public Policy Transmission Needs (“PPTN”), which include a need for one or more ties from Long Island to Westchester/New York City and backbone upgrades from East Garden City to Ruland Road as a result of the Off-Shore Wind Standard (“OSW”) articulated in the Climate Leadership and Community Protection Act (“CLCPA”). A total of 12 PPTN proposals involving the Long Island transmission system were referred to LIPA in October 2020.**

**LIPA evaluated the 12 proposals and concluded “that the following transmission needs constitute a Public Policy Transmission Need in the Long Island Transmission District that is driven by Public Policy Requirements:**

- **Adding at least one bulk transmission intertie cable to increase the export capability of the LIPA-Con Edison interface, that connects NYISO’s Zone K to Zones I and J.**
- **Upgrading associated local transmission facilities to accompany the expansion of the proposed OSW export capability. Such upgrades would include increasing capacity on portions of the existing 138 kV transmission “backbone” between the Ruland Road and East Garden City substations and converting that path to 345 kV.”**

**In March 2021, the Public Service Commission (“PSC”) designated one or more Long Island ties to New York City as a PPTN pursuant to the CLCPA, but declined to classify the backbone upgrade from East Garden City to Ruland Road as a PPTN, preferring to allow the NYISO evaluation process to determine such local upgrades (“the March Order”).**

**In the March Order, the PSC directed the NYISO to allocate the costs of Long Island ties 75% to congestion beneficiaries and to share 25% of costs statewide. In April 2021, LIPA submitted a petition for rehearing, arguing for 100% statewide load ratio cost allocation, noting that congestion beneficiaries are highly speculative, while the principal benefit of the new tie(s) would reduce OSW interconnection costs. Such benefits will flow to the purchasers of Offshore Wind Renewable Energy Certificates, which are to be allocated statewide on a load ratio cost allocation.**

**The PSC has not yet issued a decision on LIPA’s petition.**

**In May 2021, NYISO began the process of identifying the constraints on the Long Island and New York City systems that proposed projects would need to be addressed to meet the identified PPTN.**

**As part of that process, utilities and merchant transmission developers are entitled to qualify as “developers” if they wish to be eligible to construct the PPTN project or associated local upgrades.**

LIPA is in the process of qualifying to be a developer, should a local upgrade be identified that involves an existing LIPA transmission facility. The NYISO tariff gives LIPA the right of first refusal to construct such upgrades.

### Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by the adoption of the resolution in the form attached hereto as Exhibit “A.”

### 1657. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON PUBLIC POLICY TRANSMISSION PLANNING

WHEREAS, the Board Policy on Public Policy Transmission Planning (“the Policy”) was originally approved by Resolution No. 1414, dated May 23, 2018; and

WHEREAS, the Policy was last amended by Resolution No. 1540, dated June 24, 2020; and

WHEREAS, the Board of Trustees has conducted an annual review of the Policy and affirms that the Policy has been complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board of Trustees hereby finds that the Long Island Power Authority has complied with the Policy for the period since the last annual review and approves the annual report to the Board.

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### Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution authorizing the Chief Executive Officer or his designee to execute a Power Purchase Agreement (“PPA”) with the New York Power Authority (“NYPA”) for the purchase of generating capacity from NYPA’s Richard M. Flynn Power Plant (“Plant”); to adopt a resolution designating the lump sum payment required at the commencement of the PPA term as a regulatory asset to be recovered through the Power Supply Charge over the PPA term, which is 62 months commencing on November 1, 2021; and to take such other actions as may be reasonably necessary to implement the foregoing arrangements.

### Background

The Richard M. Flynn Power Plant is a nominal 150-megawatt gas- and oil-fired combined cycle generating unit located in Holtsville, New York, that went into service in 1994. A legacy PPA between LILCO and NYPA expired in 2014. Since the expiration of that contract, NYPA has been selling the Plant’s output on a merchant basis in the wholesale market.



On April 9, 2021, the Plant experienced a generator failure that requires major repairs to restore the Plant to operation. NYPA indicated that wholesale market revenues alone would not support the cost of the necessary repairs and that the Plant would be mothballed. LIPA, in consultation with PSEG Long Island, determined that the Plant's capacity would be beneficial to assure system reliability for the next several years in light of the recent outage experience among LIPA's interties with neighboring utilities.

### **Discussion**

PSEG Long Island negotiated terms of a new contract, in which LIPA would reimburse NYPA for its actual repair costs ("Lump Sum Payment") and purchase the Plant's capacity for a 62-month term commencing on or around November 1, 2021, and ending on December 31, 2026, at a total cost of approximately \$67 million.

Under the proposed PPA, LIPA will purchase all the capacity provided by the Plant at a fixed price, subject to an availability guaranty. NYPA will retain the Plant's energy and ancillary services and bear the cost and risk of making such sales in the wholesale markets. LIPA would have the right to terminate the PPA prior to 2026 in the event of another significant Plant failure.

Should NYPA continue to operate the Plant beyond the termination of the PPA, it will reimburse LIPA for a portion of the repair cost. The proposed capacity price is consistent with those obtained in other recent PPA extensions.

LIPA Staff recommends that the Board approve a regulatory asset associated with the Lump Sum Payment under the PPA that would be amortized and recovered through the Power Supply Charge over the PPA term, which is a period of 62 months. Such recovery is consistent with the current treatment of fixed power supply expenses authorized under the Tariff for Electric Service, and Governmental Accounting Standards Board Pronouncement No. 62 ("GASB 62").

### **Recommendation**

For the foregoing reasons, I recommend that the Board authorize the Chief Executive Officer or his designee to take all actions, including, without limitation, execution of the PPA, establishment of a regulatory asset to be recovered under the Power Supply Charge over a period of 62 months, and all other related arrangements and agreements, as may be necessary or convenient.

**1658. AUTHORIZATION TO ENTER INTO POWER PURCHASE AGREEMENT WITH THE NEW YORK POWER AUTHORITY FOR THE PURCHASE OF GENERATING CAPACITY AND APPROVAL OF REGULATORY ACCOUNTING TREATMENT**

**WHEREAS, the Long Island Power Authority (“LIPA”) had a prior contract with the New York Power Authority (“NYPA”) to purchase the output of the Richard M. Flynn Power Plant (“Plant”), which took effect when the unit was put into service in 1994 and expired in 2014; and**

**WHEREAS, the Plant provides needed generating capability that contributes to system reliability; and**

**WHEREAS, PSEG Long Island and NYPA have negotiated a Power Purchase Agreement (“PPA”) under which NYPA will sell the generating capacity produced by the Plant to LIPA for a term of sixty-two months; and**

**WHEREAS, the PPA includes a lump sum payment from LIPA to NYPA that should be recovered from LIPA’s customers under the Power Supply Charge over the term of the PPA.**

**NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer and/or his designee be and hereby are authorized to execute and effect a PPA and other related agreements and arrangements, if any, consistent with the terms of the accompanying memorandum; to seek cost recovery for the upfront payment required under the PPA consistent with the approach outlined in the accompanying memorandum; and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chief Executive Officer and/or his designee, to implement LIPA’s purchase of generating capacity from NYPA.**

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*Acting Chair Cohen stated that the next item on the agenda was the CEO’s Report to be presented by Thomas Falcone.*

*Mr. Falcone presented the CEO Report and took questions from the Trustees.*

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*Acting Chair Cohen stated that the next item on the agenda was the Discussion of Isaias Task Force Board Recommendations and Implementation Plans to be presented by Mujib Lodhi.*

*Mr. Lodhi presented the Discussion of Isaias Task Force Board Recommendations and Implementation Plans and took questions from the Trustees.*

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*Acting Chair Cohen stated that the next item on the agenda was the adoption of various recommendations and implementation plans just briefed by LIPA Staff. Upon a motion duly made and seconded, the following action items and resolutions were approved by the Trustees:*

### **Requested Action**

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution related to certain recommendations to improve the Small Generator Interconnection Procedure (“SGIP”) of PSEG Long Island (the “Small Generator Interconnection Process Recommendations”), which resolution is attached hereto as Exhibit “A.”

### **Background**

PSEG Long Island operates and maintains approximately 15,000 miles of transmission and distribution (“T&D”) assets owned by LIPA. In 2021, LIPA hired a third-party consultant to assess PSEG Long Island’s SGIP and review the end-to-end process. The SGIP administered by PSEG Long Island provides a framework for processing applications for interconnection to LIPA’s distribution system for Distributed Energy Resources (“DER”) with an AC nameplate rating of less than 10 MW.

LIPA has determined that looking at the strengths and weaknesses of the SGIP processes would help improve customer experience as LIPA progresses toward achieving the goals set forth in the Climate Leadership and Community Protection Act (“CLCPA”). Upon review of the existing SGIP procedures, the third-party consultant recommended seven initiatives to strengthen business innovation. The seven initiatives were intended to benefit LIPA customers by progressing in key outcome areas:

- Industry leading innovator in distributed generation interconnection process
- More efficient process for SGIP
- Reduce timeline for DER cases
- Improve use of technology
- Improve customer/stakeholder/contractor experience

### **Recommendations**

LIPA Staff recommends the Board adopt the following Small Generator Interconnection Process Recommendations based on the third-party consultant findings and LIPA Staff observations:

1. **Independent Review of Escalated Cases:** Currently the PSEG Long Island Interconnection Ombudsperson is the Manager of the interconnection department.

PSEG Long Island should ensure an independent review of escalated interconnection cases by changing the organizational placement of the Interconnection Ombudsperson.

2. **Improve Customer Experience:** PSEG Long Island’s SGIP portal currently provides status updates as projects move through the different phases of the SGIP. PSEG Long Island should leverage the portal to provide proactive emails and updates on upcoming activities that require coordination between PSEG Long Island and the customer such as meter installation.
3. **Provide new channels for online payment options:** PSEG Long Island should allow customers to provide payment quicker and eliminate delays associated with mailing a check or checks expiring before they can be cashed.
4. **Evaluate interconnection project cost sharing options:** PSEG Long Island should develop a method to equitably share costs for network upgrades to replace the current process for charging the customer that pushes the capacity over the limit for a circuit. PSEG Long Island should determine a method that is consistent with other New York utilities.
5. **Integrate the Interconnection Online Portal:** PSEG Long Island should advance the integration the interconnection portal with its enterprise systems to improve the system implementation and build an analytics platform to automate the technical screening process.
6. **Leverage AMI technology to monitor system performance:** PSEG Long Island should leverage AMI technology to monitor actual DER production and alert customers if their systems are not performing as expected.
7. **Leverage the PSEG Long Island Interconnection Working Group:** PSEG Long Island should prioritize upgrades or modifications to the SGIP with the developers who are participants of the Interconnection Working Group. The IWG meeting is a collaborative effort bringing the Utility and Developer professionals together to identify technical and procedural improvements to the interconnection process. Many developers work with different utilities across North America and are a channel to identify improvement opportunities that have been successful elsewhere.

PSEG Long Island should prepare Project Implementation Plans (“PIPs”) for each Interconnection Process Recommendation no later than September 17, 2021. The third-party consultant report contains additional detail regarding certain recommendations that should be incorporated into the PIPs. The PIPs will be presented to the Board for its consideration at its November 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.

### **1659. RESOLUTION ADOPTING THE SMALL GENERATOR INTERCONNECTION PROCESS RECOMMENDATIONS**

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**WHEREAS, pursuant to Section 4.4(16), Rights and Responsibilities of LIPA, of the Amended and Restated Operations Services Agreement (“OSA”), LIPA, in part, has the right to “make recommendations to the Service Provider, in each case as may be reasonably necessary or appropriate to perform LIPA’s oversight responsibilities and obligations with respect to the provision of Operations Services under this Agreement and as may otherwise be necessary or appropriate to comply with LIPA’s legal, contractual and fiduciary obligations...”; and**

**WHEREAS, PSEG Long Island hired a third-party consultant to evaluate PSEG Long Island’s Small Generator Interconnection Process and practices and found areas of improvement in PSEG Long Island’s SGIP; and**

**WHEREAS, LIPA Staff developed Interconnection Process Recommendations based on the third-party consultant’s report and its own observations, as described in the accompanying memorandum; and**

**WHEREAS, each of the Interconnection Process Recommendations require the development and preparation of a Project Implementation Plan to ensure that the recommendations are acted on in a timely manner.**

**NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts the Interconnection Process Recommendations; and**

**BE IT FURTHER RESOLVED, that the Board directs LIPA Staff, together with PSEG Long Island, to implement the Interconnection Process Recommendations, including the creation of Project Implementation Plans for the Board’s consideration at its November 2021 meeting; and**

**BE IT FURTHER RESOLVED, that the Board directs LIPA Staff, together with PSEG Long Island, to report to the Board on the completion of the Interconnection Process Project Implementation Plans no less than a quarterly until they are completed.**

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### **Requested Action**

**The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution related to certain recommendations to improve LIPA and Department of Public Service (“DPS”) access to PSEG Long Island financial and operational data through a Standardized Data Access Platform (the “Recommendations”), which resolution attached hereto as Exhibit “A.”**

### **Background**

**Section 4.11(A), System Information and Computer Database, of the Amended and Restated Operations Services Agreement (“OSA”), stipulates that “Service Provider shall establish and maintain an information system to record, provide and, to the extent practicable, provide real time retrieval for LIPA’s review and copying of T&D System operating and financial data, including all information necessary to verify calculations made pursuant to this Agreement. Such information shall include information about the T&D System (including information in physical formats such as diagrams, flow charts, and schematics related to the T&D System), reports (and all supporting data) regarding the performance of the T&D System, and information regarding management (including planning, design, engineering, operation, maintenance, and customer contact) of the T&D System (collectively, ‘System Information’)”.**

**Furthermore, the term-sheet between PSEG Long Island and LIPA dated June 26, 2021 provides, among other things, that: “Prior to the separation of the IT systems, the Service Provider will provide LIPA and its representatives and consultants with the same access, including the same real-time access, where applicable, as the Service Provider and its Affiliates have to all information technology systems and processes that are utilized in whole or in part to serve LIPA, as well as to all of the financial-, customer-, and T&D system-related data, information and reports residing therein and accessible there through.**

**During the past several years, LIPA has had the ability to access PSEG Long Island systems on an as-requested basis. However, the usefulness of such access provisions has been limited by the complexity of the access procedures, availability of user training, and organization of system data.**

**Modern data warehouse systems serving enterprise data are characterized by an enterprise-wide data dictionary, a central repository of enterprise data, and meaningful organization of enterprise data suitable for decision-making and performance monitoring. Additionally, data lakes facilitate access to semi-structured and unstructured data as well as raw data from structured databases for in-depth analysis.**

**LIPA staff believes that the development of a Standardized Data Access Platform consisting of a data warehouse and a data lake would provide effective centralized access to organization-wide data that would facilitate PSEG Long Island’s management decision-making capability as well as LIPA and DPS’ oversight.**

### **Recommendations**

**LIPA Staff recommends that PSEG Long Island develop a Project Implementation Plan with the objective of developing a Standardized Data Access Platform consisting of an enterprise-wide data warehouse, a broader data lake, and provisioning and development of tools to support reporting and analytics. The Standardized Data Access Platform will provide PSEG Long Island management, LIPA, and the DPS seamless and effective access to PSEG Long Island financial, operational, and performance data. This data repository will contain structured data from PSEG Long Island’s financial and operational systems and will be equipped with suitable tools to facilitate query, reporting, and analyses of data from the entire spectrum of data sources without the users needing to manage connections to different**

source systems. Phase I of the implementation should, at a minimum, incorporate data from the following source systems: SAP, Outage Management System/Pragma CAD (OMS/pCAD), Advanced Metering Infrastructure (AMI) and Customer Information and Billing System (CAS). Phase II should, as a minimum, include data from Asset Management, Energy Management System (EMS), Distribution Management System (DMS) and Supervisory Control and Data Acquisition (SCADA). The Project Implementation Plan should be delivered no later than September 10, 2021 with the objective of a production Phase I system to be delivered no later than December 31, 2022.

### **Recommendation**

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

### **1660. RESOLUTION ADOPTING RECOMMENDATIONS RELATING TO THE DEVELOPMENT OF A STANDARDIZED DATA ACCESS PLATFORM**

WHEREAS, pursuant to Section 4.4(16), Rights and Responsibilities of LIPA, of the Amended and Restated Operations Services Agreement (“OSA”), LIPA, in part, has the right to “make recommendations to the Service Provider, in each case as may be reasonably necessary or appropriate to perform LIPA’s oversight responsibilities and obligations with respect to the provision of Operations Services under this Agreement and as may otherwise be necessary or appropriate to comply with LIPA’s legal, contractual and fiduciary obligations. . .”; and

WHEREAS, Section 4.11(A), System Information and Computer Database, of the OSA, stipulates that “Service Provider shall establish and maintain an information system to record, provide and, to the extent practicable, provide real time retrieval for LIPA’s review and copying of T&D System operating and financial data, including all information necessary to verify calculations made pursuant to this Agreement.” and

WHEREAS, the term-sheet between PSEG Long Island and LIPA dated June 26, 2021 states that “the Service Provider will provide LIPA and its representatives and consultants with the same access, including the same real-time access, where applicable, as the Service Provider and its Affiliates have to all information technology systems and processes that are utilized in whole or in part to serve LIPA, as well as to all of the financial-, customer-, and T&D system-related data, information and reports residing therein and accessible there through.” and

WHEREAS, the current access methods to PSEG Long Island’s systems have been limited and insufficient for efficient and effective oversight of the T&D operations; and

WHEREAS, LIPA Staff has developed recommendations for development of a Standardized Data Access Platform utilizing industry-standard data warehouse and data lake technologies, as described in the accompanying memorandum (the “Standardized Data Access Platform Recommendations”); and

**WHEREAS, the Standardized Data Access Platform Recommendations require the development and preparation of a Project Implementation Plan to ensure that the recommendations are acted on in a timely manner; and**

**NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts the Standardized Data Access Platform Recommendations and directs LIPA Staff, together with PSEG Long Island, to implement the Standardized Data Access Platform Recommendations, including the creation of Project Implementation Plans for the Board’s consideration at its September 2021 meeting.**

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### **Requested Action**

**The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution, attached hereto as Exhibit “A”, approving the Project Implementation Plan (“PIP”) for the for the Capital Budget Process Improvement Recommendations.**

### **Background**

**The Capital Budget Process Improvement Recommendations were developed following LIPA and PSEG Long Island efforts to improve the Operating Budget development and oversight process. The existing Capital Budget development and project oversight process shared many of the same weaknesses as the Operating Budget process. PSEG Long Island’s requests for Capital Budgets are routinely in excess of the funds expended. In addition, there is a high level of variance between the funds requested for the year by project and category as compared to those expended, with the result of large shifts between projects and categories of spending from those planned and approved by the Board. This leads to a loss of accountability for project delivery and controls, as well as can result in higher borrowing costs for customers. Further, prior Management Audits have pointed to needed reforms in capital project optimization, capital project estimating, risk and contingency management, project management performance reporting, the definition and quantification of work standards, and other areas that contribute to the development and management of capital projects and the Capital Budget.**

**An improved process governing Capital Budget and Capital Project review and approval, including managing changes during the year, will enhance transparency and accountability of customer funds and ensure adequate information flow to LIPA to conduct oversight on behalf of our customers.**

### **Board Recommendations to PSEG Long Island**

**On May 19, 2021, Board adopted recommendations in the following areas:**



- **Complete Project Justification Descriptions:** For a project to be considered by the Board for inclusion in the LIPA Board-Adopted Consolidated Budget and any project added during the year.
- **Preliminary Project Justification Descriptions:** If PSEG Long Island is unable to provide a full and complete PJD prior to consideration of the PSEG Long Island Capital Budget by the LIPA Board, PSEG Long Island may submit a preliminary PJD as part of its Capital Budget request. LIPA may recommend to the Board that the project be included in the LIPA Consolidated Capital Budget on a contingent basis, therefore outside of the PSEG Long Island Capital Budget.
- **Annual Project Justification Description Updates:** PSEG Long Island should provide LIPA with annual updates to PJDs highlighting changes from the prior PJD and reflecting the current cost estimates, including risk and contingency, schedule, and scope details as part of the annual budget process.
- **Capital Budget Reallocation Explanations:** To fulfill PSEG Long Island’s obligation to consult with LIPA prior to reallocating budgeted funds, PSEG Long Island must submit to LIPA a Capital Budget Reallocation Explanation form.
- **Carryover Projects:** If a Capital Project funded within the Adopted LIPA Consolidated Capital Budget is delayed into the subsequent year’s Capital Budget, PSEG Long Island must identify the change in the project schedule and propose to carryover the approved Capital Budget funds from the current adopted Capital Budget to the proposed Capital Budget as part of the next year’s Capital Budget adoption process.

On July 19, 2021, PSEG Long Island submitted to LIPA Staff a PIP for the recommendations described above. After review and discussion among PSEG Long Island and LIPA Staff, LIPA Staff recommends adoption of the PIP as set forth in Exhibit “B.”

**Recommendation**

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

**1661. RESOLUTION ADOPTING AN IMPLEMENTATION PLAN FOR THE CAPITAL BUDGET PROCESS IMPROVEMENT RECOMMENDATIONS**

WHEREAS, pursuant to Section 4.4(16), Rights and Responsibilities of LIPA, of the Amended and Restated Operations Services Agreement (“OSA”), LIPA, in part, has the right to “make recommendations to the Service Provider, in each case as may be reasonably necessary or appropriate to perform LIPA’s oversight responsibilities and obligations with respect to the provision of Operations Services under this Agreement and as may otherwise be necessary or appropriate to comply with LIPA’s legal, contractual and fiduciary obligations. . .”; and

WHEREAS, pursuant to Section 5.2 (B), Pass Through Expenditures: Budgets of the OSA, requires PSEG Long Island to submit the proposed Consolidated Budget for LIPA’s review,

revision, and approval, which includes the PSEG Long Island Operating and Capital Budgets; and

WHEREAS, Section 4.13 (A) of the OSA requires PSEG Long Island to include in each such Capital Budget a description of each capital project constituting Capital Improvements in sufficient detail to enable LIPA to make a fully informed analysis and assessment thereof, including (i) the project location, (ii) the planned initiation date and expected duration, (iii) an estimate of the amount of the costs including the dollar amount per year if the project requires more than a year to complete, (iv) an explanation of the relationship to other planned or subsequently required Capital Improvements, (v) the anticipated useful life of each Capital Improvement and (vi) the economic and engineering justifications for such project; and

WHEREAS, Section 5.2 (B) obligates PSEG Long Island to consult with LIPA prior to any reallocation of budgeted funds; and

WHEREAS, on May 19, 2021, the Board adopted Capital Budget Process Improvement Recommendations, as described in the accompanying memorandum, and directed PSEG Long Island to submit a Project Implementation Plan (“PIP”) to address the recommendations; and

WHEREAS, on July 19, 2021, PSEG Long Island submitted to LIPA Staff a PIP for the recommendations described in the accompanying memorandum, and after review and discussion amongst PSEG Long Island and LIPA Staff, LIPA Staff has recommended adoption of the PIP as set forth in Exhibit “B.”

NOW, THEREFORE, BE IT RESOLVED, the Board hereby adopts the PIP for the Capital Budget Process Improvement Recommendations, as described in the accompanying memorandum and as set forth at Exhibit “B”; and

BE IT FURTHER RESOLVED, that the Board directs LIPA Staff, together with PSEG Long Island, to report to the Board on the completion of the PIP no less than quarterly until completion.

\*\*\*

*Acting Chair Cohen stated that the next item on the agenda was the Consideration of Approval of the Annual Report and Amendments on the Board Policy on Diversity and Inclusion to be presented by Danay Spencer.*

*After requesting a motion on the matter, which was seconded, Ms. Spencer presented the following action item and took questions from the Trustees.*

## **Requested Action**

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution (i) approving the annual report on the Board Policy on Diversity and Inclusion (the “Policy”) for the period since adoption of the Policy in 2020; (ii) finding that LIPA has complied with the Policy; and (iii) approving certain amendments to the Policy, which resolution is attached hereto as “Exhibit A”.

## **Compliance with the Policy**

Staff recommends that, for the reasons set forth below, the Board find that LIPA has complied with the Policy since the adoption of the policy last year.

The Policy requires that LIPA seek to attract, retain, and develop a diverse workforce representative of the electric customers we serve by; “Encouraging a trusting and inclusive workplace, through training and development and by including these skills in our hiring and promotion practices.”

In the past year, LIPA has held three training and development seminars focused on Diversity, Equity, and Inclusion (“DE&I”) issues, including presentations from outside consultants on the topics of systematic racism, unconscious bias, and creating cultures of belonging.

“Utilizing LIPA’s annual employee engagement surveys and related initiatives to advance our diversity and inclusion practices.”

LIPA’s engagement survey includes specific questions related to DE&I. Five additional questions were added to the 2020 survey bringing the total number of questions to nine. These questions are specifically designed to solicit input from employees on LIPA’s efforts to ensure:

- that people of all cultures, backgrounds, and identities are respected and valued at LIPA; LIPA’s leadership demonstrates commitment to and support of DE&I;
- every employee can bring their authentic self to work;
- the diversity activities and learning opportunities offered have a positive impact on our culture; and
- as an organization, we are not afraid to have difficult conversations.

Scores for these questions place LIPA ahead of or among top companies and the 2020 scores place two DE&I related questions among the 6 most improved items year over year.

“Overseeing the diversity and inclusion initiatives of LIPA’s service providers.”

As part of our oversight responsibilities and to learn more about PSEG Long Island’s efforts related to DE&I, LIPA’s Director of Human Resources engaged with PSEG Long Island’s

DE&I manager to gain a better understanding of their DE&I efforts and priorities and to discuss training opportunities and recommendations.

“Promoting the participation of minority, women-owned, and service-disabled veteran owned businesses in procurements by LIPA and its service providers, consistent with Article 15-A of the Executive Law.”

LIPA and its service providers continuously seek opportunities to partner with vendors that are either minority, women-owned (“MWBE”), or service-disabled veteran-owned (“SDVOB”) businesses. For 2020, LIPA procured over 30% of its eligible spend from MWBE and 6% from SDVOB vendors earning a score of A+ from New York State’s Empire Development Corporation, which oversees compliance with Article 15-A.

### Annual Review of the Policy

Staff proposes the following revisions to the Policy:

- Renaming the Policy from the Board Policy on Diversity and Inclusion to the Board Policy on Diversity, Equity, and Inclusion;
- Expanding the scope of the Policy consistent with its new name; and
- Certain other non-material amendments to the elements of the Policy for better explanation and clarification of the purpose and intent of the Policy.

The proposed changes are more specifically shown on in Exhibit “B”.

### Recommendation

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

*After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolutions were approved by the Trustees.*

## 1662. RESOLUTION APPROVING THE ANNUAL REPORT AND AMENDMENTS TO THE BOARD POLICY ON DIVERSITY AND INCLUSION

WHEREAS, the Board Policy on Diversity and Inclusion (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1542, dated June 24, 2020; and  
WHEREAS, the Board has conducted an annual review of the Policy and affirms that the Policy has been complied with and the changes to the Policy recommended herein are due and proper;

**NOW, THEREFORE, BE IT RESOLVED**, that consistent with the accompanying memorandum, the Board hereby finds that LIPA has complied with Policy for the period since the last annual review and approves the annual report to the Board; and

**BE IT FURTHER RESOLVED**, that consistent with the accompanying memorandum, the changes to the Policy that are reflected in Exhibit “B” are hereby approved.

\*\*\*

*Acting Chair Cohen stated that the next item on the agenda was the Discussion of Board Governance and Strategic Planning Process to be presented by Bobbi O’Connor.*

*Ms. O’Connor presented the Discussion of Board Governance and Strategic Planning Process and took questions from the Trustees.*

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*Acting Chair Cohen then stated that the final agenda item, Secretary’s Report on Board Policies and Communications, would be in written submission only, and available at the Long Island Power Authority website for viewing.*

\*\*\*

*Acting Chair Cohen then announced that the next Board meeting is scheduled for Wednesday, September 22, 2021 in Uniondale.*

*Acting Chair Cohen then asked for a motion to adjourn to Executive Session to discuss litigation matters and announced that no votes would be taken and that the Board would not be returning to Open Session. The motion was duly made and seconded, and the following resolution was adopted:*

**1663. EXECUTIVE SESSION – PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW**

**RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Trustees of the Long Island Power Authority shall convene in Executive Session for the purpose of discussing litigation matters.**

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*At approximately 1:11 p.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session to discuss litigation matters.*