

**LIPA COMMUNITY ADVISORY BOARD**  
**\*\*VIRTUAL\*\* MEETING AGENDA**  
**Tuesday, September 14, 2021**  
**8:00 A.M.**

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- I. Reforming the PSEG Long Island Management Contract (*35 Minutes*)
- II. Presentation from Brookhaven National Lab / SUNY Stony Brook Overview (30 minutes)
- III. LIPA Tax Case Update/ Additional Tax Reduction Efforts: (*10 minutes*)
- IV. Round Table Discussion (*45 minutes*)
  - Are there issues of interest you want to discuss with LIPA Leadership?

**Next meeting date: Friday, December 10<sup>th</sup> Location: TBD**



# Community Advisory Board

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December 13, 2021



# COMMUNITY ADVISORY BOARD AGENDA

**01** Reformed Management Contract with PSEG Long Island

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**02** Customer Benefit Contribution Charge

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**03** LIPA Tax Case Update / Tax Reduction Efforts

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**04** Community Advisory Board – 2022 Calendar & Updates

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**05** Roundtable Discussion





# Reformed Management Contract with PSEG Long Island



# LIPA ISAIAS TIMELINE



## Tropical Storm Isaias Hits Long Island

645,000 customer outages. 8-Day Restoration. Multiple IT and communications systems failed.

## ITF Issues 30-Day Report

Initial findings presented related to IT system failures. Recommendations made to repair IT and communications systems with urgency.



**August 5, 2020**

**August 4, 2020**

**September 23, 2020**



## Isaias Task Force (ITF) Created

Charged with conducting a review of the circumstances and root causes that led to the lapses in PSEG Long Island's systems. DPS also launched an independent investigation.

# LIPA ISAIAS TIMELINE

## DPS Issues Interim Report, LIPA Issues 90-Day Report

LIPA identifies management failures as root cause. Board and DPS ask LIPA staff to evaluate terminating or renegotiating contract to improve management and incentives. Board directs PSEG LI to implement over 85 ITF recommendations under LIPA staff oversight.

## Phase II Options Analysis

Provides detail on four management alternatives. LIPA board directs staff to issue RFI as discussions with PSEG LI have not led to contract reforms.

**December 16, 2020**

**November 19, 2020**

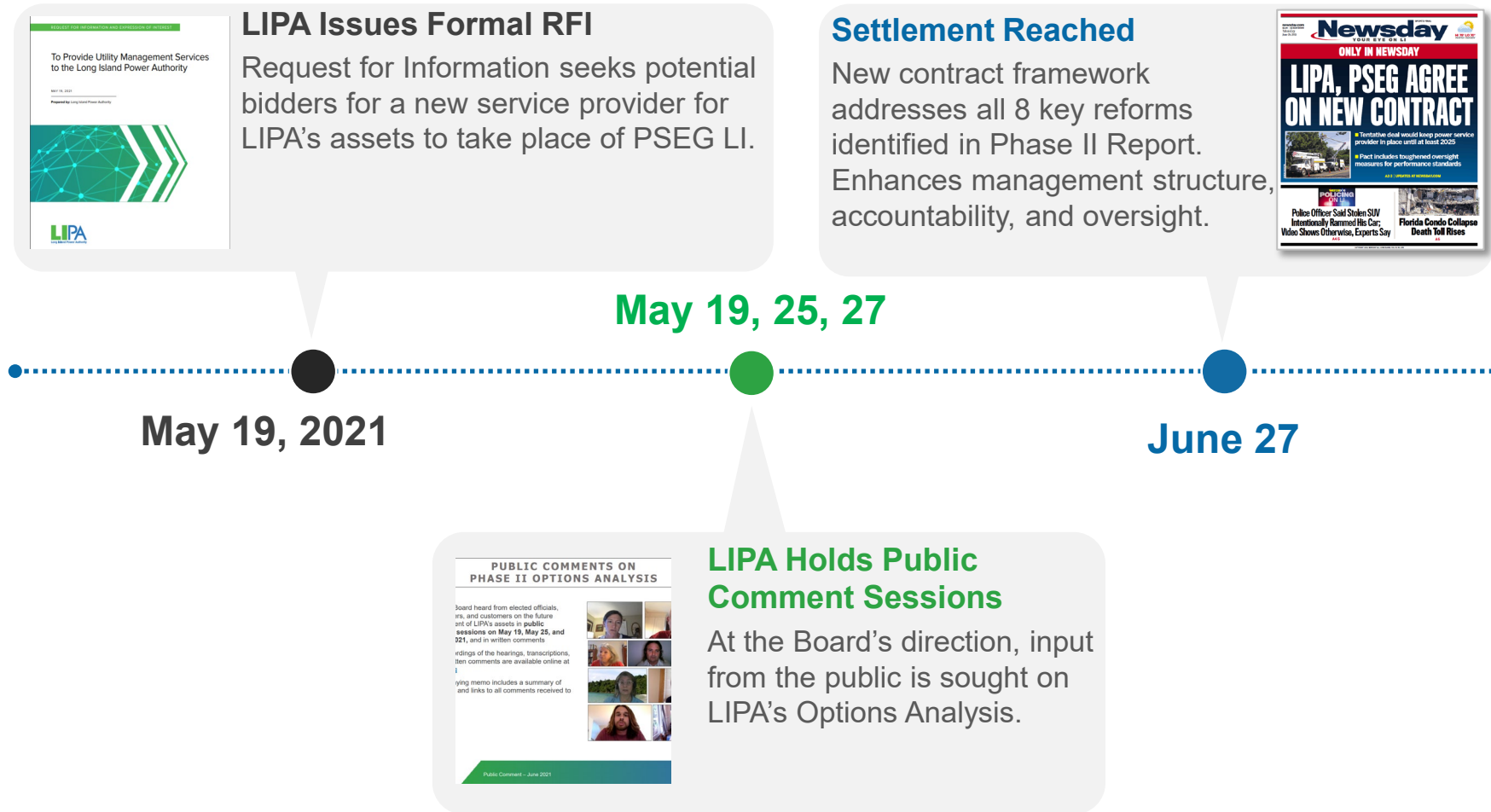
**April 28, 2021**

## Phase I Options Analysis

Report lays out initial analysis options for future management of LIPA assets. Discussions with PSEG LI and further review of alternatives begin.



# LIPA ISAIAS TIMELINE



# JUNE 26 TERM SHEET AGREEMENT WITH PSEG LONG ISLAND



- After six months of negotiations, tentative term sheet agreement reached with PSEG Long Island on June 26, 2021 that meets all eight Board reform objectives
- Effectively shortens management contract eight years from 2033 to 2025
- Puts in place stronger management structure, accountability, and oversight



# NOVEMBER 9 PROPOSED SETTLEMENT AGREEMENT WITH PSEG LONG ISLAND

**LIPA & PSEG Long Island Reach Proposed Settlement Agreement, including 2022 Performance Standards and Budget**



**November 9**

- New contract addresses all eight core contract reforms consistent with Board's publicly-stated requirements
- Enhances oversight, while driving management accountability and performance
- Consistent with the terms of the June term sheet with PSEG Long Island

Eight Core Contract Reforms Required for a New Contract with PSEG Long Island

## **Strengthen Incentives and Accountability Mechanisms**

- 1** Greater share of management compensation at risk based on performance
- 2** Expanded performance metrics with greater rigor covering all categories of the management services provided to LIPA
- 3** Strong gating and default metrics to discourage singularly poor performance (e.g., storms)
- 4** Strengthen Long Island-based management and accountability for Long Island operations
- 5** Require candor from service provider



## **Strengthen Oversight**

- 6** Require compliance with Board recommendations to address known deficiencies
- 7** Strengthen oversight in long-term planning, project prioritization, and budget development
- 8** Partition Long Island IT systems and facilitate independent verification and validation by LIPA

# LIPA'S OBJECTIVES FOR A REFORMED CONTRACT HAVE BEEN ACHIEVED

## Reformed PSEG Long Island Contract

	Original 2013 LIPA-PSEG Long Island Contract	REFORMED 2022 LIPA-PSEG Long Island Contract	Description
<b>Objective 1: Greater Share of PSEG Long Island Compensation at Risk Based on Performance</b>			
How much of PSEG Long Island's compensation is at risk based on performance?	\$10 million (13% of contract fees)	\$40 million (51% of contract fees)	The reformed management contract increases the amount of PSEG Long Island's annual compensation at risk from \$10 million to \$40 million.
<b>Objective 2: Expanded Performance Metrics with Greater Rigor Covering all Categories of Management Services</b>			
How are Performance Metrics set?	Initially in 2013; any changes are with PSEG Long Island's agreement	Annually, by LIPA Board and DPS	Under the existing contract, PSEG Long Island is effectively able to set its own standards of performance by declining to update metrics for evolving industry trends and customer needs. Now, Performance Metrics will be set by LIPA and DPS and voted on by the LIPA Board in a public meeting at the beginning of each year.
How many Performance Metrics affect compensation?	20-26	Up to 110	PSEG Long Island will be subject to detailed performance requirements set annually by the LIPA Board and DPS to ensure the company meets industry best practices across all the management services provided to LIPA and its customers.



# LIPA'S OBJECTIVES FOR A REFORMED CONTRACT HAVE BEEN ACHIEVED

	Original 2013 LIPA-PSEG Long Island Contract	REFORMED 2022 LIPA-PSEG Long Island Contract	Description
<b>Objective 3: Strong Gating and Default Metrics to address Failure to Achieve Minimum Performance</b>			
• Cost Management: spending more than 102% of LIPA budgeted funds	\$5-10 million	\$10-20 million	PSEG Long Island's compensation pool is automatically reduced if PSEG Long Island does not stay within budget or fails to meet minimum levels of performance in four core customer-facing categories. A new gating metric has been added for emergency preparation and response. A new default metric has been added for cybersecurity.
• Emergency Preparedness and Response: failure to achieve minimum performance score on a 48-hour or 72+ hour storm	Right to terminate after two failures on 72+ hour storm in three consecutive years	\$5 million (48-hour) to \$10 million (72+ hour) and right to terminate (72+ hour) on a single failure	
• Reliability: average customer minutes without power exceeds utility benchmark	\$13.4 million for 2 failures in 3 consecutive years (>95 Minutes)	\$10 million for failure in any contract year (>85 minutes)	
• Customer Satisfaction: failure to meet minimum customer satisfaction performance	\$13.4 million for 2 failures in 3 consecutive years on a combination of JD Power and internal customer contact surveys (unlikely to occur); right to terminate after 4 consecutive annual scores in 4th quartile	\$3 million and right to terminate for 2 consecutive annual scores in 4th quartile of JD Power Customer Satisfaction Survey beginning in 2024	
Violations of emergency response plan for failure to provide safe, adequate, and reliable service to customers	-	Up to \$20 million	The reformed contract includes a new DPS investigative process with compensation reductions for violations of PSEG Long Island's emergency response plan or failures to provide safe, adequate, and reliable service to customers.
Cybersecurity: failure to implement measures to achieve NIST Cybersecurity Framework Tier 3	-	Right to terminate	The reformed contract has a termination right for failed cybersecurity performance.

# LIPA'S OBJECTIVES FOR A REFORMED CONTRACT HAVE BEEN ACHIEVED

	Original 2013 LIPA-PSEG Long Island Contract	REFORMED 2022 LIPA-PSEG Long Island Contract	Description
<b>Contract Term</b>			
When does the contract end?	PSEG Long Island has the right to extend the contract for eight years on substantially similar terms to 12/31/2033	12/31/2025	The reformed contract eliminates PSEG Long Island's option to extend the contract on substantially similar terms for eight years, effectively shortening the termination date to December 31, 2025. Any renewal of the contract will be based on demonstrated performance.
<b>Objective 4: Strengthen Long Island-Based Management and Accountability for Long Island Operations</b>			
Does PSEG Long Island have a fully staffed local management team?	34 PSEG Long Island employees report to superiors in New Jersey	Fully staffed Long Island executive team with decision making authority. All Long Island employees report to a local manager. 5 new local executive positions to be added	The President and Chief Operating Officer of PSEG Long Island will have full and final operational decision-making authority. All Long Island employees report to a local manager. Local senior executives will be added to strengthen information technology, cybersecurity, emergency response, business services, and human resources.
Does the contract require transparency by PSEG Long Island around decisions to hire PSEG affiliates to provide services to LIPA?	No	Yes	The reformed contract requires a demonstration of cost savings or improved service for hiring or retaining a PSEG affiliate to perform services for LIPA. LIPA has the right to reject affiliate services that do not meet this standard.
<b>Objective 5: Duty of Candor</b>			
Does the contract require timely and accurate disclosure of significant operational issues?	No	Yes	The reformed contract requires timely, affirmative disclosure to LIPA and DPS of issues that significantly impair PSEG Long Island's ability to provide reliable service, emergency response, cybersecurity, financial impairment, noncompliance with laws, or circumstances that may endanger public health, safety, and welfare.
Can LIPA terminate for Violation of the Duty of Candor?	No	Yes	LIPA may terminate the contract if the PSEG Long Island violates the Duty of Candor.



# LIPA'S OBJECTIVES FOR A REFORMED CONTRACT HAVE BEEN ACHIEVED

	Original 2013 LIPA-PSEG Long Island Contract	REFORMED 2022 LIPA-PSEG Long Island Contract	Description
<b>Objective 6: Require Compliance with LIPA Board Recommendations to Address Known Deficiencies</b>			
Does the contract require PSEG Long Island to fix operational issues identified by LIPA or DPS in a timely manner?	No	Yes	The reformed contract requires PSEG Long Island to implement plans to fix known operational issues identified by LIPA management or DPS, with oversight by the LIPA Board, pursuant to agreed upon plans.
<b>Objective 7: Long-term Planning, Budget Development, and Cost Management</b>			
Are management objectives, budgets, and performance metrics tied together to deliver value for LIPA customers?	Limited to Utility 2.0 Plans (energy efficiency and electrification programs); limited recourse for failure to deliver approved plans	Each scope of management services has a long-term plan approved by the LIPA Board. Budget proposals and performance metrics are aligned with delivering on long-term plans	The reformed contract requires 5-year plans for each scope of management services provided by PSEG Long Island management. Budgets and performance metrics are tied to delivering on the objectives of these plans, providing greater transparency and accountability for delivering projects and services on time and within budget.
<b>Objective 8: Partition Long Island IT Systems and Facilitate Independent Validation and Verification</b>			
Can LIPA independently stress test and validate the performance of mission-critical information technology systems?	No	Yes	The reformed contract has new rights to allow LIPA to independently stress test and validate the performance of mission-critical information technology systems, such as those that failed during Tropical Storm Isaias.
Are LIPA IT systems entangled with PSEG Long Island's parent company system?	Partially merged with PSEG Long Island's parent company systems, with limited LIPA oversight	Separate, independently testable, LIPA-owned IT systems	The reformed contract requires PSEG Long Island to separate information technology platforms from New Jersey-based systems to ensure better accountability and oversight and to reduce barriers to switching to a new provider in the future, if desirable.

# LIPA BOARD'S OBJECTIVES FOR SERVICE TO CUSTOMERS

The LIPA Board has set high objectives for clean, reliable, customer-first service. The reformed contract provides PSEG Long Island management accountability for these objectives



**Customer satisfaction**  
among the top 25%  
of electric utilities  
in the country



**Reliability**  
within the top 10% of  
peer electric utilities



**Industry leading  
emergency  
response**



**70% renewable  
energy by 2030**  
and a carbon-free  
electric grid by 2040



**Rates**  
comparable to or  
below neighboring utilities  
in the New York City  
metropolitan area

- For more information, please see the [LIPA Board Policies](#) that discuss these goals

# ACCOUNTABILITY FOR PERFORMANCE

- The reformed contract between LIPA and PSEG Long Island includes **\$40 million of at-risk compensation**, or 51% of the total management fees paid each year by LIPA, including:



**\$20 million of Variable Compensation** at-risk based on performance standards set by LIPA, with an independent recommendation to the LIPA Board by the Department of Public Service (DPS)



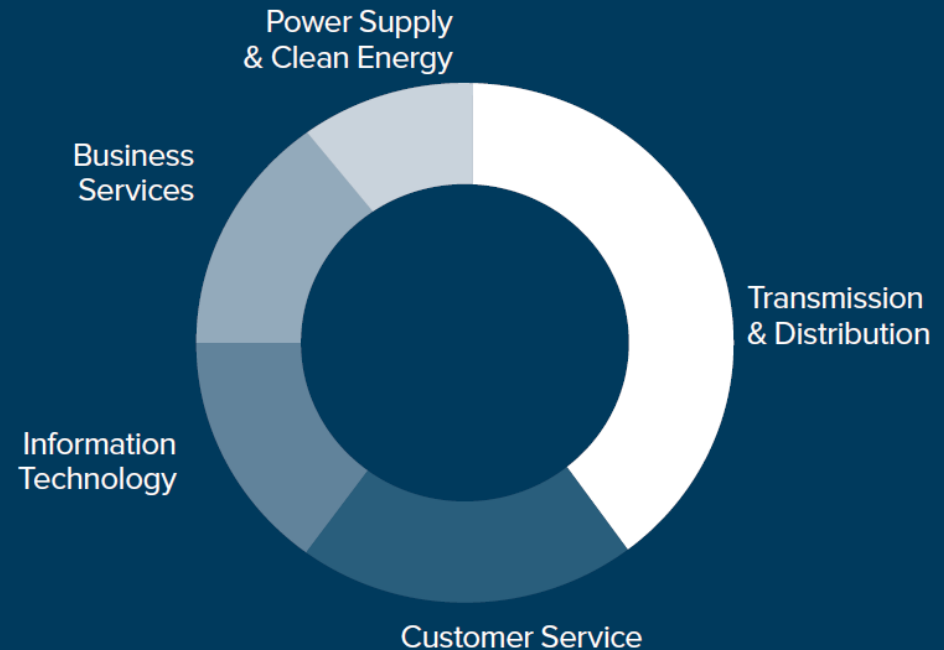
**\$20 million of DPS Compensation** at-risk if PSEG Long Island violates its Emergency Response Plan or fails to provide safe and adequate service, as determined by an independent DPS investigation and recommended to the LIPA Board

# PSEG LONG ISLAND'S VARIABLE COMPENSATION BY SCOPE AND AREA FOR 2022

Focus Areas for 2022 Performance Standards



2022 Performance Standards by Function



Visit [www.lipower.org/reformedcontract](http://www.lipower.org/reformedcontract) for proposed contract and 2022 performance standards



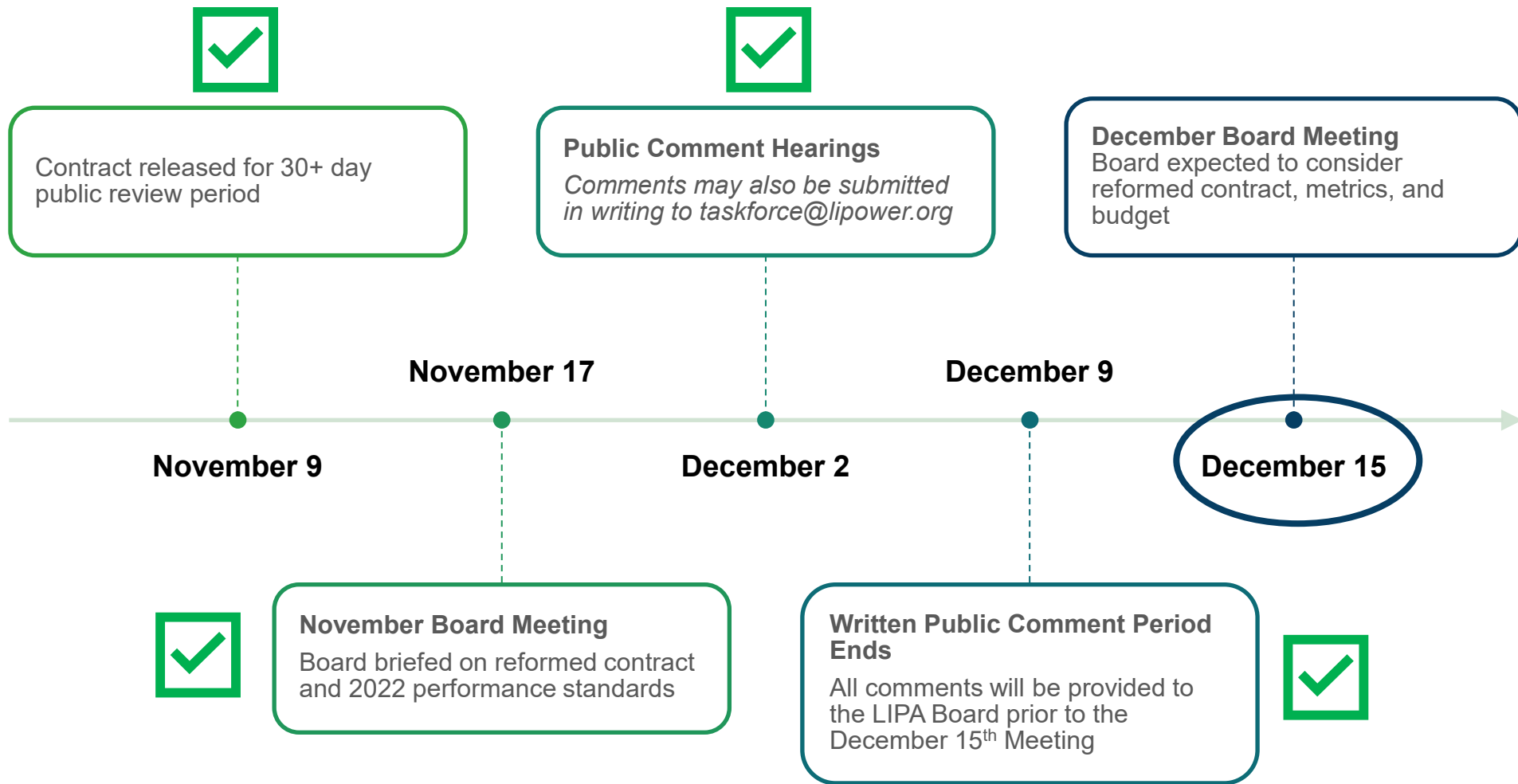
# NEW PERFORMANCE STANDARDS - HIGHLIGHTS

<b>Major Projects</b>	<ul style="list-style-type: none"> <li>• <b>Asset Management Program:</b> Plan and implement a new asset management program consistent with ISO-55001, including developing effective asset management plans, surveying assets, and deploying a new Enterprise Asset Management System to track assets, work, maintenance, and inventory levels, to enable preventative and predictive maintenance that increases reliability and reduces cost to customers.</li> <li>• <b>Primary Transmission Control Center Replacement:</b> Complete strategic and conceptual design of a new control center to manage the electric flows on the Long Island electric grid.</li> <li>• <b>Customer Information System (CIS):</b> Plan for and deploy a new, flexible, modern CIS capable of effective and efficient customer transactions, billing and customer services.</li> </ul>
<b>Reliability</b>	<ul style="list-style-type: none"> <li>• <b>Reliability Performance:</b> Maintain average reliability among the top 10% of utilities; reduce the number of customers with four or more outages by 22%; reduce customers with “flicker” outages by 13%; and reduce customers with six or more “flicker” outages by 20%.</li> </ul>
<b>Resiliency</b>	<ul style="list-style-type: none"> <li>• <b>Resiliency:</b> Meet milestones for storm hardening program, while developing pilots and plans to underground rear-yard branch circuits, harden transmission feeds to load pockets, and operationalize smart switches.</li> <li>• <b>Tree Trimming:</b> Utilize data to target vegetation management plans to improve effectiveness, implement a new “trim to sky” protocol, and increase removal of “hazard” trees from 3,000 to 12,000 per year.</li> </ul>
<b>Customer Satisfaction</b>	<ul style="list-style-type: none"> <li>• <b>Customer Experience Projects:</b> Deliver seven projects to improve the customer contact and billing experience, including smart meter features, upgrading credit card vendors, enhancing the mobile app, and enhanced texting of outage information.</li> <li>• <b>Call Center:</b> Answer 80% of calls with a live agent within 30 seconds and resolve at least 80% of calls on the first call.</li> <li>• <b>Email Resolution:</b> Answer 70% of emails within 24 hours.</li> <li>• <b>Social Media:</b> Respond to 90% of social media inquiries related to health and safety with a live agent within 2 hours on blue sky days and 80% within 3 hours during storms.</li> <li>• <b>Low Income Discounts:</b> Increase participation in the low-income discount program by 34% compared to the 3-year average.</li> </ul>

# NEW PERFORMANCE STANDARDS - HIGHLIGHTS

<b>Clean Energy</b>	<ul style="list-style-type: none"> <li>• <b>Integrated Resource Plan:</b> Complete LIPA IRP per agreed upon scope.</li> <li>• <b>Energy Storage RFP:</b> Complete studies to award contracts for 180 MW of battery storage.</li> <li>• <b>Energy Efficiency and Beneficial Electrification:</b> Achieve targets contained in annual Utility 2.0 filing.</li> <li>• <b>EV Make Ready:</b> Achieve targets in annual Utility 2.0 filing for deploying EV chargers.</li> <li>• <b>DER Interconnection:</b> Improve the interconnection process for solar systems per LIPA Board recommendations.</li> <li>• <b>Time of Use Rates (TOU):</b> Implement new TOU rates for space heating and large commercial customers; enroll 12,000 new customers in optional TOU pricing plans.</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>• <b>Work Management:</b> Implement new practices for short and long-term scheduling and tracking of work to optimize staffing levels, increase productivity, and reduce overtime.</li> <li>• <b>Construction:</b> Implement a minimum of 85% of capital projects on time and within the estimated cost.</li> <li>• <b>Safety:</b> Maintain the incidents rate for employee injuries among the top 25% of utilities while reducing serious injuries resulting in days away by 22%.</li> <li>• <b>Contractor Performance:</b> Implement a new contractor evaluation system to benefit from suppliers that have demonstrated experience in cost controls, performance, quality, risk management, innovation, and transformation.</li> <li>• <b>Estimated Times of Restoration:</b> Improve the accuracy of restoration time estimates provided to customers in blue sky conditions by 10%.</li> </ul>
<b>Information Technology</b>	<ul style="list-style-type: none"> <li>• <b>IT Organizational Maturity:</b> Improve the organization's ability to manage and implement IT projects to Level 3 as measured by the Capability Maturity Model Integration (CMMI) model.</li> <li>• <b>Disaster Recovery:</b> Complete a robust IT resiliency plan that includes thoroughly exercised disaster recovery and business continuity plans for all critical systems/processes.</li> <li>• <b>Lifecycle Management:</b> Upgrade IT assets to be within their active service life and under general support by the product vendor.</li> <li>• <b>IT System Implementation:</b> Implement 21 major IT system projects.</li> <li>• <b>IT Board Recommendations:</b> Implement 9 major IT projects related to recommendations adopted by the LIPA Board, including the Outage Management System.</li> <li>• <b>IT System Segregation:</b> Plan for and separate LIPA IT systems from PSEG New Jersey systems.</li> </ul>

# TIMELINE FOR PUBLIC REVIEW



# FOR MORE INFORMATION



## Reforming Long Island's Electric Service

On November 9, 2021, LIPA announced a revised management services contract and settlement with PSEG Long Island that includes reforms designed to drive performance and accountability. This new contract is the strongest in LIPA's history, offering an unprecedented level of oversight of PSEG Long Island's operations. The reformed contract puts \$40 million in annual PSEG Long Island management fees at risk based on performance under new contract terms.

Below are answers to frequently asked questions about the contract reforms.

### What problems did PSEG Long Island experience during Tropical Storm Isaias?

Tropical Storm Isaias caused 650,000 customers outages. On the afternoon of the storm, all PSEG Long Island's restoration and communication systems failed. Over 1 million customer calls received busy signals and 300,000 text messages bounced back. The outage map, municipal portal for government officials, and mobile phone application failed. PSEG Long Island's outage management system—used to dispatch trucks, estimate restoration times, and coordinate outage restoration—also failed, hampering restoration efforts.

### How did LIPA respond to PSEG's failures during Tropical Storm Isaias?

On August 5, 2020, LIPA and the New York Department of Public Service (DPS) began an investigation of PSEG Long Island's response to Tropical Storm Isaias. That investigation led to the issuance of six reports between September 2020 and September 2021, including 30-Day and 90-Day reports as well as two Options Analysis reports and two Quarterly Reports.

LIPA's investigation found that the problems experienced by PSEG Long Island during the storm were preventable and that the root cause of the issues was management.

### How is LIPA addressing the problems identified in the investigative reports?

The 30-Day and 90-Day Reports directed PSEG Long Island to implement 85 specific recommendations to address management, emergency management, and information technology. In subsequent Board meetings, the Board has adopted an additional 79 recommendations concerning non-storm areas of management.



## Reforming Long Island's Electric Service: Accountability for Performance

The reformed contract between LIPA and PSEG Long Island includes **\$40 million of at-risk compensation**, or 51% of the total management fees paid each year by LIPA, including:

- \$20 million of Variable Compensation at-risk based on performance standards set by LIPA, with an independent recommendation to the LIPA Board by the Department of Public Service (DPS), the staff arm of the State Public Service Commission. These performance standards ensure that PSEG Long Island's compensation is tied to delivering meaningful results for Long Island and Rockaways electric customers.
- \$20 million of DPS Compensation at-risk if PSEG Long Island violates its Emergency Response Plan or fails to provide safe and adequate service, as determined by an independent DPS investigation and recommended to the LIPA Board.

For 2022, LIPA and PSEG Long Island have agreed to **96 performance standards**, distributed across all of the management services provided to LIPA and its customers. These metrics, which will be reset annually by LIPA and DPS, are designed to be achievable levels of improvement (or to maintain already high levels of service) that are objectively verifiable. The funds to achieve this performance are also budgeted, tying realistic plans and budgets to achievable, measurable outcomes each year.

Q: How do the performance standards under the reformed contract compare to LIPA's existing management contract with PSEG Long Island?

LIPA's existing contract has a limited number of performance standards that were negotiated in 2013 and that can only be updated by mutual agreement between LIPA and PSEG Long Island. Those metrics cover only a small share of the management services provided to LIPA by PSEG Long Island and only determine \$10 million (12%) of PSEG Long Island's compensation, as illustrated in Figure 1. The reformed contract includes performance standards for all the management services PSEG Long Island provides and the metrics are set independently by LIPA and DPS each year.

Figure 1: Accountability for Performance

	EXISTING CONTRACT	NEW CONTRACT
Number of Performance Metrics	20-25 *	96 **
Compensation at Risk	\$10 million	\$40 million

\* Set in 2013 and only change with PSEG Long Island's consent  
\*\* Up to 100 metrics set annually by LIPA and DPS

[Fact Sheet: Reforming Long Island's Electric Service](#)

[Fact Sheet: Accountability for Performance](#)

Visit [www.lipower.org/reformedcontract](http://www.lipower.org/reformedcontract) for full contract and related documents



# LIPA PUBLIC POWER STUDY BILL INTRODUCED IN LEGISLATURE

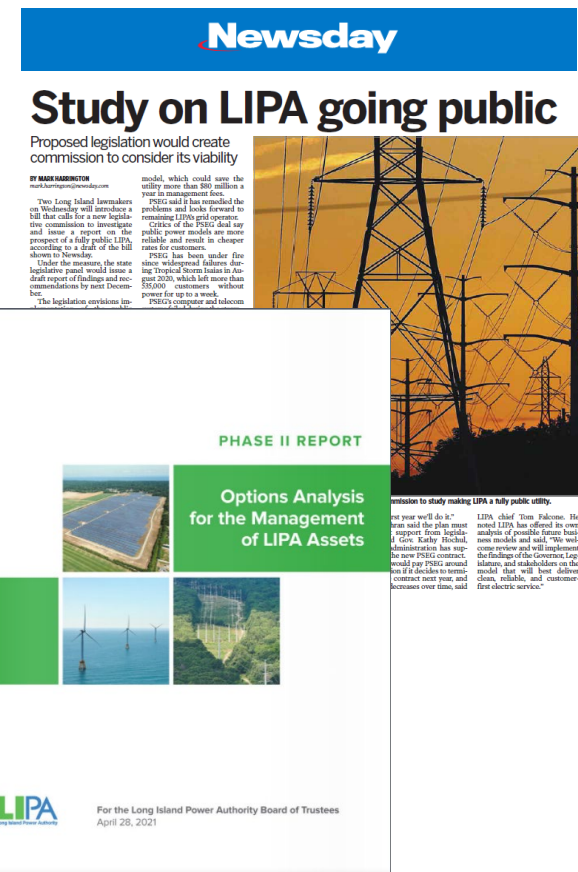
Legislation has been introduced to evaluate whether LIPA should directly manage the utility

## Creates a Legislative Commission

- 8 members appointed by the Senate and Assembly

## Creates an Advisory Committee

- Appointed by the Commission, not more than 15 members covering a broad range of stakeholders
- The commission shall report by **April 1, 2023** on the specific actions necessary to restructure LIPA into a true publicly owned power authority and provide for the implementation by **December 31, 2025**
- The Legislative Commission shall consider and report on:
  - Governance of the public authority; Improved transparency, accountability, and public involvement; Improved reliability of the system; The impact on electric rates; Improved storm response; The powers required by LIPA to more effectively operate the utility, amongst other items





# Customer Benefit Contribution

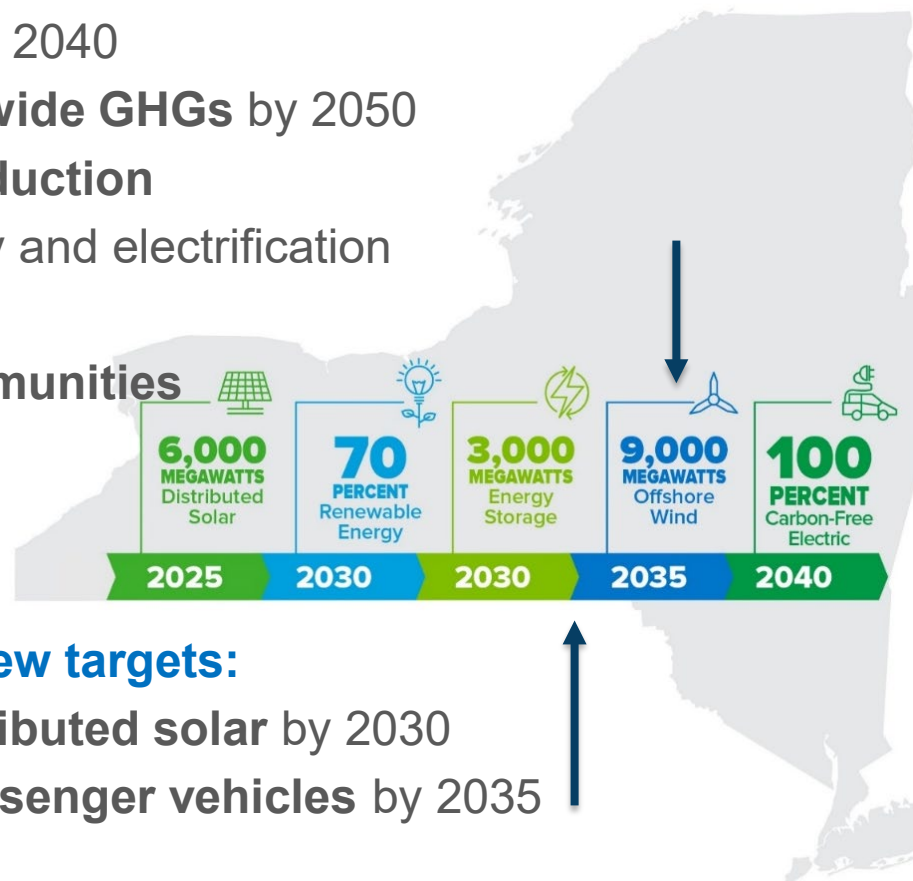
# MEETING NEW YORK'S CLEAN ENERGY GOALS

## New York State's Climate Act Goals include:

- 70% renewable electric by 2030
- 100% carbon-free electric by 2040
- 85% reduction in economy-wide GHGs by 2050
- 22 million tons of carbon reduction  
from energy efficiency and electrification
- 40% of benefits of spending to  
disadvantaged communities



Climate Action  
Council



## Governor Hochul's new targets:

- 10,000 MW of distributed solar by 2030
- Zero-emission passenger vehicles by 2035



# CLEAN ENERGY TRANSITION ON LONG ISLAND

## Long Island Clean Energy Projects in Service and Under Procurement

	Size (MW)	In-service (Est.)
<b>Solar (~ 800 MW)</b>		
Long Island Solar Farm	32	2011
Eastern Long Island Solar Project	11	2013
Shoreham Solar Commons	25	2018
Riverhead Solar	20	2019
Kings Park Solar 1 and 2	4	2019
Feed-in Tariffs (FIT I – FIT III)	89.5	2012-2021
LI Solar Calverton	23	2021
Riverhead Solar II	36	2022
Behind-the-Meter Solar*	528	pre-2021
Community Solar Program (FIT V)	21.5	2022
<b>Offshore Wind (~ 2,300 MW)</b>		
South Fork Wind Farm	130	2023
Sunrise Wind	880	2024
Empire Wind 2	1,260	2026
<b>Energy Storage (~ 400 MW)</b>		
East Hampton & Montauk Storage	10	2018 & 2019
TBD	175	2025
TBD	175	2030
<b>Total</b>	<b>3,420</b>	

\* Long Island has averaged more than 80 megawatts (MW) per year of new behind-the-meter solar for the last six years and the total continues to grow.

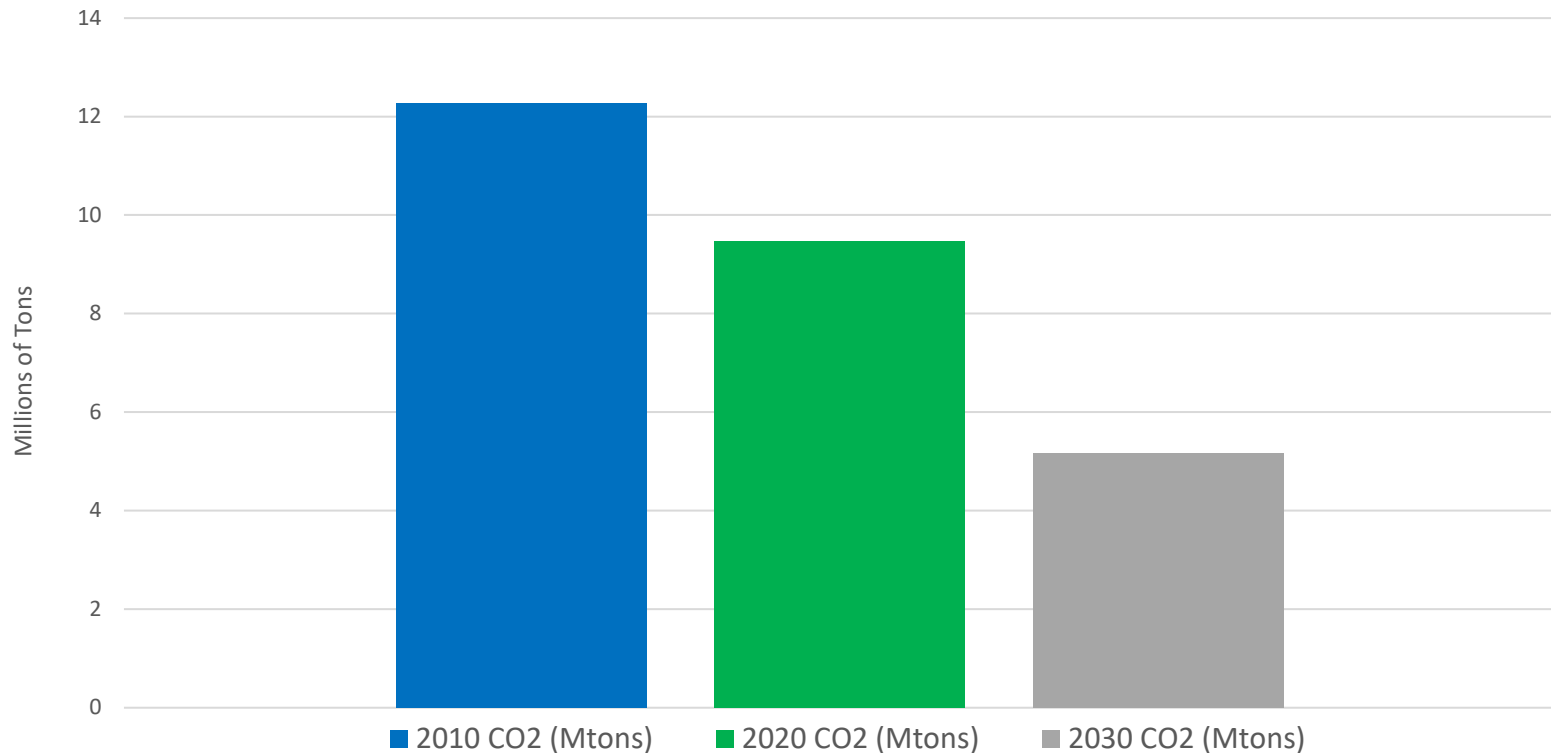


*Kings Park Solar Project*



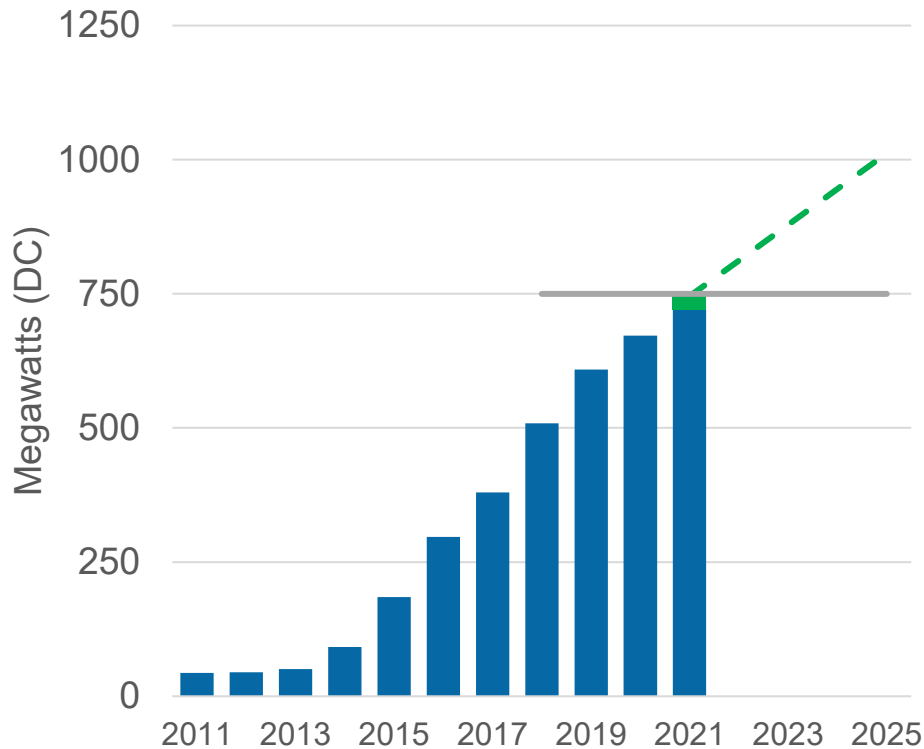
# LIPA'S CARBON FOOTPRINT

LIPA's carbon emissions expected to decrease approximately nearly 60% by 2030 from 2010 levels from already planned actions



# NEW YORK'S MOST VIBRANT SOLAR MARKET

Long Island and Rockaways  
Distributed Solar Capacity



LIPA Leads New York in Distributed Solar

**36%**

LIPA Share of  
NYS Solar Projects

**12.5%**

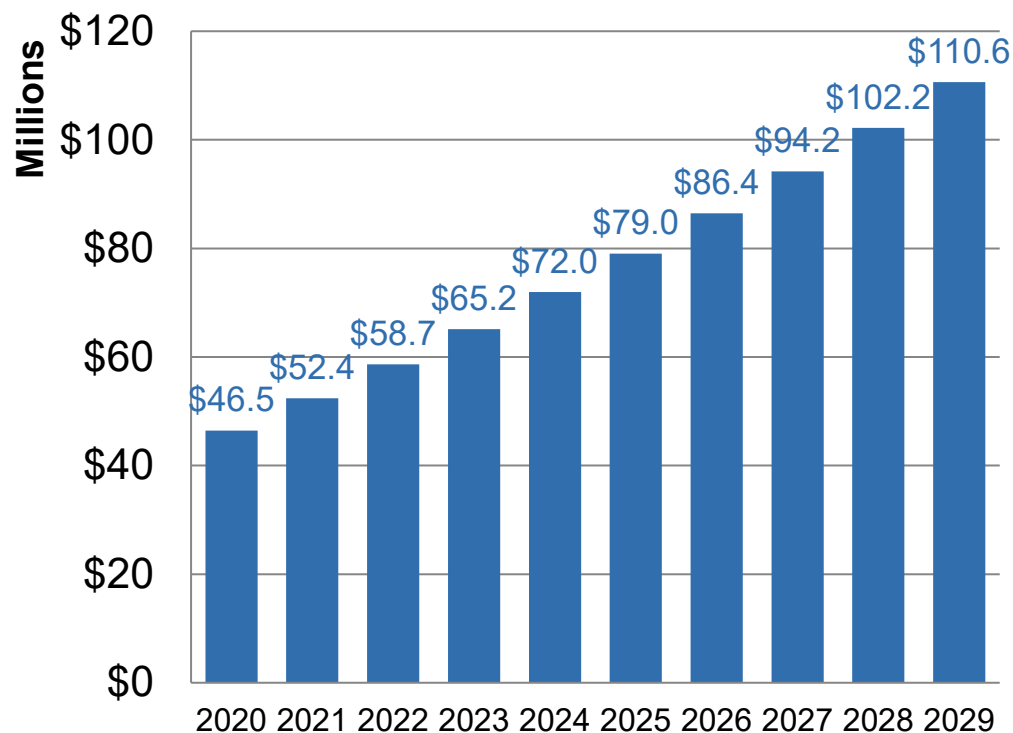
LIPA Share of  
NYS Electric Grid

- LIPA's long-standing support for the rooftop solar market has created the most vibrant solar market in New York
- With over 720 MW currently installed in Long Island and the Rockaways, we are on track to **achieve our 750 MW x 2025 distributed solar goal in 2022 or sooner**
- LIPA also commits to meet our share of the State's new **10 GW x 2030 solar goal**
- Long Island remains one of the best regions in New York for rooftop solar customers

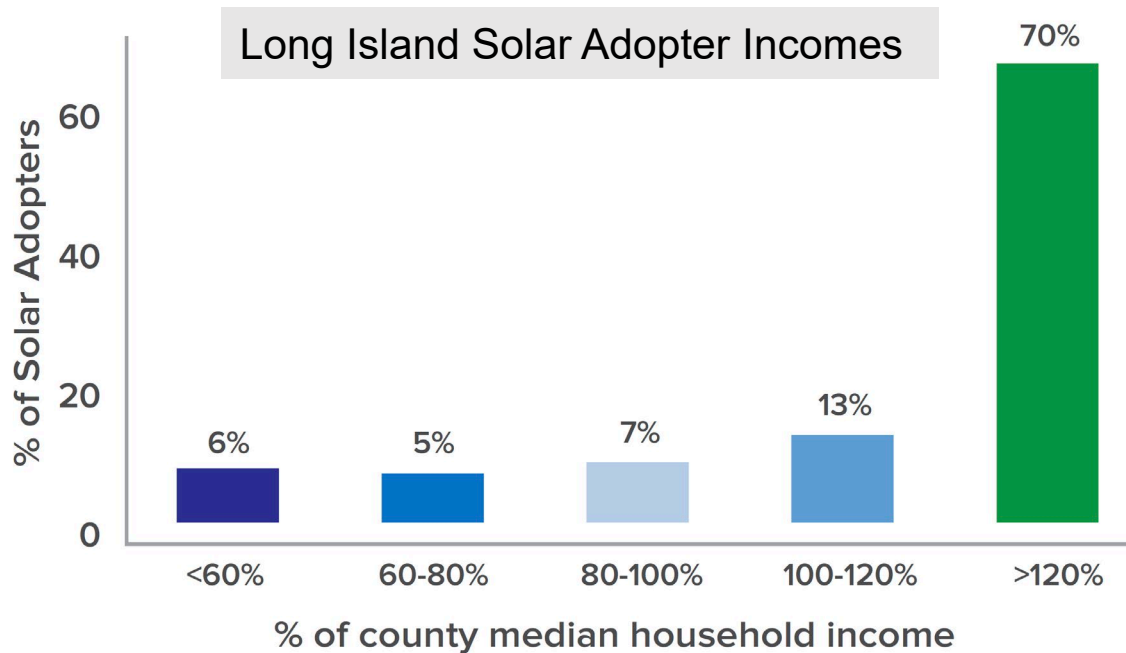
# THE GROWING NET METERING SUBSIDY

- Net metering was created in the early 2000s, with a built-in subsidy to kickstart the then-nascent rooftop solar industry
- **Net metering pays customers with rooftop solar about 2x the value of solar** (with accounting for the environmental and grid benefits of solar)
- The LIPA net metering subsidy has grown to **~\$59 million in 2022**, and will keep growing if no action is taken
- The subsidy is paid for by other customers, which some view as unfair

Cost shift to LIPA's non-participating customers



# EQUITY CHALLENGES AND SOLUTIONS



**83%** of rooftop solar adopters in Long Island have incomes higher than the county median

Low-income customers are **half** as likely to install rooftop solar as other customers

## Policy responses to net metering inequity:

- Expand access (community solar, low-interest loans)
- Ensure all customers pay for essential programs (CBC)

← Previously adopted

← Current proposal

Source: Berkeley Lab, Solar Demographics Tool, 2019 data



# PROPOSED CUSTOMER BENEFIT CONTRIBUTION

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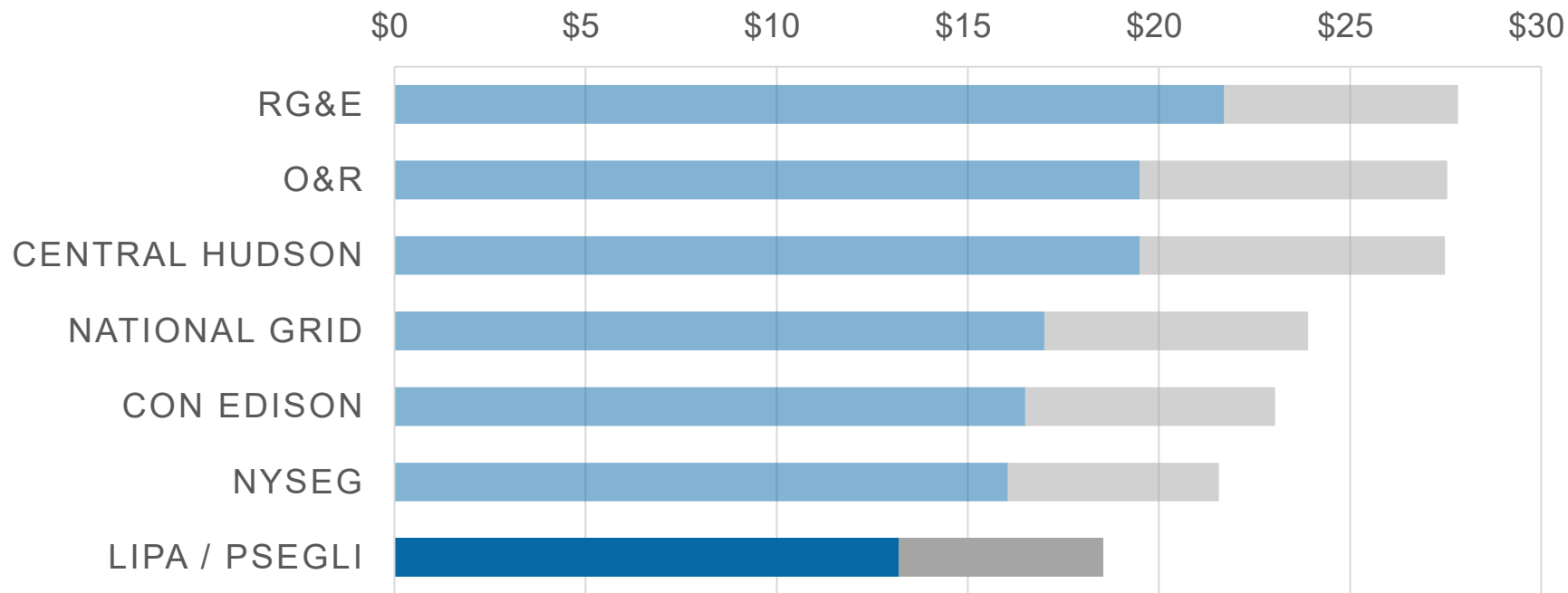
- The Public Service Commission, New York's utility regulator, approved the CBC for New York's investor-owned electric utilities
- CBC tariff ensures that customers who add new net metered generation (e.g. rooftop solar) contribute to the cost of essential programs, **as all other customers do**
- Applies to all types of on-site generation (solar, fuel cells, heat and power, farm waste digester, etc.)
- **Does not apply to systems connected before January 1, 2022**
- For residential customers who add solar on or after January 1, 2022, the monthly CBC will be **89¢ per kW of solar**
- Solar installation on average-sized home (6 kW): **\$5.34 per month**

## WHERE DOES THE CBC GO?

- CBC funds a portion of LIPA customer incentives for **energy efficiency**, **cold climate heat pumps** (to transition from natural gas and fuel oil), **electric vehicle chargers**, **grid-connected renewables**, and **low-income bill discount** programs that **benefit of all customers**
- Collectively, these programs cost **\$155 million per year**, including \$93 million for energy efficiency and electrification and \$42 million for renewable energy (solar is exempt from funding renewables)
- **Only a portion of these costs will be recovered through CBC:**
  - **\$270,000** in first year; rest of costs continue to come from base rates (i.e., customers without rooftop solar)
  - By leaving legacy rules in place for existing solar customers, the CBC is effectively phased in over 25 years (life of existing systems)

# LIPA'S FIXED CHARGES WILL REMAIN THE LOWEST IN NEW YORK

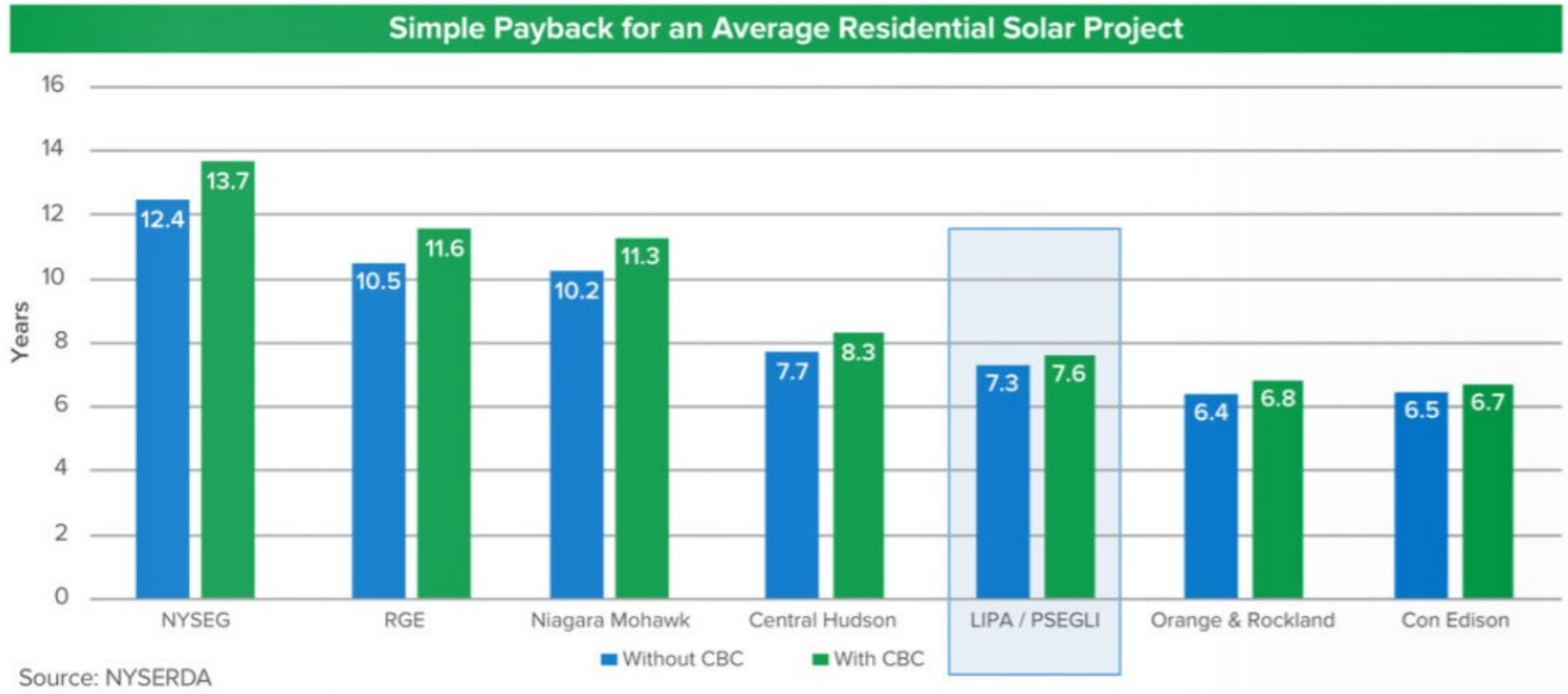
## MONTHLY FIXED CHARGES



	LIPA / PSEGLI	NYSEG	Con Edison	National Grid	Central Hudson	O&R	RG&E
■ Basic service charge	\$13.20	\$16.05	\$16.50	\$17.00	\$19.50	\$19.50	\$21.70
■ Customer Benefit Charge	\$5.34	\$5.52	\$6.54	\$6.90	\$7.98	\$8.04	\$6.12

CBC based on typical (6 kW) solar system


# INVESTING IN SOLAR IS ATTRACTIVE



- CBC adds about four months to simple payback time
- 7.6 year payback equates to a 10% return on solar investment
- Comparison includes NY Sun incentives for investor-owned utilities



# FOR MORE INFORMATION



## Customer Benefit Contribution Fact Sheet

LIPA's long-standing support has created the most vibrant rooftop solar market in New York. The local distributed solar market continues to experience strong growth and will soon exceed **750 megawatts**. In fact, LIPA accounts for 36% of statewide rooftop solar projects, roughly three times its share of statewide electric sales, and **LIPA will exceed New York's solar goal for 2025 four years early!**

To manage the bill impacts to electricity consumers, the State of New York and LIPA have been working together with stakeholders across New York to develop a fair and sustainable approach to compensating rooftop solar and other distributed generation.

In July 2020, the New York State Public Service Commission (PSC) approved new compensation rules for distributed generation,<sup>1</sup> creating a Customer Benefit Contribution (CBC) charge applicable to mass market customers who enroll in net metering on or after January 1, 2022. The CBC applies to solar and other forms of distributed generation eligible for net metering. The CBC will support the cost of customer benefit programs like energy efficiency, heat and transportation electrification, renewable energy, and low-income bill discount programs. The CBC ensures that the costs of these important programs are paid by all customers.

LIPA's staff supports the PSC's approach and has proposed to adopt the CBC in our service territory.

### What is the Customer Benefit Contribution?

The CBC is a new charge developed through an extensive public stakeholder process led by the New York Department of Public Service (DPS) and approved by the PSC for the regulated electric utilities across the state. The CBC will ensure that all customers contribute to the cost of providing customer benefit programs. The CBC applies to mass market customers that add on-site generation and enroll in net metering **on or after January 1, 2022**. The amount of the CBC depends on the size of the customer's distributed generation system, measured in kilowatts (kW), and will be applied to the bill each month.

<sup>1</sup> The PSC finalized this approach on August 13, 2021. Order available at: <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRef=38647AF00-6CE5-460F-B0F6-CF67E3D04838>

[Fact Sheet: Customer Benefit Contribution](#)

# NYSEIA – LIPA COLLABORATION

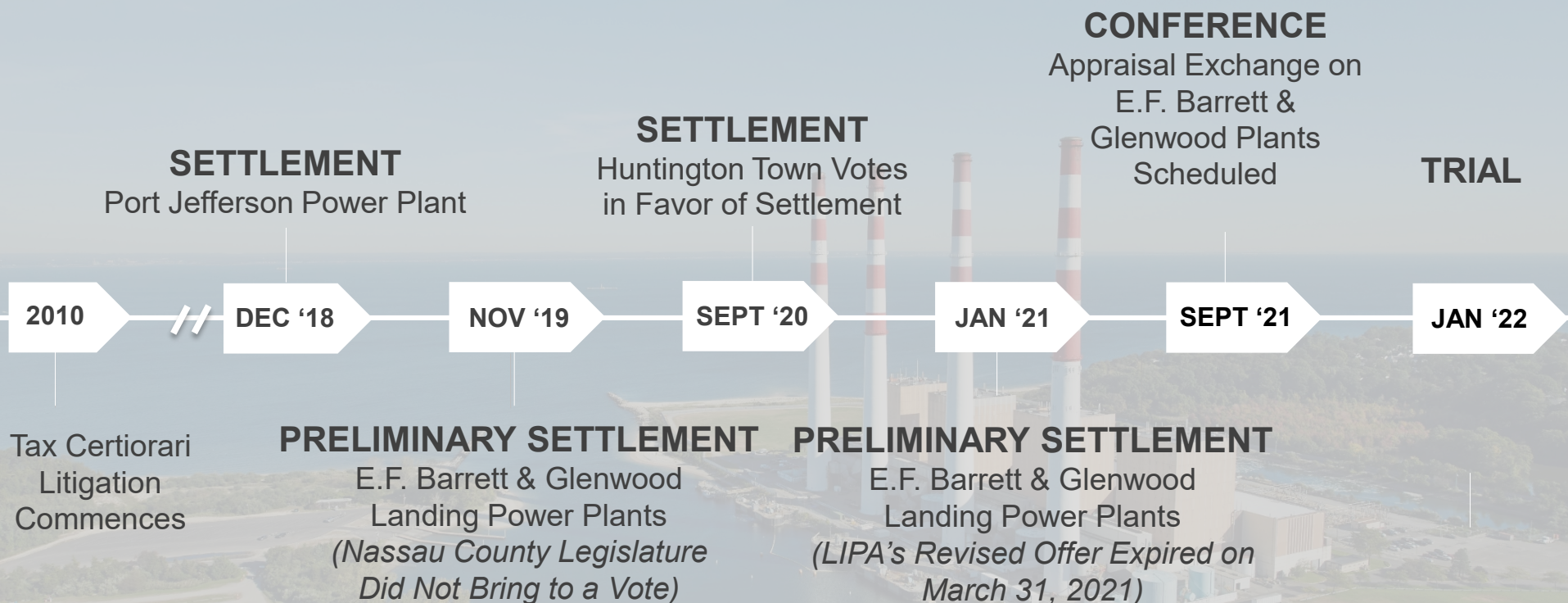


LIPA has been working with the New York State Solar Industries Association (NYSEIA) on a potential collaboration for residential rate design to encourage beneficial electrification of transportation and heating and solar + storage systems

Proposal may be announced prior to the LIPA Board Meeting on  
Wednesday 12/15

# Update on LIPA Tax Matters

# PROPERTY TAX TIMELINE- POWER PLANTS



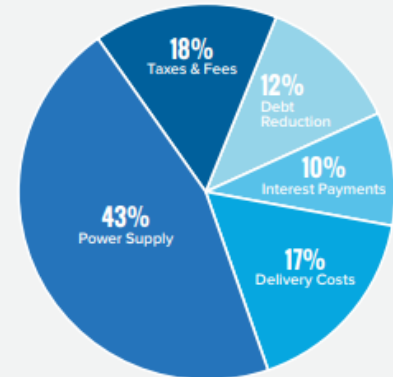
- Nassau County settlement was not brought to a vote in the Nassau Legislature and expired
- LIPA continues to prepare for trial in early 2022 for the E.F. Barrett and Glenwood Landing plants
- 400-600MW of steam and peaking plant closures are under evaluation through 2027, which may impact the value LIPA derives from settling the Nassau County tax cases



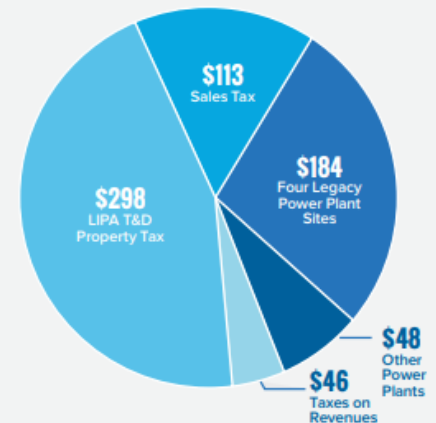
# TAXES ON TRANSMISSION AND DISTRIBUTION PROPERTY

- In addition to taxes on power plants, LIPA also makes payments-in-lieu-of-taxes (PILOTs) on its transmission and distribution (T&D) facilities
- The T&D property consists of power lines, substations, and transformers used to bring electricity from power plants to customers
- Similar to power plant property taxes, over-assessed T&D property contributes to higher Long Island energy costs
- LIPA has over 180 substations, and approximately 19,000 transmission poles and towers and 310,000 distribution poles
- LIPA has identified certain substation properties thought to be over-assessed and has begun tax reductions efforts on behalf of LIPA customers. These efforts will continue into 2022 and beyond

Taxes are 18% of Customer Bills -  
3x National Average



LIPA pays over \$687 million per year  
in property taxes, PILOTs, and fees  
(dollars in millions)





# Community Advisory Board 2022 Calendar & Updates

# COMMUNITY ADVISORY BOARD

## New Community Advisory Board Web Page!

**LIPA**  
Long Island Power Authority

OUR MISSION ▶ ABOUT LIPA ▶ INVESTOR RELATIONS ▶ CONTACT US UDSA ▶ 🔍

Lipower » Community Advisory Board

### Community Advisory Board

LIPA's Community Advisory Board (CAB) was formed in 2017 to advise LIPA's Chief Executive Officer on issues of importance to the Authority and our Long Island and Rockaways community. The CAB represents a diverse range of perspectives and has 19 members, including experts in energy, education, business, economic development, government, and finance. Members are appointed by LIPA's CEO and participate in quarterly meetings that discuss regional issues, including energy efficiency, climate and green energy goals, and other topics important to members.

 <b>Terri Alessi-Miceli</b> President & CEO, Hauppauge Industrial Association	 <b>Jack Anderson, Jr.</b> Deputy Director for Operations, BNL	 <b>Richard M. Bivone</b> President, RMB Development Consultants, Inc.
 <b>Scott Burman</b>	 <b>John Cameron</b>	 <b>Robert Catell</b>

<https://www.lipower.org/community-advisory-board/>

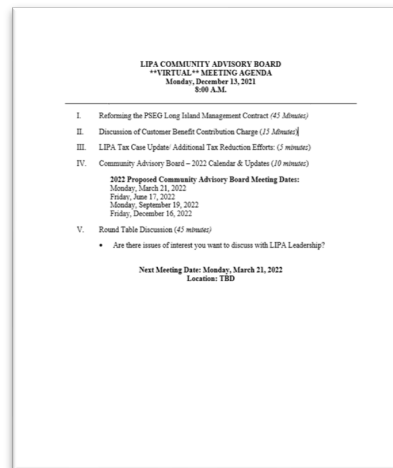
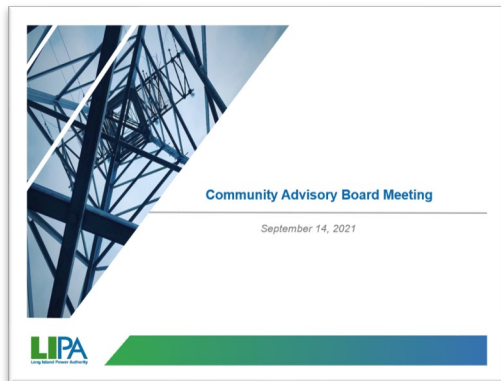
# COMMUNITY ADVISORY BOARD

+ Next Meeting

- Past Meetings

- [Community Advisory Board Agenda - September 2021 \(PDF\)](#)
- [Community Advisory Board Presentation - 9/14/2021](#)

Meeting agendas & presentations will now be posted online



# 2022 MEETING DATES



## **Proposed Community Advisory Board Calendar**

- Monday, March 21, 2022
- Friday, June 17, 2022
- Monday, September 19, 2022
- Friday, December 16, 2022



# Roundtable Discussion