

Board Policy: Customer Value, Affordability, and Rate Design

Policy Type: Purpose

Monitored by: Finance and Audit Committee



Board Resolution: #1318, approved September 21, 2016
 #1357, amended March 29, 2017
 #1422, amended July 25, 2018
 #1488, amended July 24, 2019
 [#xxxx], amended May 18, 2022

LIPA’s vision for customer value and affordability is to maintain competitive electric rates compared to other regional utilities while transitioning to a zero-carbon electric grid, achieving industry-leading reliability, resiliency, and customer experience, and meeting the energy needs of low-income customers. Our vision for rate design is to provide customers with fair electric rates that are as simple as possible and that include opportunities for customers to save money.

To achieve our vision for **customer value**, LIPA will:

- **Prioritize investments** for our customers to balance cost and service quality, as demonstrated in the Strategic Roadmaps and Budgets reviewed and approved by the Board.
- **Communicate the benefits and cost drivers** of any rate increases to customers.
- Maximize the value to customers of our **not-for-profit** public power business model by using our tax-exempt cost of capital and eligibility for federal and state grants to reduce costs for customers.

To achieve our vision for **affordability**, LIPA will:

- Maintain **competitive electric rates**, as compared to the system average rates of those regional electric utilities that most closely resemble the costs, electric supply, and policy goals of our service territory.
- **Aggressively manage costs**, avoiding expenditures that do not advance our purpose.
- Offer programs to **low-income and disadvantaged customers** to maintain electric bills that are a reasonable percentage of household income.

To achieve our vision for **rate design**, LIPA will:

- Design electric rates that:
 - Are as **simple** and **easy to understand** as possible;
 - Provide customers with **opportunities to save money**;
 - **Equitably allocate costs** across and within customer classes; and
 - **Encourage conservation**, the efficient use of energy resources, and the transition to a carbon-free economy.
- Employ **innovative electric rate design** based on industry trends and research, stakeholder feedback in statewide proceedings, LIPA-run collaboratives, and comments from the public.

The Chief Executive Officer will report annually to the Board on the key provisions of this Policy.

Board Policy:	Clean Energy and Power Supply
Policy Type:	Purpose
Monitored by:	Oversight and Clean Energy Committee
Board Resolution:	#1372, approved July 26, 2017 #1421, amended July 25, 2018 #1487, amended July 24, 2019 [#1551], amended July 22, 2020 [#xxxx], amended May 18, 2022



LIPA’s vision for clean energy and power supply is to provide clean, reliable, resilient electricity to our customers at an affordable cost that both maintains the economic competitiveness of our region and minimizes the economy-wide greenhouse gas emissions of Long Island and the Rockaways by encouraging the electrification of vehicles, buildings, and equipment.

To achieve our vision for **Clean** energy, LIPA will:

- Achieve a **zero-carbon electric grid by 2040**, while meeting or exceeding LIPA’s share of the clean energy goals of New York’s Climate Leadership and Community Protection Act (“CLCPA”), including those for renewables, offshore wind, distributed solar, and storage.
- Demonstrate innovation and be recognized among the **leading utilities** in reducing economy-wide greenhouse gas emissions through **energy efficiency** and **beneficial electrification**.
- Improve equity for disadvantaged communities, as measured by meeting or exceeding LIPA’s share of New York’s **environmental justice** goals as defined by the CLCPA and the Climate Justice Working Group, including ensuring that disadvantaged communities receive 40% of the overall benefits of clean energy, energy efficiency, energy assistance, and energy transportation investments, but not less than 35% of the overall benefits of spending on clean energy and energy efficiency programs, projects or investments.

To achieve our vision for **Reliable Power Supply**, LIPA will:

- Plan for a power supply portfolio that meets or exceeds industry standards for reliability, as demonstrated through **Integrated Resource Plans** conducted no less than every five years and by implementing the actionable recommendations of those plans in a timely manner.

To achieve our vision for **Affordability**, LIPA will:

- Consider the benefits and costs of its clean energy programs and power supply to achieve the **greatest value** for our customers.
- Competitively procure the **least-cost resources and programs** that meet our clean energy and reliability objectives, including using our not-for-profit, tax-exempt cost of capital to finance assets or pre-pay for energy, and using LIPA-owned land or exercising LIPA’s rights

to acquire generating sites.

- Regularly demonstrate efforts to **minimize cost and maximize performance** with contractual counterparties and through **advocating with regulatory authorities** for fair cost allocations for Long Island and Rockaways electric customers.

The Chief Executive Officer, or his or her designee, will report annually to the Board on the key provisions of this Policy.