



# CEO REPORT

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*May 18, 2022*

# MAY BOARD MEETING

**01** Significant Agenda Items

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**02** Transmission for Offshore Wind

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**03** 2022 New York State Budget Highlights

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**04** Look Ahead of Priority Initiatives

# MAY BOARD MEETING SIGNIFICANT AGENDA ITEMS

## **FOR DISCUSSION**

- Quarterly Report on PSEG Long Island 2022 Metrics
- PSEG ER&T on Power and Fuel Supply Management\*
- Summer Preparation for Power Supply and T&D\*
- Review of Quarterly Financial Statements\*
- Internal Audit Activities\*

## **FOR APPROVAL**

- UDSA Financing Orders
- Annual Reports and Amendments to the Board Policies on:
  - Taxes and PILOTs
  - Customer Value and Affordability
  - Resource Planning and Clean Energy
  - Transmission and Distribution Operations
  - Audit Relationships
- Draft Environmental Impact Statement for the Bridgehampton to Buell Underground 69kV Project
- Board Resolution on Video Conferencing
- Selection of Vendor to Provide Brand Strategy Services

\* Discussed in Committee Meetings



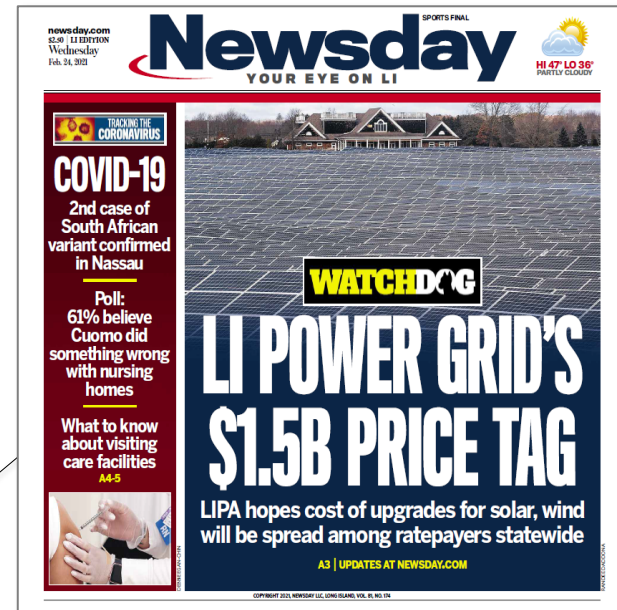
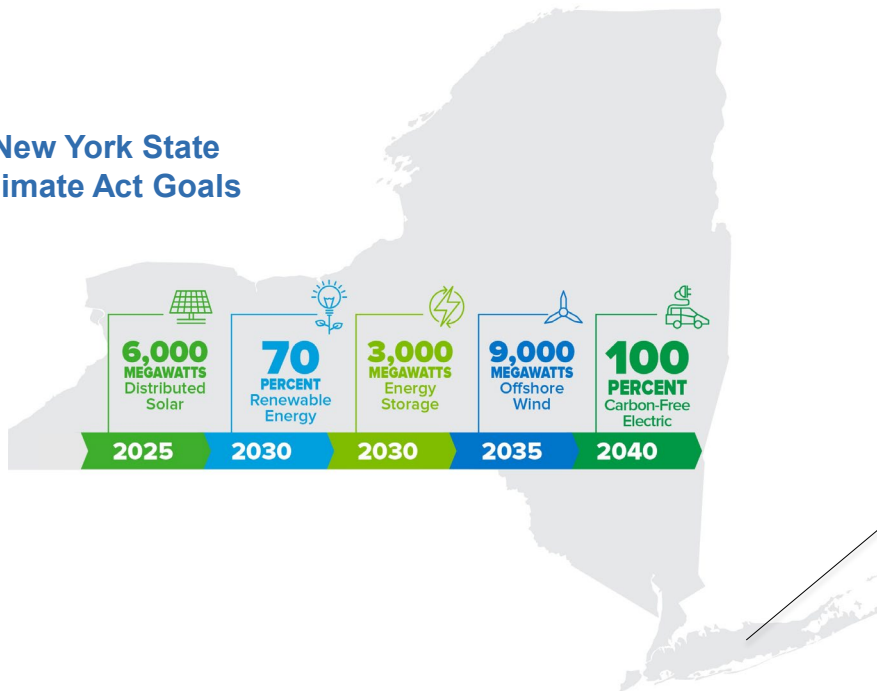
# TRANSMISSION FOR OFFSHORE WIND



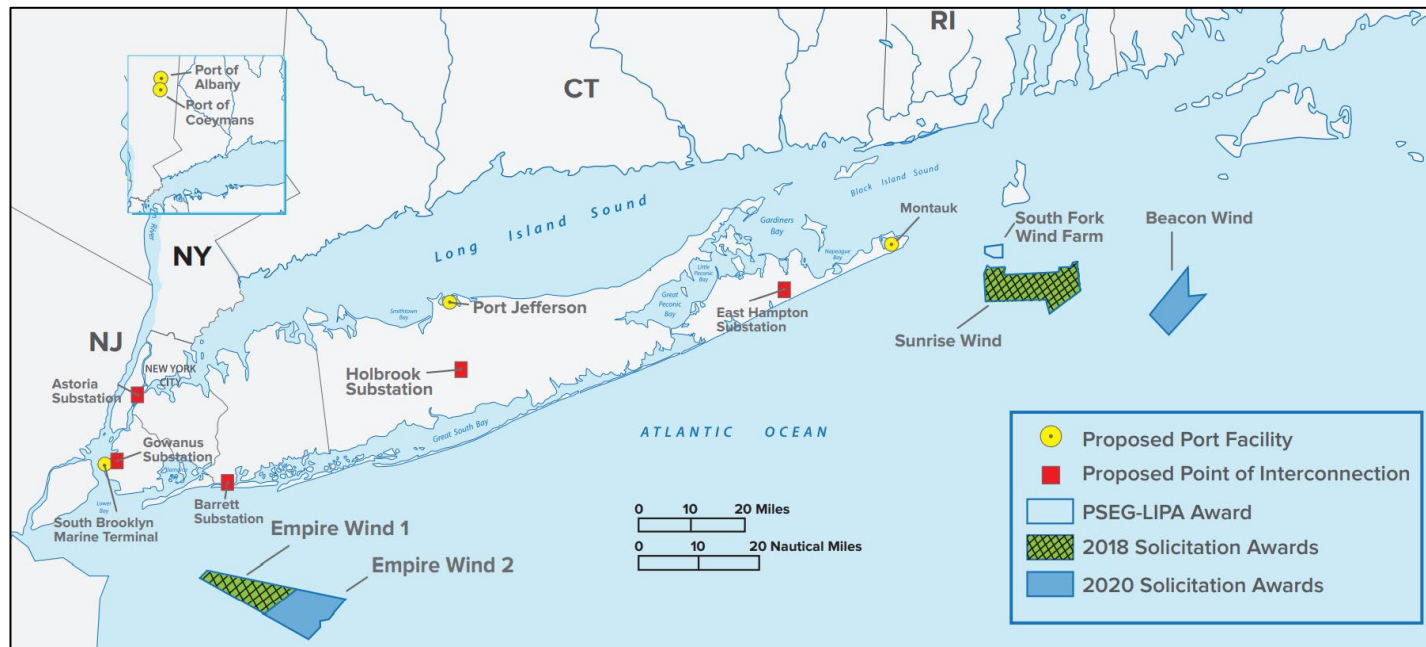
# INVESTMENTS TO MEET CLEAN ENERGY GOALS

- Investing in upgrades to Long Island infrastructure to integrate offshore wind and other renewables will cost about ~\$1.5 billion by 2030
- LIPA advocated that the cost allocation on transmission needed to meet the Climate Act should be shared uniformly state-wide

## New York State Climate Act Goals



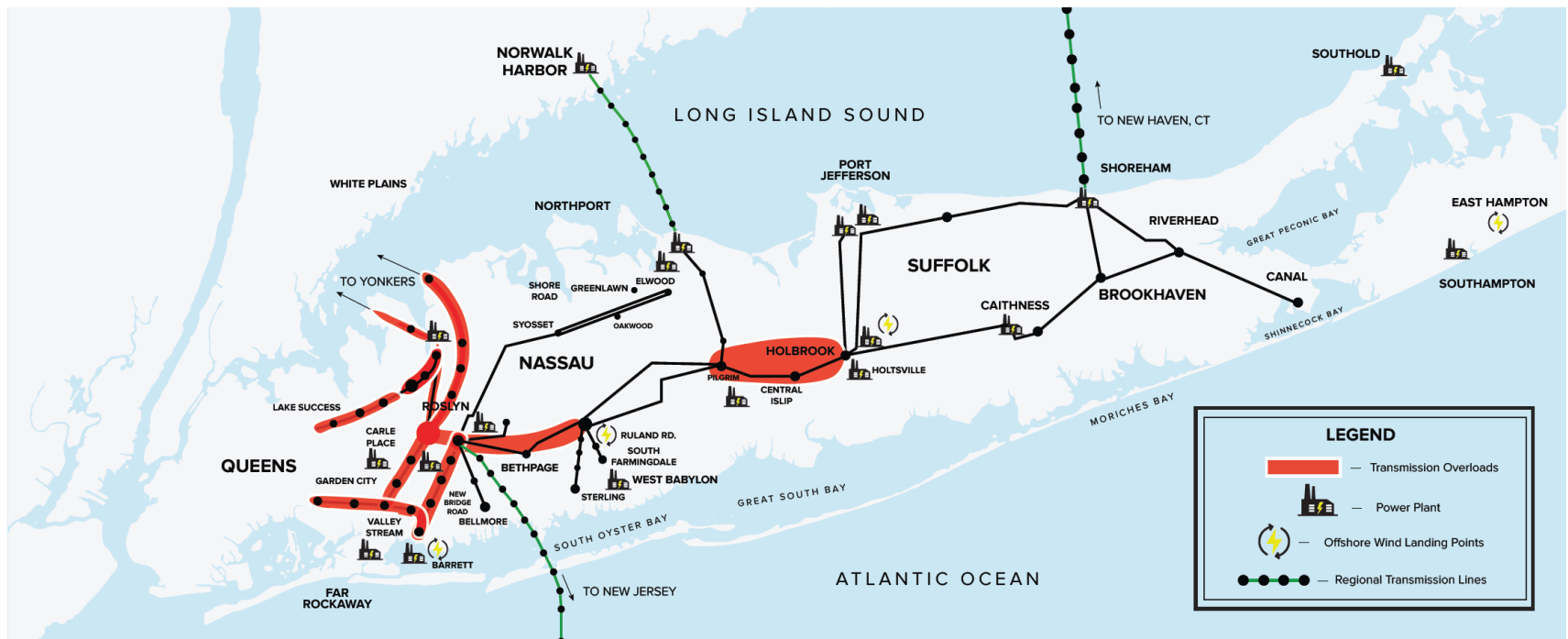
# NEW YORK OFFSHORE WIND PROJECTS



Project Name	Owner	Size (MW)	Contract Off-Taker	Interconnect Utility	In-Service Date
South Fork Wind	Joint Venture: Ørsted and Eversource	130 MW	LIPA	LIPA	2023
Empire Wind 1	Equinor Wind US LLC	816 MW	NYSERDA	ConEd	2024-25
Sunrise Wind	Joint Venture: Ørsted and Eversource	880 MW	NYSERDA	LIPA	2024-25
Empire Wind 2	Equinor Wind US LLC	1,260 MW	NYSERDA	LIPA	2026-27
Beacon Wind	Equinor Wind US LLC	1,230 MW	NYSERDA	ConEd	2028

# UPGRADING THE LONG ISLAND ENERGY GRID

- In 2020, LIPA and Con Edison conducted a regional study to connect 9,000 megawatts (MW) of offshore wind to Long Island and New York City
- In 2021, the New York State Public Service Commission (PSC) confirmed in New York State's Power Grid Study that the Long Island's transmission system requires substantial upgrades to move offshore wind-generated electricity onshore and to the rest of the state



# TIMELINE & PUBLIC SUPPORT

## Timeline

**2020**

LIPA & Con Ed conducts study of transmission upgrades necessary for 9,000 MW of offshore wind

**March 2021**

PSC determines that offshore wind transmission is a public policy need. Issues order allocating up to 75% of costs to “beneficiaries”

**May 2021**

PSC grants a limited stay on a final decision on cost allocation

**January 2021**

PSC releases initial report on New York State’s Power Grid Study

**April 2021**

LIPA & ConEd file petition for rehearing, arguing that costs should be shared statewide

**May 2022**

Final PSC ruling allocating 100% of PPTN costs statewide by load share

## Public Support

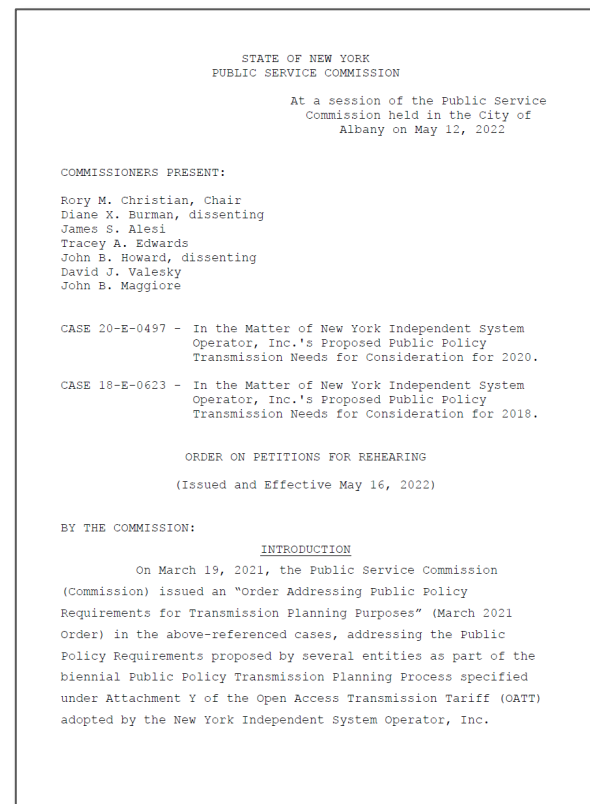
LIPA’s position was supported by many local and state elected officials, and organizations representing government, business, labor, and non-profits throughout the service territory





# PUBLIC POLICY TRANSMISSION NEEDS RULING

- Last week, the PSC issued an order allocating the cost to all electric customers in New York of transmission upgrades needed to interconnect offshore wind from Long Island to the rest of the state:
  - “...the Commission found that the CLCPA is driving the need for additional transmission facilities between Long Island and New York City, and therefore constitutes a Public Policy Requirement.”
  - “...at least 3,000 MW of offshore wind are expected to be interconnected onto Long Island, which “illustrates an impending [transmission] need for upgrades to onshore transmission facilities to assure that the offshore wind energy expected to be injected into New York City and Long Island can be distributed to the State at large.”
- LIPA customers will pay around 13% of the costs for these transmission projects rather than up to 75%+
- Decision will save our customers hundreds of millions of dollars, and potentially more over time as additional transmission projects are built beyond this initial set



[Case 20-E-0497](#)

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# 2022 STATE BUDGET HIGHLIGHTS

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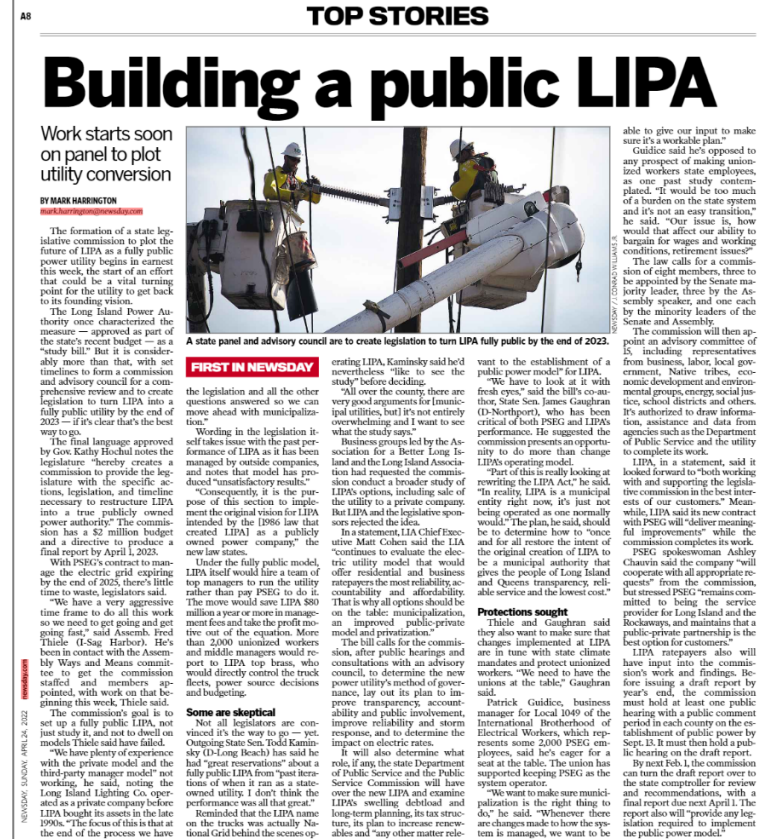
# NEW YORK STATE LEGISLATIVE COMMISSION ON THE FUTURE OF LIPA

The 2022 New York State budget enacted a Legislative Commission on the Future of LIPA.

This Commission will:

- Comprise of members of the Legislature appointed in a bipartisan manner guided by an Advisory Committee of local stakeholders representing diverse interests
- Engage the community and conduct an in-depth examination of LIPA's future as a public utility, including whether LIPA should implement a full public power management model for the first time in its history

By the end of 2023, LIPA will move forward with either the recommendations of the Commission or the process to rebid the PSEG Long Island contract in advance of its 2025 expiration





# CLIMATE-FRIENDLY HOMES

- New York State committed to support the development of at least 1 million electrified homes and up to 1 million electrification-ready homes by 2030
- The 2022 Enacted Budget provides funding for a \$25 billion, five-year Capital Housing Plan to create and preserve 100,000 affordable homes and electrify an additional 50,000 homes



# OFFSHORE WIND



- The 2022 Enacted Budget includes a \$500 million investment to develop the state's offshore wind supply chains and port infrastructure
- This nation-leading initiative will create 2,000 jobs in a growing industry, while helping to make New York the offshore wind capital of the country



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# LOOK AHEAD OF PRIORITY ITEMS

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# HEATING OIL PRICES & BUILDING DECARBONIZATION

- Newsday: “For the week of April 25, average heating oil prices on Long Island hit \$5.50 a gallon, according to the New York State Energy Research and Development Authority, **a 74% increase from the \$3.16-a-gallon price of a year ago**”
- Buildings produce **nearly a third** of New York's carbon emissions
- Steps need to be taken to reduce Long Island's carbon footprint, including the electrification of heat and hot water in buildings and homes
- LIPA initiatives, such as promoting cold climate heat pumps and implementing a Time-of-Day rate, can help customers **save on both carbon and money**

**Newsday**  
YOUR EYE ON LI

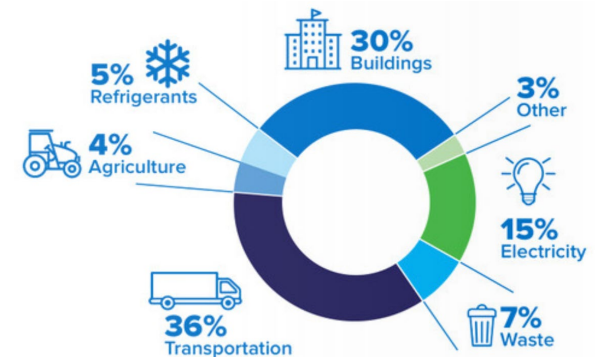
## PRICE OF HEATING OIL ON LI, NY SETTING RECORDS

Costs at \$6 per gallon in some sites, dealers say

May 11, 2022



## New York State Carbon Emission Sources



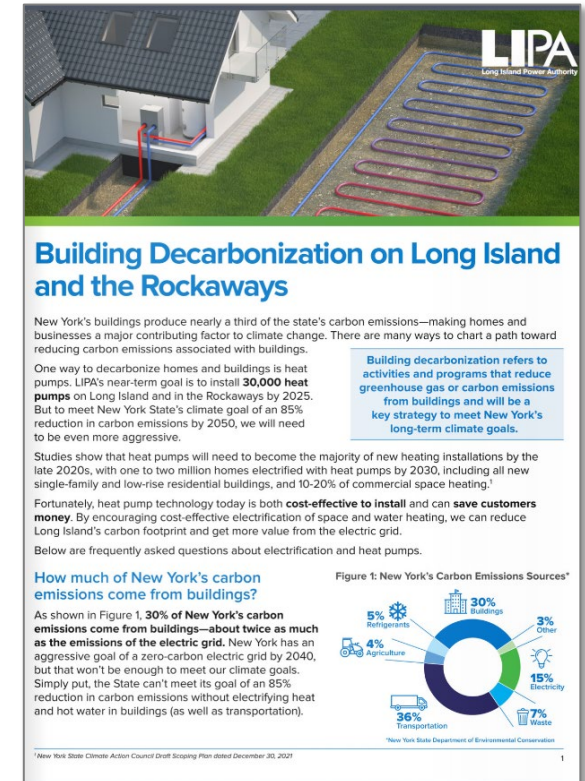
\*New York State Department of Environmental Conservation

# HEAT PUMP INITIATIVE

**Objective:** Leverage our customer insights, relationships, and contractor network to accelerate heat pump adoption

## Focus Areas

1. Empowering the private market and contractor network with tools and information
2. Streamlining and standardizing the customer experience
3. Leveraging utility data and insights for customer segmentation and targeting
4. Broadening our reach through statewide collaboration and partnerships



## Fact Sheet

# TIME-OF-DAY RATES

**What is a Time-of-Day Rate?** A rate structure where eligible customers can opt into to pay different rates for electricity based on the time of day they use it

## Timeline:

- **December 2021:** LIPA and the New York Solar Energy Industries Association (NYSEIA) propose phasing-in a Customer Benefit Charge and plan for a 2024 transition to opt-out time-of-day rates for residential customers
- **June 2022 – August 2022:** Stakeholder meetings
- **September 2022:** Tariff proposal
- **November 2022:** Public hearings
- **December 2022:** LIPA Board consideration
- **2023:** Customer outreach and engagement, IT improvements and testing, business process modifications, change management

# COVID ARREARS FORGIVENESS

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- The New York State budget allocated **\$250 million** statewide for COVID-19 arrears forgiveness
- The Department of Public Service (DPS) is currently conducting a working group to determine eligibility and allocation of funding among utilities
- DPS and LIPA staff are considering a proposal to forgive all low-income customer arrears incurred prior to May 1, 2022
- Arrears of LIPA customers enrolled in the low-income program are approximately \$28 million
- State budget allocation to cover between \$9 million and \$10 million
- Customers eligible but not yet enrolled in the low-income program would have the opportunity to enroll by December 31, 2022 to receive the forgiveness benefit



# Discussion

Questions?