

**LONG ISLAND POWER AUTHORITY**

**MINUTES OF THE OVERSIGHT and CLEAN ENERGY COMMITTEE MEETING**

**HELD ON MARCH 30, 2022**

The Oversight and Clean Energy Committee of the Long Island Power Authority (“LIPA”) was convened at 9:49 a.m. at LIPA Headquarters, Uniondale, NY, pursuant to legal notice given on March 25, 2022; and electronic notice posted on LIPA’s website.

*In compliance with New York State Open Meeting Law and in furtherance of COVID-19 public safety, the following guidelines were publicly posted and followed:*

*The Long Island Power Authority is taking steps to minimize the risk of exposure for the public and our employees. As such, LIPA will not be permitting in-person access to its March 30, 2022 Oversight and Clean Energy meeting. Members of the public are encouraged to observe the live stream of the meeting posted at the LIPA website. The meeting will also be recorded and posted to LIPA’s website for later viewing.*

**The following LIPA Trustees were present:**

**Mark Fischl, Committee Chair (in person)**  
**Nancy Goroff, Committee Member (in person)**  
**Elkan Abramowitz (in person)**  
**Valerie Anderson Campbell (via video conferencing)**  
**Drew Biondo (in person)**  
**Sheldon Cohen (in person)**  
**Lauren Harris (in person)**

**Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, General Counsel & Board Secretary; Rick Shansky, Senior Vice President of Power Supply and Wholesale Markets; Billy Raley, Senior Vice President of T&D Oversight; Jen Hayen, Director of Communications; and Andrew Berger, Communications Assistant. Participating via video conferencing were Tamela Monroe, Chief Financial Officer; Mujib Lodhi, Chief Information Officer and Senior Vice President of Customer Experience; Tom**

**Locascio, Director of External Affairs; and Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.**

**Representing PSEG Long Island, via video conferencing, was Peggy Keane, Interim President and Chief Operating Officer.**

**Representing Electric Power Research Institute, via video conference, were Dr. Andrew Maxson, Program Manager; and Horst Hack, Technical Executive.**

*Chair Fischl welcomed everyone to the Oversight and Clean Energy Committee meeting of the Long Island Power Authority Board of Trustees and noted at the outset of the meeting that there was not a quorum of members present.*

*Chair Fischl stated that the first item on the agenda is the PSEG Long Island Presentation and Operating Report to be presented by Peggy Keane.*

*Ms. Keane presented the PSEG Long Island Presentation and Operating Report and took questions from the Trustees. During the Operating Report, Trustees inquired concerning PSEG Long Island lobbying activities as they related to the proposed Legislative Commission to study the future structure of LIPA.*

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*At approximately 10:05 a.m., Chair Fischl stated that the Committee would adjourn to Executive Session to discuss litigation matters. Chair Fischl stated that no votes would be taken and that the Committee would resume its open session.*

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*The public portion of the meeting of the Oversight and Clean Energy Committee reconvened at approximately 10:21 a.m.*

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*As permitted under LIPA by-laws, Chair Fischl then appointed Trustees Abramowitz, Biondo, Cohen and Harris as temporary members of the Oversight and Clean Energy Committee for the purpose of this meeting only and required quorum.*

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*Chair Fischl stated the next item on the agenda is the adoption of the minutes from the February 17, 2022 Oversight and Clean Energy Committee meeting.*

*Upon motion duly made and seconded, the minutes of the February 17, 2022 meeting were approved unanimously.*

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*Thereafter, upon motion duly made and seconded, the Trustees unanimously directed LIPA Staff to draft a resolution, for consideration at the full Board meeting, adopting certain recommendations relating to PSEG Long Island's lobbying and advocacy positions and activities. An additional motion was then duly made and seconded ratifying the Trustees' previous vote to enter into Executive Session, which motion was also adopted unanimously.*

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*Chair Fischl stated that the next item on the agenda is the Briefing on Energy Storage Technologies to be presented by representatives from Electronic Power Research Institute (EPRI), Dr. Andrew Maxson and Horst Hack.*

*Representatives from EPRI presented the Briefing on Energy Storage Technologies and took questions from the Trustees.*

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*Chair Fischl stated that the last item on the agenda is the Consideration of Recommendation to Approve Capacity Purchases to be presented by Rick Shansky.*

*Mr. Shansky presented the following action item and took questions from the Trustees:*

## **Requested Action**

The Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees is requested to approve a resolution recommending authorizing the Chief Executive Officer or his designee to execute Capacity Purchase Agreements (“CPA”) with Dighton Power, LLC (“Dighton”), Manchester Street, LLC (“Manchester”) and Calpine Energy Services, L.P. (“Calpine”), and to take such other actions as may be reasonably necessary to implement arrangements for LIPA to purchase a total of 345 MW of installed capacity supplied from five natural gas-fired combined-cycle power plants located in Connecticut, Rhode Island, Maine, New Hampshire and Massachusetts.

## **Background**

LIPA has a long-term contract for 330 MW of firm transmission rights on the Cross Sound Cable (“CSC”), a high-voltage direct current undersea transmission cable that interconnects the LIPA transmission system at Shoreham, NY with the ISO-New England transmission system at New Haven, CT. The New York Independent System Operator (“NYISO”) allows holders of such firm transmission rights to use generating capacity purchased outside of New York to meet NYISO’s in-State and locational (e.g., Long Island) capacity requirements. Previously, LIPA had used capacity purchased from Bear Swamp Power Company LLC to meet its capacity requirements under an arrangement that expired in 2021.

In December 2021, PSEG Long Island issued an RFP for up to 345 MW of installed capacity in ISO-New England that could be used to meet LIPA’s capacity requirements for the 2023-24 and 2024-25 capability years<sup>1</sup>. The RFP allowed LIPA to assemble a portfolio of generating plants from one or more respondents to meet the maximum capacity of 345 MW. Proposals were received on January 19, 2022 from two RFP respondents, Starwood Energy Group (“Starwood”) and Calpine. Starwood offered a combined total of up to 345 MW from combined-cycle generating facilities located in Massachusetts (Dighton) and Rhode Island (Manchester). Calpine offered up to 155 MW of installed capacity from three combined-cycle generating facilities located in Massachusetts, New Hampshire, and Maine. The PSEG Long Island selection committee evaluated the proposals and determined that a combination of the two proposals would best meet LIPA’s needs.

The pricing offered in both proposals is favorable compared to LIPA’s forecast of market capacity prices and both respondents agreed to comply with NYISO rules for selling off-Island capacity into the New York market. For the 2023-24 capability year, LIPA staff recommends a purchase of 155 MW from Calpine, which is the maximum amount it offered; plus a purchase of 190 MW from Starwood subsidiaries Dighton Power, LLC and Manchester Street, LLC, in order to meet the 345 MW goal, while assuring some diversity of suppliers and sources.<sup>2</sup> The total contract values for the Calpine and Starwood contracts are \$6 million and \$8 million, respectively.

Proposed contract terms would require each supplier to meet stringent availability targets or be subject to reduction in payments from LIPA. Moreover, the suppliers would be responsible for indemnifying LIPA for any penalties assessed by NYISO for failure to perform their obligations, which include supplying energy during system emergencies upon

NYISO's direction. That feature of the arrangement will increase the reliability of imports over the CSC.

Another valuable feature of this arrangement is the continued reservation of firm interconnection rights for CSC, which enables LIPA to continue to make off-Island capacity purchases during the term of the CSC contract. Absent the proposed purchases, those interconnection rights would expire in 2024 under current NYISO rules and restoring such rights could expose LIPA to significant future transmission system upgrade costs. Preserving these rights benefits LIPA ratepayers by maintaining access to a competitive pool of generating capacity in ISO-NE.

For the 2024-25 capability year, LIPA staff recommends a new procurement whose goal would be to attract broader interest among potential suppliers in New England.

### **Recommendation**

For the foregoing reasons, I recommend that the Trustees authorize the Chief Executive Officer or his designee to take all actions, including, without limitation, execution of capacity purchase agreements with Dighton, Manchester, and Calpine and all other related agreements to enable the Authority's purchase of installed capacity as described above.

*A motion was made and seconded, and the Trustees unanimously adopted the following resolution:*

### **RECOMMENDING AUTHORIZATION TO ENTER INTO INDIVIDUAL CAPACITY PURCHASE AGREEMENTS WITH DIGHTON POWER, LLC, MANCHESTER STREET, LLC, AND CALPINE ENERGY SERVICES, L.P. FOR THE PURCHASE OF INSTALLED CAPACITY**

WHEREAS, pursuant to the December 14, 2021 Request for Proposals for Off Island Capacity (New England Control Area) administered by PSEG Long Island, LIPA staff selected proposals by the Starwood Energy Group (on behalf of its subsidiaries Dighton Power, LLC and Manchester Street, LLC), and Calpine Energy Services, L.P. to provide a combined total of 345 MW of installed capacity; and

WHEREAS, LIPA seeks to enter into Capacity Purchase Agreements ("CPA") with Dighton Power, LLC, Manchester Street, LLC, and Calpine Energy Services, L.P. under which those entities will provide a combined total of 345 MW of installed capacity delivered to the New Haven interconnection point of the Cross Sound Cable for the 2023 to 2024 NYISO Capability Year.

NOW, THEREFORE, BE IT RESOLVED, that the Oversight and Clean Energy Committee hereby recommends that the Board of Trustees authorize the Chief Executive Officer and his designee to execute and effect CPAs and other related agreements and arrangements, consistent with the terms of 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 or his designee, to implement LIPA's purchase of installed capacity from Dighton Power, LLC, Manchester Street, LLC, and Calpine Energy Services, L.P.**

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*Chair Fischl then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 10:53 a.m.*

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