

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 308th MEETING

HELD ON MAY 18, 2022

The Long Island Power Authority (“LIPA”) was convened for the three hundred and seventh time at 11:01 a.m.

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 May 18, 2022 Board meeting. Members of the public are encouraged to observe the live stream of the Board 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, Acting Chair (in person)
Elkan Abramowitz (in person)
Valerie Anderson Campbell (in person)
Drew Biondo (in person)
Sheldon Cohen (in person)
Nancy Goroff (in person)
Laureen Harris (in person)
Ali Mohammed (via video conferencing)

Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, General Counsel & Board Secretary; Mujib Lodhi, Chief Information Officer and Senior Vice President of Customer Experience; Rick Shansky, Senior Vice President of Power Supply and Whole Markets; Billy Raley, Senior Vice President of T&D Oversight; Justin Bell, Vice President of Public Policy and Regulatory Affairs; Jason Horowitz,

The changes to OML were previously tied to the COVID-19 State of Emergency, such that when the State of Emergency expired, the changes to OML would then be null and void. As part of the New York State budget signed on April 4, 2022, the budget legislation adopted similar language as the prior authorization permitting LIPA to hold fully virtual meetings until June 8th. After June 8th, meetings must be held in person, but, as set forth in permanent amendments to OML, there is now an allowance for a minority of Board members to join meetings virtually where the Trustee has a disability, illness, caregiving responsibilities, or any other significant or unexpected factor or event which precludes the Trustee's physical attendance at the meeting.

That legislation requires the LIPA Board to adopt a resolution that authorizes the use of video conferencing and sets forth certain parameters when video conferencing will be permitted. The legislation also requires that, in the event the governmental body chooses to permit video conferencing, they also afford the public the opportunity to attend virtually.

Recommendation

Based upon the foregoing, it is recommended that the Trustees adopt the resolution in the form attached hereto as Exhibit "A".

RESOLUTION PERMITTING THE LIPA BOARD AND ITS COMMITTEES TO USE VIDEO CONFERENCING IN ACCORDANCE WITH NEW YORK STATE OPEN MEETINGS LAW

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby permits the use of video conferencing for Board and Committee meetings in accordance with New York State Open Meetings Law ("OML"); and

BE IT FURTHER RESOLVED, that a minority number of Trustees may participate in either Board or Committee meetings virtually where the Trustee has a disability, illness, caregiving responsibilities, or any other significant or unexpected factor or event which precludes the Trustee's physical attendance at such meeting; and

BE IT FURTHER RESOLVED, that the Board hereby directs LIPA Staff to amend its Guidelines for public participation, posted on LIPA's website, to ensure that members of the public have continued access to Board and Committee meetings either in person or virtually, consistent with OML and this Resolution

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to approve a resolution, attached hereto as Exhibit “A,” authorizing the Chief Executive Officer, or his designee, to engage Monigle to provide brand strategy and related communication assets and messaging services (“Brand Strategy Services”) for a term not to exceed five (5) years.

Background

LIPA Staff has identified a need for brand strategy and related communication and messaging services. LIPA’s brand strategy will be research-based and align with our organization’s values, culture, and objectives. LIPA’s brand strategy and actions, along with communications and collateral derived from it, will reflect an in-depth understanding of customer and key stakeholders’ perceptions and needs, as well as our role in providing electricity for our service territory. Through this project, LIPA will create a revised brand strategy, identity, and action/communication templates to be used across key touchpoints with the brand.

Discussion

On April 8, 2022, LIPA issued an RFP for experienced firms to Brand Strategy Services. On or before May 2, 2022, LIPA received timely proposals from 10 firms. Responses were evaluated according to the criteria set forth in the RFP by members of LIPA’s Communication and External Affairs team, while LIPA’s Procurement Department, as required by State law, ensured compliance with Minority/Women Based Enterprise (MWBE), Service-Disabled Veteran-Owned Business (SDVOB) solicitation opportunities, as well as cost aspects of the proposals.

LIPA Staff recommends that Monigle be awarded the contract for Brand Strategy Services and that such fees, as provided for in the RFP, were determined to be reasonable for the services provided. The recommendation resulted from an assessment of the firm’s experience and qualifications, rates, proposed changes to LIPA’s standard consulting contract, and proposals to comply with state requirements.

1724. RESOLUTION AUTHORIZING THE ENGAGEMENT OF A FIRM TO PROVIDE BRAND STRATEGY AND RELATED COMMUNICATION ASSETS AND MESSAGING SERVICES

NOW, THEREFORE, BE IT RESOLVED, that consistent with the attached Memorandum, the Chief Executive Officer or his designee be, and hereby is, authorized to engage the firm so designated in the Requested Action to provide Brand Strategy Services for the Long Island Power Authority for a term not to exceed five (5) years.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution approving an amended Board Policy on Audit Relationships, as further described below.

Board Policy on Audit Relationships

The Finance and Audit Committee of LIPA’s Board of Trustees, in its Charter, was delegated the responsibility of reviewing LIPA’s policies regarding Audit Relationships.

The Board Policy on Audit Relationships defines the expectations of the Board regarding the existing authority granted to the Finance and Audit Committee for:

- Selecting an independent certified public accounting firm to conduct annual audits of LIPA.
- The annual review of the audit plan as well as the Charter, activities, staffing, budget, and organizational structure of Internal Audit, and confirming the independence of the internal
- auditors.
- Monitoring, in consultation with the Chief Audit Executive, the significant findings of internal audit reports and the status of the implementation of management’s action plans in response to such audit findings.
- Setting forth the procedures for the Board of Trustee’s receipt, review and implementation of any recommendations in a Management and Operations Audit conducted by the New York State Department of Public Service (“DPS”).

Proposed Changes to Board Policy

The proposed change to the Board Policy includes a change in reporting relationships. The Chief Audit Executive will now report administratively to the Senior Vice President of Transmission and Distribution. This change is intended to reinforce a greater focus on operational audits. The proposed changes to the Policy are more specifically set forth in Exhibit “B”.

Recommendation

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

1725. RESOLUTION APPROVING AMENDMENTS TO THE LONG ISLAND POWER AUTHORITY BOARD POLICY ON AUDIT RELATIONSHIPS

WHEREAS, the Board of Trustees (the “Board”) of Long Island Power Authority (“LIPA”) oversees the management of the Authority, the contractual relationship with LIPA’s Service Provider, and fulfillment of LIPA’s purpose; and

WHEREAS, as stewards of LIPA, the Trustees are responsible for setting LIPA’s audit relationship policy and overseeing its fulfillment; and

WHEREAS, the Finance & Audit Committee of LIPA’s Board of Trustees, in its Charter, was delegated the responsibility of reviewing LIPA’s policies regarding Audit Relationships;

WHEREAS, in LIPA’s By-Laws, LIPA’s Board of Trustees delegated certain responsibilities to the Chief Executive Officer for managing and directing the staff of LIPA; and

WHEREAS, policies addressing audit relationships have been recommended by the Finance & Audit Committee for adoption by the Board.

NOW, THEREFORE, BE IT IS RESOLVED, that the Board hereby approves and adopts the amended Policy on Audit Relationships, in accordance with the accompanying memorandum; and

BE IT FURTHER RESOLVED, that the Policy on Audit Relationships be subject to annual review and evaluation by the Finance & Audit Committee in accordance with the accompanying memorandum.

Acting Chair Fischl 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.

Acting Chair Fischl stated that the next item on the agenda was the Quarterly Presentation on the Status of PSEG Long Island 2022 Metrics to be presented by Mujib Lodhi.

Mr. Lodhi presented the Quarterly Presentation on the Status of PSEG Long Island 2022 Metrics and took questions from the Trustees.

Acting Chair Fischl stated that the next item on the agenda was the Consideration of Approval of the Annual Report and Amendments to the Board Policy on Customer Value and Affordability to be presented by Justin Bell.

Mr. Bell 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 Customer Value and Affordability (the “Policy”) for the period since the last annual review; (ii) finding that LIPA has complied with the Policy; and (iii) approving amendments to the Policy, which resolution is attached hereto as Exhibit “A”.

Background

By Resolution No. 1318, dated September 21, 2016, the Board adopted the Policy. The purpose of the Policy is to set reasonable objectives for LIPA’s electric rates and rate design and to review LIPA’s electric rates relative to other similar regional utilities each year. The Board conducts an annual review of the Policy and considers as part of its review whether LIPA has remained in compliance with the Policy and whether any updates or revisions should be made to the Policy.

The Policy was last reviewed by the Board in June 2021, and last amended in July 2019.

Compliance with the Policy

Staff has determined, for the reasons set forth below, that LIPA has remained in compliance with the objectives of the Policy for the period since the last annual review.

Lowest Fiscally Sound Electric Rates. The Policy states “Electric rates should be set at the lowest level consistent with sound fiscal and operating practices and applicable law and regulation, ensuring that quality service is efficiently rendered.”

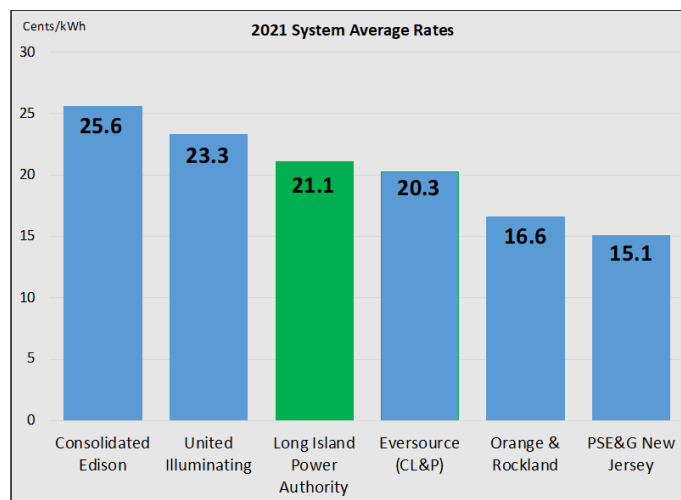
- In December 2021, the Board of Trustees adopted the 2022 Budget and Rate Update, which implemented an annual budget and rate update at the lowest level consistent with sound fiscal and operating practices, as those practices are defined by Board Policy, and within the statutory threshold provided in the Public Authorities Law.
- The 2022 Budget identified \$999 million in projected savings from actions taken to operate lean, balancing cost and service to achieve the most out of every dollar.

\$999 Million Customer Savings in 2022 from Operating Lean

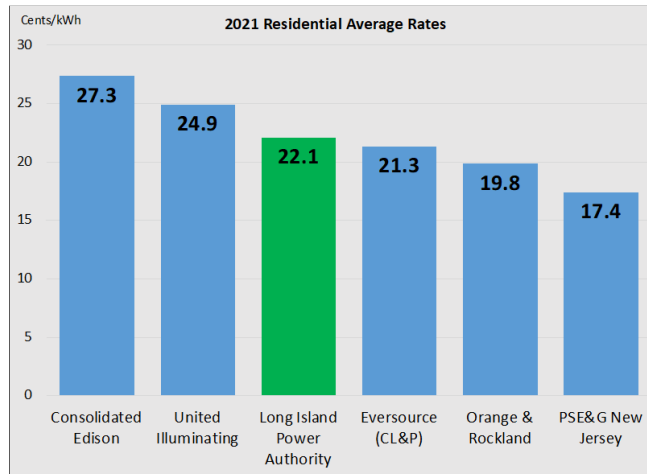
Millions	
Discontinued investments in combined cycle plants	\$348
LIPA Reform Act 2% Tax Cap	\$272
Commodity hedging (based on current prices)	\$150
Renegotiating expiring power purchase agreements	\$56
Refinancing existing debt	\$49
Reduction to wholesale market and off-island transmission costs	\$39
Investing in cost-effective energy efficiency	\$29
Power plant property tax savings	\$20
Smart Meter savings	\$17
Operating savings and improved productivity	\$11
Power plant pension and retirement savings	\$8
Total	\$999

Regionally Comparable Electric Rates: The Policy states “Electric rates should be comparable to the published rates on a system average basis of other regional utilities that surround the Authority’s service territory, which most closely resemble the costs and electric/gas supply options of the Authority, including: Consolidated Edison, Orange & Rockland, United Illuminating, Eversource (formerly Connecticut Light and Power), and PSE&G.”

- LIPA’s system average electric rate was 21.1 cents in 2020.
- Compared to the other five major regional utilities that surround LIPA’s service territory, listed in the Policy, LIPA’s system average rate is less than one cent above the regional average (20.3 cents).
- LIPA’s system average rate is 18% below the highest priced regional utility.
- The system average electric rates of the regional utilities ranged from 15.1 cents (PSE&G) to 25.6 cents (United Illuminating), as shown in the following figure:



- If LIPA’s taxes, which comprise 19% of the bill, were equivalent to the national average of 6% of the bill, LIPA’s 2021 system average rate would have been 17.5 cents rather than 21.1 cents.
- Although the Policy is focused on *system average* rates, it is worth noting that LIPA’s *residential* average rate in 2021 of 22.1 cents was also competitive with the rates of our regional peer utilities, as shown in the following figure:

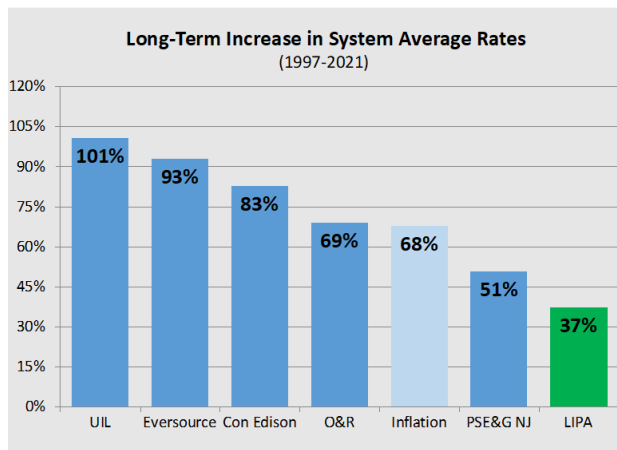


- The New York City metro area has above average labor, land, tax, and commodity costs and highly seasonal weather patterns (i.e. electricity is used for cooling in the summer while other fuels are used for heating in the winter). This causes the New York metro area to have per kilowatt-hour electric rates that are above the national average. For example, the national system average retail electric rate in 2020, according to the U.S. Energy Information Agency, was 10.6 cents per kilowatt-hour. State-by-state averages include 19.1 cents for Connecticut, 18.2 cents for Massachusetts, 14.9 cents for New York, 16.3 cents for Vermont, 13.7 cents for New Jersey, and 9.7 cents for Pennsylvania.
- Even within New York, there is a significant difference in prevailing power prices between upstate and downstate. The upstate grid is primarily fueled by lower-cost hydro and nuclear power while downstate is primarily fossil-fuel fired generation. The Board’s policy recognizes these significant regional differences by benchmarking to five utilities that surround the LIPA service territory rather than utilities in other regions of the country or state.

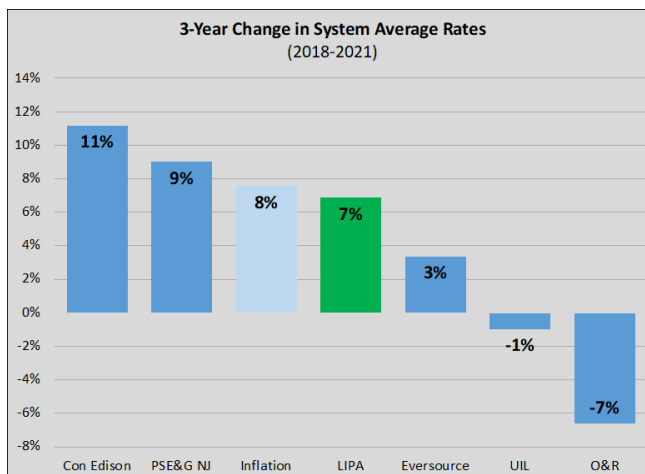
Changes in Electric Rates to Support Investments in Customer Value: The Policy states “Changes in the Authority’s electric rates and bills should be similar to other regional utilities on a system average basis. Over time, we expect an appropriate balance between cost and service to result in increases to electric rates similar to the rate of inflation. In any given year, changes in electric rates may not reflect broader economic price indices due to external factors such as changes in commodity prices, law or regulation.”

- LIPA’s system average rates have been competitive on a long-term basis, having risen more slowly than any of the other regional utilities during LIPA’s stewardship of the Long Island grid (see chart below).

- LIPA’s rates increased 37% since LIPA took over the Long Island grid, compared to a range of 51% to 101% for the other utilities, as shown in the following figure. The consumer price index, a standard measure of inflation, increased 68%.



- Over the past 3 years, LIPA’s system average electric rates have increased 7% while other regional utilities have ranged from an 7% decrease to an 11% increase, as shown in the following figure.



Prudent Rate Design: The Policy states “Electric rates should: be simple and easy to understand; equitably allocate costs across and within customer classes by taking into consideration the cost to provide service; be affordable to people with low incomes and severe medical conditions; and encourage the most efficient use of utility plant by reflecting the cost of energy at the time it is used, reducing on-peak use, and supporting energy efficiency and conservation.”

During 2021, LIPA made the following changes to its rates and tariffs in furtherance of this Policy:

- To assist with affordability during the COVID-19 pandemic, LIPA continued to waive customer late payment charges, suspended disconnections for non-payment, waived reconnection fees (including backbilled demand and service charges), suspended the expiration of low-income customer discounts, and eased the terms of deferred payment agreements and security deposits.
- LIPA increased the cap on customer participation in the NYSERDA-administered Green Jobs Green New York on-bill loan installment program, giving more customers access to low-cost financing of energy efficiency, beneficial electrification, and distributed energy resources.
- LIPA codified improvements to Long Island Choice, designed to give customers more flexibility to choose alternative suppliers and participate in Community Choice Aggregation.
- LIPA suspended daily service charges for customers affected by prolonged outages due to major storms and other emergency events.

Consistent with New York Policy: The Policy states: “the Authority’s electric rate design and tariffs should be as consistent as possible with statewide principles. When statewide proceedings produce policies of general applicability, the Authority will adopt conforming changes to its Electric Tariff, unless there are compelling considerations that are unique to the Authority and its public power business model. Prior to adopting such changes, the Authority will hold public comment sessions and evaluate such unique considerations.”

During 2021, LIPA made changes to the following sections of its rates and tariffs in support of greater consistency with New York policy:

- LIPA updated community distributed generation and remote crediting rules to better align with statewide versions of these programs.
- LIPA implemented a Customer Benefits Contribution Charge to recover the cost of public benefit programs fairly from all customers.
- LIPA updated its pole attachment fees and Service Initiation Charges, and updated the Service Classification 7A eligibility, for consistency with statewide policy and local municipal ordinances.
- LIPA adopted further enhancements to Community Choice Aggregation to make it available to CCAs on the same terms as the rest of the State.

Annual Review of the Policy

The Board hired Leading Resources, Inc. to review the Board policies and to facilitate discussion amongst the Trustees on certain policies. A working group of Trustees participated in various meetings to develop and draft amendments to the Policy. The draft amendments to the Policy were shared with the full Board at its meeting on March 30, 2022.

The final version of the amended Policy, as drafted by the Trustees, is attached hereto as Exhibit “B”. The Policy has been renamed to the Board Policy on Customer Value, Affordability and Rate Design.

Enterprise Risk Management Discussion

The Board has adopted a Policy on Enterprise Risk Management (“ERM”). Enterprise risks are brought to the Board’s attention throughout the year. LIPA’s ERM program has identified two such risks related to the adequacy of rates and their related rate designs (tariffs). The two specific risks are: “Insufficient rates/untimely rate relief may lead to inadequate system investments which compromises LIPA’s ability to achieve strategic priorities” and “Existing rate design may not reflect changing customer usage patterns/expectations or provide pricing signals (e.g. time of use rates, location and demand charges) resulting in customer cross-subsidies and economic inefficiencies (i.e. grid usage optimization).”

These risks are both rated as medium level risks. LIPA mitigates the risk of insufficient rates through an extensive analysis of its cost structure each year and by the identification of new specific performance metrics in the recently reformed Operating Service Agreement to monitor electric system performance relative to budgets on an ongoing basis. LIPA utilizes a decoupling mechanism, which helps to stabilize revenues with changing weather and economic patterns, and a delivery service adjustment to recover or refund to customers variances in unpredictable costs, such as storm costs. LIPA also maintains a Power Supply Hedging Program designed to reduce a portion of fuel and purchased power price volatility.

Regarding the risk related to rate design, LIPA implements tariffs that reflect, to the best of our ability, customer end usage patterns. Outreach is conducted with customers to better understand their needs and concerns. Additionally, LIPA monitors industry best practices and utilizes appropriate technological advancements to ensure the reasonableness of our rate designs. Based on the mitigations actions that are currently in place, staff believe both of these risks are being adequately managed.

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 resolution was approved by the Trustees.

1726. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON CUSTOMER VALUE AND AFFORDABILITY

WHEREAS, the Customer Value and Affordability Policy (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1318, dated September 21, 2016; and

WHEREAS, the Policy was last amended by the Board pursuant to Resolution No. 1488, dated July 24, 2019; and

WHEREAS, the Board has conducted an annual review of the Policy and affirms that the Policy has been complied with and concurs that the changes proposed to the Policy and due and proper.

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

BE IT FURTHER RESOLVED, that the Board hereby approved the amendments to the Policy as set forth in Exhibit “B”.

Acting Chair Fischl stated that the next item on the agenda was the Consideration of Approval of the Annual Report and Amendments to the Board Policy on Resource Planning and Clean Energy to be presented by Rick Shansky.

Mr. Shansky 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 Resource Planning and Clean Energy (the “Policy”); (ii) finding that LIPA has complied with the Policy since the last annual review; and (iii) approving amendments to the Policy, which resolution is attached hereto as Exhibit “A.”

Background

By Resolution No. 1372, dated July 26, 2017, the Board adopted the Policy. The last annual report on the Policy was in June 2021, and the last amendments to the Policy were made in July 2020.

The Policy sets objectives for resource planning, power supply procurement, portfolio management, and energy efficiency programs that support LIPA’s purpose and the State’s clean energy goals. The Policy also establishes regular performance reporting by LIPA Staff to enable the Board to assess performance against the objectives of the Policy.

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 review of the Policy last year.

Planning

“Planning for a power supply portfolio that meets applicable New York State Independent System Operator and New York State Reliability Council requirements, environmental standards, and the State’s clean energy goals; and updating the Integrated Resource Plan to reassess system needs, as necessary, but no less than every five years.”

- **Long Island capacity reserves and future additions are expected to meet the New York Independent System Operator’s (“NYISO”) minimum Locational Capacity Requirement (“LCR”) through 2030. The current 2022 LCR of 99.5% of peak load is satisfied mainly with fossil-fueled generation and a smaller contribution from renewable resources. As offshore wind and energy storage resources are interconnected into Long Island, in compliance with the Climate Leadership and Community Protection Act of 2019 (“CLCPA”), the existing fossil-fuel generation will be phased-out in a manner that continues to satisfy the LCR, which is expected to increase over time as more intermittent resources are added to the system.**
- **Implementation of the CLCPA will require the total replacement of existing fossil fuel generation by 2040 with renewable energy, energy storage, and other carbon-free technologies.**
- **The load forecast declines through the mid-2020s and thereafter begins to grow as electrification of heating and transportation takes hold. Projections for electric vehicles and heat pumps, as well as load reductions for behind-the-meter solar and other distributed energy resources, are captured in the 2022 load forecast update.**
- **PSEG Long Island is currently in the process of developing LIPA’s 2022 Integrated Resource Plan (“IRP”), with the scheduled completion by the end of 2022. The IRP will identify preferred options for making the transition to a clean energy grid.**
- **LIPA plans to meet its share of the State’s Renewable Energy Standard through future procurements or Renewable Energy Certificate (“REC”) purchases from the New York Energy Research and Development Authority (“NYSERDA”). See the discussion of Clean Energy below.**

Managing the Portfolio

“Managing the power supply portfolio to minimize cost and maximize performance, including the economic scheduling of assets, power plant availability and thermal efficiency, within contractual constraints.”

- **All power supply portfolio contracts met or exceeded contract targets in 2021.**
- **A contract billing dispute with Cross Sound Cable is the subject of litigation regarding the cable owner’s claim for capacity payments related to a six-month outage of the cable.**

- NYPA (“New York Power Authority”) conducted a life extension and modernization study of the NYPA-owned Y-49 cable from Yonkers to Long Island. NYPA has engaged contractors to reconnector the land-based facilities on the Long Island side. LIPA’s contract with NYPA for the use of the cable is currently scheduled to terminate in November 2022.

PSEG Long Island and LIPA are working with NYPA to extend the contract until the Y-49 reconnectoring project is completed.

- LIPA entered into a new capacity purchase to reimburse NYPA for its costs (net of market revenues) to repair and continue to operate the Richard M. Flynn Power Plant (the “Plant”), a 150-megawatt gas- and oil-fired combined cycle generating unit located in Holtsville, which NYPA had planned to retire rather than repair after the generator failed in April 2021.

LIPA had determined that the Plant’s capacity will be needed to assure system reliability for the next several years, especially in light of ongoing reliability concerns for several of LIPA’s interties with neighboring utilities. The facility was repaired and returned to service in November 2021.

- Heat rate (i.e., fuel efficiency) and availability of the legacy National Grid-owned generation fleet that supplies power to LIPA under a cost pass-through arrangement continue to be better than the industry average for comparable technologies.
- Nine Mile Point Unit 2’s equivalent availability during 2021 was 99.7%. Its capacity factor, based on its average annual Dependable Maximum Net Capability (DMNC) of 1,300 MW, was 98.0%. Exelon completed a refueling outage of the unit in March 2022.
- PSEG Energy Resources & Trade has met or exceeded all contractual performance targets in 2021, including Neptune and Cross Sound cable performance, generation bidding to the NYISO, load forecasting, fuel procurement, and scheduling, as well as settlements and invoicing.
- PSEG Energy Resources & Trade works with each of LIPA’s power supply contract generators to schedule generation outages and testing activities with the goal of reducing overall power supply costs to LIPA’s customers.

Competitive Procurement

“Minimizing cost by competitively procuring generation and distributed energy resources through wholesale market purchases, bilateral contracts, and if appropriate, after balancing cost and risk, ownership or pre-payments for energy, utilizing to the extent feasible and cost-effective, Authority owned land and rights to acquire generating sites.”

- In 2020-21, PSEG Long Island initiated new procurement processes on LIPA’s behalf for energy storage, solar power, and capacity imports, including:
 - Request For Proposal (“RFP”) issued April 2021 for up to 175 MW of energy storage projects, in compliance with the storage mandate in the CLCPA, with

- proposals received in July 2021 for sites offered by LIPA in addition to sites owned by developers or acquired from third parties;
- Community Solar feed-in tariff for up to 20 MW of new renewable resources whose benefits will be directed toward low and moderate-income customers; and
 - 2021 Off Island Capacity RFP for purchase of up to 345 MW of capacity from generating facilities located in the ISO-New England control area for import over the Cross Sound Cable to help meet LIPA’s capacity requirements for the period May 2023 through April 2024 and maintain valuable firm delivery rights into the Long Island load pocket, which would otherwise expire for lack of use under applicable NYISO rules.

Clean Energy

“Procuring cost-effective renewable resources, RECs, and behind-the-meter resources such as energy efficiency and demand response, including acting in coordination with other State energy authorities, if advantageous to our customers; integrating cost-effective distributed energy production and storage technologies; and enabling the economic and secure dispatch of resources deployed within the distribution system and on customer premises.”

- **LIPA was undersupplied in Tier 1 RECs to meet its share of the State Clean Energy Standard for 2021. LIPA’s REC requirement for 2021 equates to 2.04% of the total energy supplied, whereas LIPA’s Tier 1-eligible (facilities that began operation since 2015) contracts supply about 1.4% of the load. For 2022, we also expect to be undersupplied with the requirement being 3.25%. Accordingly, LIPA has established a Clean Energy Compliance Fund to invest in future clean energy projects or REC purchases through NYSERDA, or LIPA procurements, in a manner consistent with the NYSERDA Alternative Compliance Payment fund, when such projects produce sufficient RECs.**
- **LIPA plans to meet a major portion of its future Tier 1 REC and OREC (offshore wind REC) targets by participating in NYSERDA’s annual REC procurements. In April 2021, the Board approved a long-term REC Purchase Agreement with NYSERDA that will be used to procure Tier 1 RECs and future ORECs.**
- **In 2021, residential and commercial energy efficiency programs resulted in 1.27 million MMBtu of energy savings (56.3 MW of incremental demand savings and 375,789 MWh), which is approximately 116% of the goal of 1.09 million MMBtu of energy savings.**
- **Long Island continues to have the most robust rooftop solar market in the State with nearly 64,000 photovoltaic systems installed. In 2021, customer-side installed capacity increased 61 MW (AC) with incremental annualized energy savings of 77,000 MWh.**
- **As of year-end 2021, there is also approximately 9.6 MW of behind-the-meter customer storage installed, virtually all in conjunction with photovoltaic installations.**
- **The Dynamic Load Management (“DLM”) program was deployed throughout the summer in 2021, in coincidence with both the New York State and Long Island peak days resulting in an estimated savings of \$200,000 as an offset against 2022 capacity**

costs. The commercial program was deployed eight times and the residential program was deployed seven times last summer.

Wholesale Market Policy

“Minimizing cost by representing the interests of Long Island electric customers in the New York and regional wholesale markets and their respective stakeholder processes, including direct engagement with Federal and State regulatory authorities.”

- **LIPA has been engaged with the NYISO in assessing long-term market structure issues associated with CLCPA implementation, including renewable integration, transmission buildout, need for flexible generation capacity, reserve and regulation requirements.**
- **LIPA is working through the NYISO Stakeholder process on developing market rules for Energy Storage, Solar, and Offshore Wind resources. LIPA is engaged with stakeholders to revise market rules to more accurately recognize contributions of renewable energy resources and storage while eliminating existing rules that do not align with New York State Energy Policy goals.**
- **LIPA is engaged with the NYISO to evaluate new transmission facilities needed to integrate Offshore Wind. LIPA will have the opportunity to exercise its “Right of First Refusal” to construct necessary upgrades to existing LIPA-owned transmission facilities associated with the new bulk transmission facilities to be selected by NYISO.**
- **LIPA is coordinating with the DPS and other New York State Transmission Owners to develop a statewide least-cost plan for local transmission upgrades needed to integrate renewables in support of CLCPA goals.**
- **LIPA has completed revisions to expand the LI Choice program, so Long Island residents can purchase clean energy from qualified community aggregators as well as retail energy service companies (“ESCOs”).**
- **LIPA has worked with Neptune and outside counsel to challenge PJM’s cost allocation for new transmission facilities under the Regional Transmission Expansion Planning process.**

Working also with other merchant transmission providers, LIPA has achieved a settlement with the PJM Transmission Owners, dramatically reducing charges through 2028.

Annual Review of the Policy

The Board hired Leading Resources, Inc. to review the Board policies and facilitate discussion amongst the Trustees on amending certain policies. A working group of Trustees participated in various meetings to develop and draft amendments to the Policy. The draft amendments to the Policy have been shared with the entire Board.

The final version of the amended Policy, as drafted by the Trustees, is attached hereto as Exhibit “B”.

The Policy has been renamed the Board Policy on Clean Energy and Power Supply.

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 resolution was approved by the Trustees.

1727. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON RESOURCE PLANNING AND CLEAN ENERGY

WHEREAS, the Resource Planning and Clean Energy Policy (the “Policy”) was originally approved by Resolution No. 1372, dated July 26, 2017; and

WHEREAS, the last annual report on the Policy was in June 2021, and the last amendments to the policy were made in July 2020; and

WHEREAS, the Board has conducted an annual review of the Policy and affirms that the Policy has been complied with and concurs that the changes proposed to the Policy and due and proper.

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

BE IT FURTHER RESOLVED, that the Board hereby approved the amendments to the Policy as set forth in Exhibit “B”.

Acting Chair Fischl stated that the next item on the agenda was the Consideration of Approval of the Annual Report on the Board Policy on Transmission and Distribution Operations to be presented by Billy Raley.

Mr. Raley 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 Transmission and Distribution (“T&D”) Operations (the “Policy”); and (ii) finding that LIPA has complied with the Policy, which resolution is attached hereto as Exhibit “A.”

Background

By Resolution No. 1371, dated July 26, 2017, the Board originally adopted the Policy. The last annual review of the Policy was completed in May 2021, and the Board last amended the Policy in November 2021. The amendments to the Policy in November 2021 changed the name of the Policy from T&D System Reliability to T&D Operations.

The Policy now provides that: “LIPA’s vision for our transmission and distribution system is to achieve industry-leading reliability, improve resiliency by minimizing outages and reducing restoration times after significant system disruptions, and leverage modern system design and technology to provide value to all customers. The Policy also provides for an annual reporting requirement that “[t]he Chief Executive Officer, or his or her designee, will report annually to the Board on the key provisions of this Policy.”

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. Compliance with each element of the Policy is discussed in detail below.

As set forth in the Policy, “[t]o achieve our vision for reliability, LIPA will”:

“provide top decile reliability (i.e., top 10% of peer utilities) as measured by system average outage duration, excluding major events.”

- **Through the reduction of outages, and outage duration, by utilizing enhanced vegetation management, comprehensive circuit inspections, and the addition of circuit protection devices, LIPA has taken steps to improve reliability with the vision of achieving top decile reliability (i.e., top 10% of peer utilities) as measured by system average outage duration.**
- **The LIPA Board approved a vegetation management budget for 2022 that is approximately 41% above prior-year levels, reflecting three new vegetation management performance metrics for 2022. The 2022 PSEG Long Island performance metrics also include six reliability metrics.**
- **PSEG Long Island’s 2019 actual performance versus the top decile in minutes was 51.4/51.4. For 2020, that same comparison was 66.0/54.3, which was outside of the top decile. PSEG Long Island’s actual performance for 2021 was 54.7 minutes, however, the 2021 benchmarks are not yet available for comparison purposes.**

- **2022 PSEG Long Island performance metrics, which were negotiated with PSEG Long Island, set a system average outage duration target of 59.0 minutes, which is approximately eight percent above the most recent top decile benchmarks currently available.**

“improve circuit conditions that cause a customer to experience four or more sustained outages or six or more momentary outages in any 12-month period.”

- **The 2022 PSEG Long Island performance metrics include metrics for sustained multiple customer outages, repeat multiple customer outages, and multiple momentary customer outages. In particular, the metric for repeat multiple customer outages targets reducing the number of customers with 4 or more sustained interruptions over a multi-year period by 80%.**
- **Annual reliability programs are designed to improve circuit performance, including the Circuit Improvement Program (“CIP”), the Multiple Customer Outage Program (“MCO”), and the Multiple Device Operation Program (“MDO”).**
- **421 miles of branch lines were addressed on 28 circuits through the CIP program in 2021, and 155 capital system improvement jobs and improvement of 544 branch tap lines were completed in 2021 to address MCO and MDO programs.**

“utilize modern system design and technology to anticipate and minimize outages, monitor system condition, provide for preventative and predictive system maintenance, and facilitate the efficient and timely interconnection of renewable and distributed resources.”

- **LIPA has required the development of a roadmap for an Enterprise Asset Management System (“EAMS”) to reduce failure rates through better maintenance practices. This effort includes a complete inventory of Transmission and Distribution assets beginning in June 2022. These initiatives are incorporated into three 2022 PSEG Long Island performance metrics.**
- **The 2022 PSEG Long Island performance metrics also include a metric to position Automated Switching Units (“ASUs”) on circuits to ensure no more than 500 customers between devices. This will help with system configuration options and help minimize the number of affected customers during outages. 154 ASUs were added in 2021.**
- **The 2022 PSEG Long Island performance metrics also include a metric to operationalize reclosers to function as tripping devices to reduce the number of customers affected and the duration during Blue Sky and adverse weather events.**

“safeguard people and protect facilities and functions that support operations from unauthorized access or disruption through vulnerability assessments and risk mitigation”

- **The 2022 PSEG Long Island performance metrics include four metrics related to safety.**
- **A Safety assessment of PSEG Long Island is in progress and will identify areas for improvement. The assessment and recommendations will be finalized in June 2022. LIPA will address the recommendations with PSEG Long Island.**

- LIPA is performing a security evaluation of physical assets to identify vulnerabilities and determine risk via a third party assessment to begin June 2022.

The Policy further provides that “[t]o achieve our vision for resiliency, LIPA will”

“mitigate the effects of climate change through multi-year programs that reduce the number and duration of outages after significant system disruptions”

- The 2022 PSEG Long Island performance metrics include five metrics related to storm hardening. The storm hardening metrics continue development and execution of robust storm overhead and underground hardening plans designed to improve the mainline and branch line performance during increasingly more severe storm patterns. More than 111 miles of primary mainline were assessed and improved in 2021.
- Three new 2022 performance metrics target improved vegetation management, including improved cycle trim with vegetation intelligence to identify fast-growing species, utilizing an improved trimming technique of “circuit trim to sky,” and pre-emptive hazardous tree identification and removal of 12,000 hazard trees in 2022. LIPA approved supplemental funds to remove more than 7,100 hazard trees in 2021.
- LIPA filed applications for additional federal grants for storm hardening in 2021, which are likely to be awarded in 2022. This could allow LIPA to accelerate several hundred million dollars of storm hardening investment at low cost to customers and is a benefit of LIPA’s public power status.
- “assure timely and accurate communication to customers about outages and restoration times”
- LIPA is developing strategies to enhance the outage tracker mobile application to provide greater detail about the outage journey, and to enhance the Estimated Time of Restoration (“ETR”) process to provide more accuracy giving customers the ability to plan for the outage duration. Two 2022 performance metrics target improvements in this area.

“independently verify that emergency restoration plans are complete and tested.”

- As provided for in the Second Amended and Restated Operations Services Agreement, LIPA will annually review and approve PSEG Long Island’s Business Continuity Plans (“BCPs”), workaround plans, Emergency Response Implementation Plan (“ERIP”), and the Emergency Response Plan (“ERP”).
- LIPA will observe and evaluate the effectiveness and completeness of all PSEG Long Island training exercises and drills.

Annual Review of the Policy

The Policy was last updated in November 2021, where a working group of Trustees together with its consultant Leading Resources, Inc. provided substantial edits to the Policy to more fully reflect the Board’s strategic direction in this area. LIPA Staff has reviewed the Policy and proposes no changes at this time.

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 resolution was approved by the Trustees.

1728. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON TRANSMISSION & DISTRIBUTION OPERATIONS

WHEREAS, the Board Policy on Transmission and Distribution (“T&D”) System Reliability was originally approved by the Board of Trustees by Resolution No. 1371, dated July 26, 2017; and

WHEREAS, the last annual review of the Policy was completed in May 2021 and the Board last amended the Policy in November 2021; and

WHEREAS, the amendments to the Policy in November 2021 changed the name of the Policy from T&D System Reliability to T&D Operations; and

WHEREAS, the Board 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 hereby finds that the LIPA has complied with the T&D Operations Policy for the period since the last annual review and approves the annual report to the Board.

Acting Chair Fischl stated that the next item on the agenda was the Consideration that the Draft Environmental Impact Statement (DEIS) for the Bridgehampton to Buell Underground 69kV Transmission Project is Adequate for Public Review to be presented by Jason Horowitz.

Mr. Horowitz 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 accepting the Draft Environmental Impact Statement (“DEIS”) for the Bridgehampton to Buell Underground 69kV Cable Project (the “Proposed Action”) as complete and adequate for public review and comment, in accordance with the State Environmental Quality Review Act (“SEQRA”).

Discussion

PSEG Long Island has proposed to install a new underground 69kV transmission cable from the Bridgehampton Substation located on Bridgehampton-Sag Harbor Turnpike in the Town of Southampton to the Buell Substation located on Cove Hollow Road in the Town of East Hampton.

The total route is approximately 5.2 miles. The new underground cable is designed to be installed below grade within the existing LIPA right-of-way (“ROW”). Existing overhead circuits are currently located within the ROW and will remain as part of the Proposed Action. In addition to the underground cable, fourteen manholes will be installed along the Proposed Action route. The Proposed Action is intended to address transmission system constraints resulting from increased load demand from customers on the South Fork of Long Island.

Approximately 4,000 linear feet of the cable extending east from the Bridgehampton Substation will be installed via horizontal directional drill (“HDD”). The remaining portions of cable installation, with the exception of the Long Island Rail Road (“LIRR”) crossing, will be installed via trench.

Certain clearing and grading within an area north of the existing Bridgehampton Substation will occur within 535’ of a known Tiger Salamander breeding pond. The Tiger Salamander is designated as an endangered species in New York State. Due to the potential temporary loss of habitat, a New York State Department of Environmental Conservation (“NYSDEC”) Part 182 Incidental Take permit (the “Incidental Take Permit”) is required. The DEIS addresses appropriate mitigation measures for the Tiger Salamander habitat to ensure a net conservation benefit to the species is achieved upon completion of the Proposed Action. Additionally, the Proposed Action crosses the Long Pond Greenbelt, which is an undeveloped area of parkland that is regionally protected and identified as a critical environmental area (“CEA”) by the Town of Southampton and the State of New York.

Because of the need for the Incidental Take Permit and based on the evaluation of construction within the Long Pond Greenbelt, on April 6, 2021, LIPA, serving as Lead Agency pursuant to SEQRA, determined the Proposed Action may have significant adverse effects on the environment and issued a [Positive Declaration](#), which required the preparation of the DEIS. In advance of the DEIS, in accordance with SEQRA, LIPA issued a Draft Scope for the Proposed Action, which was published for public comment on May 12, 2021.

Thereafter, on June 30, 2021 the **Final Scope** for the Proposed Action was issued which incorporated all public comments received. The scoping documents act as the table of contents for the impacts and issues studied in the DEIS.

The DEIS has been prepared to identify and analyze the potential impacts of the Proposed Action pursuant to the requirements of SEQRA. The DEIS is broken up into an executive summary and five separate chapters that more specifically identify and analyze each of the potential impacts.

Those chapters include: (i) Description of the Proposed Action (i.e. background, need, objectives and benefits, location and existing site conditions); (ii) Natural Environmental Resources (i.e. soil, topography, water, ecology); (iii) Human Environmental Resources (i.e. cultural, open space and recreation, critical environmental areas, noise); (iv) Other Impacts and Resources (i.e. construction, traffic, cumulative impacts); and (v) Alternatives. The Alternatives chapter analyzes the five alternatives, which were included in the Final Scope. Those alternatives are: (i) No Action Alternative; (ii) Northerly Underground Circuit, which traverses through the Village of Sag Harbor; (iii) Southerly Underground Circuit, which follows Bridgehampton/Sag Harbor Turnpike and Montauk Highway; (iv) Northerly Hybrid Overhead/Underground Circuit through the Village of Sag Harbor; and (v) New Overhead Circuit within the existing ROW.

After adoption of the resolution, as set forth in Exhibit “A”, SEQRA requires that a notice of completion of the DEIS be published in the Environmental News Bulletin (“ENB”), that copies of the DEIS be filed with the appropriate entities, and that the DEIS be posted on LIPA’s website.

A copy of the DEIS will also be provided on the PSEG Long Island project page located [here](#). Thereafter, in accordance with SEQRA, a public comment period will commence where PSEG Long Island and LIPA will hold a public comment session. All comments received in writing and at the comment session will be incorporated into a Final EIS, and ultimately, the Board will consider a Findings Statement for the Proposed Action.

Recommendation

Based upon the foregoing, it is recommended that the Trustees adopt the resolution in the form attached hereto as Exhibit “A”.

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 resolution was approved by the Trustees.

1729.RESOLUTION ACCEPTING THE DRAFT ENVIRONMENTAL IMPACT STATEMENT FOR THE BRIDGEHAMPTON TO BUELL UNDERGROUND 69KV CABLE PROJECT AS COMPLETE AND ADEQUATE FOR PUBLIC REVIEW AND COMMENT

WHEREAS, on April 6, 2021, LIPA determined that the proposed installation of an underground 69kV transmission cable between the Bridgehampton and Buell substations (the “Proposed Action”) had the potential for significant adverse environmental impacts and issued a Positive Declaration, in accordance with the State Environmental Quality Review Act (“SEQRA”) and its implementing regulations at 6 NYCRR Part 617; and

WHEREAS, a Draft Environmental Impact Statement (“DEIS”) has been prepared to identify, discuss and evaluate Proposed Action’s potential significant adverse environmental impacts and associated proposed mitigation.

NOW, THEREFORE, BE IT RESOLVED, that having reviewed the DEIS, LIPA hereby accepts the DEIS as complete and adequate for public review and comment in terms of its scope and content, pursuant to SEQRA 6 NYCRR 617.9; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby directs the filing of the notice of completion of the DEIS and distribution of copies of the DEIS in accordance with the requirements of SEQRA, and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby directs LIPA and PSEG Long Island staff to conduct a public comment session on the DEIS.

Acting Chair Fischl 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 Fischl then announced that the next Board meeting is scheduled for Wednesday, June 29, 2022 in Uniondale.

Acting Chair Fischl 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:

1730. 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.

At approximately 12:12 p.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session.
