



# CEO REPORT

*September 28, 2022*

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# SEPTEMBER BOARD MEETING AGENDA

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## **FOR DISCUSSION**

- Briefing on Battery Storage RFP\*
- Discussion of Succession Planning\*
- PSEG Long Island Operating Report\*
- Briefing on Outage Management System Testing

## **FOR APPROVAL**

- Adoption of Minutes from July 27, 2022 Meeting
- Board Policy on Economic Development and Community Engagement\*
- Board Policy on Enterprise Risk Management\*
- Board Policy on Debt and Access to the Credit Markets
- Board Policy on Public Policy Transmission Planning
- Board Policy on the Construction of T&D Projects
- Adoption of the IT System Separation Plan

\* Board Committee Meeting Item

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# JONES BEACH ENERGY & NATURE CENTER

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# JONES BEACH ENERGY & NATURE CENTER

A vision of conscientious environmental stewardship meeting our energy needs



## A UNIQUE PARTNERSHIP

- Opened in September 2020, project is the result of a partnership between LIPA, NYS Office of Parks, Recreation and Historic Preservation, NYSERDA, and NYPA
- Additional support from the Rauch Foundation, the Long Island Community Foundation, the Open Space Institute, and SUEZ North America as well as private individuals
- As a primary sponsor of the center, LIPA sponsors the energy portion of the center alongside NYS Parks





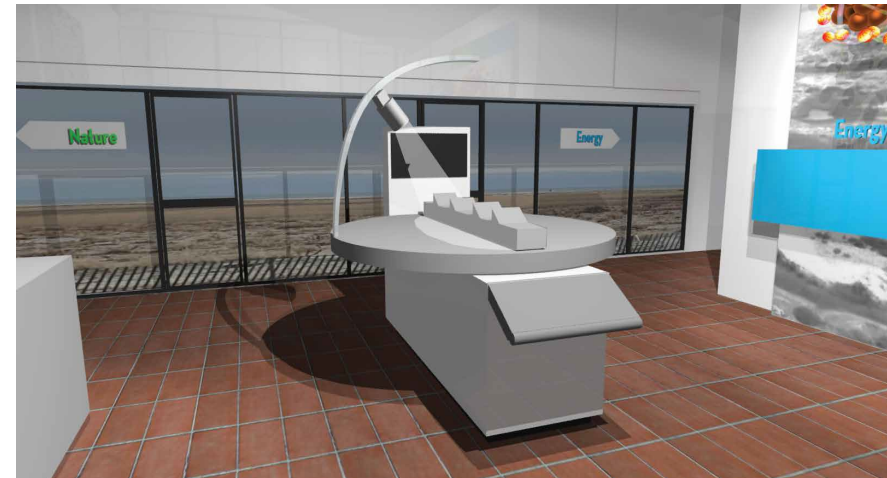
# SITE AND LANDSCAPE FEATURES

- Previously was a vacant lot and unusable building
- 9.5 acres of pavement replaced by pollinator area
- ½ mile of extended bike trail linking West End to Jones Beach Central Mall
- 219 Acres of newly designated Park Preservation Area
- 6 electric vehicle charging stations
- 13 exterior exhibits explore renewable energy technologies, biodiversity, coastal resiliency, and location conservation efforts on the beach



# COMING 2024: NEW ENERGY EXHIBITS

- LIPA is current in the process of designing new energy exhibits to be installed in Q1 2024
- Updated exhibits will educate and inform visitors on electricity basics and the clean energy transition, including what visitors can do to reduce their carbon footprint and energy bill



*\*Renderings are conceptual and may not reflect final design*



# PREVIEW OF NEW EXHIBITS

Below are examples of just some of new exhibits that are in the works



*\*Renderings are conceptual and may not reflect final design*

# PREVIEW OF NEW EXHIBITS



*\*Renderings are conceptual and may not reflect final design*

# PREVIEW OF NEW EXHIBITS



*\*Renderings are conceptual and may not reflect final design*



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# INFLATION REDUCTION ACT

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# INFLATION REDUCTION ACT – ENERGY INCENTIVES

- Legislation signed into law by President Biden on August 16
- Includes **\$369 billion in investments for climate and clean energy**, including tax credits and rebates for energy-efficient appliances, plug-in vehicles, and renewable electricity

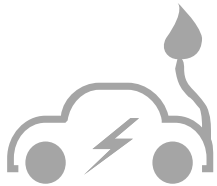


## Highlights:



### Heat Pumps

Up to \$2,000 via federal tax credit for the purchase and installation of a heat pump. Households that meet income qualifications are eligible for up to \$8,000. Tax credit of 30% for geothermal heat pumps.



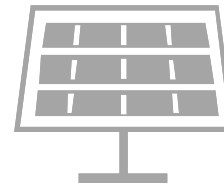
### Electric Vehicles

Upfront discounts up to \$7,500 for new EVs and \$4,000 for used EVs, provided they are domestically assembled.



### Energy Efficiency

Tax credits up to \$1,200 for home energy efficiency projects, or more for whole-house retrofits and “high efficiency” electric homes. Efficient appliance rebates up to \$7,000 for moderate-income and \$14,000 for low-income homes.



### Residential Solar

Tax credits covering 30% of the costs to install solar panels and battery storage systems.

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# FINANCE PLAN UPDATE

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# CREDIT RATING UPDATE

- LIPA was assigned credit ratings in August
- UDSA received ratings in September
- To put LIPA's ratings into context: LIPA had Baa1 / A- / A- with negative outlooks from all three agencies in 2013
- Four credit rating upgrades and a positive ratings outlook since 2013 are due to the policies set by the Board of Trustees to ensure that infrastructure projects are funded by a sustainable balance of debt and cash flow, while reducing LIPA's leverage over time to a more typical range for the industry

Rating Agency	LIPA Rating (Outlook)	UDSA
Standard & Poor's	A (Stable)	AAA (sf)
Fitch	A (Positive)	--
Moody's	A2 (Stable)	Aaa (sf)

# FINANCE PLAN UPDATE

- In August, LIPA raised **\$260 million** for the 2022-2023 capital budget in the LIPA 2022A,B&C bond sale. LIPA also **refinanced approximately \$150 million of prior debt** with variable rate bonds at favorable spreads
  - True Interest Cost on 2022A fixed-rate bonds of 3.62% for a 13.7-year average life
  - Series 2022B&C are variable rate bonds
- In September, UDSA **funded \$100 million of 2022 storm hardening** using “**green bonds**” at a True Interest Cost of 4.48% for an average life of 22.6 years. UDSA refinanced approximately \$852 million of LIPA and UDSA bonds for net present value **savings of \$42 million**
- In October, LIPA will refinance approximately **\$500 million** of variable rate bonds coming due at lower cost than existing facilities

# LIPA BONDS PRICE AT SPREADS TIGHTER THAN THEIR BOND RATINGS

LIPA Bonds rated A2/A vs. NYC General Obligation bonds rated Aa2/AA

<b>Pricing Date:</b> 8/16/2022 <b>Issuer:</b> Long Island Power Authority <b>Par Amount:</b> \$130,360,000 <b>Issue Description:</b> Electric System General Revenue Bonds, Series 2022A <b>Ratings:</b> A2 / A / A <b>Redemption:</b> 9/1/2032 @ 100% <b>Due Date:</b> 1-Sep				<b>Pricing Date:</b> 8/17/2022 <b>Issuer:</b> The City of New York <b>Par Amount:</b> \$950,000,000 <b>Issue Description:</b> General Obligation Bonds, Fiscal 2023 Series A, Subseries <b>Ratings:</b> Aa2 / AA / AA- <b>Redemption:</b> 9/1/2032 @ 100% <b>Due Date:</b> 1-Sep			
Maturity	Coupon	Yield	Spread		Coupon	Yield	Spread
2023	5.00%	1.95%	8				
2024	5.00%	1.96%	15		5.00%	2.10%	19
2025	5.00%	1.97%	21		5.00%	2.15%	29
2026	5.00%	1.98%	19		5.00%	2.19%	32
2027	5.00%	2.06%	23		5.00%	2.25%	34
2028	5.00%	2.18%	20		5.00%	2.36%	33
2029	5.00%	2.33%	27		5.00%	2.49%	38
2030	5.00%	2.43%	32				
2031	5.00%	2.54%	34				
2032	5.00%	2.60%	36				
2033	5.00%	2.74%	39		5.00%	3.00%	60
2034	5.00%	2.88%	45		5.00%	3.13%	65
2035	5.00%	3.02%	53		5.00%	3.24%	70
2036	5.00%	3.12%	59		5.00%	3.33%	75
2037	5.00%	3.19%	63		5.00%	3.41%	80
2038	5.00%	3.25%	65		5.00%	3.50%	85
2039	5.00%	3.31%	67		5.00%	3.54%	85
2040	5.00%	3.36%	68		5.25%	3.53%	80
2041	5.00%	3.45%	70		5% / 5.25%	3.65% / 3.60%	85 / 80
2042	5.00%	3.50%	71		5% / 5.25%	3.69% / 3.64%	85 / 80
2043	5.00%	3.56%	75		5.25%	3.66%	80
2044	5.00%	3.58%	75				
2045							
2046					4.00%	4.20%	128
2047							
2048							
2049							
2050							
2051							
2052							

Spreads to MMD expressed in basis points to prior day interpolated MMD.



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## RECENT EVENTS

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# ADVANCED ENERGY CONFERENCE



- Hosted by Stony Brook University's Advanced Energy Center (AERTC)
- Held in Manhattan with leaders from around the energy sector
- Opportunity to chart the course for the future of energy using technological innovations, new business models, and leveraging new policies
- LIPA CEO Tom Falcone appeared as part of a panel alongside NYSERDA President & CEO Doreen Harris; NYPA CEO Justin Driscoll; AERTC Chairman Robert Catell; and NYC Environmental Protection Commissioner & Chief Climate Officer Rohit T. Aggarwala
- Opening address by Gov. Hochul celebrating New York's clean energy accomplishments and goals

# 2022 PUBLIC POWER COMMUNITY CONFERENCE

Theme: **Navigating an Industry in Transition**

- Hosted by Large Public Power Council (LPPC) and S&P Global Ratings
- Brought together public power CEOs from across the country
- Provided opportunity for investors and members of the financial community to learn about resiliency, the clean energy transition, affordability, and ESG investing





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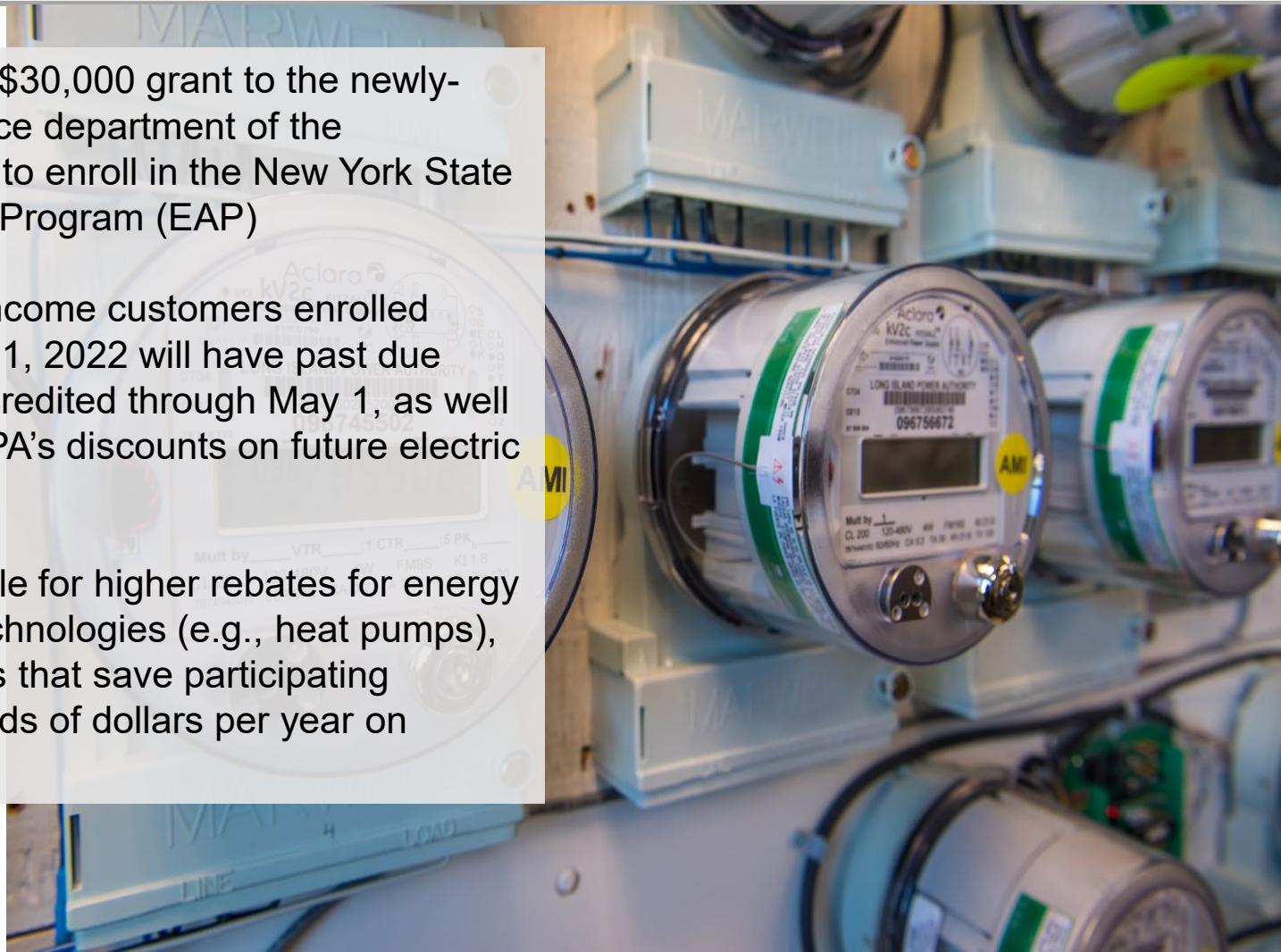
# COMMUNITY ASSISTANCE

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# SHINNECOCK NATION ENERGY ASSISTANCE PROGRAM

- LIPA is providing a \$30,000 grant to the newly-formed social service department of the Shinnecock Nation to enroll in the New York State Energy Assistance Program (EAP)
- Low-to-moderate income customers enrolled before December 31, 2022 will have past due account balances credited through May 1, as well as qualifying for LIPA's discounts on future electric bills
- Enrollees are eligible for higher rebates for energy efficiency, clean technologies (e.g., heat pumps), and other programs that save participating households hundreds of dollars per year on energy costs



# Discussion

Questions?