

Report to the LIPA Finance and Audit Committee

November 16, 2022

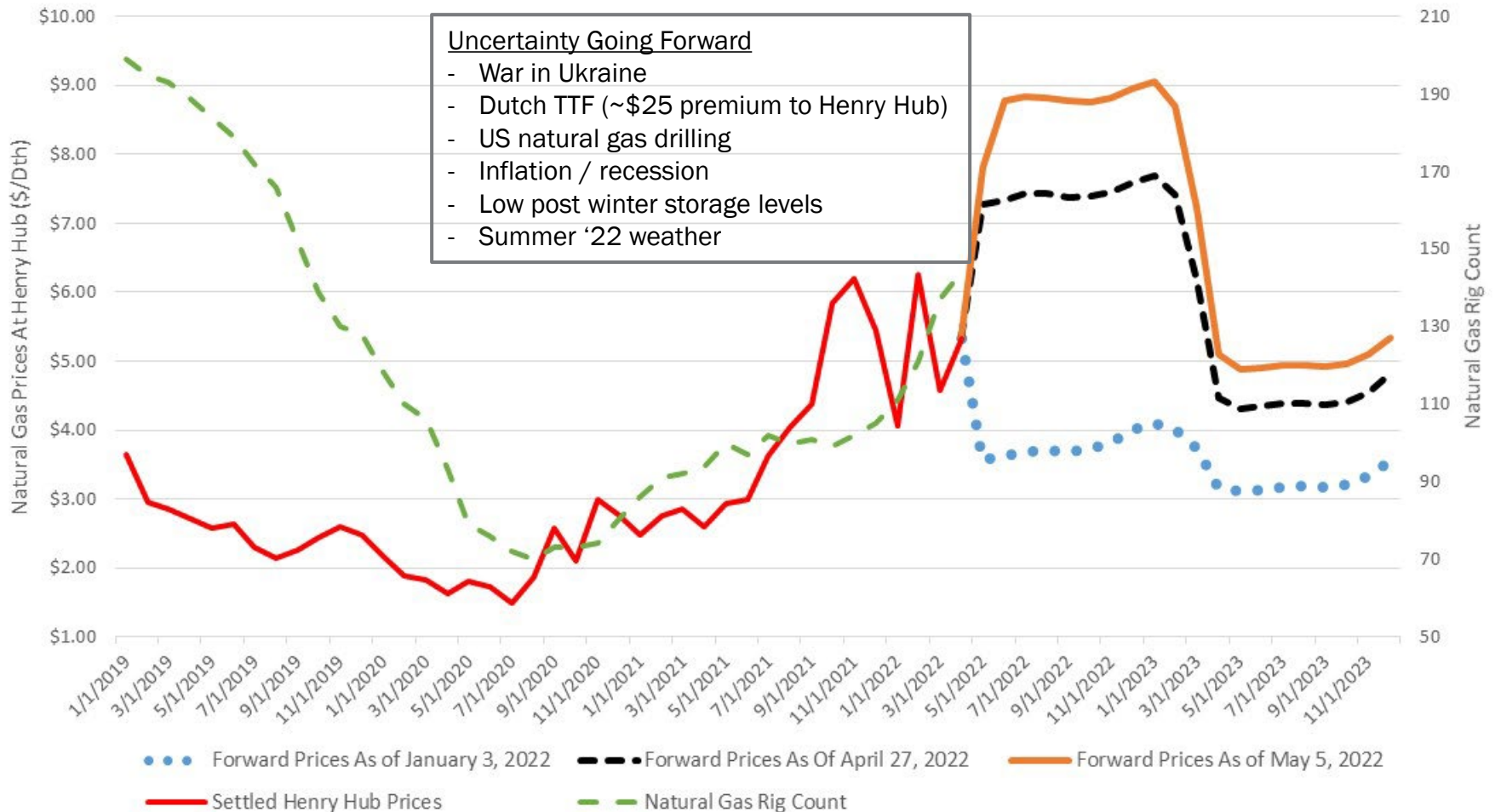
Power Supply Hedge Update PSEG Energy Resources & Trade

Agenda

- Hedging Is Prudent – What Is Driving Natural Gas Prices
 - What We Said In May / What's Happened Since Then
- And The Upcoming Winter Weather Will Be...
- LIPA's Hedge Plan Represents An Industry Best Practice
- Hedging Is Prudent – Power Supply Charge vs. Market

Hedging Is Prudent – Uncertainties From May Trustee Meeting

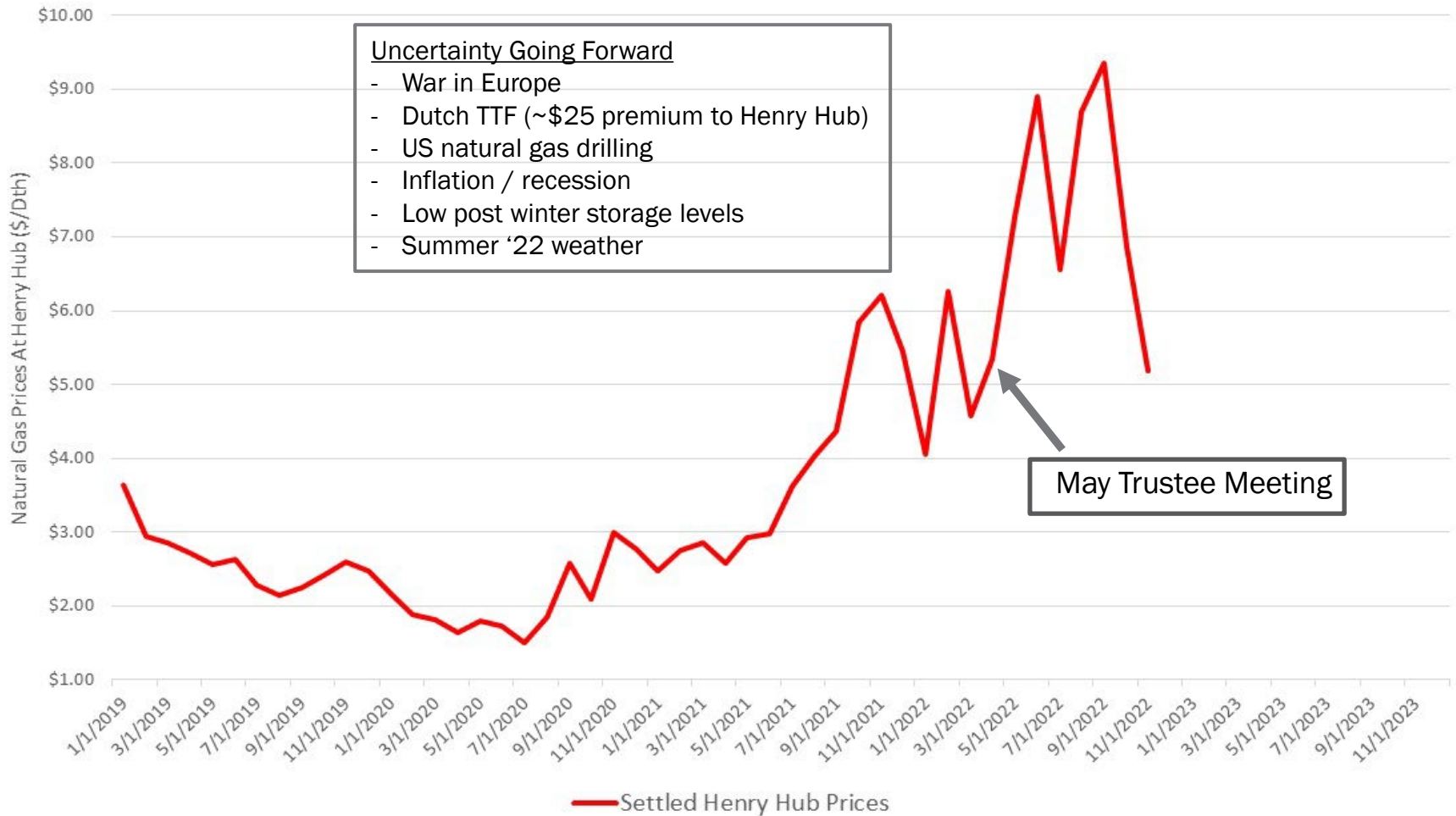
Recent Henry Hub Natural Gas Prices and Natural Gas Rig Count



Source: NYMEX and US EIA

Since The May Trustee Meeting, We Have Witnessed Very Volatile Henry Hub Natural Gas Prices...

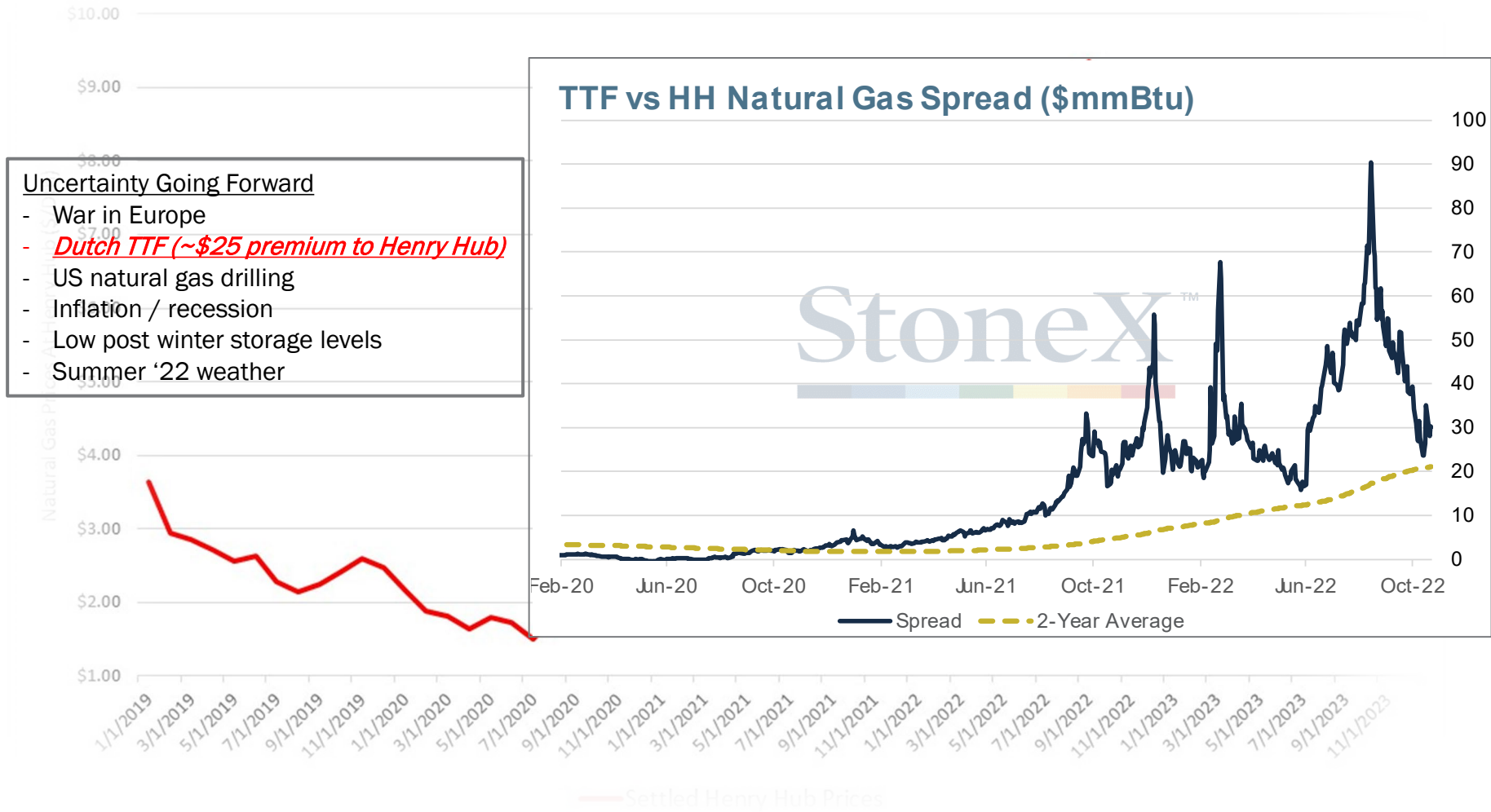
Recent Henry Hub Natural Gas Prices



Source: NYMEX

Since The May Trustee Meeting, European Gas Prices Increased Due To War, Their Storage Is Now Full For Upcoming Winter

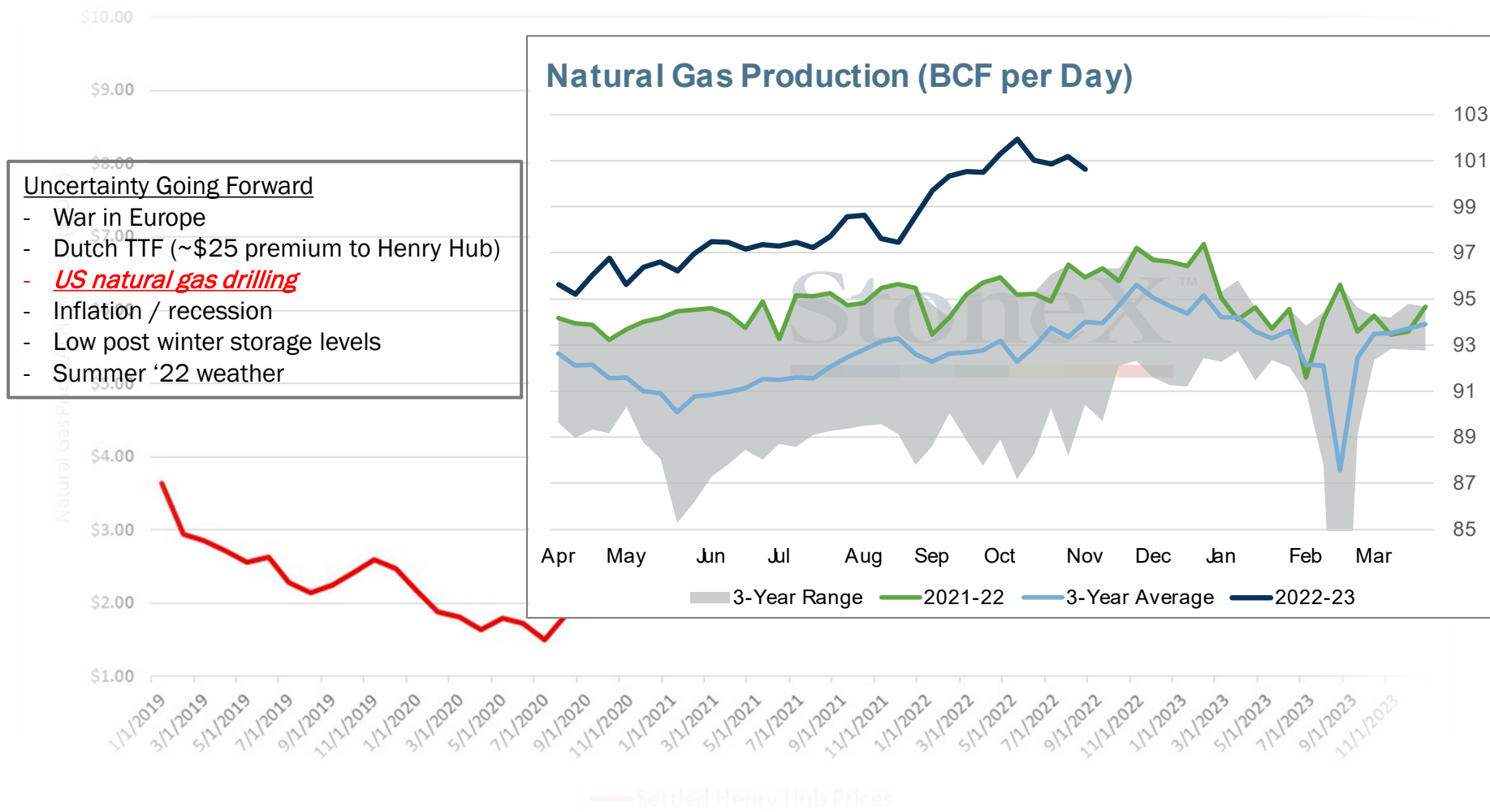
Recent Henry Hub Natural Gas Prices



Source: StoneX; Dutch TTF = Dutch Title Transfer Facility in the Netherlands, Similar to European version of Henry Hub

Since The May Trustee Meeting, US Gas Production Has Continued To Increase

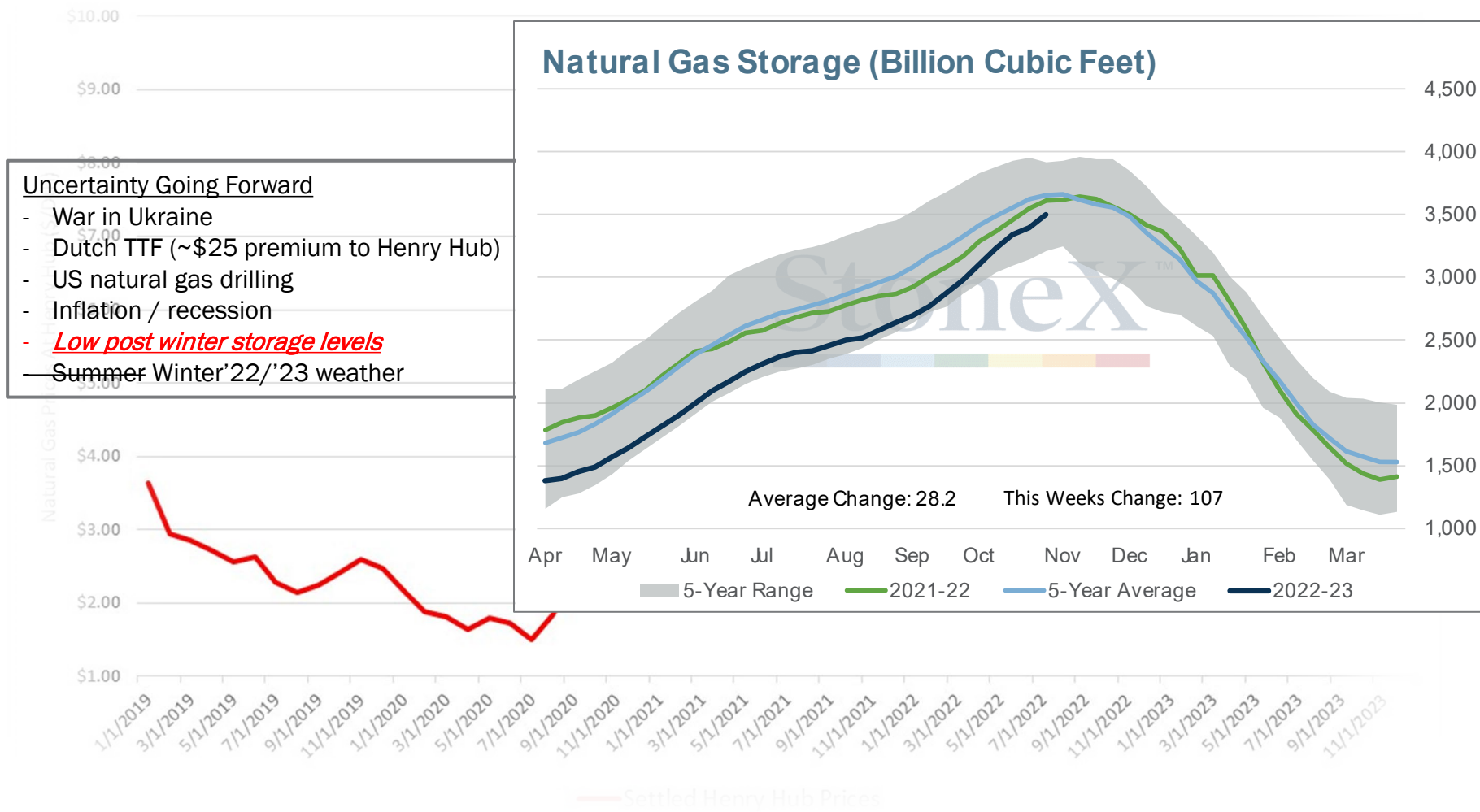
Recent Henry Hub Natural Gas Prices



Source: StoneX and US EIA

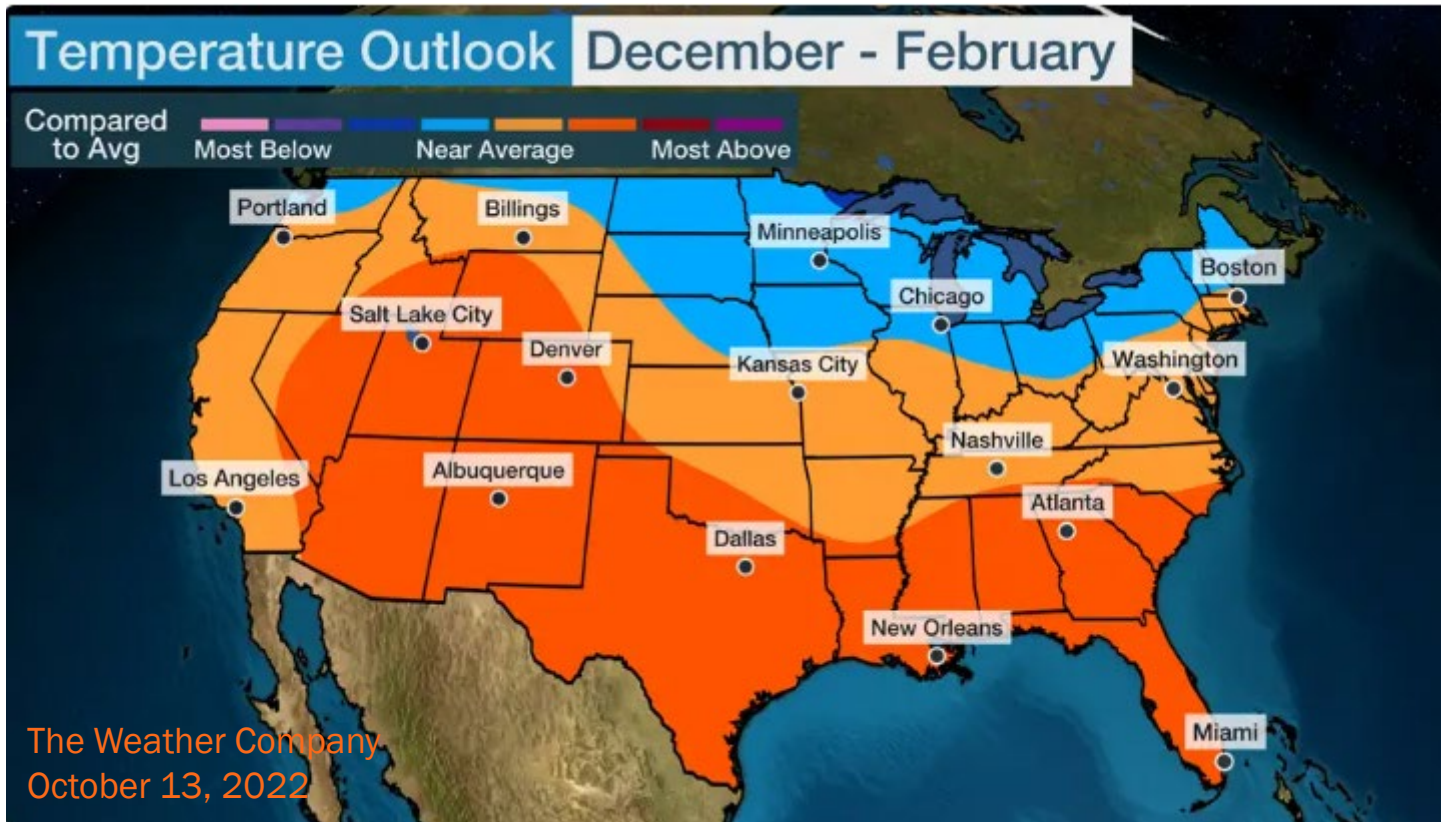
Since The May Trustee Meeting, US Natural Gas Storage Has Caught Up To Seasonal Norms

Recent Henry Hub Natural Gas Prices

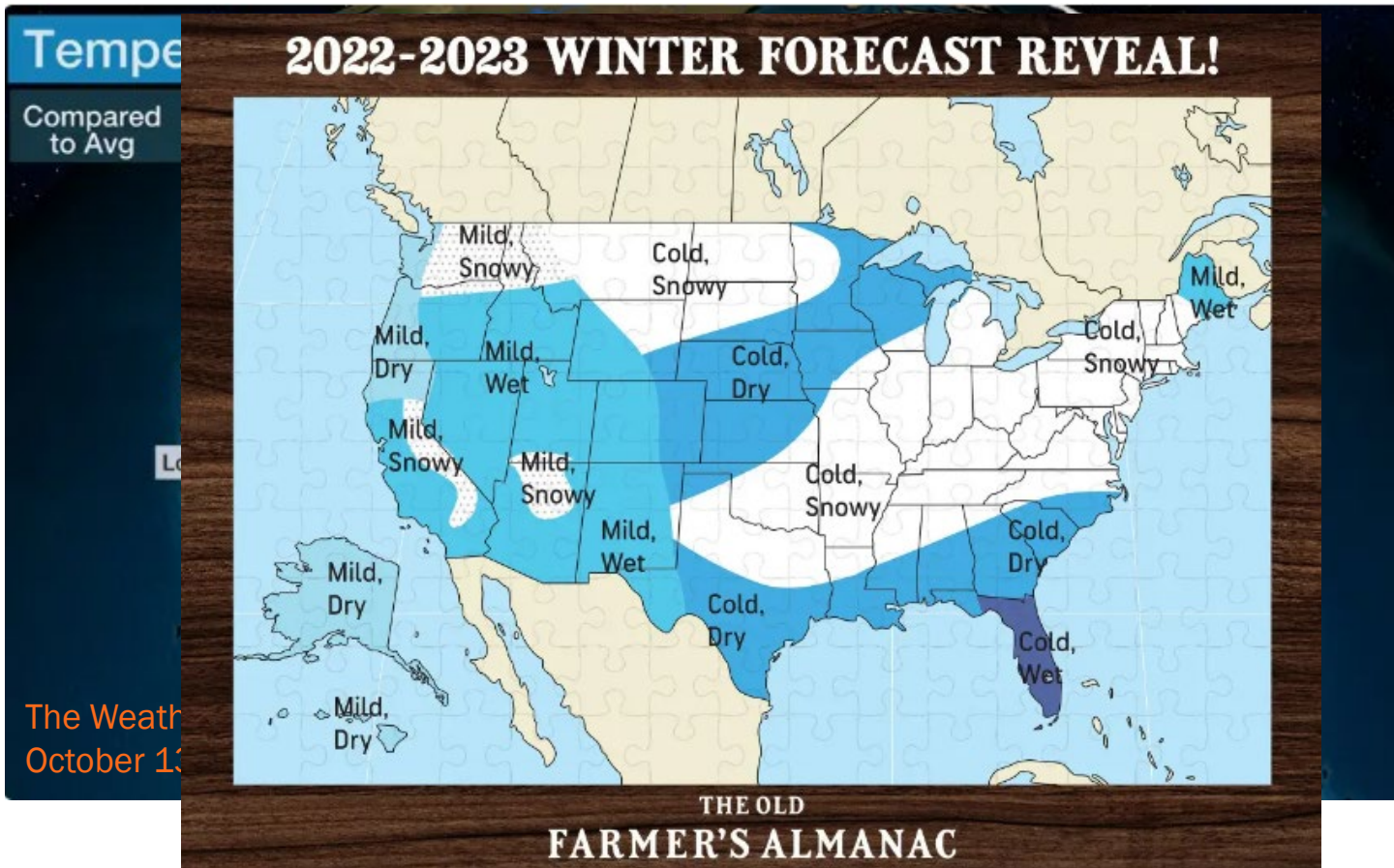


Source: StoneX and US EIA

And The Upcoming Winter Weather Will Be...



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And The Upcoming Winter Weather Will Be...

Tempe 202

Compared to Avg

The Weather October 1

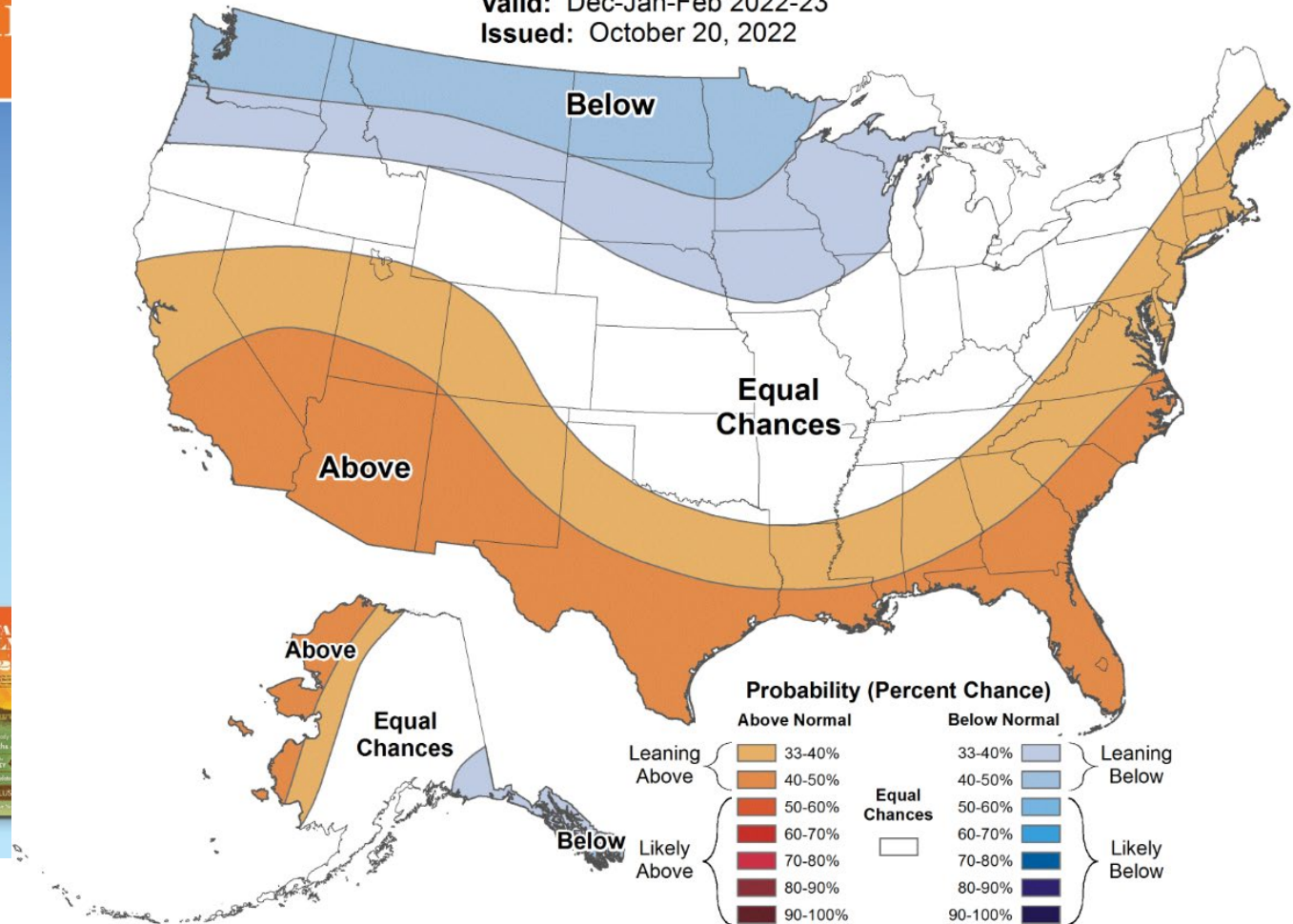


Seasonal Temperature Outlook

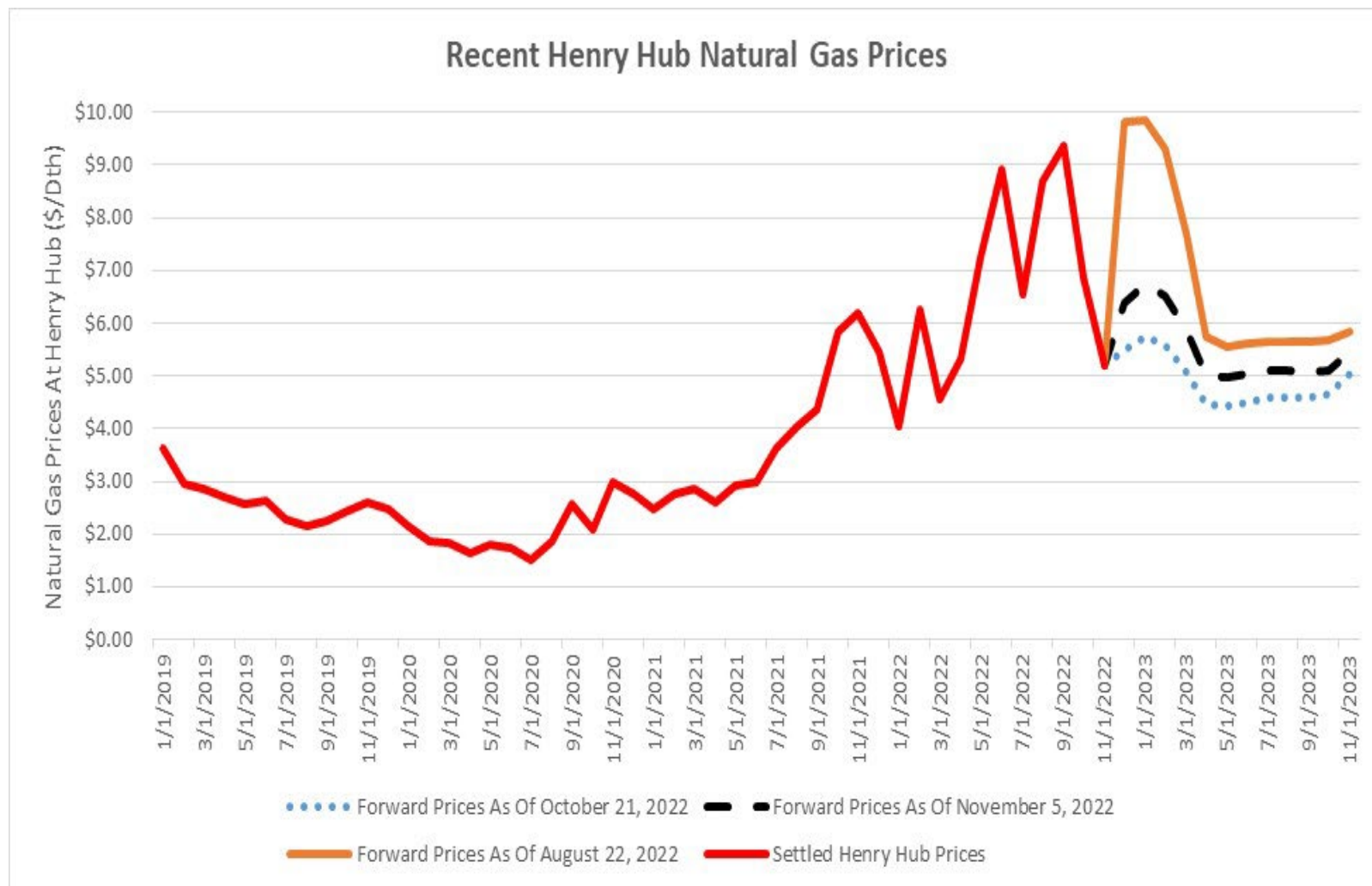


Valid: Dec-Jan-Feb 2022-23

Issued: October 20, 2022



Hedging Is Prudent – Weather Is The Biggest Near Term Uncertainty



LIPA's Hedge Plan Represents An Industry Best Practice



Key Takeaways –

LIPA Plan Representative of Industry Best Practices



Hedge Methodology

Combination of Historic Pricing and Time-Driven components – position LIPA well in varying market scenarios



Hedge Horizon and Volume Parameters

Hedge Horizon – Max 4-year Horizon window with Hedge Volume % range at ~50%/85% allows LIPA to take advantage of Historical Value and requires minimum coverage in markets above Value



Hedge Plan Compliance

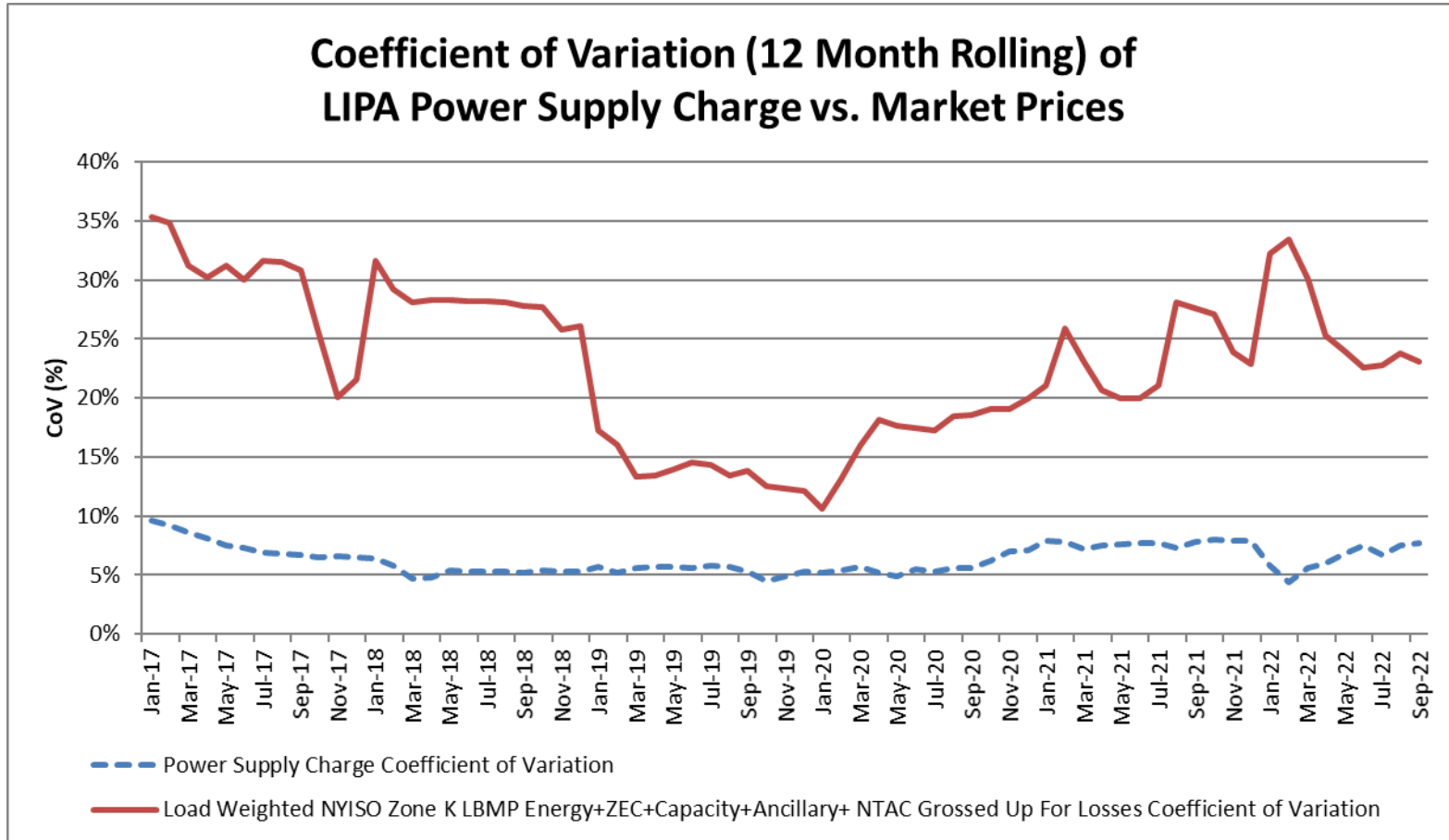
LIPA's methodical Hedge Strategy and discipline to plan execution over the long-term ***sets the Authority in StoneX's client pool top 10%***



Benchmarking/Plan Performance

LIPA's Plan results continue to Reduce Volatility, Protect against Catastrophic Markets and Minimize Ratepayer Exposure

Hedging Is Prudent–Volatility of Power Supply Charge vs. Market



Our hedging activity continues to limit customer's price volatility with current volatility levels substantially below wholesale spot market results.