

**LONG ISLAND POWER AUTHORITY**

**MINUTES OF THE 310th MEETING**

**HELD ON SEPTEMBER 28, 2022**

*The Long Island Power Authority (“LIPA”) was convened for the three hundred and tenth time at 10:59 a.m. at the Jones Beach Energy and Nature Center, located in Jones Beach State Park, 150 Bay Parkway, Wantagh, NY, pursuant to legal notice given on September 23, 2022, and electronic notice posted on the LIPA’s website.*

*The following LIPA Trustees were present in person:*

**Mark Fischl, Acting Chair  
Elkan Abramowitz  
Valerie Anderson Campbell  
Drew Biondo  
Rev. Al Cockfield  
Sheldon Cohen  
Nancy Goroff  
Laureen Harris  
Ali Mohammed**

**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; Billy Raley, Senior Vice President of Transmission & Distribution; Rick Shansky, Senior Vice President of Power Supply and Whole Markets; and Andrew Berger, Communications Assistant. Participating via video conferencing were Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board; and Osman Ahmad, IT-Consultant.**

*Acting Chair Fischl welcomed everyone to the 310th meeting of the Long Island Power Authority Board of Trustees.*

*During his opening Chairman’s Remarks, Acting Chair Fischl presented a dedication to Former Trustee Matthew Cordaro. A brief adjournment was made in order for family and friends to view the bench installed outside of the JBENC in Trustee Cordaro’s honor.*

*Acting Chair Fischl then stated that the first item on the agenda was the Consideration of the Consent Agenda Items.*

*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 resolutions were unanimously adopted by the Trustees based on the memoranda summarized below:*

**1743. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JULY 27, 2022 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY**

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**RESOLVED**, that the Minutes of the meeting of the Authority held on July 27, 2022 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

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**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 Economic Development and Community Engagement (the “Policy”); (ii) finding that LIPA has complied with the Policy since the last annual review; and (iii) approving certain amendments to the Policy which resolution is attached hereto as Exhibit “A”.

**Background**

By Resolution No. 1356, dated March 29, 2017, the Board adopted the Policy with the purpose of promoting the economic growth and vitality of the service territory through the efficient use of utility plant and equipment, consistent with LIPA’s mission to its customer-owners. The Board last reviewed the Policy on August 11, 2021.

**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 of the Policy.**

**The Policy requires that LIPA “promote the economic growth and vitality of its service territory.”**

**Additionally, the Policy “encourages the efficient use of utility plant and equipment and attracts personnel to LIPA and its service provider who are mission-oriented and dedicated to Long Island and the Rockaways.”**

**In the Policy, LIPA and its service provider are directed to “[a]ttract commercial customers to LIPA’s service territory and help such customers grow their businesses through electric rates that are discounted below LIPA’s average cost of service, without which rates such companies would not locate in the service territory.” The Policy also provides that LIPA will “[o]ffer economic development rates and programs consistent with those offered by other utilities in the state or best practices within the electric utility industry.” In 2021, LIPA’s economic development rates and programs achieved the following results:**

- 38 large business accounts received discounted power through our Business Development Rate and legacy New York State programs, such as the Excelsior Jobs program in 2021. These businesses received approximately \$1.1 million in discounts in 2021.**
- 317 large business accounts received power through the Recharge New York program, with commodity delivered by LIPA and its agent, PSEG Long Island. Collectively, since its inception, the Recharge New York program has created or retained over 71,800 jobs.**
- 24 small business customers opened new accounts through the Vacant Space program in 2021, which encourages new businesses to occupy spaces that have been vacant for at least one year. Total incentives awarded during 2021 were \$16,500.**
- A total of \$156,000 in incentives were awarded to support 12 community projects through the Main Street Revitalization program in 2021. Since 2019 these projects leveraged over \$137 million in private investment while creating over 650 jobs.**

**The Policy further provides that LIPA and the service provider will “[e]ngage in community events, volunteerism, and educational programs consistent with the purpose of this Policy.”**

- Due to the COVID-19 pandemic, two new programs were developed and implemented through working with the various Chambers of Commerce in our service territory. Grants of up to \$5,000 to enable outdoor commerce began in 2020. In 2021, 29 grants totaling \$137,000 were given out. Also, beginning in 2021, the program expanded to include 11 grants up to \$2,000 for landscaping and beautification for the purpose of supporting outdoor commerce in business districts affected by COVID-19.**

**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. The amended Policy was discussed with the Board at the meeting on July 27, 2022. Specifically, the amendments include adding a bullet with respect to LIPA’s impact on local economic development as a large purchaser of goods and services, which was previously part of the Board’s Policy on Resource Planning and Clean Energy. Other minor amendments have been included on the Policy to conform this Policy with other policies previously reviewed with Leading Resources. The updated Policy is set forth on Exhibit “B”.

**Recommendation**

Based upon the foregoing, I recommend approval of the above-requested action by the adoption of a resolution in the form attached hereto.

**1744. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON ECONOMIC DEVELOPMENT AND COMMUNITY ENGAGEMENT**

WHEREAS, the Board Policy on Economic Development and Community Engagement (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1356, dated March 29, 2017; and

WHEREAS, the Policy was last reviewed by the Board on August 11, 2021; 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 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 approves the amendments to the Policy as set forth in Exhibit “B”.

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**Requested Action**

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution approving amendments to the Board Policy on Debt and Access to the Credit Markets (the “Policy”), which resolution is attached hereto as Exhibit “A.”

## **Background**

By Resolution No. 1319, dated September 21, 2016, the Board adopted the Policy with the purpose of serving the long-term interests of LIPA's customer-owners by adopting sound financial plans each year. The Policy was last amended by the Board on December 16, 2020 based upon recommendations made by LIPA's Financial Advisors, PFM. The Board hired Leading Resources, Inc. to review the Board's policies and to facilitate discussion amongst the Trustees on certain policies, including the Debt and Access to Credit Markets policy.

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 entire Board at its meeting on July 27, 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 Fiscal Sustainability to better align with the Board's vision for the utility moving forward.

## **Recommendation**

Based upon the foregoing, I recommend approval of the above requested action by adoption of a resolution in the form attached hereto.

### **1745. RESOLUTION RECOMMENDING APPROVAL OF AMENDMENTS TO THE BOARD POLICY ON DEBT AND ACCESS TO THE CREDIT MARKETS**

WHEREAS, the Board Policy on Debt and Access to the Credit Markets (the "Policy") was originally approved by the Board of Trustees (the "Board") by Resolution No. 1319, dated September 21, 2016; and last amended by the Board on December 16, 2020.

WHEREAS, the Board has reviewed the amended policy and affirms that the changes to the Policy described herein are due and proper.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby approves the amendments to the Policy as set forth in Exhibit "B."

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## **Requested Action**

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a resolution: (i) finding that LIPA has complied with the Board Policy on Enterprise Risk Management (the "ERM Policy" or "Policy"); and (ii) approving the annual report for the Policy, which Resolution is attached hereto as Exhibit "A."

## **Background - Board Policy on Enterprise Risk Management**

**By Resolution No. 1351, dated March 29, 2017, the Board adopted the ERM Policy, focusing on the identification, assessment, management, and mitigation of risks. The Policy was last reviewed and amended by the Board by Resolution No. 1572, dated December 16, 2020. The Finance and Audit Committee (“F&A Committee”), in its Charter, was delegated the responsibility for reviewing LIPA’s practices relating to ERM. LIPA’s Service Provider, PSEG Long Island, participates in the implementation of LIPA’s ERM Program.**

**Specifically, the Policy provides that “the Chief Executive Officer or his or her designee will report annually to the F&A Committee of the Board on the Policy, including: a review of the significant risks to LIPA’s mission; and compliance with the key provisions of the Policy.”**

### **Compliance with the Policy**

**Performance for 2022 has been consistent with the Policy. LIPA and PSEG Long Island have maintained an ERM program designed to evaluate significant risks and corresponding mitigation activities facing the business. This Report covers ERM activities from the Board’s November 2021 review to the present. LIPA Staff recommends that, for the reasons set forth below, the Board find that LIPA has substantially complied with the objectives of the Policy for the period since the last annual report.**

**The Policy states: “Under the direction of LIPA’s Chief Executive Officer, LIPA and its Service Provider shall maintain an Enterprise Risk Management Program with the following key provisions”:**

**“An Enterprise Risk Management Committee consisting of at least three LIPA staff appointed by the Chief Executive Officer, two of whom must be drawn from LIPA’s senior management, to oversee the processes and procedures of the Program.”**

- LIPA has an active Enterprise Risk Management Committee (“ERMC”) that reviews the progress and findings of the ERM Program, including discussions of the most significant risks facing LIPA and its Service Provider. Over the last eight months, the ERMC has met five times to discuss the various components of the Program, including the review of LIPA and the Service Provider’s risk assessments and associated mitigation activities. In addition, it also reviewed the Service Provider’s Annual Report and deep-dive analysis provided on select high-priority risks.**
- Currently, there are nine members on the Committee, including the CEO/CFO, CIO, General Counsel, and other LIPA Staff at the Senior Vice President, Vice President, and Director levels.**
- The ERMC maintains an ERM Procedures Manual, which includes the integration of risk information into decision-making within Strategic Planning, Internal Audit, and other areas of the business. The ERM Procedures Manual also calls for maintaining a list of emerging risks and recognizes the Service Provider’s Risk**

Management Committee (“RMC”), which is responsible for managing their identified risks.

“An evaluation of the most significant risks facing the LIPA and its Service Provider, and corresponding mitigation activities, reported to senior management of LIPA and its Service Provider for review and evaluation on an annual basis, with ongoing monitoring activity between reviews.”

- Since the last Board report, the ERM teams have worked with Subject-Matter Experts (“SMEs”) to develop deep-dive analyses on selected significant risks of LIPA and PSEG Long Island to understand root causes, mitigations in place, and actions that could be taken to further mitigate these risks. The risk analyses were presented to LIPA’s ERMC or other special-focus committees and covered the following risks: transmission system vulnerabilities, major storm, and multiple tie-line failures. Over the remainder of 2022, risk analyses will be presented on the following risks: supply chain disruptions, safety, time-of-day rate implementation, and cyber-security.
- The F&A Committee receives an annual update on the ERM Program highlighting the significant risks and mitigation actions facing LIPA and its Service Provider concurrent with this annual report. Over the course of the year, there are additional presentations to the Board that discuss significant risks, which include: major storm, cyber security, safety, physical security, rates, and staffing.

“A review of the LIPA’s insurance and other forms of coverage against insurable risks, including the availability and economics of such coverage, performed each year.”

*Insurance:*

- The Second Amended & Restated Operations Services Agreement (“OSA”) requires LIPA to provide written notification to its Service Provider regarding the renewal of required policies, desired changes in coverages, and any requests to investigate other types of coverages. The LIPA notification is sent each December.
- During 2022, LIPA risk management and LIPA’s Insurance Advisor provided oversight of the coverages placed by PSEG Long Island as required by the OSA to assure prudent and economic coverage placed to protect the interest of LIPA’s bondholders and customer-owners.

The policies included:

- Excess 3<sup>rd</sup> Party General Liability
- Property Insurance (all risks, excludes wires and poles) includes U.S. Property Terrorism
- Cyber Insurance - LIPA named insured on PSEG Long Island’s Cyber Insurance
- Nuclear Electric Replacement for Nine Mile Point, Unit 2

- LIPA maintains its own insurance policies, including Director and Officer liability, premises general liability, and property insurance, as well as cyber event insurance and employee practices liability insurance.

“LIPA will conduct a biennial review of the maturity of the Program compared to industry best practices, which will be provided to the Board of Trustees, senior management, and LIPA’s Internal Audit staff.”

- The most recent ERM maturity assessment was conducted in August 2022 in alignment with the Board approved biennial review cadence. The ERM Program improved in many areas, including the risk assessment process, and enhancing enterprise-wide risk management skills. The ERM Team is in the process of developing a roadmap that will focus on making improvements in areas such as integrating risk analysis into business practices, improving risk awareness and accountability, and over the long term, incorporating risk analysis into strategic planning. LIPA’s Internal Audit department will receive a copy of the 2022 ERM maturity assessment and diagnostic report prepared by a third-party vendor, which measures the current maturity of the LIPA ERM Program and comparison to an industry benchmark.

**Annual Review of the Policy**

LIPA Staff has completed its annual review of the Policy and has no suggested amendments 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.

**1746. RESOLUTION APPROVING THE ANNUAL REPORT ON THE BOARD POLICY ON ENTERPRISE RISK MANAGEMENT**

WHEREAS, the Enterprise Risk Management Policy (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1351, dated March 29, 2017; and

WHEREAS, the Policy was last reviewed and amended by Resolution No. 1572, dated December 16, 2020; and

WHEREAS, the Finance and Audit Committee (the “Committee”) of the Board of Trustees of the Long Island Power Authority (“LIPA”) has conducted an annual review of the Policy and recommends that the Board find that the Policy has been complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby finds that LIPA has complied with the Policy for the period since the last annual review and approves the annual report on the Policy.



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*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.*

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*Acting Chair Fischl stated that the next item on the agenda was the LIPA Update on Outage Management System Testing to be presented by Mujib Lodhi.*

*Mr. Lodhi presented the LIPA Update on Outage Management System Testing and took questions from the Trustees.*

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*Acting Chair Fischl stated that the next item on the agenda was the Consideration of Approval of the IT System Separation Plan to be presented by Mujib Lodhi.*

*After requesting a motion on the matter, which was seconded, Mr. Lodhi 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 the LIPA and PSEG Long Island IT System Separation Plan ("Plan").**

### **Background**

**In the Second Amended and Restated Operations Services Agreement ("OSA") between LIPA and PSEG Long Island, the parties agreed that it would be beneficial for all Information Technology ("IT") Systems serving LIPA to be separate and distinct from the systems, data, reports, and information of PSEG Long Island and its Affiliates ("IT System Separation"). This includes the Enterprise Resource Planning ("ERP") system, infrastructure, various application systems, and cybersecurity support systems.**

**The OSA stipulated that LIPA and PSEG Long Island form a joint "IT Team" utilizing technical and business Subject-Matter Experts in their respective organizations and develop**

an “IT Team Proposal” that identifies which systems should undergo separation and their schedule for doing so.

In developing the IT Team Proposal, LIPA and PSEG Long Island have considered the cost of the system separation, the costs of ongoing operation and maintenance, impact on operations services and customers, and the impact on PSEG Long Island’s ongoing ability to meet its obligations under the OSA.

A joint LIPA and PSEG Long Island “IT Team” was organized in April 2022 to deliver on this mandate within 120 days. The technical assessment and planning team was led by PSEG Long Island’s Interim President and COO, David Lyons, with support from LIPA Staff and consultants.

The IT Team delivered the Plan to the Department of Public Service (“DPS”) for their review and recommendation on July 29, 2022. The OSA set a timeline for DPS’ review and recommendation to the LIPA Board within 60 days of submission. The timing facilitates the Board’s consideration of the IT Plan as part of the 2023 Budget.

The cost and disruption of the Plan has been minimized in several ways, including by categorizing the systems into bundles, planning to separate systems in conjunction with planned upgrades or replacements (where possible), and selecting the “system carve out” method of separation of the ERP.

### **Discussion**

LIPA and PSEG Long Island are jointly developing a multi-year IT System Separation Program (“SSP”) to implement the requirements of the OSA, which call for separating the currently operational IT, Operational Technology (“OT”), and Cybersecurity (“Cyber”) systems that are intermingled with Public Service Enterprise Group (“PSEG”) corporate systems. Systems used at or by PSEG Long Island but owned or controlled by PSEG or its affiliates are subject to separation.

LIPA and PSEG Long Island agreed that for an IT, OT, or Cyber system to be classified as an “intermingled system,” it must satisfy at least one of the following criteria:

- The system is deployed on hardware and/or infrastructure owned, operated, or controlled by PSEG
- The system software is licensed by PSEG and not by PSEG Long Island (acting as an agent of LIPA)
- The system is supported and maintained under a vendor contract with PSEG and not by PSEG Long Island (acting as an agent of LIPA)
- The services provided by the system are provisioned under a vendor contract with PSEG and not with PSEG Long Island (acting as an agent of LIPA)
- The administrative control of the system is performed by employees or agents of PSEG and not by employees or agents of PSEG Long Island.

Utilizing the above criteria, the IT Team identified 46 systems that are intermingled systems. The IT Team has done reasonable due diligence to identify these intermingled systems, but it is possible that there are one or two more systems that are intermingled but not identified as such.

The SSP envisions an end-state where none of the systems remain intermingled by the end of two years (Q4 2024), recognizing that the total separation of some of the administrative and support functions may extend into 2025. The 24-month timeline is aggressive but permits all systems to be separated before the end of the OSA.

The plan contains the catalog of IT Systems to be separated and high-level schedule. The Plan submitted to DPS is attached hereto as Exhibit “B” with DPS’ recommendations on the Plan attached hereto as Exhibit “C.”

### Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by the 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.*

### **1747. ADOPTION OF THE LIPA AND PSEG LONG ISLAND IT SYSTEM SEPARATION PLAN**

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WHEREAS, in the Second Amended and Restated Operations Services Agreement (“OSA”) between LIPA and PSEG Long Island, the parties agreed that it would be beneficial for all IT Systems serving LIPA to be separate and distinct from the system, data, reports, and information of PSEG Long Island and its Affiliates (“IT System Separation”); and

WHEREAS, a joint LIPA and PSEG Long Island “IT Team” was organized in April 2022 to deliver on this mandate within 120 days. The technical assessment and planning team was led by PSEG Long Island’s Interim President and COO, David Lyons, with support from LIPA Staff and consultants; and

WHEREAS, the System Separation Program envisions an end-state where none of the systems remain intermingled by the end of two years (Q4 2024), recognizing that the total separation of some of the administrative and support functions may extend into 2025; and

WHEREAS, the IT Separation Plan was submitted to the Department of Public Service (“DPS) on July 29, 2022, for its review and recommendation.

**NOW, THEREFORE, BE IT RESOLVED**, that for the reasons set forth herein and in the accompanying Memorandum, the Board hereby adopts the IT System Separation Plan in the form set forth in Exhibit “B” to be amended, as needed pursuant to comments provided by DPS.

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*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 Public Policy Transmission Planning to be presented by Rick Shansky.*

*After requesting a motion on the matter, which was seconded, 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 Public Policy Transmission Planning (“the Policy”); and (ii) finding that LIPA has complied with the Policy, which resolution is attached as Exhibit “A.”

#### **Background**

The Board originally approved the Policy on Public Policy Transmission Planning in May 2018. The Policy was last amended on June 24, 2020. LIPA Staff has reviewed the Policy for this year’s annual review and recommends no changes at this time.

In August 2020, the New York Independent System Operator (“NYISO”) issued its 2020-2021 solicitation for proposed transmission needs that might be driven by Public Policy Requirements. In response to that solicitation, PSEG Long Island submitted its recommended Public Policy Transmission Needs (“PPTN”), which include a need for one or more ties from Long Island to Westchester/New York City and backbone upgrades from East Garden City to Ruland Road as a result of the Off-Shore Wind Standard (“OSW”) articulated in the Climate Leadership and Community Protection Act (“CLCPA”). A total of 12 PPTN proposals involving the Long Island transmission system were referred to LIPA in October 2020.

By letter dated February 3, 2021, LIPA recommended to the New York Public Service Commission (“PSC”) that a need existed for at least one new bulk transmission intertie between the LIPA and Con Edison systems to enable export of offshore wind generation to

the rest of New York State, in support of the Off-Shore Wind Standard (“OSW”) articulated in the Climate Leadership and Community Protection Act (“CLCPA”).

In March 2021, the PSC designated one or more Long Island ties to New York City or Westchester County as a PPTN pursuant to the CLCPA (“the March 2021 Order”).

Subsequently, NYISO commenced a solicitation for proposals to fulfill the Long Island Offshore Wind Export PPTN (“LI PPTN”).

In the March 2021 Order, the PSC directed the NYISO to allocate 75% of the costs of Long Island ties to congestion beneficiaries and to share 25% of costs statewide. In April 2021, LIPA and Con Edison/O&R submitted petitions for rehearing, arguing for 100% statewide load ratio cost allocation, noting that congestion beneficiaries are highly speculative, while the principal benefit of the new tie(s) would reduce OSW interconnection costs. Such benefits will flow to the purchasers of Offshore Wind Renewable Energy Certificates, which are to be allocated statewide on a load ratio cost allocation.

### **Recent Developments**

In October 2021, NYISO received 19 proposals from four sets of proposers addressing the LI PPTN and began to evaluate the viability and sufficiency of these projects, in accordance with the NYISO tariff. PSEG Long Island also began to consult with NYISO with respect to interconnection of the proposed projects.

In March 2022, NYISO determined that 17 of the 19 proposals were viable and sufficient, i.e., they met the technical requirements of the LI PPTN and had no evident inability to be permitted or constructed. Any cost, design, or operability issues would be reviewed by NYISO in the pending Evaluation and Selection phase of their process.

In May 2022, the PSC issued an order on rehearing, agreeing with LIPA and the other petitioners that the costs of the LI PPTN should be shared on a statewide load ratio basis. This decision saved Long Island customers from an unwarranted cost shift of millions of dollars per year.

As of July 2022, the NYISO began the Evaluation and Selection phase of their process assessing the proposals submitted. In determining which of the eligible Public Policy Transmission Projects is the more efficient or cost-effective solution to satisfy the PPTN, the NYISO will consider the Public Policy Transmission Project’s total performance under all the selection metrics in making its determination. These metrics include the expandability, operability and performance of the solution, availability of property rights, schedule for project completion, and potential issues associated with delay. Accordingly, LIPA as Connecting Transmission Owner, pursuant to Attachment P of the NYISO Open Access Transmission Tariff (OATT), continues to work with NYISO to identify constructability, risk, and operability issues, as well as issues of poor system design. NYISO has reported it expects to complete its evaluation process by January 2023.

In light of the ongoing LI PPTN process, NYISO postponed the start of its 2022-23 public policy transmission planning cycle to August 31, 2022, requesting that proposed transmission needs be submitted by October 31, 2022. PSEG Long Island has begun evaluating potential needs beyond those being addressed by the LI PPTN solicitation. It is expected that ongoing studies of the State's power grid will highlight the need for additional transmission on Long Island to enable the interconnection of more than the 3-6 GW of potential OSW projects for which the LI PPTN is being evaluated.

In August 2022, LIPA and other New York transmission owners submitted comments in response to a Notice of Proposed Rulemaking issued by the Federal Energy Regulatory Commission with regard to public policy transmission planning ("FERC NOPR"). The FERC NOPR, among other things, proposed to modify planning procedures for identifying and addressing public policy transmission needs within and between states and regions. It is anticipated that any national public policy transmission planning process changes would take place after the current LI PPTN process is completed. LIPA and PSEG Long Island will continue to monitor developments at FERC and NYISO.

### Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by the adoption of 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.*

### 1748. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON PUBLIC POLICY TRANSMISSION PLANNING

WHEREAS, the Board Policy on Public Policy Transmission Planning ("the Policy") was originally approved by Resolution No. 1414, dated May 23, 2018; and

WHEREAS, the Policy was last amended by Resolution No. 1540, dated June 24, 2020; and

WHEREAS, the Board of Trustees 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 of Trustees hereby finds that the Long Island Power Authority has complied with the Policy for the period since the last annual review and approves the annual report to the Board.

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*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 the Construction of T&D Projects to be presented by Billy Raley.*

*After requesting a motion on the matter, which was seconded, 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 the Construction of Transmission and Distribution Projects (the “Policy”); and (ii) finding that LIPA has complied with the Policy, which resolution is attached hereto as Exhibit “A.”

### **Background**

By Resolution No. 1383, dated September 27, 2017, the Board adopted the Policy with the purpose of supplementing existing requirements and practices and to guide consistent decision making related to: (i) the evaluation of system-wide benefits and costs for underground construction of projects where such benefits may exceed their costs; and (ii) public outreach prior to construction of major projects. The Policy was last reviewed on September 22, 2021.

### **Compliance with the Policy**

LIPA Staff recommends that, for the reasons set forth below, the Board find that the Authority has complied with the Policy for the period since the review of the Policy last year.

The Policy requires that the Chief Executive Officer annually report to the Board on compliance with the key provisions of the Policy. The key provisions of the Policy require that LIPA and its Service Provider, PSEG Long Island:

“For transmission projects designed for voltages 65 kV and above that are not subject to Article VII, prepare a pre-construction report containing an advantage-disadvantage analysis using standardized criteria for evaluating the system-wide benefits and costs to the public of construction of overhead versus underground transmission projects similar to the criteria used by New York utilities subject to Title 16 of the New York Codes, Rules and Regulations (“NYCRR”) Part 102, such report to be done sufficiently far in advance of construction to inform the public outreach and project planning process”:

- **PSEG Long Island previously proposed the construction of a new underground 69kV transmission cable from the Bridgehampton substation in the Town of Southampton to the Buell substation located in the Town of East Hampton (approximately 5.2 miles). The new underground cable is designed to be installed below grade beneath existing overhead transmission. In compliance with the Policy, as part of the ongoing environmental review, the Service Provider prepared the required analysis that evaluated the system-wide benefits and costs to the public of construction of overhead versus underground transmission projects. Consistent with the Policy, the report justifying underground construction was shared with the Board together with the Draft Environmental Impact Statement. The environmental review of the project is continuing.**
- **PSEG Long Island has also proposed the construction of a new underground 69kV transmission line between Flowerfield and Terryville substations in the Towns of Smithtown and Brookhaven, Suffolk County. The line would be needed for full deliverability of two new solar projects (Shoreham Solar and Riverhead Solar 1) and the South Fork battery projects under contract with LIPA. The justification of the construction method is being prepared for LIPA’s review and will be forwarded to the Board once complete.**

**“Maintain a special tariff for undergrounding to provide a financing mechanism that allows local communities to pay for the additional cost of undergrounding all or a portion of a transmission or distribution project where insufficient systemwide benefits exist to justify allocation of the incremental expense throughout the Service Area.”**

- **LIPA’s Tariff for Electrical Service (the “Tariff”) provides a financing program that allows a local community to request an overhead line be undergrounded.**
- **The Tariff provisions allow the requesting municipality the option of paying either the full incremental cost of undergrounding in advance of construction or paying the cost in the form of an incremental consumption charge for a period of 20 years.**
- **LIPA prepared a [brochure](#) for its Service Provider on the undergrounding program, which was electronically distributed to local elected officials and is available on both the LIPA and PSEG Long Island websites. A formalized process was also developed with LIPA oversight to ensure the effective implementation of the Tariff provisions.**
- **A project was completed in 2021 in the Village of Westhampton utilizing the Tariff.**

**“LIPA and its Service Provider will conduct outreach to affected public officials, civic leaders, and communities in advance of the construction of transmission and distribution projects in a manner appropriate to each project, including visual representations of the proposed project as built, if appropriate, consistent with industry best practices, as mutually agreed upon by LIPA and its Service Provider, and in consultation with the Department of Public Service”:**



- PSEG Long Island outreach is integrated into capital project planning, design, and construction, and both LIPA and the Department of Public Service review project scoring and outreach plans.
- PSEG Long Island scores each project using outreach tiers based on various factors, including project need, community impact, governmental impact, media landscape, permitting and regulatory requirements, aesthetic impacts, and environmental, historical, cultural, and construction considerations. An outreach plan is developed for each specific project. The outreach tiers are used as a guideline, and outreach tools are then tailored to each project’s specific circumstances.
- Tier 1 project activities may include: (i) developing collateral materials; (ii) conducting media and regulatory audits to determine the outreach landscape and identification of stakeholders; (iii) briefing impacted officials; and (iv) notifying impacted customers.
- Tier 2 project activities may include: (i) all Tier 1 activities; (ii) mailings or door hangers to impacted customers; (iii) follow-up with impacted officials; and (iv) sharing project information on PSEG Long Island’s website and social media accounts.
- Tier 3 project activities may include: (i) all Tier 1 and 2 activities; (ii) engaging in early design discussions; (iii) conducting early outreach and partnering with elected officials; (iv) hosting open houses; (v) collaborating with third-party experts; (vi) implementing a print and/or broadcast media communications plan; and (vii) email updates to impacted customers.
- Since the last annual update, PSEG Long Island reports that there were a total of 12 Transmission and Distribution specific projects that were scored by External Affairs as Tier 2 or Tier 3. Two Tier 3 include: (i) converting the Belmont Substation from 33kV to 69kV; and (ii) the new Peconic River Energy Storage Interconnect Project. Ten projects were scored as an EA Tier 2, including three conversion and reinforcement projects in Belmont, Ocean Beach, Bridgehampton, and the Park Place Feeder Extension.

### **Enterprise Risk Management Discussion**

The Board has adopted a Policy on Enterprise Risk Management. Enterprise risks are brought to the Board’s attention throughout the year. There is one risk related to the Policy. That risk is:

“Transmission and Distribution and generation capital projects could lead to controversy with stakeholders, negative public perception, and SEQRA and other litigation.”

This risk is rated as a low-level risk. LIPA mitigates this risk with concurrent oversight of PSEG Long Island’s project identification, planning, and development process for

significant projects and through its Legal and External Affairs teams that work closely with PSEG Long Island's External Affairs to monitor compliance with the Policy and the communication with towns and the public on significant projects. Based on the mitigation actions in place, LIPA Staff believes this risk is adequately managed.

**Annual Review of the Policy**

LIPA Staff has completed its review of the Policy and has no suggested amendments at this time.

**Recommendation**

Based upon the foregoing, I recommend approval of the above-requested action by the 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.*

**1749.RESOLUTION APPROVING THE ANNUAL REPORT ON THE BOARD POLICY ON THE CONSTRUCTION OF TRANSMISSION AND DISTRIBUTION PROJECTS**

WHEREAS, the Board Policy on the Construction of Transmission and Distribution Projects (the "Policy") was originally approved by the Board of Trustees Resolution No. 1383, dated September 27, 2017; and

WHEREAS, the Policy was last reviewed by the Board pursuant on September 22, 2021; 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 Authority has complied with Policy for the period since the last annual review and approves the annual report to the Board.

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*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.*

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*Acting Chair Fischl then announced that the next Board meeting is scheduled for Wednesday, November 16, 2022 in Uniondale, NY.*

*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:*

**1750. EXECUTIVE SESSION – PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW**

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**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.**

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*At approximately 12:44 p.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session.*

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