



CEO REPORT

February 15, 2023

A G E N D A

01

AGENDA ITEMS

02

TIME-OF-DAY RATES

03

GOVERNOR HOCHUL'S BUDGET PROPOSAL

04

FEDERAL FUNDING UPDATE

05

OTHER RECENT NEWS

FEBRUARY BOARD MEETING AGENDA

FOR DISCUSSION

- Overview of Financial Results*
- Briefing on PSEG Long Island's Customer Service "Get Well" Plan*
- Briefing on COVID-19 Bill Credit Program*
- Briefing on IV&V of PSEG Long Island's Outage Management System
- Discussion of 2022 Work Plan Accomplishments and 2023 Work Plan
- Discussion of 5-Year Strategic Planning Roadmaps

FOR APPROVAL

- Approval of 2023 Internal Audit Plan, Budget and Resource Requirements, and Charter*
- Approval of Capacity Purchases
- Approval of Various Vendor Contracts
- Board Policies on Strategic Planning and Oversight; Purpose and Roles; and Diversity, Equity, and Inclusion
- Approval of the Annual Governance Package

* Board Committee Meeting Item



TIME-OF-DAY RATES

LIPA IS MOVING TO TIME-OF-DAY RATES IN 2024

newsday.com
\$2.50 12 EDITION
Thursday
Jan. 12, 2023

Newsday
YOUR EYE ON LI

SPORTS FINAL
H 52° L 49°
RAIN LIKELY

FIRST IN NEWSDAY

\$4B Pitch For Resort At Hub

Las Vegas Sands submits bid to Nassau

Nassau GOP Tells Santos To Resign

Congressman digs in, says he's staying in office

A4 | VIDEO AT NEWSDAY.TV

9 NEW RESTAURANTS TO TRY IN 2023

NEW LIPA PLAN

REWARD FOR OFF-PEAK POWER USE

Imposes higher rates from 3 p.m. to 7 p.m. and gives discounts at other times

Promises money back if customer bills rise in first year

A3 | UPDATES AT NEWSDAY.COM

The Long Island Power Authority is proposing a new rate structure for 2024 that will reward those who shift more of their usage to off-peak power periods, with an innovative five-year money-back guarantee if customers' bills rise under the new plan.

LIPA has had time-of-day, or time-of-use, rates in the past, but under the new more simplified structure, most customers will automatically be enrolled next year and must opt out if they don't want to participate.

The new structure imposes a higher rate during the peak hours 3 p.m. to 7 p.m. and provides discounts for those who shift usage of those peak times. Weekends, nights and federal holidays would all be considered off-peak. There also will be a super off-peak rate that could save customers money by shifting more of their usage overnight.

LIPA estimates that the vast majority of customers will save about \$330 a month under the new rates, even without changing their habits, and save even more if they shift their habits. Precooling rooms with air conditioning, for instance, before the higher 3 p.m. peak begins could save customers up to \$850 a month, while changing an electric vehicle after 10 p.m. could save more than \$50 a month.

Customers can opt out

The new rates, if approved by the LIPA board in March, would be phased in starting in February 2024, though customers can opt in starting Jan. 14 if they choose. Existing time of use plans will phase out next year.

"We do think this is better for nearly all customers and we want them to try the rate and feel comfortable seeing how it works," said LIPA Chief Executive Tom Falcone, who noted other utilities who've tried it have seen a 10 to 15% reduction in their peak-power needs. "It's like getting rid of a 'power plant'." Falcone added, with cost reductions that are passed on to customers.

In a prospective analysis provided by LIPA, the discounted rate for those who shift to off-peak usage would vary from 30 cents a kilowatt-hour from June 1 through Sept. 30, to 38 cents a kilowatt-hour for the remainder of the year. Peak rates would rise to 39 cents a kilowatt-hour for usage between 3 p.m. and 7 p.m. from June 1 through Sept. 30, and 41 cents a kilowatt-hour for the remainder of the year. Average LIPA customers now pay about 30 cents a kilowatt-hour for power.

The super off-peak rate would offer power at 12 cents a kilowatt-hour for those who shift usage to 10 p.m. to 6 a.m. during the summer period, but the cost of peak power during that period might be as much as 40 cents a kilowatt-hour in summer and 41 cents a kilowatt-hour in winter. Standard off-peak for that plan is between 25 cents and 19 cents a kilowatt-hour for summer and non-summer, respectively.

Those rates include only the

TOP STORIES

Off-peak incentive

LIPA's rate plan has savings for usage in less-busy hours

BY NARR HARRINGTON

Q & A

What's the benefit of moving to time-of-day rates?

Customers who shift their power to off-peak times can save money by avoiding usage in the 3 p.m. to 7 p.m. peak period.

What types of appliances benefit from the change?

The biggest gains would be from shifting appliances such as electric dryers, dishwashers, air conditioners and electric car chargers to off-peak.

What if I don't want time-of-day rates?

LIPA is offering a flat rate that won't fluctuate during the day but customers must opt out of the time-of-day program. LIPA is also offering a money-back guarantee that would refund the difference if a customer's bill goes up after a year of time-of-day rates compared with the flat rate.

How does LIPA plan to come up with a time-of-day rate design for all-electric customers before year end?

Anthony Letteri of Fort St. Vrain said he'd be willing to try the new rate, but said he wished the service provider would focus first on making sense of its usage-prone neighborhood was addressed first. "Under normal circumstances, I'd like to give it a shot," he said. "I want to help, but I don't have a lot of faith in the utility."

Falcone said PG&E's compensation will be based on its execution of the plan, and that the phase-in period will allow LIPA to assess if it needed. "Our job is to make it really easy," he said. "The peak is 3 p.m. to 7 p.m. Save after seven."

Savings on appliances

Shifting usage of some basic appliances to off-peak can save a customer as much as \$325 a month for a dishwasher to \$2.25 a month for an electric dryer, according to LIPA estimates. Shifting to the super off-peak could save even more — \$12.50 a

delivery and power supply charges, not other bill discounts such as the delivery service adjustment and a miscellaneous charge. And the rates would fluctuate somewhat monthly with changes in the cost of power, LIPA said. The new rates apply to residential customers. Commercial customers, some of which already operated under time-of-day rates, would see new rates in 2025, LIPA said.

For those who choose to opt out of the time-of-day plan, a new flat rate of 34 cents a kilowatt-hour would be available for all hours in the summer period, dropping to 23 cents a kilowatt-hour from Oct. 1 through May 31.

Bay Shore taxpayer Holly Gordon said she'd be interested in hearing about how all-electric customers would be impacted by the new rates, because if it's freezing outside, she has no option but to raise the heat during the winter peak. "It's interesting," she said of the plan. "We'll see if it makes a difference. I need to see the specs before giving it a shot."

Falcone said LIPA plans to come up with a time-of-day rate design for all-electric customers before year end.

Anthony Letteri of Fort St. Vrain said he'd be willing to try the new rate, but said he wished the service provider would focus first on making sense of its usage-prone neighborhood was addressed first. "Under normal circumstances, I'd like to give it a shot," he said. "I want to help, but I don't have a lot of faith in the utility."

Falcone said PG&E's compensation will be based on its execution of the plan, and that the phase-in period will allow LIPA to assess if it needed. "Our job is to make it really easy," he said. "The peak is 3 p.m. to 7 p.m. Save after seven."

Savings on appliances

Shifting usage of some basic appliances to off-peak can save a customer as much as \$325 a month for a dishwasher to \$2.25 a month for an electric dryer, according to LIPA estimates. Shifting to the super off-peak could save even more — \$12.50 a

The LIPA proposal would attempt to shift power usage away from the peak hours of 3 p.m. to 7 p.m. — FILED: UNRECORDED

requirements for heat pumps, for instance, will shift the rate to more of a winter peak period. Electric cars, which have seen surging growth rates, are expected to become the prominent form of transportation in coming years, necessitating the transition to nighttime charging.

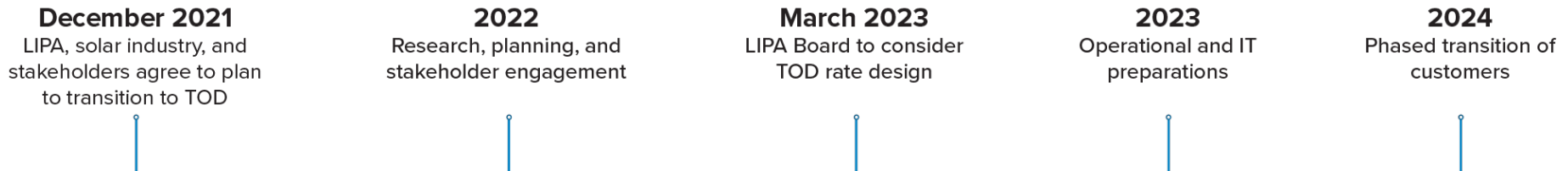
Under the plan, which also will be the subject of public hearings, PG&E will alert customers to the coming rate change with alerts 90, 60 and 30 days before it rolls out. Customers can opt out of the new rate to remain either with the standard rate or the new flat rate.

Hearings on the new rates are scheduled for Feb. 21 in Haverstraw and Uniondale at 10 a.m. and 6 p.m., respectively. The LIPA board will vote on the proposals at its March 29 meeting.

The state has been working the points to implement policies that even out peak usage from the current summer peak. New

LIPA IS MOVING TO TIME-OF-DAY RATES IN 2024

- **LIPA will offer a standard Time-of-Day (TOD) rate plan for residential customers in 2024**
- Peak hours are **3 p.m. to 7 p.m. on weekdays**. Electricity will be cheaper “off peak” **88% of the hours of the year** including all day on weekends and holidays
- LIPA will deploy services and tools to educate customers and help them make the most of the new plans. Customers who try TOD will receive a 1-year **Bill Protection Guarantee** and can switch back to their current rate plan at any time. Customers will be notified 90, 60 and 30 days before transition
- Shifting electric use during a few peak hours to other times of day results in **cleaner and less expensive** energy use and helps prevent high-cost upgrades to the electric grid (substations, transformers) to meet peak capacity



SAVINGS POTENTIAL

- Over **80% of customers will pay less on time-of-day rates** without changing their routines as most energy is consumed off peak

Customer Bill Savings on the Time-of-Day Rate and Super Off-Peak Rates

With the modernized TOD Rate, customers who run appliances before 3 p.m. or after 7 p.m. will save money as compared to the Flat Rate. With the optional Super Off-Peak Rate, customers can save even more by running appliances after 10 p.m. and before 6 a.m.

Initial Savings ¹ (Before any Changes to Electric Use)	TOD Rate (Save before 3 p.m. or after 7 p.m.)	Super Off-Peak Rate (Smaller savings before 3 p.m. or after 7 p.m. and larger discounts between 10 p.m. and 6 a.m.)
	Save \$3.50 per month	Save \$5.75 per month
Dishwasher	Save \$0.50 per month	Save \$1.50 per month
Washing machine	Save \$1.75 per month	Save \$4.50 per month
Electric dryer	Save \$2.25 per month	Save \$6.00 per month
Pre-cool home before 3 p.m.	Save \$12.75 per month (in the summer)	Save \$13.75 per month (in the summer)
Pool Pump	Save \$4.00 per month (in the summer)	Save \$6.50 per month (in the summer)
Battery storage optimized use	Save \$40.00 per month	Save \$51.25 per month
Electric vehicle	Save \$43.50 per month	Save \$56.50 per month
Total Savings (including changes)**	Save up to \$91.50 per month (\$108.25 in the summer)	Save up to \$125.50 per month (\$145.75 in the summer)

Note: These estimates are based on average household appliance usage. The typical household already uses most of its electric off-peak, so the "initial savings" is without assuming changes to electric usage. The additional savings estimates for dishwashers, laundry, pool pumps, and electric vehicles assume customers move their appliance usage to the lowest price period. The "initial savings" does not include savings for customers with pool pumps or EVs, as their usage is higher than the typical customer. Pre-cooling and pool pump savings only apply to the summer months. The battery storage example shows the savings available from using residential storage to optimize a TOD rate. LIPA will help every customer estimate their individual savings potential based on their actual usage patterns.

COMPARING TIME-OF-DAY TO FLAT RATE

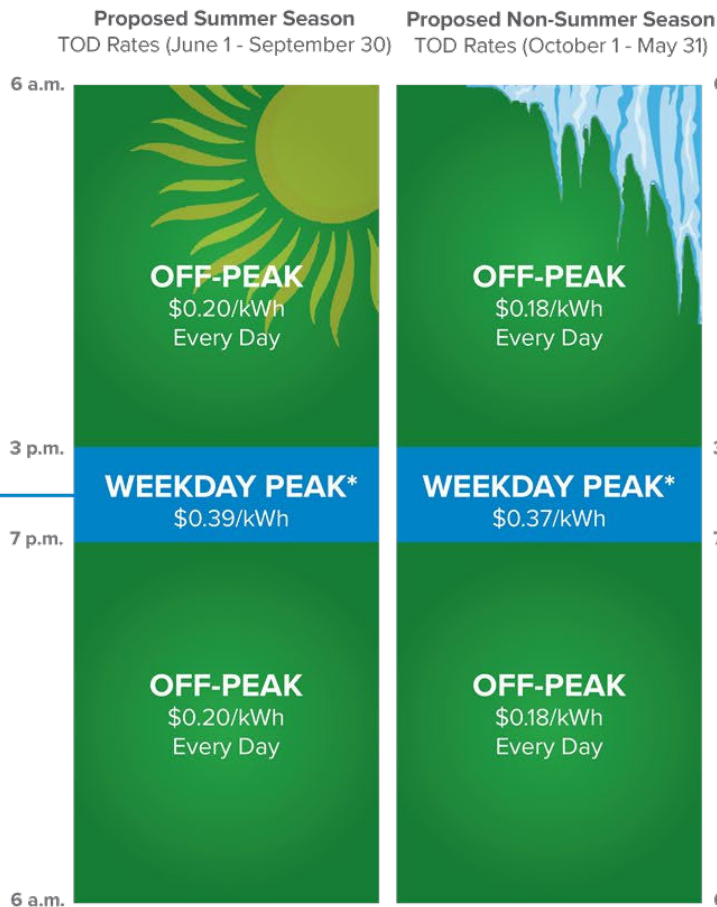
Most customers save money on TOD.

- On average, customers will save \$3.50 per month

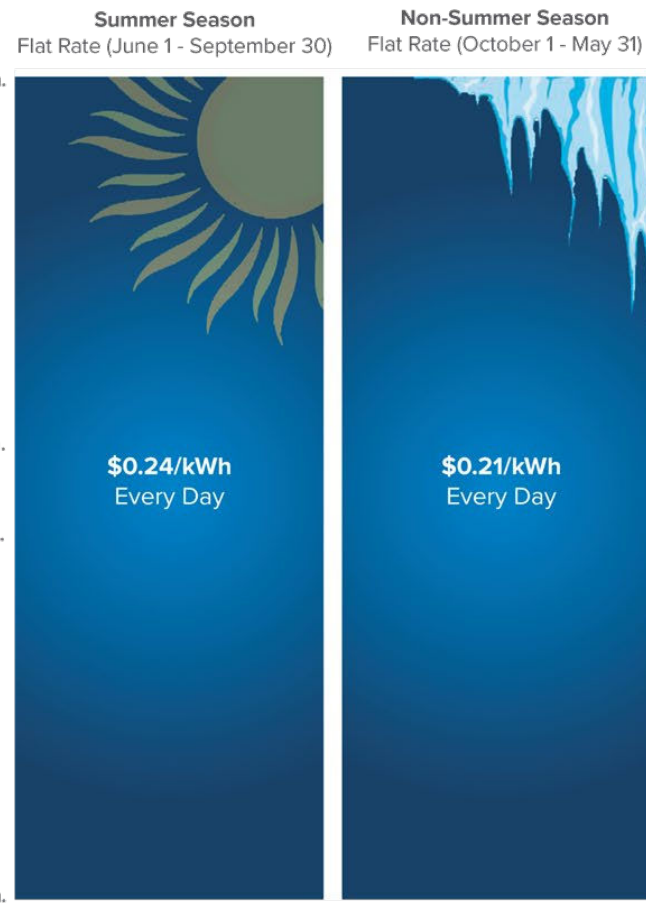
** Weekdays Only
(No Peak Hours on Weekends and Federal Holidays)*

- Customers who move a portion of their usage to off-peak times can save more money

TIME-OF-DAY RATE



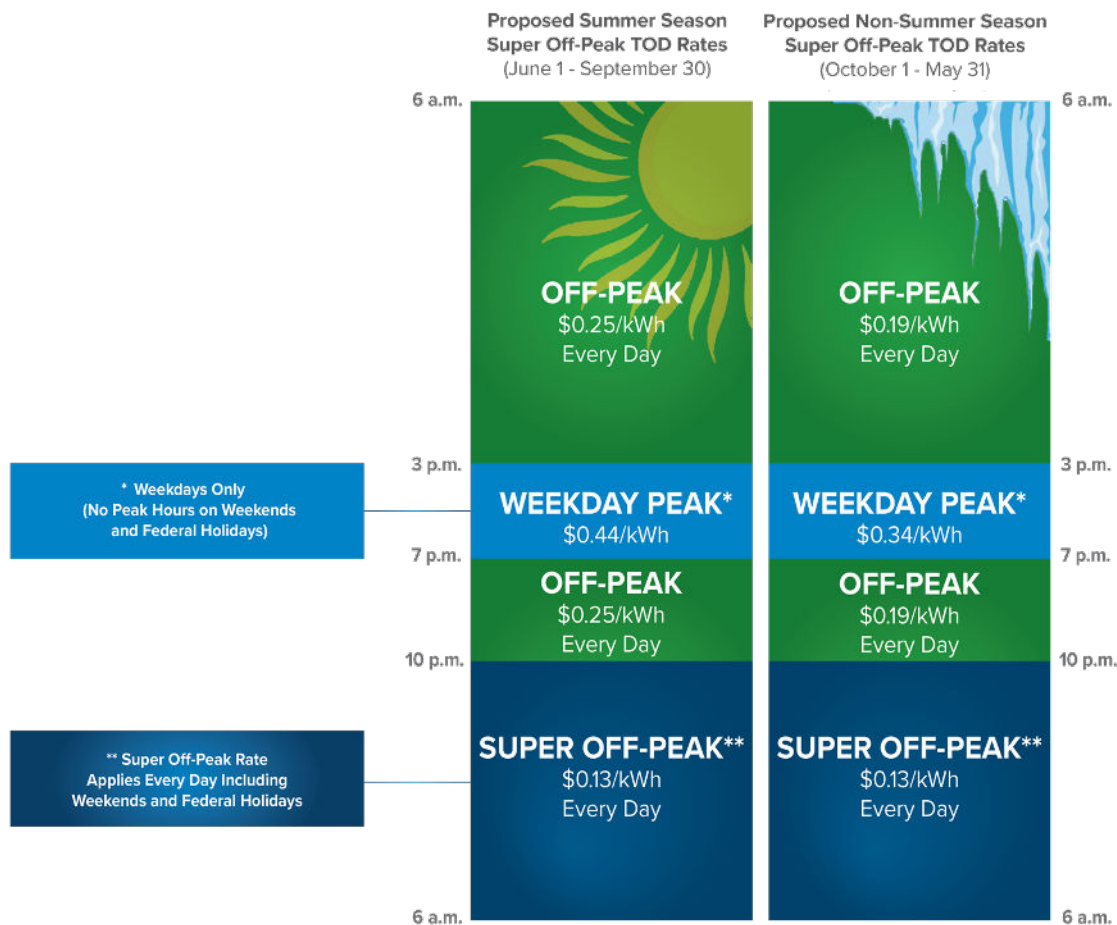
FLAT RATE



**These are the rates that would apply if the program were launched in 2023.*

THE SUPER OFF-PEAK RATE

SUPER OFF-PEAK RATE



Deep discounts overnight.

- “Super off-peak” hours from 10 p.m. to 6 a.m. every day
- Low super off-peak pricing creates bigger savings for customers who can use more overnight

**These are the rates that would apply if the program were launched in 2023.*

2024 RESIDENTIAL RATE PLANS

New Plans in 2024

Time-of-Day (TOD) Rate

New standard rate

- Peak price from 3 p.m. to 7 p.m. on weekdays (excluding holidays)
- Off-peak price during all other hours
- 1-year Bill Protection Guarantee

Super Off-Peak Rate

New optional rate with deeper overnight discount

- Peak price from 3 p.m. to 7 p.m. on weekdays (excluding holidays)
- Super off-peak price from 10 p.m. to 6 a.m. every day
- Off-peak price during all other hours
- 1-year Bill Protection Guarantee

Existing Plans

Flat Rate

Optional rate with same price all-day, like the current standard rate

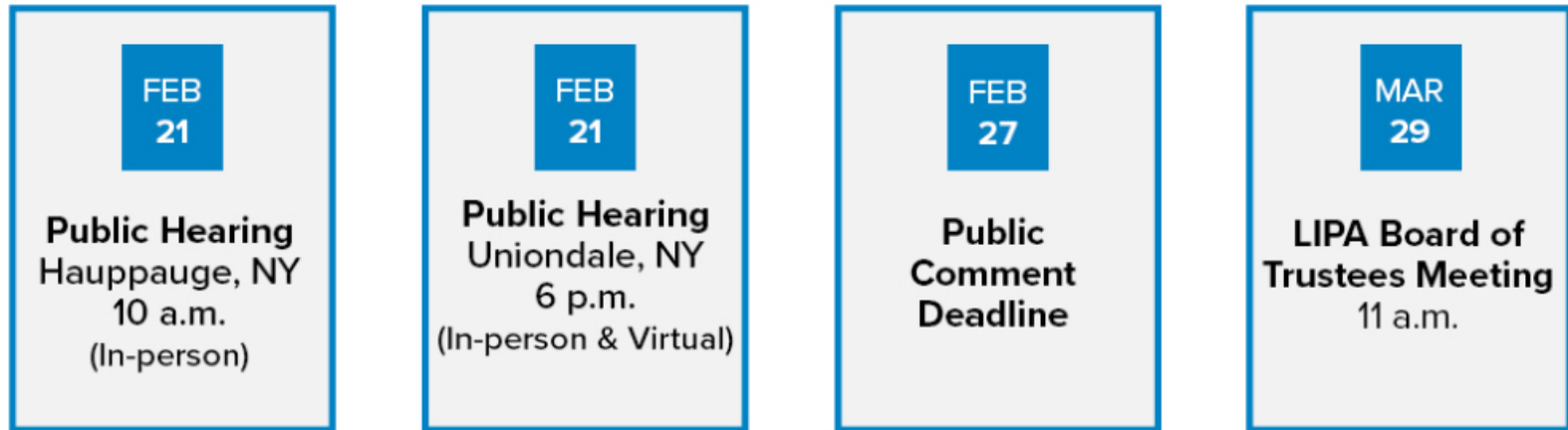
- Same price all-day
- Same structure as current standard rate
- Higher price for usage above 250 kW per month (summer only)

Other Options

Less common optional rates

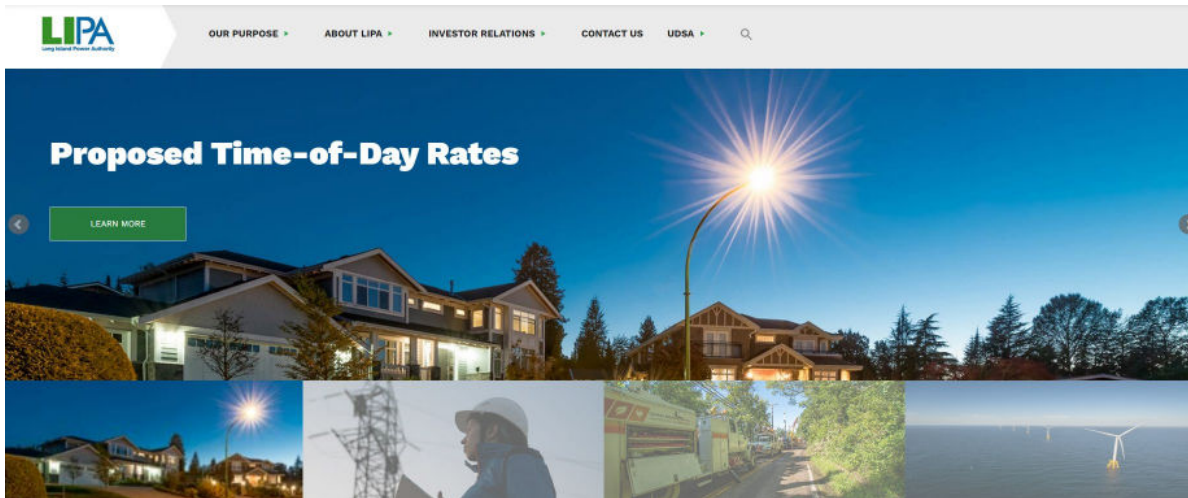
- Electric heating rate
- Long Island Choice and Green Choice
- Existing Time-of-Use pilots will remain available for enrolled customers and will be closed to new customers

NEXT STEPS



- LIPA will hold two public hearings on February 21, 2023, where customers can sign up to speak. LIPA will also accept written public comments until February 27, 2023. Written comments can be submitted by emailing TODpubliccomments@lipower.org.
- The proposal is scheduled for consideration at the March 29, 2023 meeting of the LIPA Board of Trustees in Uniondale, New York. Consideration by the Board of rate and tariff changes are held in open session and the public is always invited to attend and speak. For more information on how to attend and participate in public hearings and Board meetings, please visit lipower.org.

MORE INFORMATION



www.lipower.org/time-of-day/



LIPA is proposing to modernize its standard electric rate for residential customers in 2024 with a new **Time-of-Day (TOD) Rate** to help customers save money and support the transition to clean energy on Long Island and the Rockaways. LIPA is also proposing an optional **Flat Rate** and **Super Off-Peak Rate**.

With the new TOD Rate and Super Off-Peak Rate, customers pay different rates for electricity based on when they use it. Electric rates are higher during weekdays from 3 p.m. to 7 p.m. (peak hours) but lower all other hours of the day and on weekends and holidays (off-peak and super off-peak hours). Customers can save money by moving a portion of their electric usage – like doing laundry or charging electric cars – to off-peak hours. These discounted off-peak rates are available 88% of the hours throughout the year.

Most customers (more than 80 percent) will pay the same or less on the new TOD Rate and Super Off-Peak Rate without changing how or when they use electricity. That is because most customers already consume most of their energy off-peak. On average, customers will save about \$3.50 per month on the TOD Rate and \$5.75 per month on the Super Off-Peak Rate compared to the Flat Rate, without making any changes in their daily routine. **Customers who make small changes in their daily routines can save more**, as shown below. The new time-of-day rates will also make the electric grid cleaner and more efficient.

To help customers transition to the new rate plan, LIPA is proposing a **Bill Protection Guarantee** for a customer's first year on the TOD Rate or Super Off-Peak Rate. If after 12 months a customer's electric bill on the TOD Rate or Super Off-Peak Rate is higher than it would have been under the Flat Rate, LIPA will automatically refund the difference.

Customer Bill Savings on the Time-of-Day Rate and Super Off-Peak Rates

With the modernized TOD Rate, customers who run appliances before 3 p.m. or after 7 p.m. will save money as compared to the Flat Rate. With the optional Super Off-Peak Rate, customers can save even more by running appliances after 10 p.m. and before 6 a.m.

	TOD Rate (Save before 3 p.m. or after 7 p.m.)	Super Off-Peak Rate (Smaller savings before 3 p.m. or after 7 p.m. and larger discounts between 10 p.m. and 6 a.m.)
Initial Savings¹ (Before any Changes to Electric Use.)	Save \$3.50 per month	Save \$5.75 per month
Dishwasher	Save \$0.30 per month	Save \$1.50 per month
Washing machines	Save \$1.75 per month	Save \$4.50 per month
Electric dryer	Save \$2.25 per month	Save \$5.00 per month
Pre-cool home before 3 p.m.	Save \$12.75 per month (in the summer)	Save \$13.75 per month (in the summer)
Pool Pump	Save \$4.00 per month (in the summer)	Save \$5.50 per month (in the summer)
Battery storage optimized use	Save \$40.00 per month	Save \$51.25 per month
Electric vehicle	Save \$43.50 per month	Save \$58.50 per month
Total Savings (Including changes ²)	Savings up to \$91.00 per month (\$106.25 in the summer)	Savings up to \$125.50 per month (\$145.75 in the summer)

Note: These estimates are based on average household appliance usage. The typical household already uses most of its electricity off-peak, so the "initial savings" is without requiring changes to electric usage. The additional savings estimates for dishwashers, laundry, pool pumps, and electric vehicles assume customers move their appliance usage to the lowest price period. The "total savings" does not include savings for customers with peak savings or EVs, as that savings is higher than the typical customer. Peak and pool pump savings only apply to the summer months. The battery storage estimate shows the savings estimates from using residential storage to optimize EV charging. EVs will only save money compared to vehicles that rely on gasoline. Savings are based on the current average electricity price.

Time-of-Day Fact Sheet

GOVERNOR HOCHUL'S 2024 BUDGET PROPOSAL

ENERGY INITIATIVES IN GOVERNOR'S PROPOSED 2024 BUDGET

- Governor Kathy Hochul's Fiscal Year 2024 Executive Budget includes **\$5.5 billion to promote energy affordability and reduce emissions**
- The Governor has also proposed a Cap-and-Invest Program to establish a declining cap on greenhouse gas emissions and invest the proceeds in programs that drive emissions reductions, including \$1 billion for the Climate Action Fund to deliver proceeds to New Yorkers every year
- The Executive Budget also includes proposals for building decarbonization:
 - Prohibit fossil fuel equipment in new construction (except commercial kitchens)
 - Phase out the sale/installation of fossil fuel heating equipment in existing buildings (does not impact stoves)
 - Establish building benchmarking and energy grades
- \$400 million was set aside in the budget to provide relief to New Yorkers experiencing high electric bills as well as lowering energy burdens through electrifications and retrofits
- The Legislature will hold joint budget hearings over the next month and present their responses to the Governor's Budget Proposal in March
- A final Budget is due by April 1st

FEDERAL FUNDING UPDATE

FEMA REIMBURSEMENT FOR HURRICANE IDA

- At our December 2022 meeting, we announced that LIPA received reimbursement from the Federal Emergency Management Agency (FEMA) for 90% of qualified storm restoration costs for Tropical Storm Isaias (August 2020)
- Since then, LIPA has received **\$7.6 million more from FEMA** for reimbursement of costs from Hurricane Ida (September 2021)
- Eligibility for federal grants for storm restoration and recovery is one of the unique benefits of LIPA's public power business model and has saved customers **over \$1.8 billion** over the last decade
- LIPA has a pending storm hardening grant application for **\$400+ million**

Federal Grants Reduce Financial Impact of Storms to Customers

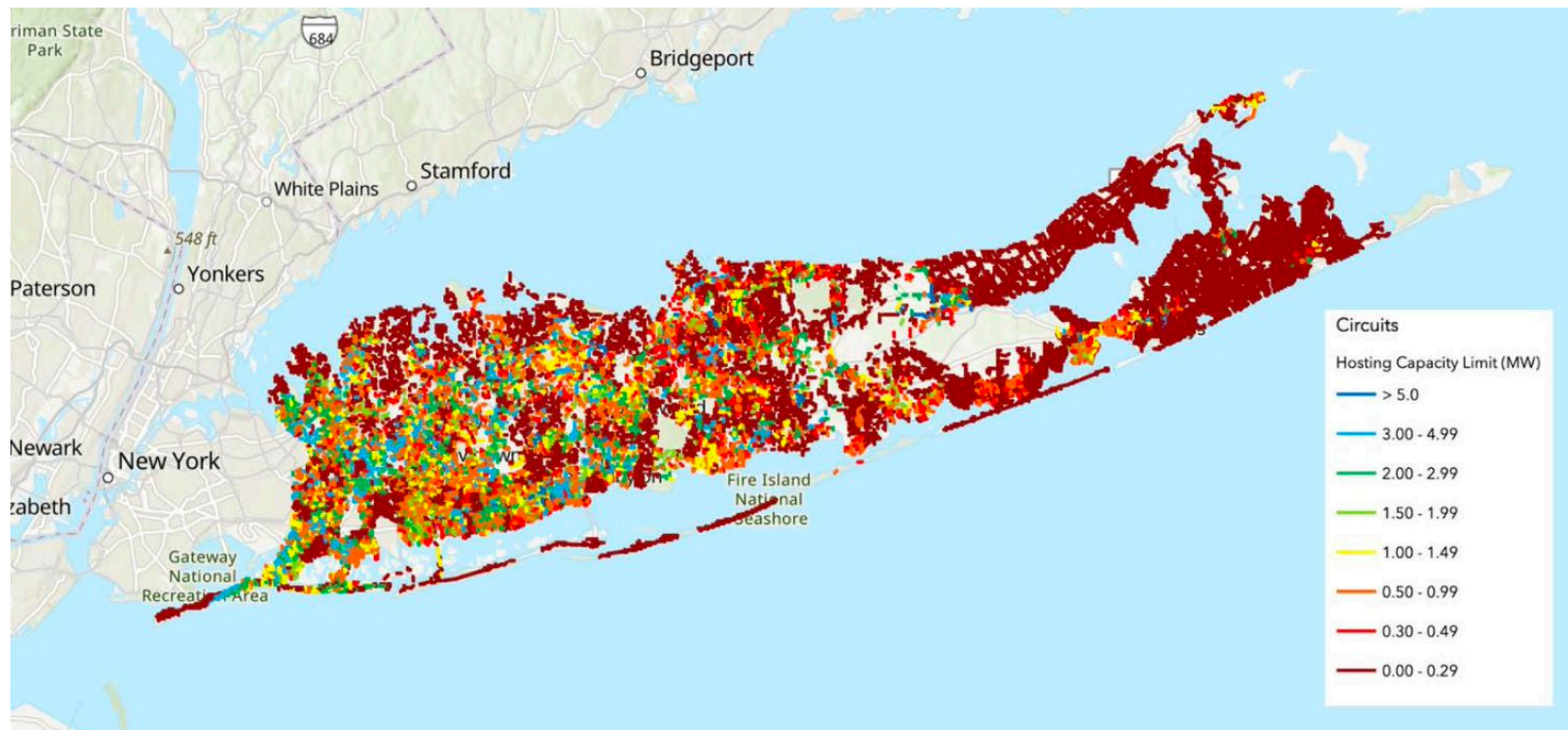
Federally Declared Weather and Other Events	LIPA Recovery Cost	Federal Grants
Tropical Storm Irene (2011)	\$170 million	\$154 million
Superstorm Sandy Restoration (2012) Superstorm Sandy Storm Hardening (2016-2020)	\$671 million --	\$660 million \$656 million
Winter Storm Nemo (2013)	\$17 million	\$11 million
Winter Storm Stella (2017)	\$14 million	\$4 million
Tropical Storm Isaias (2020) Tropical Storm Isaias Storm Hardening (2023+)	\$309 million --	\$276 million \$400+ million*
COVID-19 Pandemic (2020-2022)	\$28 million	\$27 million*
Tropical Storm Ida (2021)	\$9 million	\$8 million
TOTAL	\$1.2 BILLION	\$1.8 BILLION*

**Applications pending; total excludes grants not yet awarded.*

LIPA FEDERAL GRANT PROPOSAL

- On January 13, LIPA submitted a concept paper under the Grid Resilience and Innovation Program authorized under the Bipartisan Infrastructure Law, which LIPA **is eligible for as governmental entity**
- LIPA is seeking a **federal grant of \$250 million** toward \$500 million of upgrades to the Transmission & Distribution System to allow for additional interconnection capacity for Distributed Energy Resources (DER)
- The proposal builds upon two recent actions taken by LIPA to address hosting capacity constraints and lower interconnection costs for project developers:
 - (1) a recently launched Interconnection Cost Sharing 2.0 Framework
 - (2) a study to identify distribution system constraints and technical solutions to address those constraints on LIPA's distribution circuits, utilizing the latest distribution system modeling technology, smart inverter breakthroughs, and recently upgraded hosting capacity mapping technology
- LIPA will partner with developers and municipalities to interconnect community solar and other DERs serving low-income customers and disadvantaged communities
- The initial determination of support by the U.S. Department of Energy is expected to be announced on February 24, with full grant applications due on May 19

DER HOSTING CAPACITY MAP



Over 40% of LIPA's distribution feeder circuits have less than 1 MW of available average hosting capacity, and 22% have no capacity at all

OTHER NEWS

FERC COMMISSIONER VISITS LIPA HQ



In January, LIPA staff met with Commissioner James Danly of the Federal Energy Regulatory Commission (FERC) to provide him with an overview of LIPA operations and discuss issues relating to federal regulation of the energy industry

NYS LEGISLATIVE COMMISSION UPDATE

- The Legislative Commission on the Future of LIPA has held five regional public hearings. LIPA was invited to testify at two of these hearings
- The Commission has held two Advisory Committee meetings and has also hired legal and consulting advisors
- The Commission will issue a draft report in February
- Additional public hearings will then be held to gather feedback on the draft report
- LIPA continues to provide the Commission with objective research and analysis on relevant topics



Legislative Commission on the
Future of the
Long Island Power Authority



Southampton Public Hearing – January 20, 2023

Discussion

Questions?