



# CEO REPORT

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*February 15, 2023*

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# FEBRUARY BOARD MEETING AGENDA

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## **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

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# TIME-OF-DAY RATES

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TOP STORIES

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

BY NAEEM AHSANIAN

The Long Island Power Authority is proposing a new rate structure for 2014 that will reward those who shift more of their usage to off-peak periods, with an innovative feature that guarantees if customers' bills rise.

LIPA has had time-of-day or "toed" rates for years, but under the new, more sophisticated plan, customers' bills will automatically be credited next year and must opt out if they don't want to participate.

The new structure imposes a higher rate during the peak hours of 3 p.m. to 7 p.m., and provides discounts for other times when shift usage of those times. During weekends, nights and federal holidays would also 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 \$150 a month without changing their habits, and save even more if they shift their habits. Precooling rooms with air conditioning, for example, could save \$5.50 a month, peak begins could save \$10.50, and \$8.50 a month, while changing an electric vehicle after 10 p.m. could save \$10.50 a month.

**Customers can opt out**

The new rates, if approved by LIPA's board, will take effect in phasing in starting in February 2014. Customers will be able to opt out of the plan at that time if they choose. The new rates plan will phase out next year.

"This is a plan that is better for everyone and a more comfortable seeing how it works," says LIPA president Tom Falcone, who acted earlier this year to end a bid it made to raise rates by 10% to reduce its reliance on state subsidies. "It's a plan that is a pretty good place," Falcone added, who said that customers that are passed on to other customers.

**Q & A**

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

Customers who shift their use of power to peak times can save money by making savings in the 3 p.m. to 7 p.m. peak periods.

**What types of appliances would be most affected by the change?**

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

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

LIPA is offering a flat rate that would not fluctuate during the day, that customers must opt out of the time-of-day program. LIPA also is 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.

In a prospective analysis provided by LIPA, the discounted rates for the shift off-peak usage would vary from 20 cents to 35 cents a kilowatt-hour. During Sept. 30, to 10 cents a kilowatt-hour for the remainder of the year. Average rates would be 30 cents a kilowatt-hour for the remainder of the year. Average rates would be 30 cents a kilowatt-hour for the remainder of the year.

The super off-peak rate would be 10 cents a kilowatt-hour for those who have opted out of the plan during the summer period, but would be 15 cents a kilowatt-hour for those who have opted out of the plan during the winter period.

Those rates include only the

delivery and power supply charges, not other bill elements such as delivery charges, adjustment and a renewables charge. And the rates would be the same for residential and to residential customers. Commercial customers, who already are operated under time-of-day rates in 2013, LIPA said.

Those who wish to opt out of the time-of-day plan, a \$100 credit would be available for all hours in the summer period, dropping to 3 cents a kilowatt-hour from Oct. 1 through May 31.

John G. Gorman, a Holy Ground said she is interested in hearing about how all-electric customers would be impacted by the new rates, because if it's freezing outside, the less an option to be the best 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 conduct a study with customers to gauge interest for all-electric customers.

Anthony Letteri of Fort St. Vrain said he is interested in the new rate, but said he would like to see a study that would focus first on making sure his out-of-home neighborhood is not impacted by the change, and then to go to the rest of the city.

"I understand well, but I don't want to go to the rest of the city," Letteri said. "I want to help, but I don't want to go to the rest of the city."

Falcone said PSEG in New York said that the plan, and that the plan would be a good idea to encourage-consumers if needed. "We're not sure if it's a good idea," he said. "The peak is 3 p.m. to 7 p.m."

**Savings on appliances**

Shifting usage of some basic appliances could save customers an average 30 cents a month for the summer period, according to LIPA estimates. The savings could be even more — \$150 a

month for those who opt out of the time-of-day plan, a \$100 credit would be available for all hours in the summer period, dropping to 3 cents a kilowatt-hour from Oct. 1 through May 31.

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"Imagine having a party for 80 people with 30 parking spaces in a year and rest of year you have to have 30 parking spaces for the rest of the year," he said. "That's what we're doing."

The state has been working on plans to implement policies to move out peak load during the current summer peak. New

York City is looking for ways to meet its requirements for less than the state rate of a winter peak period. Electric can, which limits the amount of power that is expected to be the prominent form of transportation in charging cars, necessitating the transition to nighttime charging.

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

Hearings on the new rates are scheduled for Feb. 21 in Hastings-on-Hudson and 30 a.m. and 3 p.m., respectively. The LIPA board will vote on the proposals at its March 12 meeting.

The customers can submit written comments via email to [comments@lipa.org](mailto:comments@lipa.org).

**RELATED COVERAGE**

**Electric cars will be the subject of public hearings, PSEG will alert customers to the coming rate changes with alerts 90 to 60 days before it rolls out.**

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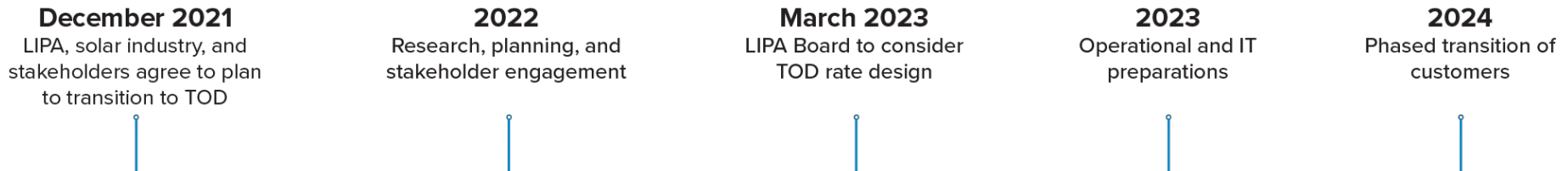
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PHOTO BY NAEEM AHSANIAN FOR THE JOURNAL NEWS



# 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 <sup>1</sup> (Before any Changes to Electric Use )	<b>TOD Rate</b> (Save before 3 p.m. or after 7 p.m.)	<b>Super Off-Peak Rate</b> (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
<b>Dishwasher</b>	Save \$0.50 per month	Save \$1.50 per month
<b>Washing machine</b>	Save \$1.75 per month	Save \$4.50 per month
<b>Electric dryer</b>	Save \$2.25 per month	Save \$6.00 per month
<b>Pre-cool home before 3 p.m.</b>	Save \$12.75 per month (in the summer)	Save \$13.75 per month (in the summer)
<b>Pool Pump</b>	Save \$4.00 per month (in the summer)	Save \$6.50 per month (in the summer)
<b>Battery storage optimized use</b>	Save \$40.00 per month	Save \$51.25 per month
<b>Electric vehicle</b>	Save \$43.50 per month	Save \$56.50 per month
<b>Total Savings</b> (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

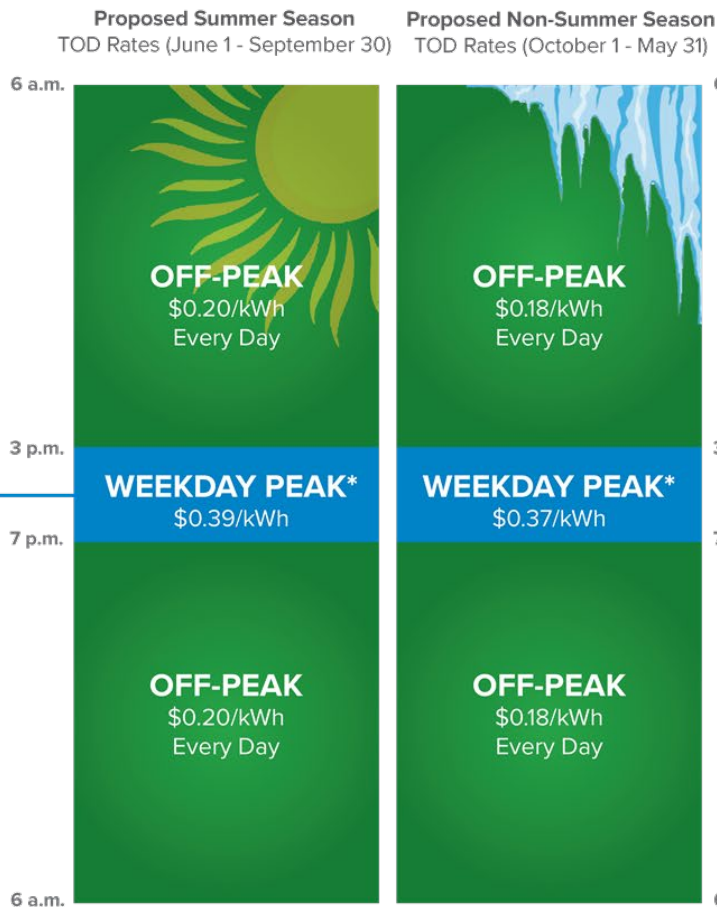
## Most customers save money on TOD.

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

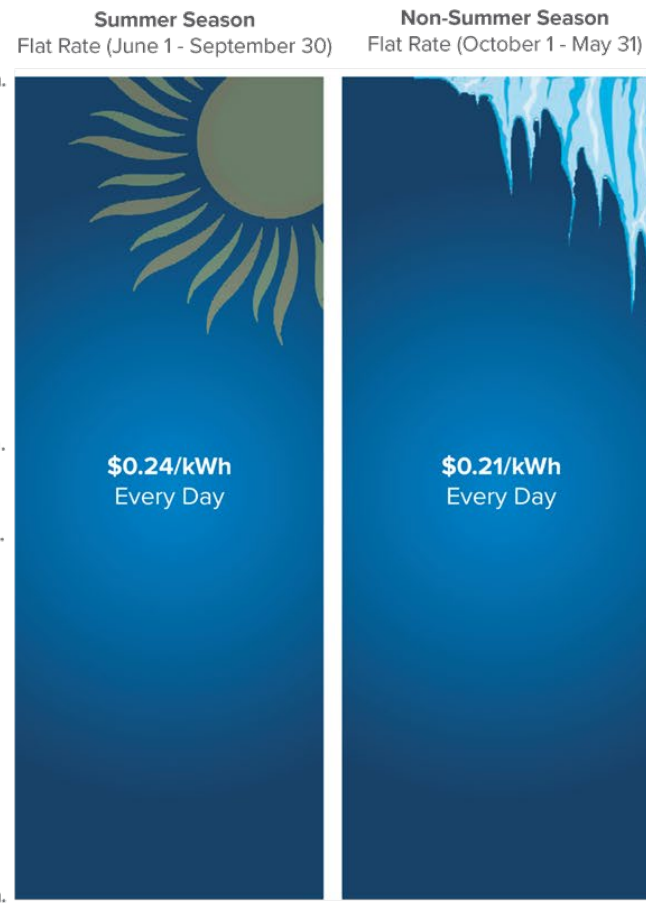
*\* Weekdays Only  
(No Peak Hours on Weekends and Federal Holidays)*

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

## TIME-OF-DAY RATE



## FLAT RATE

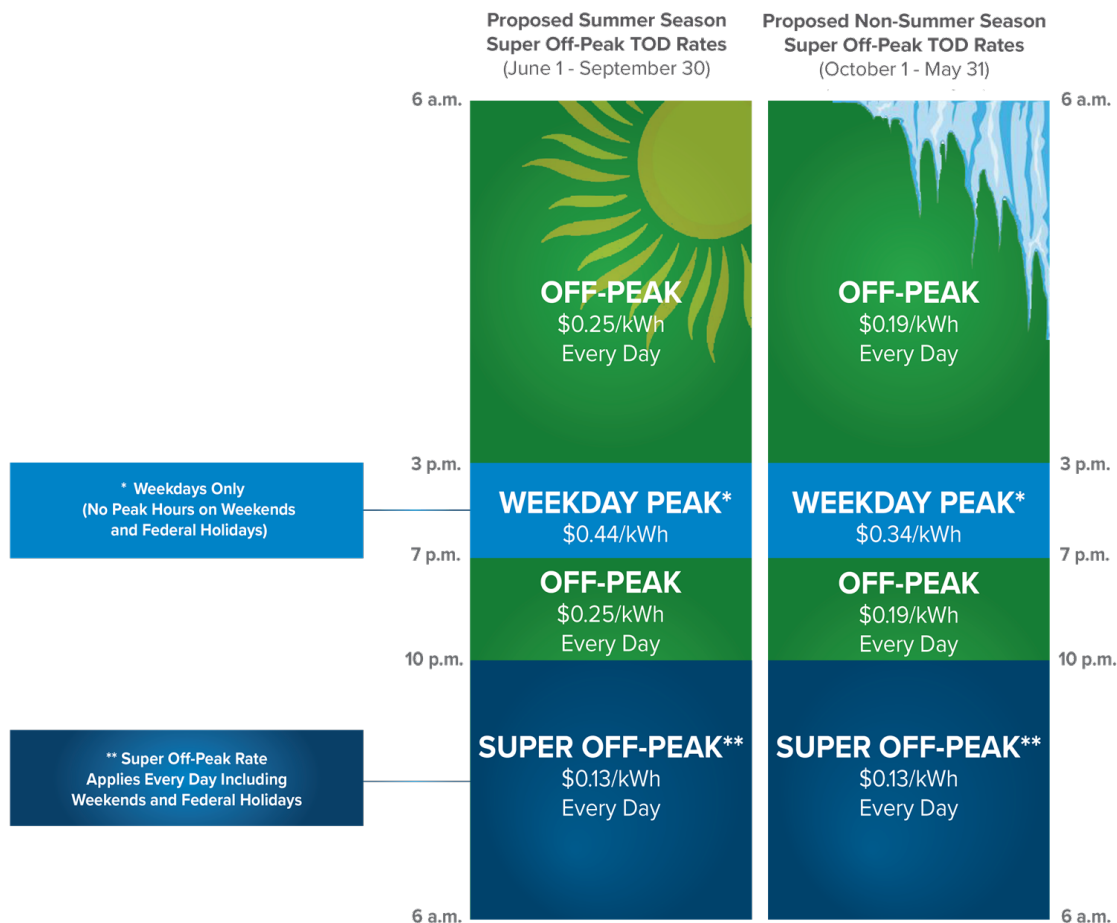


*\*These are the rates that would apply if the program were launched in 2023.*



# 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*

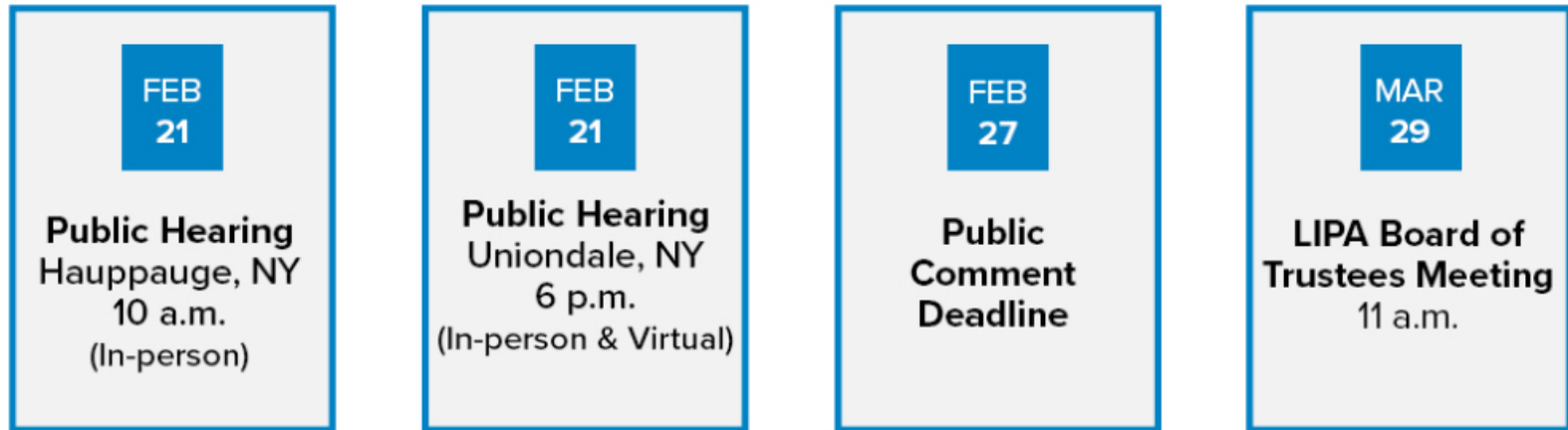
- Same price all-day
- Same structure as current standard rate
- Higher price for usage above 250 kW per month (summer only)

### **Other Options**

*Less common optional rates*

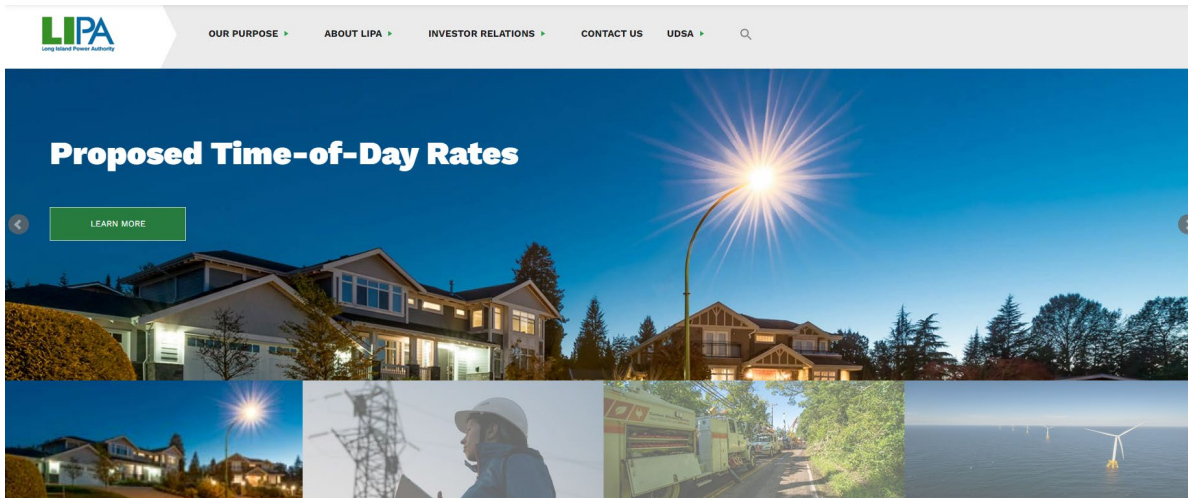
- Electric heating rate
- Long Island Choice and Green Choice
- Existing Time-of-Use pilots will remain available for enrolled customers and will be closed to new customers

## 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](mailto: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](http://lipower.org).

# MORE INFORMATION



[www.lipower.org/time-of-day/](http://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 recommended 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.)
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Electric vehicle	Save \$43.00 per month	Save \$56.50 per month
<b>Total Savings</b> (Including changes <sup>2</sup> )	Save up to \$97.50 per month (\$106.25 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 general household already uses most of its electricity off-peak, so the "total 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. The cooling and pool pump savings only apply to the summer months. The battery storage savings covers the savings estimates from using residential storage to optimize TOD use. Rates will vary every summer to reflect their updated storage estimates based on their annual usage patterns.

## Time-of-Day Fact Sheet



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# GOVERNOR HOCHUL'S 2024 BUDGET PROPOSAL

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# 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

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# FEDERAL FUNDING UPDATE

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# 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
<b>TOTAL</b>	<b>\$1.2 BILLION</b>	<b>\$1.8 BILLION*</b>

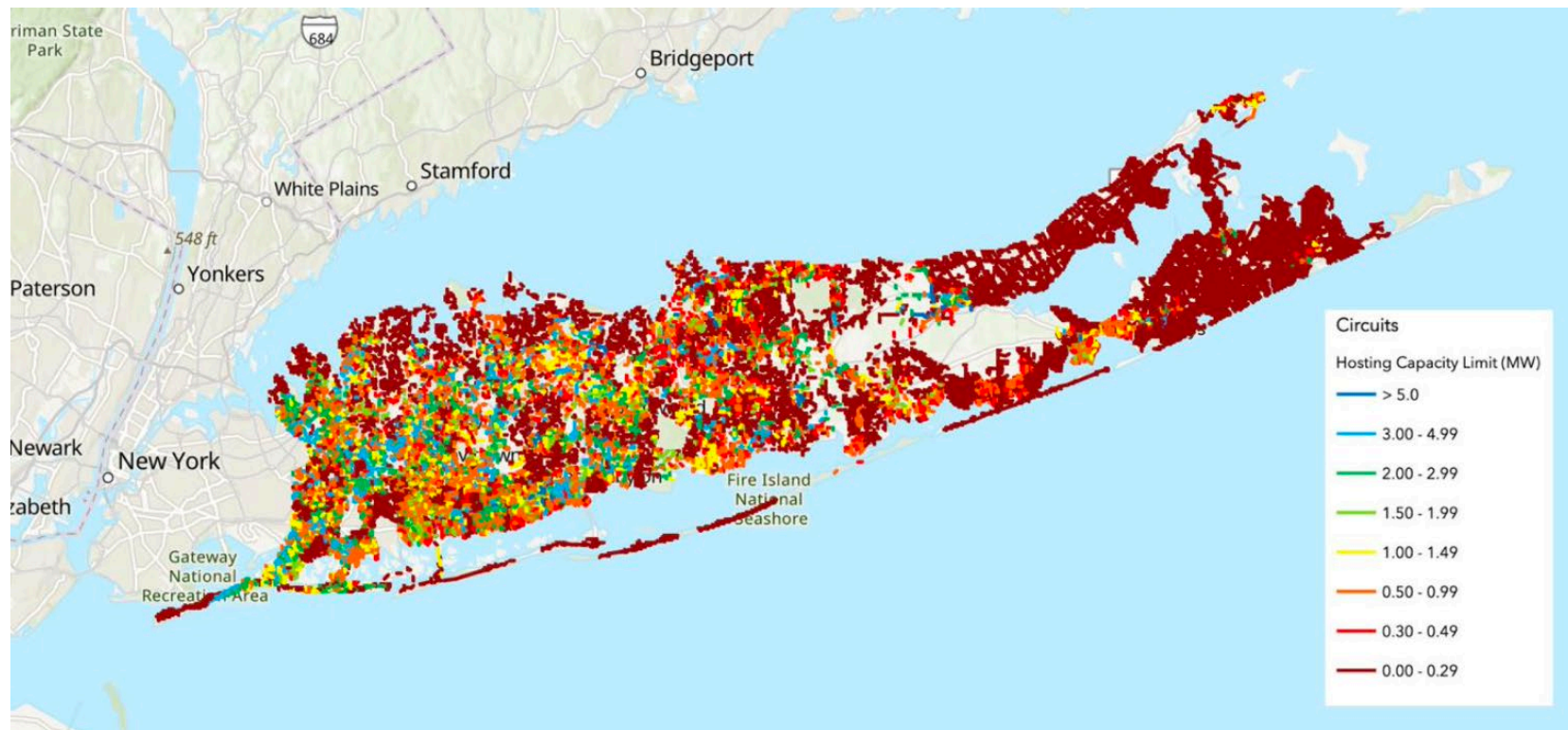
*\*Applications pending; total excludes grants not yet awarded.*



# 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**

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## OTHER NEWS

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# 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?