CEO REPORT

February 15, 2023
AGENDA

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

CEO Report – February 2023
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.

<table>
<thead>
<tr>
<th>December 2021</th>
<th>2022</th>
<th>March 2023</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIPA, solar industry, and stakeholders agree to plan to transition to TOD</td>
<td>Research, planning, and stakeholder engagement</td>
<td>LIPA Board to consider TOD rate design</td>
<td>Operational and IT preparations</td>
<td>Phased transition of customers</td>
</tr>
</tbody>
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• 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.

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

*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.*
Most customers save money on TOD.

- On average, customers will save $3.50 per month

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

*These are the rates that would apply if the program were launched in 2023.*
**THE SUPER OFF-PEAK RATE**

**SUPER OFF-PEAK RATE**

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

- **Proposed Summer Season Super Off-Peak TOD Rates** (June 1 - September 30):
  - **OFF-PEAK** $0.25/kWh Every Day
  - **WEEKDAY PEAK** $0.44/kWh Every Day
  - **SUPER OFF-PEAK** $0.13/kWh Every Day

- **Proposed Non-Summer Season Super Off-Peak TOD Rates** (October 1 - May 31):
  - **OFF-PEAK** $0.19/kWh Every Day
  - **WEEKDAY PEAK** $0.34/kWh Every Day
  - **SUPER OFF-PEAK** $0.13/kWh Every Day

**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

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

*Super Off-Peak Rate Applies Every Day Including Weekends and Federal Holidays*
# 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
• 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.
Proposed Time-of-Day Rates

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