

LONG ISLAND POWER AUTHORITY

MINUTES OF THE OVERSIGHT and CLEAN ENERGY COMMITTEE MEETING

HELD ON FEBRUARY 15, 2023

The Oversight and Clean Energy Committee of the Long Island Power Authority (“LIPA”) was convened at 9:06 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on February 10, 2023, and electronic notice posted on the LIPA’s website.

The following LIPA Trustees were present:

Mark Fischl, Chair (in person)
Nancy Goroff, Committee Member (in person)
Rev. Al Cockfield, Committee Member (in person)
Elkan Abramowitz (via video conferencing)
Valerie Anderson Campbell (in person)
Drew Biondo (in person)
Sheldon Cohen (in person)
Lauren Harris (in person)

Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, General Counsel & Board Secretary; Rick Shansky, Senior Vice President of Power Supply and Wholesale Markets; Carolyn MacKool, Director of Customer Experience; Tom Simpson, Director of Power Supply Planning; Jen Hayen, Director of Communications; and Andrew Berger, Communications Assistant. Participating via video conferencing was Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.

Representing PSEG Long Island, in person, were David Lyons, Interim President and Chief Operating Officer; Michael Sullivan, Vice President of T&D Operations; and Peggy Keane, Managing Director & Vice President of Construction and Business Services.

Chair Fischl welcomed everyone to the Oversight and Clean Energy Committee meeting of the Long Island Power Authority Board of Trustees.

Chair Fischl stated that the first item on the agenda is adoption of the minutes from the

December 14, 2022 Oversight and Clean Energy Committee meeting.

Upon motion duly made and seconded, the minutes of the December 14, 2022 meeting were approved unanimously.

Chair Fischl stated that the next item on the agenda is the Consideration of Recommendation to Approve Capacity Purchases to be presented by Rick Shansky and Tom Simpson.

Mr. Shansky and Mr. Simpson presented the following action item and took questions from the Trustees:

Requested Action

The Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution recommending that the Board authorize the Chief Executive Officer or his designee to execute a Capacity Purchase Agreement (“CPA”) with Calpine Energy Services, L.P. (“Calpine”) for the purchase of generating capacity from the Bethpage Power Plant combined cycle plant (“Plant”).

Background

Calpine’s Bethpage facility is comprised of two combined-cycle plants and a combustion turbine peaker. The peaker had been under contract to LIPA between 2002 and 2006, while a 2005 vintage combined-cycle plant (known as Bethpage Energy Center 3) remains under a 20-year contract to LIPA today. Calpine sells its non-contract generation to the wholesale market.

The Plant is comprised of two 1989 vintage GE LM2500 gas turbines rated at 22 MW each, two heat recovery steam generators (HRSGs) and one GE steam turbine rated at 11 MW (“2x1 combined cycle configuration”), for a total design output of 55 MW. During an outage event that occurred on April 15, 2021, one of the two HRSGs was damaged and is inoperable. The Plant is presently derated and is operating in a 1x1 mode with a maximum output of 27 MW using the second LM2500 and steam turbine generator operating at partial loading.

The damaged HRSG can be refurbished and will need some replacement parts. Repair, commissioning and startup will take approximately 27 weeks. The capacity contract is needed by Calpine to support the investment needed to repair the Plant, which would otherwise continue to operate at the 27 MW derated output.

The proposed Capacity Purchase Agreement has a four (4) year delivery term beginning May 1, 2024 and ending April 30, 2028. Calpine will restore the Plant to its full design capacity and LIPA will purchase all of the capacity provided by the Plant that qualifies for participation in the NYISO capacity market. Calpine has proposed a fixed price and a schedule of guaranteed minimum monthly capacity sales to LIPA over the delivery term. Should the Plant fail to produce the minimum monthly capacity, Calpine would be required to compensate LIPA for the shortfall, with such payments secured by a letter of credit. The estimated total cost of the contract to LIPA is approximately \$7.0 million.

Discussion

The Plant uses more modern emission control technology than the National Grid-owned LILCO-era combustion turbines that are still in service, which are also less efficient. The contract will support the reliability of the Long Island grid during the transition to clean energy, while protecting LIPA customers from potential increases in market prices over the next several years. The proposed fixed price is also reasonable compared to forecasted capacity market prices.

Recommendation

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

A motion was made and seconded, and the Trustees unanimously adopted the following resolution:

RECOMMENDING AUTHORIZATION TO ENTER INTO CAPACITY PURCHASE AGREEMENT WITH CALPINE ENERGY SERVICES, L.P. FOR THE PURCHASE OF GENERATING CAPACITY

WHEREAS, Calpine Energy Services (Calpine) has offered capacity for sale from its Bethpage Combined Cycle Plant (Plant); and

WHEREAS, the Plant provides needed generating capability that contributes to system reliability; and

WHEREAS, PSEG Long Island and Calpine have negotiated a Capacity Purchase Agreement (“CPA”) under which Calpine will sell the generating capacity produced by the Plant to LIPA for a term ending April 30, 2028;

NOW, THEREFORE, BE IT RESOLVED, that the Oversight and Clean Energy Committee hereby recommends that the Board authorize the Chief Executive Officer and/or his designee to execute and effect a CPA and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chief Executive Officer and/or his designee, to implement LIPA’s purchase of generating capacity from Calpine.

Chair Fischl stated that the next item on the agenda is the LIPA Briefing on PSEG Long Island's Customer Service "Get Well" Plan to be presented by Carolyn MacKool.

Ms. MacKool presented the LIPA Briefing on PSEG Long Island's Customer Service "Get Well" Plan and took questions from the Trustees.

Chair Fischl stated that the next item on the agenda is the Discussion of Phase 2 COVID-19 Bill Credit Program to be presented by Bobbi O'Connor.

Ms. O'Connor presented the Discussion of Phase 2 COVID-19 Bill Credit Program and took questions from the Trustees.

Chair Fischl stated that the next item on the agenda is the PSEG Long Island Operating Report to be presented by David Lyons, Peggy Keane, and Michael Sullivan.

Mr. Lyons and members of PSEG Long Island staff presented the PSEG Long Island Operating Report and took questions from the Trustees.

Chair Cohen stated that the final item on the agenda is the Committee's Annual Self Report to the Board and Review of the Committee Charter to be presented by Bobbi O'Connor.

Ms. O'Connor presented the Committee's Annual Self Report to the Board and Review of the Committee Charter and then took questions from the Trustees.

Chair Fischl then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 10:22 a.m.