



CEO REPORT

November 15, 2023

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NOVEMBER BOARD MEETING AGENDA

FOR DISCUSSION

- Proposed 2024 Budget and Performance Metrics
- Integrated Resource Plan
- Quarterly Financial Statements Ended September 30*
- Update on Time-of-Day Rate Transition*
- Update on Call Center “Get Well” Plan*

FOR APPROVAL

- No items for approval

** Committee Item*



STAFF RETIREMENT

THANK YOU, RICK!



- We would like to recognize the work of Rick Shansky, who retired as Senior Vice President of Power Supply and Wholesale Markets earlier this month after 15 years with LIPA
- Rick's career includes 40 years in the electric utility industry, including time with LILCO, ConEd, and LIPA. He has held several management positions since he joined LIPA in 2008
- Rick has been an integral member of the LIPA team, with contributions to our customers that include:
 - His work on LIPA's 2023 and 2017 **Integrated Resource Plans**
 - The **\$3.3 billion public policy transmission upgrade** to the Long Island grid for offshore wind that will proceed through 2030.
 - LIPA's pivot from combined cycle plants towards **investment in renewables, including offshore wind.**
 - Numerous wins on behalf of customers at, saving customers **hundreds of millions of dollars.**

LEGISLATIVE COMMISSION ON THE FUTURE OF LIPA

LEGISLATIVE COMMISSION UPDATE

- A **final report and recommended legislation** is scheduled to be issued by the Legislative Commission on the Future of LIPA **on Friday, November 17**.
- The Commission issued its **draft report** in **April 2023** and has held a series of public hearings over the past year.
- The **Governor and Legislature** will evaluate the Commission's work in the next legislative session to begin in January 2024.
- PSEG Long Island management contract expires on **December 31, 2025**.
- While a decision by the Legislature and Governor is pending, LIPA is also preparing to **rebid the management contract in 2024**.



FINANCE UPDATE

UDSA BOND FINANCING UPDATE

- In 2021, LIPA was successful in obtaining a bill in the New York State Legislature authorizing the issuance of additional **Utility Debt Securitization Authority (UDSA) bonds**, which are rated triple-A and **provide a lower cost of funding than issuing LIPA bonds**.
- **UDSA priced \$833 million of Series 2023 Bonds on November 8.** Sale proceeds will refinance all the outstanding UDSA Series 2013 Bonds, some LIPA bonds, and fund \$141 million for System Resiliency projects.
- Strong demand for the UDSA bonds: more than **\$4.7 billion in orders** for just under \$800 million of tax-exempt bonds.
- **Net Present Value (NPV) savings** for the bond sale were over **\$44.6 million or 5.95%** of the refunded bonds. The UDSA financing program has saved **\$579 million NPV** since its inception.
- Closing is scheduled for December 15th. This completes the last of the **five financings** for 2023.



2023 PLAN OF FINANCE UPDATE

- **Completed transactions:**

- | | | |
|-----------------|------------|---|
| • LIPA 2023 ABC | \$350MM | Refinancing of short-term debt |
| • LIPA 2023 D | \$128MM | Refinancing of short-term debt |
| • LIPA 2023 E | \$400MM | Fund Capital Budget |
| • LIPA 2023 F | \$179.31MM | Refunding of hedged variable-rate debt with fixed-rate debt |

- **November transactions:**

- | | | |
|---------------|---------|--|
| • UDSA 2023-1 | \$141MM | Fund Capital Budget for System Resiliency |
| • UDSA 2023-2 | \$750MM | Refunding of UDSA and LIPA bonds for savings |



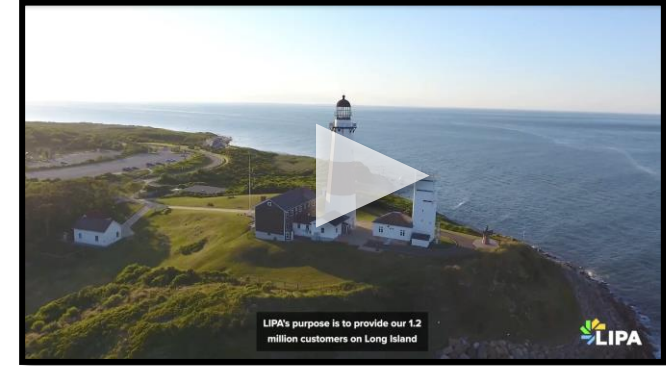
RECENT NEWS

APPA EXCELLENCE IN PUBLIC POWER COMMUNICATIONS AWARDS

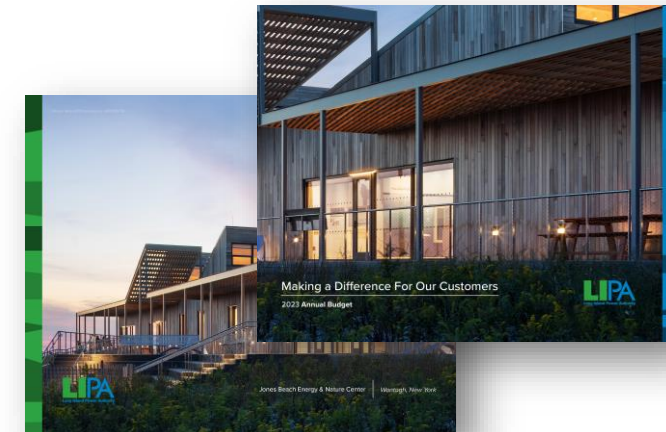
- Earlier this year, LIPA was recognized with the **Sue Kelly Award** in recognition of our community service efforts.
- Now, APPA has recognized LIPA with two **2023 Excellence in Public Power Communications Awards**: one for LIPA's 2023 budget report and another for a video about LIPA that was shared on social media. Both award-winning products were created in house by LIPA staff.



- Director of Customer Experience Carolyn MacKool accepted the awards on behalf of LIPA at the APPA's Customer Connections Conference.



[“About LIPA” Video](#)



[LIPA's 2023 Budget Report](#)

LIPA AT THE NEW YORK SOLAR SUMMIT

- LIPA CEO Tom Falcone was invited to speak at the **New York Solar Summit**, where he spoke about Long Island's clean energy transition.
- The event by the New York Solar Energy Industries Association (NYSEIA) brought together clean energy leaders and market participants to discuss New York's vibrant rooftop and community solar markets, the expanding role of energy storage, and ensuring low-income New Yorkers benefit from clean energy investments.
- **Long Island is a solar leader in the state** and is on track to exceed LIPA's 1,300 MW share of the statewide 10,000 MW solar goal by 2030.



LIPA IN PUBLIC UTILITIES FORTNIGHTLY

- The latest issue of the **Public Utilities Fortnightly** (PUF) magazine featured a column from LIPA CEO Tom Falcone entitled “**Threading the Needle: Clean, Reliable, Affordable Energy at LIPA**,” which discussed what lessons other public utilities can learn from LIPA’s experiences in the areas of transmission, resiliency, and rate design.
- PUF comprises over 250 utilities, industry organizations, utility regulatory bodies, other governmental agencies, vendors, professional firms, and advocacy groups sharing knowledge and perspectives on the utility industry.
- LIPA was invited to submit the piece as a member of the **Association of Edison Illuminating Companies** (AEIC), the electric utility industry's longest-serving association.



THIS MONTH AT ASSOCIATION OF EDISON ILLUMINATING COMPANIES

Threading the Needle

Clean, Reliable, Affordable Energy at LIPA
BY LONG ISLAND POWER AUTHORITY CEO THOMAS FALCONE

Every utility is charting its own path to clean, reliable, affordable energy, but there is a lot to learn from looking at what others are doing. Most utilities need significant amounts of new, lower-carbon generation. Many need more transmission. Each has its own weather-related risks. And technological change comes for us all.

Like everyone else, the Long Island Power Authority (LIPA) has a long to-do list. We serve a population of three million in the New York City metro area – with an island geography that ranges from city streets to sod farms, each with its own diverse needs.

I'll focus on three of LIPA's "big rocks" – transmission, resiliency, and rate design – and hope that one may be applicable to your situation.

Putting these factors together – an island with a need for renewables and a lot of wind off its coast – it's not a surprise that LIPA was the first utility in the U.S. to sign a power purchase agreement to develop offshore wind in federal waters.

Offshore Wind, Planning Grid of the Future

First, New York's electric grid – like most – was built for the energy sources and loads that existed in the pre-renewable era. The majority of the population and electric load are downstate. The hydropower, nuclear, and land-based wind and solar (such as zero-carbon energy) are mostly upstate. And Long Island, spanning approximately one hundred eighteen miles in length, is at the tail end of the powerful extension cord, with limited interconnections to the rest of New York.

One of the nice things about living on an island is that one is never far from the ocean, and a number of years ago, LIPA noticed that the water off our shore is relatively shallow and it's windy. We also looked to Europe and saw more than twenty gigawatts of offshore wind. Meanwhile, New York was aiming for a zero-carbon electric grid by 2040.

Putting these factors together – an island with a need for renewables and a lot of wind off its coast – it's not a surprise that LIPA was the first utility in the U.S. to sign a power purchase agreement to develop offshore wind in federal waters.

Our South Fork Wind project is relatively small at a hundred thirty megawatts, but it will be operational by early 2024, after spending roughly seven years in permitting, planning, and development. Since we started in 2017, the northeast has made significant policy commitments for offshore wind – more than twenty gigawatts, with nine gigawatts for New York alone.

Several years ago, this caused us to shift our thinking toward what an electric grid with that level of offshore wind would take. In a joint study with a neighboring utility, we mapped out what appeared to be the lowest-cost interconnection locations in the region and quickly discovered that there was a no-regrets investment in transmission. Planning those upgrades and de-risking the projects – rather than waiting for each individual offshore wind developer to do so – reduces both cost and risk to our customers.

Fast forward a few years to the present day, the New York Independent System Operator recently awarded a 3.3-billion-dollar FERC Order 1000 public policy transmission needs project to upgrade the Long Island electric grid. The project, called Trippel NY, was selected through a competitive process among nineteen proposals.

Historically, centralized markets (Cont. on page 104)

Thomas Falcone is Chief Executive Officer of Long Island Power Authority.

106 PUBLIC UTILITIES FORTNIGHTLY November 2023

LIPA IN THE COMMUNITY

ISLAND HARVEST SOLAR INSTALLATION

- **LIPA awarded \$40,000 to Island Harvest Food to help cover rooftop solar installation costs at their Melville facility.**
- The solar array will help Island Harvest reduce its carbon footprint and operating costs, investing these savings in assisting low-income customers, veterans, families, seniors, and those living in Disadvantaged Communities.
- Island Harvest is one of Long Island's leading hunger-relief organizations, supporting approximately 300,000 individuals each year through programs to end hunger, reduce food waste, and provide nutrition education, job training and other skills.



SUPPORT FOR MINORITY AND WOMEN-OWNED BUSINESS DEVELOPMENT

- **LIPA pledged \$75,000 to the Ascend Long Island program**, a partnership with Hofstra University to nurture and expand minority-owned businesses in underserved areas of Nassau, Suffolk, and the Rockaways.
- The program is designed to **enable entrepreneurs from minority and disadvantaged communities** to contract with larger corporations' typically inaccessible supply chains.
- Further enhances opportunities in the energy sector and ensures that the benefits of the State's Climate Act are equitably distributed.
- LIPA's partnership with Ascend Long Island reflects a strategic and conscientious effort to foster economic resilience and diversity, ensuring a more inclusive future for Long Island's business landscape.



TIME OF DAY RATE OPEN FOR OPT-IN

OPT-IN RATES AVAILABLE TOMORROW

- Customers can opt-in to the new TOD rates beginning **tomorrow, November 16**.
- Most customers will be transitioned to this new rate in 2025.
- **What next for the TOD transition?**
 - **January 2024**
 - IT Release 2 and 2.1 to enable the launch of TOD “standard rate”
 - Tariff change for board approval
 - **June 2024**
 - Pilot opt-out migration of sample group of customers



Discussion

Questions?