



CEO Report

LIPA Board of Trustees Meeting

June 26, 2024

Presented by: John Rhodes, Acting Chief Executive Officer



Discussion Topics



Additions to the LIPA Team



New Website



New York's Energy Storage Roadmap



Federal Grant Funding



American Public Power Association Award



Request for Proposals – Management Contract

Welcome to the LIPA Team!



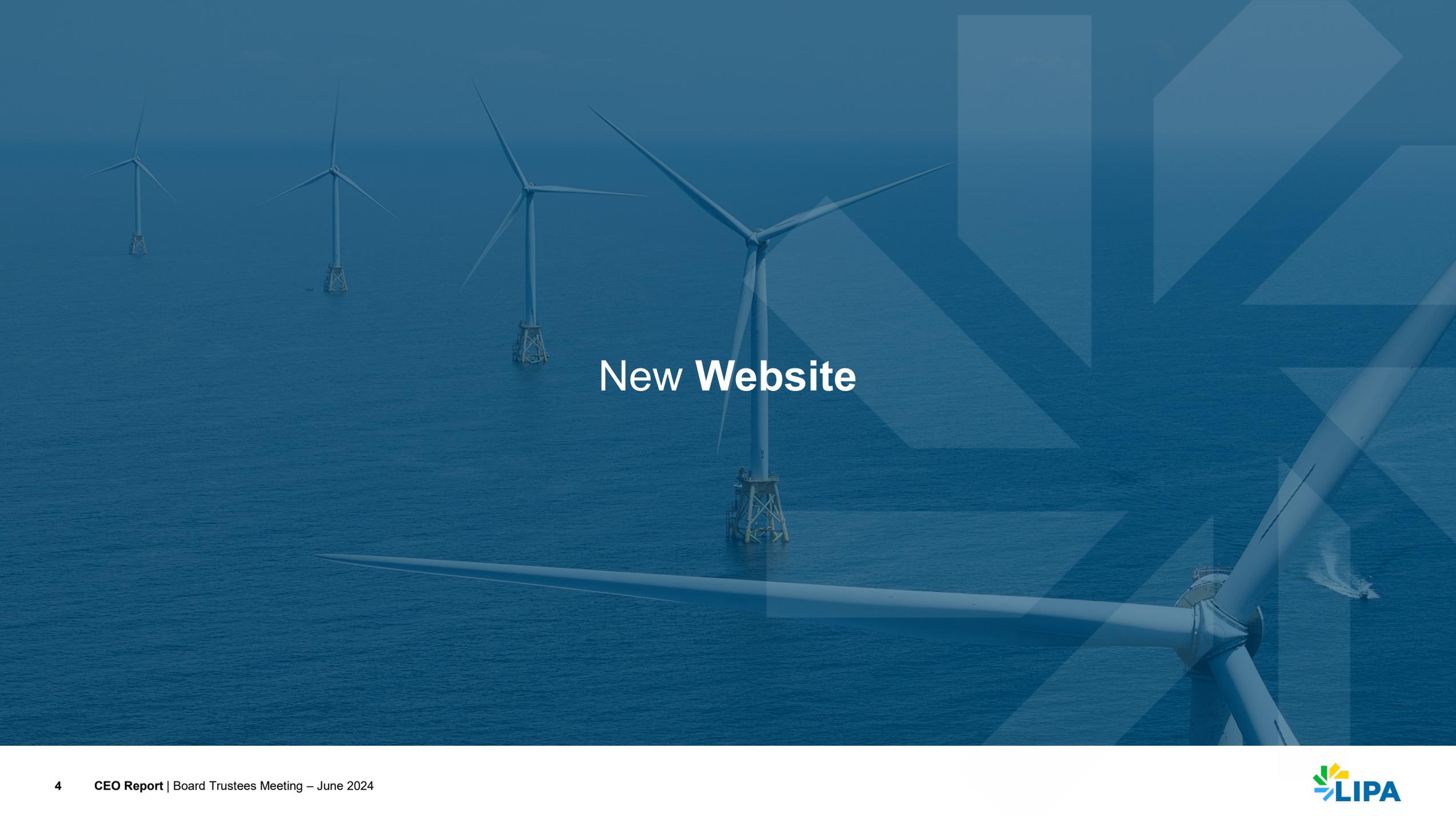
Suzanne Brienza – *Director of Customer Experience*

- Most recently served as Senior Director, Customer Experience Process and Policy at Altice.
- Holds a Bachelor of Arts in English from Hofstra University and a Juris Doctor from Touro College.



Evan Burke – *Manager of Treasury*

- Most recently served as Treasury Manager at News Corporation.
- Holds a Bachelor of Science degree in Business and Accounting from Stony Brook University

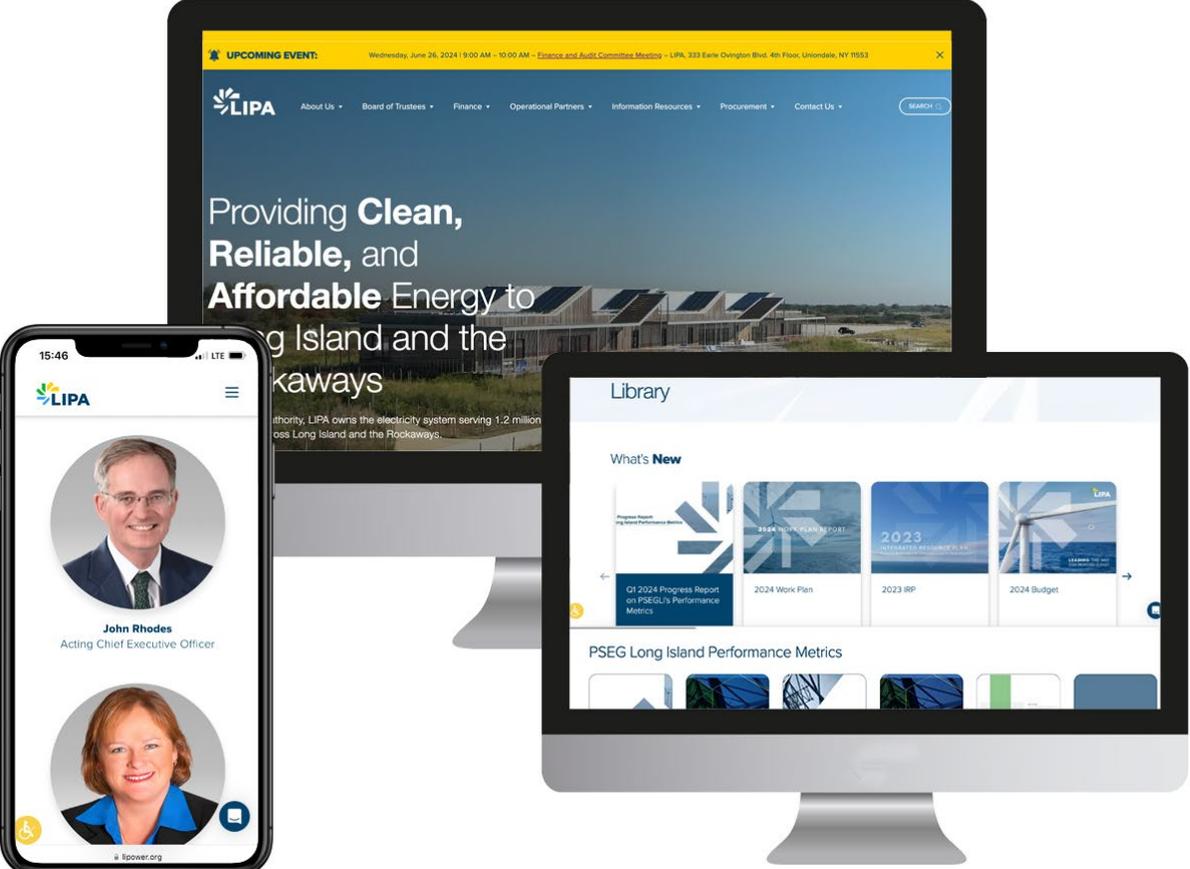
A photograph of an offshore wind farm with several white wind turbines on a blue sea. The image is overlaid with a semi-transparent blue geometric pattern of overlapping shapes. The text "New Website" is centered in white.

New Website

Our newly redesigned website

Our website is a critical information tool for customers, media, and stakeholders.

- Our goal was to create an easy-to-use website that is modern and accessible, uses the latest technology, and adds context to give clarity to our role.
- Notable features include:
 - Accessibility widget
 - Document library
 - Explainer videos
 - Improved search functionality



A photograph of several offshore wind turbines in the ocean, viewed from a low angle. The turbines are white and have three blades each. The water is a deep blue, and the sky is a lighter blue. The image is overlaid with a semi-transparent blue geometric pattern consisting of various shapes like triangles and polygons. The text "New York's Energy Storage Roadmap" is centered in white.

New York's Energy Storage Roadmap

New York's Energy Storage Roadmap

Last week, Governor Kathy Hochul announced that the New York State Public Service Commission approved a new framework to achieve a nation-leading 6 gigawatts (GW) of energy storage by 2030.

- The roadmap is a comprehensive set of recommendations to expand energy storage programs to cost-effectively unlock the growth of renewables and bolster reliability and resilience.
- The buildout of storage deployments is estimated to reduce projected future electric system costs by nearly \$2 billion statewide.
- The roadmap kicks off programs to procure an additional 4.7 GW of new storage projects in the state's bulk (large-scale), retail (community, commercial, and industrial), and residential energy storage sectors.
- These future procurements, combined with the 1.3 GW of existing energy storage being procured or already under contract with the state and moving toward commercial operation, will allow the state to achieve the 6 GW goal by 2030.



New York's Energy Storage Roadmap

Roadmap details include:

- 3,000 MW of new bulk storage, enough to power approximately one million homes for up to four hours, to be procured through a new competitive Index Storage Credit mechanism, which is anticipated to provide long-term certainty to projects while maximizing savings for consumers.
- 1,500 MW of new retail storage, enough to power approximately 500,000 homes for up to four hours, and 200 MW of new residential storage, enough to power 120,000 homes for up to two hours, to be supported through an expansion of NYSERDA's existing region-specific block incentive programs.
- Utilization of at least 35 percent of program funding to support projects that deliver benefits to disadvantaged communities (DACs) and target fossil fuel peaker plant emissions reductions, with program carve-outs for projects sited in the downstate region.
- Requiring electric utilities to study the potential of high-value energy storage projects toward providing cost-effective transmission and distribution services not currently available through existing markets.
- Continued prioritization by existing programs on investing in research and development related to reliable long-duration energy storage technologies.
- Payment of prevailing wage as a programmatic requirement for energy storage projects with a capacity of one megawatt and above, demonstrating the state's continued commitment to driving family-sustaining jobs in clean energy.

A photograph of several offshore wind turbines in the ocean, viewed from a low angle. The turbines are white and have three blades each. The water is a deep blue, and the sky is a lighter blue. The image is overlaid with a semi-transparent blue geometric pattern consisting of various shapes like triangles and polygons. The text "Federal Grant Funding" is centered in white.

Federal Grant Funding

Federal grants to replace defective utility poles

- In 2022, LIPA filed two \$5 million mitigation grant applications to replace defective poles in disadvantaged communities – one application for Nassau County and the Rockaways (Queens County) and another for Suffolk County.
- We were awarded the funding for Suffolk County in September 2023, and just last month, we received notice that the Nassau County and the Rockaways funding has been approved.
- Together, this funding should be enough to replace 385 defective poles in Nassau County and the Rockaways and 385 defective poles in Suffolk County.

A photograph of an offshore wind farm with several white wind turbines on a blue sea under a clear sky. The image is overlaid with a semi-transparent blue geometric pattern consisting of various shapes like triangles and polygons. The text 'American Public Power Association Award' is centered in white.

American Public Power Association Award

E.F. Scattergood System Achievement Award

At its national conference earlier this month, the American Public Power Association awarded LIPA with the 2024 E.F. Scattergood System Achievement Award.

- This award recognizes member utilities that have enhanced the prestige of public power utilities through sustained achievement and customer service.
- With \$6.4 billion in capital investments, LIPA has reduced power outages by 37%, decreased “flicker” interruptions by 58%, and for customers with four or more outages per year, there has been a 71% decrease – making LIPA top 10% reliability in the nationally.
- For more information, visit publicpower.org.



June 11 | LIPA’s Senior Vice President, Billy Raley, accepts the E.F. Scattergood System Achievement Award on behalf of LIPA at the APPA National Conference in San Diego, CA.

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Management Contract Request for Proposals

A Path Forward – Request for Proposals

- LIPA will continue outsourcing the operation and maintenance of the Transmission and Distribution System at the expiration of the 2nd Amended and Restated Operations Services Agreement (2nd A&R OSA).
- LIPA issued a fully competitive Request for Proposals on May 29, 2024, consistent with its procurement requirements, to procure the next Service Provider by year-end 2024.
- **LIPA plans a three-phase evaluation process:**
 1. To evaluate the satisfaction of certain threshold criteria to qualify.
 2. To evaluate detailed proposals.
 3. To further down-select and negotiate with a small number of the highest-evaluated proposals competitively.
- The RFP will include a form of contract with LIPA's proposed terms, which bidders must comment on as part of their proposal.
- This schedule will provide a one-year transition period to complete the handoff from PSEG Long Island to the next service provider by December 2025, if a bidder other than PSEG Long Island is selected.

Scope of Operations Services

Compared to the 2nd A&R OSA, there would be notable differences in the 2026 OSA:

- Provides that the term is 10 years, with a 5-year option to extend upon mutual agreement of the parties. This is the same extension option in the current contract.
- Eliminates the Service Provider's ability to terminate the agreement due to a change in regulatory law and LIPA's obligation to pay a related termination fee so that these contract-specific circumstances are not factors in the Legislature's potential actions.
- Provides more customer protections relating to cost recovery for certain storm events and clarifies that imprudently incurred costs, as well as for Federal Emergency Management Agency (FEMA) projects. FEMA-rejected costs are not reimbursable.
- Provides that the Service Provider is financially responsible for, and LIPA customers do not reimburse for, governmental, regulatory, and non-governmental fines and penalties.
- Specifies that the Service Provider's assistance may be required to provide disadvantaged communities with the benefits of the Justice40 Initiative and the New York State Climate Leadership and Community Protection Act.

Key elements of the RFP Process

Eligible respondents

- LIPA will require that the Service Provider be a single entity or a combination of entities that make a joint Proposal to form a single legal entity that would enter the new contract with LIPA.
- The lead member of a joint Proposal must have **experience managing and directing electric transmission and distribution utility functions, storm preparedness, response, and recovery.**

Office of State Comptroller (OSC) approval is required

- The RFP is designed with known OSC considerations in mind (i.e., encourage competition, level playing field, transparent evaluation criteria, maximize value to customers)

Scope of Operations Services

Other differences in the 2026 OSA, as compared to the 2nd A&R OSA:

- Provides optionality for the Service Provider to propose initiatives it believes will result in net cost savings and, if accepted by LIPA, allows the Service Provider to share in the net cost savings achieved.
- Reserves to LIPA the option to remove from the Service Provider responsibility for clean energy programs and have those programs coordinated by the New York State Energy Research and Development Authority or another designee.

Key Milestones	Primary Party	Date
RFP & OSA Issue Date	LIPA	May 29, 2024
Qualified Proposers Submit RFP Response	Proposers	September 6, 2024
Receive Board of Trustees Approval	LIPA	March 2025 Board Meeting
New York Office of State Comptroller Approval	State Comptroller	May – June 2025
Start Front-End Transition Services	Proposers	July 2025
Commencement of Operations Services under New OSA	Proposers	January 1, 2026
OSA Term End Date	Proposers	December 31, 2035



Questions?

John Rhodes
Acting Chief Executive Officer

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