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LIPA Reaches Fair Settlement with Nassau County on the E.F. Barrett and Glenwood Landing Power Plants

Settlement will Continue Payments to the Local Communities and Protect Nassau County Residents from Tax Refund Liability

UNIONDALE, NY – The Long Island Power Authority (LIPA) today announced a settlement agreement with Nassau County to resolve longstanding tax assessment litigation on the E.F. Barrett and Glenwood Landing power plants. The settlement guarantees continued tax payments to the Island Park, Oceanside, and North Shore school districts through 2027, stabilizes payments for up to a decade, and protects Nassau County taxpayers from hundreds of millions of dollars of refund liability. The tax assessments on the two plants were likely to have been reduced by 70 percent or more from a tax certiorari trial scheduled to begin on May 31.

“This settlement is a fair compromise that will allow for continued low taxes for the Island Park, Oceanside, and North Shore school districts, protect Nassau County residents from hundreds of millions of dollars of tax refund liability, and continue the transition to a clean and sustainable energy future for all Long Island residents,” **said LIPA’s Chief Executive Officer Tom Falcone.** “This settlement represents the best possible terms for Nassau County taxpayers, and it is a fair deal for LIPA customers too.”

“My administration is dedicated to solving problems that have been swept under the rug for years,” **said Nassau County Executive Bruce Blakeman.** “LIPA officials and my negotiating team have agreed on a formula that will relieve Nassau County of close to a billion dollars in liability and ensures that Nassau County taxpayers are not burdened for mistakes made in the past.”

The current \$59 million annual tax bill on the two power plants will be gradually reduced by 46.5 percent over five years to \$32 million. The payments are guaranteed by LIPA, even if any plants close over the period. LIPA also agreed to stabilize the payments at \$32 million for an additional five years for plants that remain open. As part of the settlement, LIPA will waive hundreds of millions in past refund liability for tax years dating back to 2010 when the case began – protecting all Nassau County taxpayers. The settlement now needs to be ratified by the Nassau County Legislature.

Paying fair taxes on older, fossil fuel-powered plants allows LIPA to keep costs low while continuing to invest in a clean, reliable electric grid. Over the next eight years, LIPA will add over 3,400 megawatts (MW) of solar, offshore wind, and battery storage. Meanwhile, E.F. Barrett’s output has declined by approximately 55 percent over the last two decades, and Glenwood Landing’s output has declined by approximately 97 percent. LIPA has previously announced the decommissioning of the three remaining Glenwood Landing units between 2025 and 2027, and is studying additional plant retirements in an Integrated Resource Plan to be released before year-end.

The guaranteed tax payments over the next five years far exceed the fair tax assessments on the power plants, which were likely to be reduced by 70 percent or more from a tax certiorari trial scheduled to begin in May 2022. The guaranteed payments, even if the plants are decommissioned, also provide budgetary certainty to the school districts, which would otherwise be impacted by immediate and drastic reductions, providing the districts with a glide path to plan accordingly.

The E.F. Barrett Power Station in Island Park dates to 1956 and consists of two steam turbine units of approximately 175 MW each, seven combustion turbine units of approximately 18 MW each, and four combustion turbine units of approximately 42 MW each. The 200 MW Glenwood Landing steam turbine was decommissioned in 2013, leaving three gas turbines totaling 119 megawatts (MW). These gas turbines date to 1967. The power plants are owned by National Grid and are under contract with LIPA until April 2028.

This settlement between LIPA and Nassau County reflects similar terms to the agreements LIPA reached with the Town of Brookhaven and the Village of Port Jefferson for the Port Jefferson Power Station in 2018, and the Town of Huntington for the Northport Power Station in 2020.

Separately, LIPA is prepared to work with the Island Park and North Shore school districts for settlement and resolution of separate “third-party beneficiary” tax litigation pending between LIPA and these districts, similar to a settlement reached with the Northport School District. The New York Supreme Court already decided the Island Park case in LIPA’s favor, but it is on appeal by the Island Park school district. The Nassau County settlement is not contingent on the settlement of the “third-party beneficiary” cases.

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ABOUT LIPA

LIPA is a not-for-profit public utility with a purpose to serve our customers and community by providing clean, reliable, and affordable energy to Long Island and the Rockaways. LIPA contracts with PSEG Long Island to manage its electric system to performance standards specified by its Board of Trustees under a four-year contract.