

## **FOR CONSIDERATION**

December 17, 2025

**TO:** The Board of Trustees

**FROM:** Carrie Meek Gallagher

**SUBJECT:** Approval of an Extension of the Firm Transmission Capacity Purchase Agreement between Neptune Regional Transmission System, LLC and Long Island Power Authority

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### **Requested Action**

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to approve a resolution authorizing the Chief Executive Officer or her designee to execute an agreement for a three-year extension of the Firm Transmission Capacity Purchase Agreement (“FTCPA”) between Neptune Regional Transmission System, LLC and the Long Island Lighting Company d/b/a LIPA, a wholly owned subsidiary of the Long Island Power Authority (collectively “LIPA”), which resolution is attached hereto as **Exhibit “A”**.

### **Background**

Since 2007, LIPA has purchased firm transmission service over the Neptune Cable Project (“Neptune”), a 500-kilovolt, direct current cable between converter stations in Sayreville, New Jersey and North Hempstead, Long Island. LIPA uses the Neptune transmission capability to import up to 660 MW of electric energy and capacity from the PJM Interconnection, which operates the competitive wholesale electricity market for a region that includes parts of 13 states and the District of Columbia, to the LIPA grid on Long Island. The energy is sourced from the PJM energy market and the capacity is sourced from the Marcus Hook Power Plant, an 836 MW gas-fired power station located in Marcus Hook, Pennsylvania, pursuant to a capacity purchase agreement (“CPA”) for 685 MW between LIPA and the owners of Marcus Hook.

LIPA anticipates an ongoing need for the Marcus Hook capacity and PJM energy delivered over the Neptune cable beyond the June 29, 2027 termination date for the existing FTCPA. Neptune has identified significant upgrades that will be needed to maintain reliable import capability in the long run and is seeking a long-term transmission service arrangement that will support financing the capital investments required to upgrade the facility after 20 years in service. LIPA has issued an RFP for PJM-based capacity and energy with the primary goal to continue importing capacity after the CPA with Marcus Hook expires on June 30, 2030. Responses to the RFP are due in January 2026. The responses to the RFP will be analyzed before possibly agreeing to a long-term extension of the FTCPA Agreement with Neptune that would supersede the extension here requested. For now, LIPA and Neptune have agreed on a three-year extension of the FTCPA agreement that aligns the expiration of the FTCPA with the expiration of the Marcus Hook CPA. If Neptune and LIPA negotiate and enter into the longer-term extension, it will supersede this three-year extension.

Extending the FTCPA Agreement at this time will allow Marcus Hook to “delist” from the PJM capacity market ahead of PJM’s 2027/28 Base Residual Auction occurring in December 2025. Delisting from the PJM capacity market is essential both for PJM planning purposes and for NYISO to credit the Marcus Hook capacity against LIPA’s Long Island locational capacity requirement established through the NYISO Comprehensive Reliability Planning Process.

### **Discussion**

The proposed extension of the LIPA-Neptune FTCPA will enable LIPA to continue to import reliable power supply from PJM to meet the needs of LIPA’s customers while satisfying NYISO planning criteria. Recent studies conducted by PSEG Long Island and the NYISO demonstrate an ongoing need to maintain firm PJM imports with no ready replacement power available for the foreseeable future due to contract cancellations and delays for multiple projects previously planned for Long Island, including construction delays of the Sunrise Wind project and several contracted utility-scale storage systems that remain subject to ongoing Long Island town moratoria on new Li-Ion battery projects.

### **Recommendation**

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

### **Attachments**

**Exhibit “A”** Resolution

**AUTHORIZATION TO EXECUTE AN AGREEMENT FOR AN EXTENSION OF THE  
FIRM TRANSMISSION CAPACITY PURCHASE AGREEMENT WITH NEPTUNE  
REGIONAL TRANSMISSION SYSTEM, LLC**

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**WHEREAS**, LIPA and its predecessor LILCO have paid for transmission service on the Neptune Cable since 2007 pursuant to a Firm Transmission Capacity Purchase Agreement between LIPA and Neptune Regional Transmission System, LLC that is set to expire on June 29, 2027; and

**WHEREAS**, PSEG Long Island has negotiated a three-year extension of the FTCPA under favorable terms and conditions which enable LIPA to continue to benefit from the power import capability provided by the cable.

**NOW, THEREFORE, BE IT RESOLVED**, that consistent with the accompanying memorandum, the Chief Executive Officer or her designee is authorized to execute the FTCPA extension and such other documents as may be necessary or appropriate to effectuate it.

Dated: December 17, 2025