

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 334th MEETING

HELD ON MAY 22, 2025

The Long Island Power Authority (“LIPA”) was convened for the three hundred and thirty-fourth time at 10:57 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on May 16, 2025, and electronic notice posted on the LIPA’s website.

The following LIPA Trustees were present in person:

**Tracey Edwards, Chair
Valerie Anderson Campbell, Vice Chair
Vanessa Baird-Streeter
Anthony M. La Pinta
Claudia Lovas
Dominick Macchia
Mili Makhijani
David Manning
Mary Ellen Mendelsohn**

Representing LIPA, in person, were John Rhodes, Acting Chief Executive Officer; Bobbi O’Connor, General Counsel and Board Secretary; Donna Mongiardo, Chief Financial Officer; Gary Stephenson, Senior Vice President of Power Supply and Bill Robins, Senior Digital Specialist. Participating via video conferencing were Billy Raley, Senior Vice President of Transmission & Distribution; and 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; Peggy Keane, Vice President of Construction and Operations; Lou DeBrino, Vice President of Customer Operations; and Jessica Tighe, Director of Customer Contact & Billing.

Representing the Department of Public Service was Carrie Meek Gallagher, Director.

Chair Edwards asked for a roll call and noted for the record that there was a quorum.

Chair Edwards then asked for a motion to adjourn to Executive Session to discuss personnel matters. Chair Edwards announced that no votes would be taken and the Board would be returning to open session. The motion was duly made and seconded, and the following resolution was adopted:

1904. EXECUTIVE SESSION – PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Trustees of the Long Island Power Authority shall convene in Executive Session for the purpose of discussing personnel matters.

At approximately 10:58 a.m. the open session of the Board of Trustees was adjourned on a motion to enter into Executive Session.

After noting that no votes were taken in the Executive Session, the public portion of the meeting of the Board of Trustees reconvened at approximately 12:07 p.m.

Chair Edwards welcomed everyone to the 334th meeting of the Long Island Power Authority Board of Trustees and asked Trustee Macchia to lead the Pledge of Allegiance.

After her Chair remarks, Chair Edwards stated that the first item on the agenda was the Consideration of the Consent Agenda Items.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolutions were adopted by the Trustees based on the memoranda summarized below:

1905. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MARCH 26, 2025 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on March 26, 2025 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

1906. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE APRIL 7, 2025 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on April 7, 2025 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

1907. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE APRIL 28, 2025 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on April 28, 2025 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

1908. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE APRIL 30, 2025 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on April 30, 2025 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

1909. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MAY 12, 2025 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on May 12, 2025 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution: (i) approving the annual report on the Board Policy on the Power Supply Hedging Program (the “Policy”) for the period since the last annual review; (ii) finding that LIPA has complied with the Policy; and (iii) approving certain amendments to the Policy, which resolution is attached hereto as Exhibit “A”.

Background

By Resolution No.1352, dated March 29, 2017, the Board adopted the Policy to maintain an effective commodity hedging program (“Program”), focused on meeting the expectations of LIPA’s customers for reasonable stability and predictability in power supply costs. The Policy was last reviewed by the Board in November 2022.

The Finance and Audit Committee (the “F&A Committee”), in its charter, was delegated the responsibility of reviewing LIPA’s practices relating to commodity risk management. The Committee considers as part of its review whether LIPA and its service provider, currently PSEG Energy Resource & Trade (“PSEG ER&T”), have remained in compliance with the Policy. As set forth in the Policy, certain responsibilities were delegated by the Board to the Chief Executive Officer, including maintaining a Power Supply Risk Management Committee (“PRMC”) to oversee the activities of the service provider.

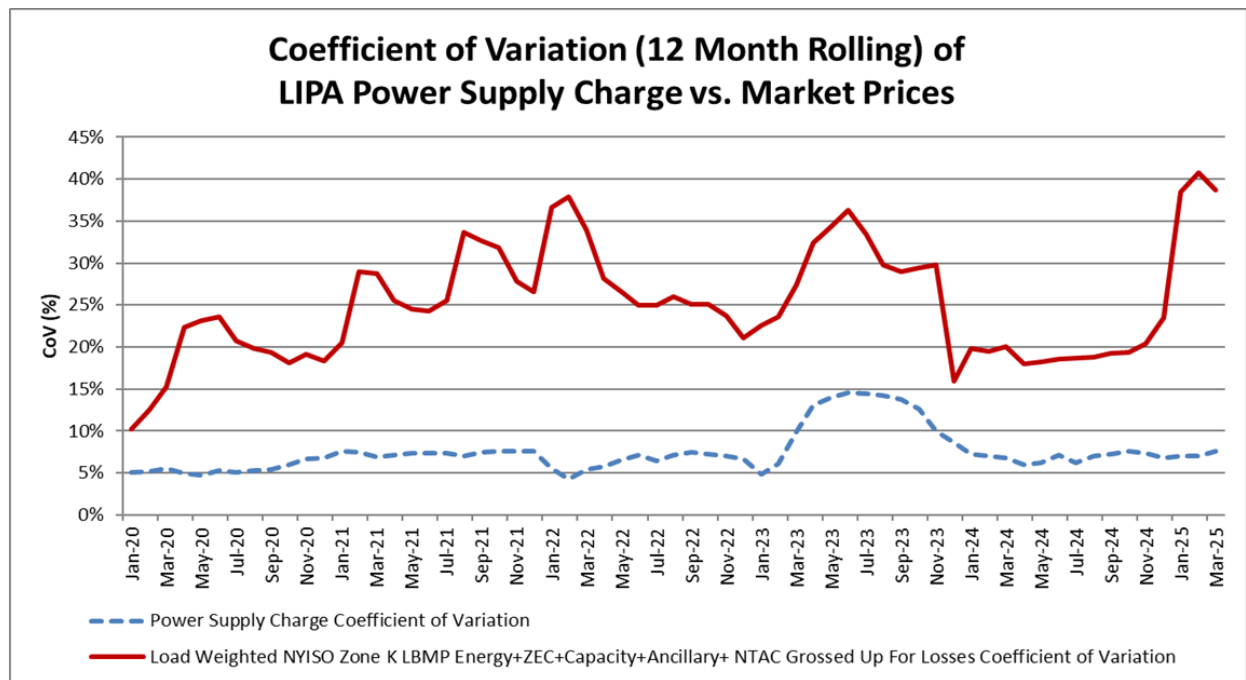
Specifically, the Policy provides that “the Chief Executive Officer, or his or her designee, will provide an annual compliance report on the Power Supply Hedging Program to the Finance and Audit Committee.”

Compliance with the Policy

LIPA staff recommends that, for the reasons set forth below, the Board find that LIPA has complied with the objectives of the Policy for the period since the last annual review.

The Policy is intended to “Mitigate a portion of the volatility of power supply costs in a programmatic and reasonable way on behalf of the LIPA’s customers.”

The PRMC approves the LIPA Hedge Plan, which identifies certain power supply cost components that can be hedged to create reasonable and stable rates. In general, actively hedging these cost components has proven to reduce the Power Supply Charge (“PSC”) volatility for LIPA’s customers compared to purchasing power and fuel in the open market. As part of its biannual Hedge Program update, on May 22, 2025, Mr. Ray DePillo from PSEG ER&T will present to the F&A Committee a graph indicating the actual PSC volatility as compared to the volatility customers would be exposed to from unhedged market prices. The following graph indicates that LIPA’s PSC volatility through March 31, 2025, is approximately 8%, while market price volatility is greater than four times that amount at approximately 39%.



The Policy shall be “executed using financial derivative and physical supply and delivery contracts for a portion of LIPA’s projected fuel and purchased power purchases, provided, however that: the net hedge position does not exceed 90% of projected fuel and purchased power needs; and the term of any such hedge does not exceed ten years without the prior approval of the Board or a term in excess of seventy-two (72) months without the prior approval of the Finance and Audit Committee of the Board.”

- PSEG ER&T authorized traders to execute both financial and physical hedge transactions on LIPA’s behalf for defined volumes that as of May 9, 2025, would be within a 48-month hedge horizon. All transactions are monitored by PSEG Enterprise Risk Management Back-Office operations (“PSEG Back-Office”) for compliance; PSEG Back-Office generates and distributes hedge position reports daily, weekly, and monthly to LIPA’s PRMC.
- Hedge transactions are triggered based on a time or value trigger protocol that has been established with an independent third-party hedge advisor. Time-trigger

transactions allow for the accumulation of minimum required volume hedge levels under all price environments. Value-triggered transactions allow for the accumulation of additional hedge levels based on lower decile pricing levels of value versus four-year historical pricing. In addition, volumes associated with Board-approved Purchase Power Agreements (“PPAs”) having fixed prices, and LIPA’s 18% ownership of Nine Mile Point 2 are included as part of the hedged volume. Currently, the PRMC has set a maximum hedge level limit of 85%.

- No hedges exceed a term of seventy-two months, and the net hedge position does not exceed 90% of projected fuel and purchased power requirements, meeting the requirements of the Policy.

The Policy states that the Program shall “Achieve appropriate risk mitigation and is not for purposes of financial speculation.”

- All transactions are based on PRMC Approved projected fuel and power requirements associated with LIPA Board-approved annual sales forecast. Specific power supply component volumes are also validated against historical actual consumption data. Each hedge transaction is reviewed by PSEG Enterprise Risk Management’s Middle-Office group (“PSEG Middle-Office”) for compliance with the PRMC-approved LIPA Hedge Plan, which is part of the LIPA Policies, Controls and Procedures Manual for Power Supply Hedging Program (“Manual”).

The Policy states that the Program shall “Provide transparency regarding LIPA’s commodity risk management activities and the results of such activities.”

- PSEG ER&T, PSEG Back-Office, and PSEG Middle-Office provide to the PRMC staff on a daily, weekly, and monthly basis a hedge transaction report, hedge position report, and position valuation report. In addition, the following table identifies several other required reports to the PRMC and LIPA’s F&A Committee, their distribution and reporting frequency, and the originator of the reports.

Report	Distribution	Normal Frequency	Originator
Trading Activity Summary	PRMC Traders	Daily Weekly	Front Office Middle Office
Position Report	PRMC Traders	Weekly	Middle Office
Credit Risk Exposure Reports	PRMC Traders	Weekly	PSEG Credit Risk Management
PRMC Meeting Minutes	PRMC	As Meetings are Held	PRMC Designated Secretary
Benchmarking	PRMC	Quarterly	Independent third-party hedge advisor
Power Supply Hedging Program	Board Finance & Audit Committee	Bi-annually	PSEG ER&T
Annual Compliance Report	Board Finance & Audit Committee	Annually	CEO or Designee

The Policy requires that “LIPA’s Chief Executive Officer shall appoint a Power Supply Risk Management Committee (“PRMC”) consisting of at least three LIPA staff, two of which must be drawn from LIPA senior management. The PRMC will establish, maintain, and monitor processes and controls, the conduct of LIPA’s Power Supply Hedging Program, and the activities of its Service Provider, PSEG Energy Resource and Trade (“PSEG ER&T”). The key provisions of the PRMC’s activities shall include”:

“Oversight and ensuring that all Program activities conducted by LIPA and PSEG ER&T are in accordance with the Board Policy.”

- LIPA’s CEO has established a PRMC in compliance with the Board Policy. All active participants of the Power Supply Hedging Program are required to read and comply with the PRMC Approved Policies, Controls and Procedures Manual for Power Supply Hedging Program, which incorporates the Board Policy. All active participants are required to certify compliance with the Manual and Policy by executing the Yearly Certification of Compliance with Risk Management Policy and Procedures Form.

“Determining LIPA’s tolerance for exposure to fuel and purchased power price movements and power supply cost volatility considering the costs of limiting such exposure.”

- The PRMC has approved a Manual for the hedging Program that establishes LIPA’s tolerance for exposure to fuel and purchased power price movements. The PRMC has established minimum and maximum hedging limits by time period as well as collateral posting limits.

- The cost of the hedging Program is evaluated each day in the form of mark-to-market value of the positions and stress testing collateral exposure potential of all positions executed to limit PSC volatility.

“Addressing all risk factors that are demonstrably quantifiable, actionable and material to the Program.”

- The PRMC-approved Manual specifically identifies authorized markets and delivery points, permissible hedge instruments, and the terms and volumes available for hedging to reduce PSC volatility. Within the Manual, there is also a specific LIPA Hedge Plan that addresses the PSC hedge components that are quantifiable, actionable and there is market liquidity available to hedge the required products and delivery points (i.e., natural gas, gas basis, power, power basis).

“Establishing risk boundaries consistent with such tolerances and evaluating allowable financial and physical instruments in executing the Program.”

- The PRMC-approved Manual specifically identifies authorized markets, delivery points, permissible hedge instruments, terms, and volumes associated with hedging to reduce PSC volatility. Within the Manual, there is also a specific LIPA Hedge Plan which addresses the minimum and maximum hedge levels by time-period – consistent with utility peers.

“Establishing appropriate processes and protocols to review and monitor counterparty credit worthiness on a regular basis.”

- The Manual identifies specific procedures carried out by PSEG Credit Risk Management on behalf of LIPA for managing and monitoring counterparty credit risk on an on-going basis. PSEG Credit Risk Management provides the PRMC with a credit report each week as noted above.

“Monitoring Commodity Futures Trading Commission rulemaking and all other regulatory and legal requirements to ensure that LIPA is taking all actions required to maintain compliance with respect to any transactions under the Power Supply Hedging Program.”

- PSEG ER&T, PSEG Corporate Legal department and LIPA’s internal and outside counsel monitor Commodity Futures Trading Commission regulatory rulemaking to determine what actions, if any, LIPA is required to undertake to assure continued compliance.

Enterprise Risk Management Discussion

The Board has adopted a policy on Enterprise Risk Management (“ERM”). Enterprise risks are brought to the Board’s attention throughout the year. Currently, there are two

risks related to the Policy, one is related to volatility and the other with transition to a new service provider.

Risk #1: “Ineffective management of excessive fuel and purchased power market price volatility could result in an increase to the power supply charge, cause poor customer perception, and a negative reputational impact”.

This risk is rated as a medium level risk for LIPA. To mitigate this risk LIPA maintains a PRMC which approves a defined hedging strategy and meets monthly to review LIPA hedge plan compliance and benchmarking, trading details and performance. LIPA currently contracts out the daily responsibilities of trading to PSEG’s ER&T, which separates the front and middle office responsibilities. In addition, the PSEG Credit Risk Management staff monitors counterparty credit and publishes any potential exposures.

LIPA staff reviews all hedges and maintains a Daily Hedge Transaction Review Log to ensure hedge transactions were completed accurately, timely and in compliance with the LIPA Hedge Plan. LIPA’s Daily Hedge Transaction Log is also reviewed periodically by LIPA’s Internal Audit Department.

Risk #2: "Failure to completely and effectively transition to the new PSMFM Service Provider, The Energy Authority (“TEA”) by December 31st, 2025, could result in significantly higher transition costs, inadequate generation system dispatch, higher fuel and power costs, which would increase the Power Supply Charge and negatively impact customers."

This risk is rated as a medium level risk for LIPA. To mitigate this risk TEA, PSEG ER&T and LIPA have created function-specific working groups that meet weekly to guide a timely transition of roles and responsibilities including complete cut-over to TEA. Risks to fully and successfully transitioning all responsibilities by the contract end date are identified and mitigated through these working groups.

LIPA staff believe both risks are being effectively managed; noting with the successful transition to TEA this risk will be removed in 2026.

Annual Review of the Policy

The Policy was last amended by the Board pursuant to Resolution No. 1493, dated September 25, 2019, at which time the Policy was significantly updated. LIPA Staff has completed its annual review of the Policy and has suggested minor amendments to the Policy including: (i) certain other minor word changes; (ii) adding Appendix #1 at the end of Policy to note the PSMFM Service Provider. All proposed amendments are more particularly shown on Exhibit “B.”

Recommendation

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

**1910. RESOLUTION APPROVING THE ANNUAL REPORT AND AMENDMENTS
ON THE BOARD POLICY ON THE POWER SUPPLY HEDGING PROGRAM**

WHEREAS, the Board Policy on the Power Supply Hedging Program (the “Policy”) was originally approved by the Board of Trustees by Resolution No.1352, dated March 29, 2017; and

WHEREAS, the Policy was last reviewed by the Board in November 2022; and

WHEREAS, the Finance and Audit Committee (the “Committee”) of the Board of Trustees (the “Board”) has conducted an annual review of the Policy and has recommended that the Policy has been complied with, and that the proposed amendments to the Policy are due and proper.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby approves the annual report on the Policy and finds that LIPA has complied with the Policy for the period since the last annual review; and

BE IT FURTHER RESOLVED, the Board hereby approves the amendments to the Policy more particular show on Exhibit “B” to the accompanying memorandum.

Chair Edwards stated that the next item on the agenda was the Chief Executive Officer’s Report to be presented by LIPA’s Acting Chief Executive Officer, John Rhodes.

Mr. Rhodes presented the Chief Executive Officer’s Report and took questions from the Trustees.

Chair Edwards then opened the Board meeting to public comments.

After hearing all public comments, Chair Edwards stated that the next item on the agenda was the PSEG Long Island Operating Report to be presented by David Lyons and PSEG Long Island staff.

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

Chair Edwards stated that the next item on the agenda was the Consideration of Authorization to Execute an Agreement with NYSERDA for Tier 1 RECs to be presented by Gary Stephenson.

The following action item was presented, and questions were taken from the Trustees.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to authorize the Acting Chief Executive Officer or his designee to execute agreements with the New York State Energy Research and Development Authority (“NYSERDA”) for the purchase and sale of renewable energy certificates (“RECs”) required for LIPA’s compliance with the goals established by the Climate Leadership and Community Protection Act of 2019 (“CLCPA”).

Background

In 2016, the New York State Public Service Commission (“PSC”) issued an order establishing a Clean Energy Standard (“CES Order”) detailing a strategy to reduce statewide greenhouse gas emissions in the electric sector by 2030. In 2019, the CLCPA built upon the emissions reduction goal in the CES Order by mandating that 70% of New York State’s electric power supply to end use customers will be sourced from renewable energy by 2030. The CES Order expects every Load Serving Entity (“LSE”) in New York State including LIPA, which is not subject to the PSC’s jurisdiction but would participate voluntarily, to “participate by satisfying their requisite share of responsibility” for emissions reductions.

At the statewide level, NYSERDA is charged with incentivizing new clean energy generation projects to achieve CLCPA goals. Pursuant to the CES Order, NYSERDA carries out this responsibility by acting as a central agent that issues annual Requests for Proposals (“RFPs”) to procure renewable energy certificates (“RECs”) from Tier 1 eligible resources under long-term contracts. NYSERDA resells the RECs it procures to participating New York LSEs and other buyers. A Tier 1 REC is a certificate that represents the zero emissions attributes of the energy produced by one megawatt-hour (MWh) of electricity from renewable sources, such as solar and onshore wind.

In 2022, NYSERDA petitioned the Public Service Commission to approve a new approach for the state’s LSEs to satisfy their emissions reduction compliance obligations, with NYSERDA serving as a central clearinghouse to allocate the costs for all RECs procured statewide to the LSEs according to their proportionate share of the statewide electrical load they serve. Under the “Tier 1 REC Transition” approach that was approved by the PSC, local utilities resell their self-procured RECs to NYSERDA essentially at cost. NYSERDA packages the utilities’ RECs together with its own self-procured RECs and resells the consolidated RECs to recover its purchase costs. The amount of RECs that NYSERDA makes available for sale to the LSEs equals the amount of RECs procured in its annual RFPs,

plus the RECs NYSERDA purchases from the utilities, less sales to participants in an annual pre-sale open to voluntary participants. An LSE is deemed to have met its Renewable Energy Standard compliance obligation by purchasing its proportionate load share of the net amount of RECs that NYSERDA makes available for sale to LSEs.

NYSERDA has developed standardized LSE REC Purchase and Sale Agreements to effectuate the new approach for administration of statewide Tier 1 RECs, and executed the agreements with the PSC-jurisdictional LSEs. LIPA has negotiated the following agreements with NYSERDA that closely track NYSERDA's standard form contracts, with minor modifications to address LIPA's unique needs:

- REC LSE Sale Agreement – an agreement pursuant to which LIPA will sell to NYSERDA any RECs owned by LIPA for a Compliance Year at an established price (generally, the “Value of E¹”); and
- REC LSE Purchase Agreement – an agreement for NYSERDA to sell to LIPA an Annual Tier 1 REC Quantity equal to the amount of Tier 1 RECs that NYSERDA has retained for sale to the LSEs, multiplied by LIPA's percentage portion of the statewide electrical load, at a price based on the net cost to NYSERDA for the balance of RECs sold to the LSEs in the Compliance Year.

The two agreements will commence in Compliance Year 2026 and remain in effect until either NYSERDA's obligations to purchase Tier 1 RECs have expired or been terminated, or LIPA exercises its termination rights. The net cost of LIPA's REC purchases from NYSERDA less the revenues received for LIPA's REC sales to NYSERDA is projected to range from \$10 million in 2026 to \$29 million in 2030.

As part of the new arrangement, LIPA and NYSERDA have agreed to terminate an earlier long- term agreement for LIPA to purchase a portion of the Tier 1 RECs that NYSERDA procured in its 2020 renewables RFP. No transactions occurred pursuant to that contract as LIPA had sufficient quantity of REC's from existing sources.

Discussion

The LIPA Board of Trustees' Policy on Resource Planning and Renewable Energy requires LIPA to participate in the State's renewable energy goals by (i) LIPA directly procuring cost-effective renewable resources and related RECs and (ii) acting in coordination with other State energy authorities, which could include participation in NYSERDA's Tier 1 REC program. To date, LIPA has complied with the Board policy through a combination of participation in NYSERDA's clean energy programs, power purchase agreements (“PPAs”) with Long Island-based renewable resources, and tariff-based incentives for the output of customer-owned solar projects.

With NYSERDA serving in the role of centralized agent for procuring RECs statewide, including on Long Island, LIPA can focus its clean energy programs on meeting local needs that may not be addressed by NYSERDA's activities. Such programs may include rooftop solar incentives and targeted clean energy procurements needed for local requirements within LIPA's service territory. The proposed REC purchase and sale agreements with

NYSERDA provide LIPA the flexibility to manage its own local clean energy programs and sell the resulting RECs to NYSERDA, while relying on NYSERDA to provide the balance of Tier 1 RECs that LIPA needs to meet its proportionate share of the statewide clean energy goals. The agreements ensure that LIPA will meet its annual Tier 1 REC compliance obligation on the same basis as the PSC-jurisdictional LSEs in New York State.

Recommendation

Based on the foregoing, I recommend that the Trustees authorize the Chief Executive Officer or his designee to take all actions, including, without limitation, execution of the REC LSE Sale and REC LSE Purchase Agreements with NYSERDA to enable LIPA's sale and purchase of RECs as described above, and all other related arrangements and agreements, as may be necessary or convenient.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the Trustees approved the following resolution.

1911. AUTHORIZATION TO EXECUTE AGREEMENTS WITH NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY ("NYSERDA") FOR THE SALE AND PURCHASE OF TIER 1 RENEWABLE ENERGY CERTIFICATES

WHEREAS, the New York State Public Service Commission has established a Clean Energy Standard ("CES") which requires that 50 percent of the State's electricity be generated from renewable energy resources by 2030; and

WHEREAS, the Climate Leadership and Community Protection Act of 2019 has increased the 2030 renewable energy goal to 70 percent; and

WHEREAS, the LIPA Board of Trustee's Policy on Resource Planning and Renewable Energy requires LIPA to participate in the State's renewable energy goals by (i) LIPA directly procuring cost-effective renewable resources and related RECs and (ii) acting in coordination with other State energy authorities, which could include participation in NYSERDA's Tier 1 REC program; and

WHEREAS, LIPA recognizes that cooperation and coordination of renewable energy certificate ("REC") purchases and sales with NYSERDA will further LIPA's and NYSERDA's mutual goal of stimulating and deepening the developer marketplace and providing the benefits of clean energy and efficient procurements to the State's and LIPA's electric ratepayers in a cost-effective manner; and

WHEREAS, LIPA and NYSERDA have negotiated REC LSE Sale and REC LSE Purchase Agreements that would allow LIPA to participate in and meet its share of obligations for the statewide Tier 1 REC program on the same basis as the State's other LSEs;

NOW, THEREFORE, BE IT RESOLVED, that the Acting Chief Executive Officer or his designee be and hereby is authorized to execute and effect REC LSE Sale Agreement and the REC LSE Purchase Agreement with NYSERDA consistent with the terms of the accompanying memorandum, and to enter into such other instruments and perform such other acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chief Executive Officer or his designee, to contribute to the achievement of State clean energy goals by participating in the Tier 1 REC program administered by NYSERDA.

Chair Edwards stated that the next item on the agenda was the Consideration of Authorization to Execute a Capacity Purchase Agreement to be presented by Gary Stephenson.

After requesting a motion on the matter, which was seconded, the following action item was presented and questions were taken from the Trustees.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to approve a resolution authorizing the Acting Chief Executive Officer or his designee to execute (i) the Capacity Purchase Agreement (“CPA”) with Calpine Energy Services, L.P. (“CES”) providing for the purchase of at least 70 MW of Contract Capacity from the Bethpage Energy Center 3 (“BEC3” or the “Plant”) combined cycle power plant located in Bethpage, New York and (ii) the Amended and Restated Agreement of Lease (“Lease”) with Bethpage Energy Center 3, LLC, (“Bethpage”), which is the owner of BEC3; and (iii) an extension of the current payment-in-lieu- of-taxes (“PILOT”) agreement for the Lease site with the County of Nassau. It should be noted that CES and Bethpage are both subsidiaries of Calpine Corporation (“Calpine”), a major developer of power plants throughout the country.

Background

Calpine’s Bethpage facility is comprised of a combustion turbine peaker and two combined-cycle plants. The peaker sells its power output in the NYISO wholesale market. The two combined cycle plants are under contract to LIPA.

Completed in 2005, BEC3 is comprised of one GE LM6000 Gas Turbine, one Steam Generator manufactured by Innovative Steam Turbines and one Siemens Steam Turbine, with a total nominal rating of 78 MW. LIPA currently purchases the full output of BEC3 under a July 8, 2004 Power Purchase Agreement (“PPA”) expiring July 31, 2025. Pursuant to the PPA, LIPA purchases all of the Capacity, Energy and Ancillary Services from BEC3. LIPA (i) provides the fossil fuel (natural gas is the primary fuel and oil is the backup fuel) required by BEC3 and (ii) bids the related Capacity, Energy and Ancillary Services into markets administered by the New York Independent System Operator (“NYISO”). As the NYISO market participant for BEC3, LIPA receives all revenues for products bid into NYISO markets.

BEC3 was constructed on a site owned by LIPA that it acquired following NYPA condemning the property from third parties and then selling the property to LIPA. LIPA in turn leases the property to Bethpage which constructed the Plant on the site. The Lease requires Bethpage to pay rent monthly at a specified rate and provides Bethpage the ability to purchase the site at the expiration of the PPA, with the purchase price declining to \$1 by the end of the term.

Discussion of the CPA

LIPA and Calpine have negotiated a CPA to replace the expiring PPA. The CPA requires CES to provide 70 MW of “Guaranteed Deliverable Capacity” from BEC3 and/or from Replacement Capacity for the five-year CPA term ending October 31, 2030. All revenue from the sale of BEC3 Capacity into NYISO administered markets will be to LIPA’s account. If in any month, CES provides less than the Guaranteed Deliverable Capacity, CES will make a Shortfall Payment to LIPA based on the applicable NYISO Capacity Spot Market Auction Market Clearing Price, with such payment secured by a letter of credit.

LIPA decided to change the contract structure from the current PPA to a CPA because there are additional customer benefits and lower market-related risks with the CPA. Unlike the PPA whereby LIPA purchases all the products produced by BEC3 and provides the fuel and schedules all transactions with the NYISO, the CPA provides that LIPA will purchase only the Capacity from BEC3. CES will be responsible for providing the fuel and for all interactions with the NYISO, and will assume energy market price risks.

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 pricing is reasonable compared to forecasted capacity market prices. Since BEC3 is a combined cycle plant, it is much more efficient and uses more modern emission control technology than the National Grid-owned LILCO-era combustion turbines that are still in service.

The estimated total cost of the contract to LIPA is approximately \$17.6 million.

Discussion of the Lease

LIPA will continue to lease the site to Bethpage under a five-year lease agreement that will have identical terms to the existing lease with appropriate modifications to the rent and purchase price provisions that extend the arrangement that existed under the PPA. . Under the new lease, Bethpage will pay an appropriately increased rent while the purchase price of \$1 will carry over from the previous lease.

Discussion of the PILOT agreement extension

Under the proposed extension, LIPA will continue to pay PILOTs to Nassau County on the leased property under a five-year extension of the current PILOT agreement on the same terms as the expiring PILOT agreement.

Recommendation

For the foregoing reasons, I recommend that the Board authorize the Chief Executive Officer or his designee to take all actions, including, without limitation, execution of the CPA, and all other related arrangements and agreements, as may be necessary or convenient.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the Trustees approved the following resolution.

1912. AUTHORIZATION TO ENTER INTO CAPACITY PURCHASE AGREEMENT WITH CALPINE ENERGY SERVICES, L.P. FOR THE PURCHASE OF GENERATING CAPACITY AND AMENDED AND RESTATED AGREEMENT OF LEASE WITH BETHPAGE ENERGY CENTER 3, LLC

WHEREAS, Calpine Energy Services, L.P. (“CES”) has offered capacity for sale from the Bethpage Combined Cycle Plant (“BEC3”); and

WHEREAS, BEC3 provides needed generating capability that contributes to system reliability; and

WHEREAS, PSEG Long Island and CES have negotiated a Capacity Purchase Agreement (“CPA”) under which CES will sell the generating capacity produced by the BEC3 to LIPA for a five-year term; and

WHEREAS, PSEG Long Island and Bethpage Energy Center 3, LLC (“Bethpage”) have negotiated an Amended and Restated Agreement of Lease (“Lease”) under which Bethpage will lease the site on which the BEC3 generating facility is located for the term of the CPA and will have the ability to purchase the site at the end of the CPA at a purchase price that extends, with appropriate modifications, including increased rent, the arrangements that existed between LIPA and Bethpage in connection with the existing power purchase agreement that is set to expire on July 31, 2025.

WHEREAS, LIPA and the County of Nassau have negotiated a five-year extension of the Payments-In-Lieu-of Taxes (“PILOT”) agreement for the site to be leased to Bethpage pursuant to the Lease on the same terms and conditions as the current PILOT agreement that is set to expire on July 31, 2025.

NOW, THEREFORE, BE IT RESOLVED, that the Acting Chief Executive Officer and/or his designee are hereby authorized to execute and effect a CPA, a Lease, PILOT agreement extension, and to enter into such other instruments and perform such further acts and deeds as may be necessary, convenient, or appropriate, in the judgment of the Acting

Chief Executive Officer and/or his designee, to implement LIPA's purchase of generating capacity from CES.

Chair Edwards stated that the final item on the agenda was the Consideration of Cancellation of May 29, 2024 Request for Proposals and Authorization to Negotiate Extension of Current Operations Services Agreement.

After a discussion by the Trustees, upon a motion duly made and seconded, the Trustees approved the following resolution by vote:

*Tracey Edwards, Chair – aye
Valerie Anderson Campbell, Vice Chair – aye
Vanessa Baird-Streeter – aye
Anthony M. La Pinta – abstain
Claudia Lovas – aye
Dominick Macchia – recused
Mili Makhijani – aye
David Manning – abstain
Mary Ellen Mendelsohn – aye*

1913. CONSIDERATION OF CANCELLATION OF MAY 29, 2024 REQUEST FOR PROPOSALS AND AUTHORIZATION TO NEGOTIATE EXTENSION OF CURRENT OPERATIONS SERVICES AGREEMENT

WHEREAS, on May 29, 2024, the Long Island Power Authority ("LIPA") issued a Request for Proposals ("May 29, 2024 RFP") seeking qualified bidders to provide operations services commencing in January 2026 for a ten-year period under a new Operations Services Agreement ("new OSA"); and

WHEREAS, a selection committee of LIPA staff (the "RFP selection committee") was designated by LIPA staff to evaluate proposals submitted in response to the May 29, 2024 RFP; and

WHEREAS, the May 29, 2024 RFP expressly reserves LIPA's right to withdraw the RFP, reject any or all proposals submitted, negotiate with any or all firms, or cancel the RFP in whole or in part without awarding any contracts pursuant to its solicitation; and

WHEREAS, the first phase of the RFP process was completed on July 15, 2024, which required all respondents to submit proposals, including documents relating to conflicts of interest, financial condition and references; and

WHEREAS, the second phase of the RFP process was completed on September 27, 2024, which required all respondents to submit additional documents relating to their proposals,

including a technical proposal, a cost proposal and desired exceptions to LIPA-proposed contracts; and

WHEREAS, the RFP selection committee reviewed the technical aspects of the respondents' proposals and then selected two finalists, Quanta Services, Inc. ("Quanta") and PSEG Long Island LLC ("PSEG"); and

WHEREAS, on December 31, 2024, the RFP selection committee sent proposed drafts of LIPA contracts, including the new OSA, to the two finalists; and

WHEREAS, the RFP selection committee engaged in extensive negotiations with the two finalists in the first quarter of 2025 and directed the two finalists to submit their best and final offers on or before March 12, 2025; and

WHEREAS, on March 26, 2025, April 7, 2025 and April 28, 2025, the Board of Trustees ("Board") met in executive session to review, discuss, and request additional information regarding the proposals of the two finalists; and

WHEREAS, at the Board meeting on April 30, 2025, the RFP selection committee delivered its formal recommendation to the Board, which included a memorandum, a proposed resolution and a verbal presentation, in support of the proposal by Quanta to provide the required services under the new OSA; and

WHEREAS, as part of the recommendation, the RFP selection committee found that PSEG did not satisfy certain minimum requirements of the May 29, 2024 RFP; and

WHEREAS, at the Board meeting on April 30, 2025, after the delivery of the RFP selection committee's formal recommendation, the Board exercised its authority to reject the recommendation by a vote of 6-1 with two members abstaining; and

WHEREAS, after the April 30, 2025 Board meeting where the Board considered the RFP selection committee's recommendation of Quanta's proposal, the Board learned for the first time that a member of the RFP selection committee owned a significant quantity of shares in Quanta from at least the beginning of the RFP process until approximately mid-December 2024; and

WHEREAS, the Board has a responsibility to maintain the highest level of public trust in LIPA's governance and conduct, to prevent any action or circumstances that may result in an actual conflict or create the appearance of a conflict of interest or any other impropriety, and to uphold LIPA's Code of Ethics and Conduct; and

WHEREAS, LIPA's current Operations Services Agreement with PSEG ("current OSA") expires on December 31, 2025, and provides that the parties may negotiate up to a five-year extension upon mutual agreement; and

WHEREAS, an extension of the current OSA will ensure continuity of services and operational stability for LIPA customers until a new RFP process and award is completed.

NOW, THEREFORE, BE IT RESOLVED, for the reasons set forth herein, the May 29, 2024 RFP is cancelled and no contract will be awarded pursuant to it; and be it further

RESOLVED, that a group to be determined by the Board shall be authorized to negotiate an extension of the current OSA; and be it further

RESOLVED, that a group to be determined by the Board shall be authorized to carry out all actions deemed necessary or convenient to implement this resolution.

Chair Edwards then announced that the next Board meeting is scheduled for Wednesday, June 25, 2025.

Chair Edwards then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 1:37 p.m.
