

FOR CONSIDERATION

November 12, 2025

TO: The Board of Trustees

FROM: Carrie Meek Gallagher

SUBJECT: Authorization to Execute a Capacity Purchase Agreement with MPH Rockaway Peakers, LLC, and related arrangements and agreements, as may be necessary or convenient

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to approve and adopt a resolution authorizing the Chief Executive Officer or her designee to execute a 10-year Capacity Purchase Agreement (“CPA”) with MPH Rockaway Peakers, LLC (“Seller”) for the purchase of generating capacity from the Far Rockaway GT 1 (“Bayswater”) and Far Rockaway GT 2 (“Jamaica Bay”) electric generating stations, and related arrangements and agreements, as may be necessary or convenient.

Background

Bayswater and Jamaica Bay are natural gas-fired and dual fuel, respectively, electric generating stations located in the Far Rockaway area of the New York City borough of Queens and designed to provide 110 megawatts of highly flexible, fast start power generating capacity to the Far Rockaway load pocket, a transmission-constrained portion of LIPA’s grid network. The two units went into service in 2002-4 under power purchase agreements with LIPA that expired in 2020. Since the expiration of those contracts, the owners have been selling the units’ output on a merchant basis in the NYISO wholesale markets.

In early 2025, Hull Street, the parent company of MPH Rockaway Peakers, LLC, informed LIPA that it was planning to deactivate both units due to the high costs of restoration and maintenance. At the Bayswater facility, one of the “twin pack” engines is inoperable due to a failure that occurred in August 2024. At the Jamaica Bay facility, the emissions control equipment is underperforming and meeting air permit limitations has been a challenge. As a result, Bayswater is currently derated to 27 MW and Jamaica Bay is derated to 47 MW (74 MW total for both units).

Hull Street indicated that it could finance the repairs if it could secure a reliable revenue stream sufficient to cover its ongoing operating costs plus amortization of repair costs. LIPA and Hull Street recognized an opportunity to enter into a multi-year CPA with a fixed capacity price, as a means for Hull Street to hedge its exposure to volatile market capacity prices.

Discussion

Due to constraints on LIPA’s transmission and distribution networks, LIPA must maintain generation within the Far Rockaway load pocket to ensure local reliability. PSEG Long Island has determined that deactivating the Bayswater and Jamaica Bay generating units would exacerbate

existing transmission constraints for serving the local area and risk transmission overloads during high demand periods. While PSEG Long Island is working on a transmission solution for the load pocket, keeping the generating units in service and maintaining dual fuel capability at Jamaica Bay under the terms and conditions of the proposed CPA is the preferred, least-cost option, provided that the Seller completes the required repairs to the plants.

The proposed CPA has a ten (10) year term beginning around March 2026 and ending April 30, 2035. As a condition of the CPA, the Seller will withdraw the deactivation notices that it has submitted to the NYISO and restore the units to their full design capacity, using capital from an equity infusion by Hull Street. The CPA grants LIPA access to books and records to verify performance of the reliability investments and compliance with ongoing maintenance and investment plans.

The proposed CPA specifies certain extended outage and chronic underperformance events to be Events of Default as a means to disincentivize poor operating performance that could jeopardize continuity of service in the load pocket. In case of an Event of Default, LIPA will have step-in rights to temporarily take control of the facilities if the Seller is unable to meet its obligations, among other remedies. In the event the Seller exercises the option to finance the repairs through a third-party loan, LIPA's step in rights will be protected through an agreement with the lender, satisfactory to LIPA, which would provide that the loan would be serviced during the step in period.

The Seller's obligations under the CPA will be secured by a security agreement, a pledge agreement, intercreditor and subordination and non-disturbance agreements, if applicable, and other ancillary agreements needed to protect LIPA's exposure to Seller's nonperformance by granting LIPA security interests in the plants and related property, including equity interests in the Seller and entities related to the plants.

The estimated total cost of the CPA to LIPA over the 10 year term is approximately \$91 million.

Recommendation

For the foregoing reasons, I recommend that the Board authorize the Chief Executive Officer or her 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.

Attachment

Exhibit "A" Resolution

AUTHORIZATION TO ENTER INTO A CAPACITY PURCHASE AGREEMENT WITH MPH ROCKAWAY PEAKERS, LLC, AND RELATED ARRANGEMENTS AND AGREEMENTS, AS MAY BE NECESSARY OR CONVENIENT

WHEREAS, the Long Island Power Authority (“LIPA”) had prior power purchase agreements with power plants owned by Bayswater Peaking Facility, LLC and Jamaica Bay Peaking Facility, LLC from 2002-04 to June 2020; and

WHEREAS, although the plants have continued to provide needed generating capability within the Far Rockaway load pocket of LIPA’s T&D system, they are currently derated and in need of significant repairs; and

WHEREAS, MPH Rockaway Peakers, LLC (“Seller”), the current indirect owner of the plants, needs a multi-year offtake agreement with LIPA to attract the capital investment needed for repairs and withdraw deactivation notices for the plants that have been submitted to the NYISO; and

WHEREAS, PSEG Long Island and the Seller have negotiated the terms of a Capacity Purchase Agreement (“CPA”) under which the Seller will restore the plants to design capability and sell the generating capacity produced by the plants to LIPA for a term of ten years; and

WHEREAS, the CPA has enhanced provisions to assure that the Seller will make the required reliability investments to restore and maintain the plants and continue to support load pocket needs over the term of the CPA, subject to LIPA step-in rights in Event of Default, among other remedies; and

WHEREAS, additional agreements, including security, pledge, intercreditor and subordination and non-disturbance agreements, and other ancillary agreements may be necessary or convenient to assure LIPA that the Seller performs its obligations under the CPA to restore and maintain the plants in operation for the term of the CPA;

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer and/or her designee be and hereby are authorized to execute and effect the CPA and all other ancillary agreements and arrangements, as may be necessary or convenient in the judgment of the Chief Executive Officer and/or her designee, to implement LIPA’s purchase of generating capacity from the Seller.

Dated: November 12, 2025