LIPA-NYSERDA Tier 4 REC Purchase Agreement

November 12, 2025

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LIPA Board of Trustees' Policy on Clean Energy

- Board policy requires LIPA to participate in the State's renewable energy goals by:
  - Meeting or exceeding LIPA's share of the clean energy goals of New York's Climate Leadership and Community Protection Act ("CLCPA")
  - Competitively procuring the least-cost resources that meet our clean energy and reliability objectives
- NYSERDA acts as the state's central procurement agent issuing RFPs for renewable energy certificates ("RECs") from eligible resources under long-term contracts
  - NYSERDA resells the RECs to the state's Load Serving Entities ("LSEs"), including LIPA
- In general, purchasing RECs from NYSERDA is the least cost approach for LIPA to meet its clean energy goals

What is a Renewable Energy Certificate?

- A REC represents the renewable attributes of one megawatt hour of electricity generated from a source like hydro, solar or wind
  - Progress towards New York State's clean energy goals is measured by the annual production of RECs
  - RECs are created in the New York Generation Attribute Tracking System (NYGATS)
- A "Tier 4 REC" is intended to reduce New York City's reliance on fossil fuels
- NYSERDA has contracted with Champlain Hudson Power Express ("CHPE") to supply Tier 4 RECs
  - CHPE is a $6 billion, 339-mile-long underground and underwater transmission line
  - Project will carry clean hydroelectric power from Canada to New York City

Proposed LIPA-NYSERDA Tier 4 REC Purchase Agreement

- Under the Purchase Agreement, LIPA commits to pay a share of NYSERDA's cost of Tier 4 RECs from CHPE, as a primary means for LIPA to satisfy CLCPA goals
- NYSERDA allocates a portion of its costs for Tier 4 RECs to LIPA based on LIPA's proportionate share of statewide electricity sales
- Key terms of Agreement
  - **Term:** Agreement commences in CES Compliance Year 2026 and terminates when NYSERDA's obligation to purchase Tier 4 RECs from CHPE ends around December 2051
  - **Pricing:** LIPA pays a share of NYSERDA costs for Tier 4 REC payments to CHPE net of the value of voluntary sales to City of New York, NYPA and any participants in an annual voluntary presale
  - **Contract cost to LIPA:** $810 million (about $2/MWh rate impact)

Thank you

FOR CONSIDERATION
November 12, 2025

TO: The Board of Trustees

FROM: Carrie Meek Gallagher

SUBJECT: Authorization to Execute an Agreement with the New York State Energy Research and Development Authority for the Purchase Tier 4 Renewable Energy Certificates

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Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to authorize the Chief Executive Officer or her designee to execute an agreement with the New York State Energy Research and Development Authority ("NYSERDA") for the purchase of Tier 4 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.

NYSERDA is charged with incentivizing new clean energy generation projects to achieve the state's CLCPA goals. NYSERDA carries out this responsibility by acting as a central procurement agent that issues Requests for Proposals ("RFPs") to procure renewable energy certificates ("RECs") from eligible resources under long-term contracts. NYSERDA recovers the cost of the REC contracts it procures by reselling the RECs to the state's LSEs according to their load share obligation, i.e. their proportionate share of statewide electricity sales.

On January 13, 2021, NYSERDA issued an RFP to procure Tier 4 RECs from eligible projects, as authorized by the New York State Public Service Commission. The goal of the Tier 4 program is to reduce New York City's reliance on fossil fuels by increasing imports of renewable energy from surrounding regions, as a means to displace energy otherwise produced by in-City fossil-fired power plants, and by optimizing deliverability of renewable resources throughout the entirety of the State. As a result of the RFP, NYSERDA has agreed to purchase Tier 4 RECs from the Champlain Hudson Power Express ("CHPE"), a $6 billion, 339-mile-long underground and

underwater transmission line designed to carry clean hydroelectric power from Canada to New York City.

Discussion

The LIPA Board of Trustees' policy on Clean Energy and Power Supply requires, among other things, that LIPA meet or exceed its share of the clean energy goals of New York's Climate Leadership and Community Protection Act ("CLCPA"), including those for renewables, offshore wind, distributed solar, and storage. To this end, in June 2025, LIPA and NYSERDA executed a Tier 1 REC LSE Purchase Agreement, which was approved by the Board at its May 25, 2025 meeting. Under the Tier 1 Agreement, LIPA commits to pay a share of the cost of NYSERDA's REC purchases from onshore solar and wind farms, as a primary means for LIPA to satisfy CLCPA goals. The proposed Tier 4 REC Purchase Agreement is similar in concept and structure to the Tier 1 REC Purchase Agreement. Both agreements are intended to allocate cost responsibility for CLCPA-mandated clean resources fairly across the state according to each LSE's proportionate load share obligation. LIPA's participation in cost-sharing for these clean energy programs is essential for LIPA to meet its requisite share of responsibility for statewide emissions reductions. The estimated total cost to LIPA of the 25-year Tier 4 REC Purchase Agreement is $810 million.

Recommendation

Based on the foregoing, I recommend that the Trustees authorize the Chief Executive Officer or her designee to take all actions, including, without limitation, execution of the Tier 4 Renewable Energy Certificate Purchase Agreement with NYSERDA and all other related arrangements and agreements, as may be necessary or convenient.

Attachment

Exhibit "A" Resolution

Exhibit "A"

AUTHORIZATION TO EXECUTE A TIER 4 RENEWABLE ENERGY CERTIFICATE PURCHASE AGREEMENT WITH NYSERDA

WHEREAS, the Climate Leadership and Community Protection Act of 2019 ("CLCPA") has established a goal for 70% of New York State's electric power supply to be sourced from renewable energy by 2030; and

WHEREAS, the LIPA Board of Trustee's Policy on Clean Energy and Power Supply requires that LIPA meet or exceed its share of the clean energy goals of the CLCPA, including those for renewables, offshore wind, distributed solar, and storage; and

WHEREAS, LIPA recognizes that cooperation and coordination of REC purchases and sales with NYSERDA will further LIPA's and NYSERDA's mutual goal of efficient procurement of the State's renewable energy requirements in a cost-effective manner; and

WHEREAS, LIPA and NYSERDA have negotiated a Tier 4 REC Purchase Agreement that will allow LIPA to participate in and meet its load share obligation for NYSERDA's Tier 4 REC program on the same basis as the other LSEs in New York State;

NOW, THEREFORE, BE IT RESOLVED, that the Acting Chief Executive Officer or her designee be and hereby is authorized to execute and effect the Tier 4 REC 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 her designee, to contribute to the achievement of the goals of the state's Tier 4 REC program.

Dated: November 12, 2025