

EXECUTION COPY  
CONFIDENTIAL

FIRST AMENDMENT

to the

SECOND AMENDED AND RESTATED OPERATIONS SERVICES AGREEMENT

between

LONG ISLAND LIGHTING COMPANY d/b/a/ LIPA

and

PSEG LONG ISLAND LLC

dated as of

December 22, 2025

This FIRST AMENDMENT TO THE SECOND AMENDED AND RESTATED OPERATIONS SERVICES AGREEMENT (the “First Amendment”), dated as of December 22, 2025, by and between the LONG ISLAND POWER AUTHORITY, a corporate municipal instrumentality of the State of New York and a body corporate and politic and a political subdivision of the State of New York (the “Authority”) and PSEG LONG ISLAND LLC, a New York limited liability company (the “Service Provider”) further amends that certain Second Amended and Restated Operations Services Agreement dated as of December 15, 2021 as amended by Amendment No. 1 to the Second Amended and Restated Operations Services Agreement dated as of March 30, 2022 by and between the LONG ISLAND LIGHTING COMPANY d/b/a LIPA (“LIPA”), a New York corporation and a wholly-owned subsidiary of the Authority that was merged into the Authority with the Authority being the surviving entity, which merger was effective November 13, 2025 (the “Merger Effective Date”), and the Service Provider. Such Second Amended and Restated Operations Services Agreement as amended by such Amendment No. 1 is referred to as the “Agreement.” While the term “LIPA” is used in the Agreement and this First Amendment, it shall be considered to be the Authority as of the Merger Effective Date. As described in the preamble to such Second Amended and Restated Operations Services Agreement, the term “Service Provider” includes the Service Provider’s subsidiary service company, ServCo, unless the context otherwise requires. The Service Provider and LIPA are sometimes hereinafter referred to individually as a “Party” and together as the “Parties.” All capitalized terms used and not otherwise defined herein shall have the meaning given to them in the Agreement.

Recitals

WHEREAS, the Parties have heretofore entered into an Operations Services Agreement, dated as of December 28, 2011, as amended by Amendment No. 1 thereto and Amendment No. 2 thereto, and a certain Letter Agreement, dated June 22, 2012 (as amended from time to time the “First OSA”), in order to provide for the operations and maintenance of, and Capital Improvements to, the T&D System;

WHEREAS, the Parties have heretofore entered into the Amended and Restated Operations Services Agreement, dated as of December 31, 2013 (the “Second OSA”), which amended and restated the First OSA in its entirety;

WHEREAS, the Parties have heretofore entered into the Agreement (i.e., the Second Amended and Restated Operations Services Agreement dated as of December 15, 2021 as amended by Amendment No. 1 to the Second Amended and Restated Operations Services Agreement dated as of March 30, 2022), which amended and restated the Second OSA in its entirety;

WHEREAS, pursuant to (i) Section 2.1 (*Term*) of the Agreement, which, among other things, permits the Parties (by mutual agreement in their respective sole discretion) to extend the end of the Term of the Agreement up to an additional five years to December 31, 2030, with adjustments that are mutually acceptable to the Parties being made to the provisions of the Agreement to reflect such extension, and (ii) Section 10.11 (*Amendments*) of the Agreement, which permits the Parties to amend the Agreement by an executed written agreement and provides that any amendment, including any extension of the Term pursuant to Section 2.1, shall

not be effective until approved by the Office of the State Comptroller and the New York State Attorney General, the Parties desire to extend the end of the Term of the Agreement from December 31, 2025 to December 31, 2030, and, as part of such extension amendment, to otherwise amend the Agreement as set forth herein which LIPA has determined to be in the best interest of the State, LIPA and its ratepayers.

NOW, THEREFORE, in consideration of the mutual agreements and provisions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. First Amendment Effective Date. This First Amendment and, unless and to the extent otherwise specifically expressed below, the amendments hereby made to the Agreement are effective as of the date on which the later of the following approvals has occurred: (a) approval of this First Amendment by the Office of the Attorney General of the State of New York, and (b) approval of this First Amendment by the Office of the State Comptroller of the State of New York.
2. Term. Section 2.1(A) of the Agreement hereby is amended to the extent of deleting the first two sentences of such Section and substituting the following in their place and stead:

“The term of this Agreement (the “Term”) will, unless sooner terminated pursuant to the provisions hereof, extend from and including the Service Commencement Date (as defined below) to and including December 31, 2030.”

3. Rights and Responsibilities of LIPA. (a) Section 4.4(A)(16) of the Agreement is hereby amended to the extent of deleting the text “and” at the end of such Section; (b) Section 4.4(A)(17) of the Agreement is hereby amended to the extent of deleting the period at the end of such Section and substituting a semicolon in its place and stead; and (c) the Agreement is hereby amended to the extent of adding a Section 4.4(A)(18) and a Section 4.4(A)(19) to the Agreement, immediately after Section 4.4(A)(17), which Section 4.4(A)(18) and Section 4.4(A)(19) provides as follows:

“(18) the right to establish, develop and approve, in its reasonable discretion and following good faith consultation with the Service Provider, new or modified technical standards, for required implementation and adherence by the Service Provider, pertaining to inspecting, repairing, maintaining (including preventative maintenance), modifying, or installing the T&D System or assets, other than those that are part of the T&D System, that initially had or currently have a useful life of ten years or more (each such standard, a “Specified Technical Standard” and collectively, the “Specified Technical Standards”); provided that (a) such right shall not extend to prescribing the method, means or manner of executing and/or managing the work or activities to implement and adhere to such Specified Technical Standards (which remains the sole responsibility of the Service Provider), (b) in no event shall a new or modified Specified Technical Standard be less

stringent, less protective or otherwise lower in quality or operational effectiveness than the applicable technical standards then in effect without the Service Provider's prior written consent (which consent shall not be unreasonably withheld, delayed or conditioned), (c) the Service Provider shall have no obligation to implement and otherwise adhere to any new or modified Specified Technical Standard unless LIPA's Chief Executive Officer and Chief Financial Officer (or an individual performing the functions of either officer on an interim basis), or a designee of any of the foregoing acknowledges in writing such officer's, acting officer's or designee's approval of such Specified Technical Standard, and (d) to the extent any new or modified Specified Technical Standard is approved by LIPA for implementation and adherence by the Service Provider during a Contract Year (or during the period of a Rate Plan), but after the LIPA Board approves the Consolidated LIPA Budget applicable to such Contract Year (or such Rate Plan), (i) such new or modified Specified Technical Standard shall be deemed an "Added Project" for purposes of the Sections 5.2(B)(4)(a)(ix)(AA) and (BB) and the Parties shall resort to the process set forth in, and otherwise be bound by such Sections, including with regard to satisfying the Added Project Budget Amendment Adequacy Requirement as defined in Section 5.2(B)(4)(a)(ix)(AA) and (ii) the Parties shall discuss in good faith whether such new or modified Specified Technical Standard impacts the Service Provider's reasonable opportunity to achieve any Scope Function-Specific Performance Metric, Gating Performance Metric or Default Performance Metric applicable to such Contract Year (or applicable to the period of such Rate Plan) and, if the Parties agree in good faith that there is such an impact, the Parties shall mutually agree in good faith on any necessary or appropriate amendments or adjustments to any such metric; and

(19) the right to cause the Service Provider to commission and conduct planning and load forecasting studies with respect to the T&D System (including future modification and installation thereof) and the power supply thereto, with such planning and load forecasting including such scope and parameters as LIPA may reasonably propose to the Service Provider following good faith consultation with the Service Provider (the Service Provider shall share with LIPA any planning and load forecasting studies, including those that LIPA causes the Service Provider to commission and conduct pursuant to this Section 4.4(A)(19), and shall consult in good faith with LIPA with respect thereto)."

4. Extension of Certain Contracts. The Agreement is hereby amended to the extent of deleting references to "December 31, 2025" and substituting in their place and stead "December 31, 2030" in each of the following Sections of the Agreement: Section 4.5(C)(8), Section 4.10, Section 4.12 and Section 10.9(A)(3).
5. Guaranteed Resources Contracts. The Agreement is hereby amended to the extent of adding a new Section 4.17 (*Guaranteed Resources Contracts*) to the Agreement,

immediately after the end of Section 4.16 to the Agreement, which new Section 4.17 (*Guaranteed Resources Contracts*) provides as follows:

**“Section 4.17 GUARANTEED RESOURCES CONTRACTS.”**

When reasonably requested by LIPA, the Service Provider agrees to use commercially reasonable efforts to enter into and maintain contracts that are, in whole or in part, guaranteed resources contracts, right of first refusal contracts, and/or retainer contracts with third-party suppliers for the provision of high voltage qualified personnel to respond to Storm Events or Non-Storm Emergency Events (such agreements, the “Guaranteed Resources Contracts”) with a goal to ensure there is an adequate amount of such personnel who are reserved for use during emergencies based on the anticipated scale and frequency of Storm Events or Non-Storm Emergency Event in the Service Area. LIPA shall have the right to request a debriefing from the Service Provider on the results of the applicable Request for Proposal (“RFP”) process and the selection recommendation(s) and the right to approve, in LIPA’s sole discretion, the amount, if any, of Guaranteed Resources Contracts that are to be awarded. LIPA also shall have the right, in its sole discretion, to cause the Service Provider to cancel any Request for Information (“RFI”) and/or RFP for Guaranteed Resources Contracts. For the avoidance of doubt, costs incurred by the Service Provider in connection with Guaranteed Resources Contracts shall be Pass-Through Expenditures under Section 5.2(A)(18). Subject to the provisions of Section 1.1(E) and Section 5.3(C), the Service Provider shall not be liable for the costs incurred in connection with Guaranteed Resources Contracts.”

6. **Management Services Compensation.**

- (a) The first sentence of Section 5.1(B) of the Agreement is hereby amended to the extent of deleting the text “up to the earlier of the expiration of this Agreement or the termination of this Agreement” and substituting the following in its place and stead: “up to the earlier of the end of Contract Year 2025 or the termination of this Agreement”.
- (b) The Agreement is hereby amended to the extent of adding a new Section 5.1(C) (*For Contract Years 2026, 2027, 2028, 2029 and 2030*) to the Agreement immediately after the end of Section 5.1(B)(4)(b)(x), which new Section 5.1(C) provides as follows:

**“For Contract Years 2026, 2027, 2028, 2029 and 2030**

- (C) For Contract Years 2026, 2027, 2028, 2029 and 2030, the Service Provider shall receive a service fee to compensate it for (i) Senior Management wages and benefits; (ii) the Service Provider’s corporate overhead costs; and (iii) a fixed management fee or profit (collectively, the “Phase III Management Services Fee”). The Phase III Management

Services Fee shall consist of a Fixed Compensation component, a Variable Compensation component, and a Compensation Pool Subject to DPS Reduction component (described below), which Phase III Management Services Fee, for the avoidance of doubt, shall be applicable during the period up to the earlier of the expiration of this Agreement or termination of this Agreement (and, in the case of a termination of this Agreement without further action by a Party, during the LIPA 8.1 Termination Period, the Service Provider 8.2 Termination Period, or the Service Provider 8.5 Termination Period, as applicable).

(1) CPI Adjustment to Phase III Management Services Fee

**Index Series.** The CPI.

**Formula.** The CPI for January of the applicable Contract Year (i.e., 2028, 2029, or 2030) (carried to the third decimal place, i.e., XXX.XXX) **minus** the CPI for January 2026 (carried to the third decimal place, i.e., YYY.YYY), **divided by** the CPI for January 2026 carried to the third decimal place (i.e., YYY.YYY), **multiplied by** 100, equals the **“Phase III CPI Percentage Change”**. (Promptly after the applicable data becomes available, the Parties, utilizing such data, will mutually determine in good faith the CPI for January 2026 (carried to the third decimal place), at which time such number will be deemed inserted in the place and stead of the placeholder “YYY.YYY” immediately above.)

**Application.** A calculation will be performed at the beginning of each Contract Year 2028, 2029 and 2030 utilizing the formula immediately above, and the resulting Phase III CPI Percentage Change will be applied to adjust each of the Fixed Compensation component, the Variable Compensation component, and the Compensation Pool Subject to DPS Reduction component of the Phase III Management Services Fee to determine the amounts of these components for each such Contract Year (with the sum of such adjusted Fixed Compensation component, adjusted Variable Compensation component, and adjusted Compensation Pool Subject to DPS Reduction component being the Phase III Management Services Fee for such Contract Year); provided that if the Phase III CPI Percentage Change is negative, there will be no change to the Fixed Compensation component, the Variable Compensation component, or the Compensation Pool Subject to DPS Reduction component (or the total Phase III Management Services Fee) from the previous Contract Year.

(2) Annual Fixed Compensation Component.

(a) The Fixed Compensation component of the Phase III Management Services Fee shall be \$43,333,516 annually for each of Contract

Year 2026 and 2027, prorated as appropriate for a partial Contract Year, and is not subject to adjustment pursuant to the Phase III CPI Percentage Change. The Fixed Compensation component of the Phase III Management Services Fee, expressed in 2026 Dollars, shall be \$46,766,328 annually for each of Contract Year 2028, 2029, and 2030, prorated as appropriate for a partial Contract Year, and is subject to escalation adjustment pursuant to the Phase III CPI Percentage Change.

- (b) The Fixed Compensation component of the Phase III Management Services Fee shall be paid in twelve (12) equal monthly installments. The Service Provider shall submit an invoice for each monthly installment on the first Business Day of each month for which the monthly installment applies. LIPA shall pay the invoice for the monthly installment within ten (10) Business Days of receipt of such invoice from the Service Provider.
- (c) Should any month be less than a full month, the monthly installment shall be prorated as provided for in the definition of Contract Year.

(3) Annual Variable Compensation Component.

- (a) The Variable Compensation component of the Phase III Management Services Fee shall be \$22,805,242 annually for each of Contract Year 2026 and 2027, prorated as appropriate for a partial Contract Year, and is not subject to adjustment pursuant to the Phase III CPI Percentage Change, which amount shall comprise the “Phase III Variable Compensation Pool for Contract Year 2026 and 2027.” The Variable Compensation component of the Phase III Management Services Fee, expressed in 2026 Dollars, shall be \$24,611,836 annually for each of Contract Year 2028, 2029, and 2030, prorated as appropriate for a partial Contract Year, and is subject to escalation adjustment pursuant to the Phase III CPI Percentage Change, which amount shall comprise the “Phase III Variable Compensation Pool for Contract Year 2028, 2029, and 2030.” The Parties have established the criteria and process for annually establishing the Scope Function-Specific Performance Metrics for Contract Years 2026, 2027, 2028, 2029 and 2030 to measure the Service Provider’s performance with respect to the Scope Functions and related Scope Sub-Functions, which criteria and process are set forth in Appendix 4.3(D) hereto, together with the portion of the Variable Compensation Pool allocated to the collection of all Scope Function-Specific Performance Metrics pertaining to each Scope Function as well as the Gating Performance Metrics and Default Performance Metrics applicable to all such Contract Years.

(b) The portion of the Phase III Variable Compensation Pool to be paid to the Service Provider (the “Phase III Variable Compensation Award”) shall be determined annually based on performance during the prior Contract Year relative to the applicable Scope Function-Specific Performance Metrics, subject to the impact, if any, of the applicable Gating Performance Metrics, and as otherwise provided in this Agreement. No later than ninety (90) days following the end of a Contract Year, the Service Provider shall submit to LIPA and, to the extent required by the LIPA Reform Act, the DPS, supporting performance data, information and reports for that Contract Year and a calculation based thereon of its proposed Phase III Variable Compensation Award for that Contract Year. Within ninety (90) days after its receipt thereof, LIPA shall notify the Service Provider of its acceptance or of any disagreement it may have with the Service Provider’s Phase III Variable Compensation Award calculation, and shall (i) pay any undisputed amount due the Service Provider and (ii) if there is any amount subject to a disagreement, notify the Service Provider that a Dispute exists, in which event the Service Provider may submit the Dispute for resolution pursuant to Section 8.6 hereof. Notwithstanding the foregoing, if the DPS subsequently recommends that a lower Phase III Variable Compensation Award should be paid, LIPA shall promptly notify the Service Provider. If LIPA advises the Service Provider that it agrees with the DPS recommendation, the Service Provider shall either promptly refund the excess Phase III Variable Compensation Award payment or alternatively notify LIPA that a Dispute exists and submit the Dispute for resolution pursuant to Section 8.6 hereof. To the extent LIPA prevails in the arbitration process under Section 8.6 hereof, the Service Provider shall promptly refund the excess Phase III Variable Compensation Award payment to LIPA together with interest thereon at the Default Interest Rate.

(4) Annual Compensation Pool Subject to DPS Reduction Component.

(a) The Compensation Pool Subject to DPS Reduction component of the Phase III Management Services Fee shall be \$22,805,242 annually for each of Contract Year 2026 and 2027, prorated as appropriate for a partial Contract Year, and is not subject to adjustment pursuant to the Phase III CPI Percentage Change. The Compensation Pool Subject to DPS Reduction component of the Phase III Management Services Fee, expressed in 2026 Dollars, shall be \$24,611,836 annually for each of Contract Year 2028, 2029, and 2030, prorated as appropriate for a partial Contract Year, and is subject to adjustment pursuant to the Phase III CPI Percentage Change as well as to reduction, payment, withhold, reconciliation, and credit pursuant to the Provisions for

Compensation Pool Subject to DPS Reduction set forth in Section 5.1(C)(4)(b) immediately below.

(b) Provisions for Compensation Pool Subject to DPS Reduction Component.

(i) Definitions

“Service Provider Failure” is as defined in the definition of the term set forth in Section 5.1(B)(4)(b)(i).

“Phase III Contract Year Maximum” means, for each Contract Year, an amount equal to the amount of the Compensation Pool Subject to DPS Reduction component of the Phase III Management Services Fee for such Contract Year. The Compensation Pool Subject to DPS Reduction component for any Contract Year may not be reduced more than the Phase III Contract Year Maximum for all Service Provider Failures combined that are allocable to such Contract Year. A Service Provider Failure is allocable to the Contract Year in which the event or circumstance underlying the Service Provider Failure occurred; and it is further agreed that the LIPA Board may not approve any DPS-recommended reduction to the Compensation Pool Subject to DPS Reduction to the extent that the approved reduction amount would exceed the Phase III Contract Year Maximum or cause the Overall Cap applicable to Contract Years 2026, 2027, 2028, 2029 and 2030 to be exceeded, in each case for the year in which such event or circumstance occurred.

“Potential Reduction Notice” has the meaning provided in Section 5.1(C)(4)(b)(iv) below .

“Imposed Reduction Notice” has the meaning provided in Section 5.1(C)(4)(b)(vii) below.

(ii) The text of Section 5.2(B)(4)(b)(ii) is incorporated by reference into this Section 5.2(C)(4)(b)(ii) as if fully set forth here, provided that the text “this Section 5.1(B)(4)(b)” is changed to “this Section 5.1(C)(4)(b)” and the text “of Section 5.1(B)(4)(b)(vii)” is changed to “of Section 5.1(C)(4)(b)(vii)”.

(iii) The text of Section 5.2(B)(4)(b)(iii) is incorporated by reference into this Section 5.2(C)(4)(b)(iii) as if fully set forth here, provided that the text “Contract Year Maximum” is changed to “Phase III Contract Year Maximum”.

- (iv) The text of Section 5.2(B)(4)(b)(iv) is incorporated by reference into this Section 5.2(C)(4)(b)(iv) as if fully set forth here.
- (v) The text of Section 5.2(B)(4)(b)(v) is incorporated by reference into this Section 5.2(C)(4)(b)(v) as if fully set forth here.
- (vi) The text of Section 5.2(B)(4)(b)(vi) is incorporated by reference into this Section 5.2(C)(4)(b)(vi) as if fully set forth here, provided that the text “the Contract Year Maximum and the Overall Cap” in the first sentence thereof is changed to “the applicable Phase III Contract Year Maximum and the Overall Cap for such year” and the text “the Contract Year Maximum or the Overall Cap for the applicable year” in the second sentence thereof is changed to “the applicable Phase III Contract Year Maximum or the Overall Cap for such year”
- (vii) The text of Section 5.2(B)(4)(b)(vii) is incorporated by reference into this Section 5.2(C)(4)(b)(vii) as if fully set forth here.
- (viii) [Intentionally Omitted]
- (ix) The text of Section 5.2(B)(4)(b)(ix) is incorporated by reference into this Section 5.2(C)(4)(b)(ix) as if fully set forth here, provided that the text “the Overall Cap” is changed to “the Overall Cap for such year”.
- (x) If any provision of this Section 5.1(C)(4) shall be ruled invalid, unenforceable, or in conflict with Applicable Law in any Legal Proceeding as a result of a claim or proceeding brought, or caused to be brought, directly or indirectly, by or on behalf of the Service Provider or an Affiliate of the Service Provider, then this Section 5.1(C)(4) (other than this Section 5.1(C)(4)(b)(x)) shall be inoperative, including inoperative retroactive to Contract Year 2026, and the amount of the applicable Compensation Pool Subject to DPS Reduction shall be added to the Phase III Variable Compensation Pool that is subject to the Gating Performance Metrics and Scope Function-Specific Performance Metrics (the “Phase III Unenforceability Condition”). To the extent that, prior to such ruling of invalidity, unenforceability, or conflict with Applicable Law there were one or more reductions to the applicable Compensation Pool Subject to DPS Reduction for a Contract Year for which one or more Monthly Pool Installments were withheld by LIPA from the Service Provider and/or the Service Provider made payments to LIPA, the applicable Contract

Year's Phase III Variable Compensation Pool shall be recalculated by adding to such Phase III Variable Compensation Pool the sum (the "Phase III Added Amount") of any prior withholding by LIPA from the Service Provider of Monthly Pool Installments due to a Service Provider Failure allocable to such Contract Year and any prior payments by the Service Provider to LIPA due to a Service Provider Failure allocable to such Contract Year. The amount of the Phase III Variable Compensation Award for such Contract Year shall then be recalculated based on the Service Provider's performance relative to the Gating Performance Metrics and Scope Function-Specific Performance Metrics for such Contract Year assuming that the Added Amount is part of the Phase III Variable Compensation Pool (and assuming the Added Amount is allocated among particular Scope Function-Specific Performance Metrics in the same proportion that the Variable Compensation Pool without the Added Amount was allocated). Taking into account the amount (if any) of the Variable Compensation Award previously paid to the Service Provider, any recommendations by DPS to adjust the Phase III Variable Compensation Award, any final award by the Arbitrators pursuant to Section 8.6(I) hereof with regard to a Phase III Variable Compensation Award, and any Monthly Pool Installments paid to the Service Provider, in each case relating to the Contract Year at issue, the amount owed by either Party to the other shall be calculated and the Party owing such amount shall pay such amount to the other Party within fifteen (15) days of such calculation. For purpose of clarity, the Service Provider's challenge pursuant to the expedited arbitration provisions of this Agreement, to whether a Service Provider Failure occurred or the amount of the reduction to the Compensation Pool Subject to DPS Reduction, is not an Unenforceability Condition."

7. Pass-Through Expenditures. (a) Section 5.2(A)(16) of the Agreement is hereby amended to the extent of deleting the text "and" at the end of such Section; (b) Section 5.2(A)(17) of the Agreement is hereby amended to the extent of deleting the period at the end of such Section and substituting a semicolon in its place and stead; and (c) the Agreement is hereby amended to the extent of adding a Section 5.2(A)(18), immediately after Section 5.2(A)(17), which Section 5.2(A)(18) provides as follows

"(18) costs incurred in connection with Guaranteed Resources Contracts."

8. Budgets.

- (a) Section 5.2(B)(4) (*For Budgets Pertaining to the 2022-2025 Contract Years*) of the Agreement is hereby amended to the extent of (i) deleting the subheading text "For

Budgets Pertaining to the 2022-2025 Contract Years” and substituting the following in its place and stead: “For Budget Pertaining to the 2022-2030 Contract Years” and (ii) deleting the text “pertaining to the 2022, 2023, 2024, and 2025 Contract Years” and substituting the following in its place and stead “pertaining to the 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, and 2030 Contract Years”.

- (b) Section 5.2(B)(4)(a)(viii) of the Agreement is hereby amended to the extent of deleting “Contract Years 2023 to 2025” and substituting in its place and stead “Contract Years 2023 to 2030”.
- (c) Section 5.2(B)(4)(b)(iii)(3) of the Agreement is hereby amended to the extent of deleting “For Contract Years 2023, 2024 and 2025” and substituting in its place and stead “For each of Contract Years 2023 through 2030, inclusive”.

9. Budget Review Notice. Section 5.2(B)(4)(a)(vii) of the Agreement is hereby amended to the extent of adding the following sentence at the end of such Section:

“Notwithstanding anything herein to contrary, the Service Provider, in response to the Budget Review Notice, may expressly and in writing reserve its rights with respect to a component of the LIPA Consolidated Budget specifically addressing the procurement of contract(s) from a third party or third parties to furnish goods or services that have not been previously procured by the Service Provider and for which the Service Provider, exercising commercially reasonable efforts, is not able to reasonably estimate the costs of goods or services at the time of such Budget Review Notice. Such a reservation of rights by the Service Provider will, solely with respect to the procurement of such goods or services and the component of the LIPA Consolidated Budget that specifically addresses such procurement, result in the Service Provider not being deemed to (i) agree that the Budget Adequacy Requirement has been satisfied or (ii) have waived the right to later claim that that the Budget Adequacy Requirement was not satisfied.”

10. Budget Adequacy Requirement. Section 5.2(B)(6) (*Budget Policy*) of the Agreement is hereby amended to the extent of deleting the text “applicable to Contract Years 2022, 2023, 2024, and 2025” and substituting the following in its place and stead:

“applicable to Contract Years 2022 through 2030, inclusive”.

11. Flat Operating Budget and Capital Budget for Contract Year 2026, Annual Budget Analysis, Reallocations within the Operating Budget, Variance Meetings. The Agreement is hereby amended to add a new Section 5.2(B)(9) (*Miscellaneous Provisions*), immediately after Section 5.2(B)(8) (*Unfunded Amounts*), which new Section 5.2(B)(9) (*Miscellaneous Provisions*) provides as follows:

“(9) Miscellaneous Provisions. Notwithstanding anything to the contrary herein:

- (a) The Capital Budget and Operating Budget for the Operations Services for Contract Year 2026 shall not exceed the levels for the previous Contract Year (i.e., the Capital Budget and the Operating Budget for Contract Year 2026, inclusive of any inflation and decrease for productivity, are required to be no greater than the same levels that they were for Contract Year 2025), subject to (i) the Operating Budget for Contract Year 2026 shall be increased to account for the costs, if any, reasonably expected to be incurred under Guaranteed Resources Contracts in Contract Year 2026, and (ii) the Operating Budget for Contract Year 2026 shall be increased by \$1.5 million and the Storm Reserve for Contract Year 2026 reduced by the same amount. For the avoidance of doubt, the Operating Budget and the Capital Budget for Contract Year 2026 shall be subject to the Budget Adequacy Requirement (i.e., that such budgets (and the related Servco staffing levels) be designed to be adequate in both scope and amount to reasonably assure that the Service Provider has a reasonable opportunity to earn Variable Compensation under the Scope Function-Specific Performance Metrics applicable to Contract Year 2026).
- (b) Each Contract Year commencing with Contract Year 2026, the Service Provider shall submit to LIPA for its review a report containing analyses regarding expenditure forecasts for the subsequent Contract Year and proposals for adjustments, if any, that would be required to be made with respect to the Operations Services Scope, Scope Function-Specific Performance Metrics, projects or any other related matter in order to provide that the Capital Budget and Operating Budget for the subsequent Contract Year do not exceed the levels of the Capital Budget and the Operating Budget for the then-current Contract Year;
- (c) Commencing with the Operating Budget for Contract Year 2026, the Service Provider shall not reallocate funds in the Operating Budget for a Scope Function from such Scope Function to any other Scope Function without the prior written approval of LIPA in its reasonable discretion; provided that, without obtaining such approval, the Service Provider may reallocate funds in the Operating Budget for a Scope Function to another Scope Function up to a Contract Year aggregate of ten percent (10%) of the initial amount of the Operating Budget funds for the Scope Function from which such funds are reallocated;
- (d) Commencing in Contract Year 2026, the Service Provider shall not reallocate funds to the budget amount set forth in a Scope Function-Specific Performance Metric to increase such budget amount without the prior written approval of LIPA in its reasonable discretion; provided that, without obtaining such approval, the Service Provider

may, subject to Section 5.2(B)(9)(c) immediately above, reallocate funds in the Operating Budget for the Scope Function to which the Scope Function-Specific Performance Metric relates to the budget amount set forth in such Scope Function-Specific Performance Metric up to a Contract Year aggregate of ten percent (10%) of the budget amount initially set forth in such Scope Function-Specific Performance Metric; and

(e) No less frequently than monthly, the Parties shall hold meetings to review and discuss the budget variance reports and analyses that the Service Provider furnishes to LIPA pursuant to this Agreement, including the reasons for the variances shown in such reports and analyses, and to review and discuss whether any reallocations or other adjustments are advisable to achieve business objectives.”

12. Disallowed Costs. Section 5.3(C) of the Agreement is hereby amended to the extent of adding the following at the end of such Section:

“The provisions above in this Section 5.3(C) shall apply to costs incurred by the Service Provider in connection with a Major Storm or a Non-Storm Emergency Event that occurs during the period up to and including the end of Contract Year 2025 and shall not apply to costs incurred by the Service Provider in connection with a Major Storm or a Non-Storm Emergency Event that occurs during Contract Years 2026, 2027, 2028, 2029 or 2030. Rather, the provisions below in this Section 5.3(C) shall apply thereto. In the event that (i) any Major Storm Costs or Non-Storm Emergency Expenditures were incurred unreasonably or imprudently in accordance with Prudent Utility Practices, and/or (ii) FEMA denies reimbursement of all or a portion of any Major Storm Costs or Non-Storm Emergency Expenditures on the grounds that the actions taken by the Service Provider were in violation of FEMA standards for reimbursement and such denial becomes final, the Service Provider shall be liable for such costs (and such costs shall not be treated as Pass-through Expenditures) up to an amount of \$7.5 million in each Contract Year, in each case in the aggregate for Major Storm Costs and Non-Storm Emergency Expenditures; provided, however, that the Service Provider shall have no liability for any cost for which reimbursement is denied by FEMA to the extent that (a) the cost is denied reimbursement by FEMA because LIPA (or the New York State authority or agency responsible for administering the LIPA claim to FEMA) is determined by FEMA to be an ineligible applicant for reimbursement of such cost; (b) the cost is denied reimbursement by FEMA because the general category of the cost is a category ineligible for reimbursement under applicable FEMA standards and/or for which FEMA has denied reimbursement to the general applicant pool, rather than because of actions by the Service Provider; (c) LIPA (or the New York State authority or agency responsible for administering the LIPA claim to FEMA) unilaterally decides not to pursue a review or appeal, in each case within FEMA itself, of

the FEMA denial of reimbursement; or (d) the FEMA denial of reimbursement is because FEMA determined that the costs were unreasonably and imprudently incurred based on FEMA standards that are more stringent than the standards pursuant to Prudent Utility Practices but such costs were reasonably and prudently incurred based on standards pursuant to Prudent Utility Practices.”

13. Limitations of Liability. Section 7.2(3) of the Agreement is hereby amended to the extent of (a) deleting the text “PSEG LI” and substituting “the Service Provider” in its place and stead; (b) deleting the text “shall not exceed \$40 Million per Contract Year” and substituting the following in its place and stead: “shall not exceed \$40 Million per Contract Year (the “Overall Cap” applicable to each of Contract Years 2022, 2023, 2024 and 2025”); and (c) adding the following at the end of such Section:

“For each of Contract Years 2026, 2027, 2028, 2029 and 2030, the sum of (i) the amount of the reduction to the Compensation Pool Subject to DPS Reduction approved by the LIPA Board in such Contract Year, plus (ii) the amount of the Phase III Variable Compensation Pool for such Contract Year for which the Service Provider is ineligible due to its failure to satisfy Gating Performance Metrics and/or Scope Function-Specific Metrics, plus (iii) for claims based upon acts, omissions, or events that occur on or after January 1, 2026, the amount of damages recoverable by a LIPA Indemnified Party in such Contract Year due to the Service Provider’s breach of a representation, warranty, or covenant in this Agreement or an Event of Default by the Service Provider (other than for (a) Third Party Claims outside the liability limitation amounts in Section 7.2(1) above for which LIPA shall be responsible and (b) Loss-and-Expense arising from the Service Provider’s willful or bad faith breach for which there shall be no limitation on the Service Provider’s liability and to which this Section 7.2(3) shall not apply) shall not exceed \$55 million per Contract Year (the “Overall Cap” applicable to each of Contract Years 2026, 2027, 2028, 2029 and 2030), provided further that DPS and LIPA, separately or in combination, shall not reduce the Service Provider’s compensation (including the Variable Compensation and the Compensation Pool Subject to DPS Reduction), or otherwise impose any penalties on Service Provider, arising from a single event or circumstance that exceed the Overall Cap for the Contract Year in which such event or circumstance occurred.”

14. Termination.

(a) The Sections in Article 8 (*Default, Remedies and Dispute Resolution*) of the Agreement are hereby amended to the extent of deleting each reference to “December 31, 2025” therein and substituting the following in its place and stead: “December 31, 2030”.

- (b) Section 8.4(D) of the Agreement is hereby amended to the extent of deleting the text “Contract Year 2022, 2023, 2024 or 2025” and substituting the following in its place and stead: “any Contract Year from 2022 through 2030, inclusive”.
- (c) Section 8.4(E) (*LIPA 8.4 Termination Period*) is amended to the extent of adding the text “LIPA Governmental Finding Termination Notice,” immediately after the text “LIPA 8.4(C) Termination Notice.”.
- (d) Section 8.5(C) (*Service Provider 8.5 Termination Period*) is hereby amended to the extent of adding the following text immediately before the period at the end of such Section: “, and, in the case of a termination by the Service Provider under Section 10.21, the period commencing with the date that the Service Provider Governmental Finding Termination Notice is delivered to LIPA and ending with the Termination Date as set forth in such notice”.
- (e) Section 8.5(D)(1) of the Agreement is hereby amended to the extent of adding the following text immediately after the text “8.5 hereof”: “or pursuant to Section 10.21 hereof”.
- (f) Section 8.5(D)(3) of the Agreement is hereby amended to the extent of deleting the second (unnumbered) paragraph therein and substituting the following in its place and stead:

“For Contract Years 2021 through 2025, inclusive, the Service Provider PMEOD Termination Fee shall be equal to \$66.7 million (in 2011 Dollars escalated by CPI), provided that commencing in the 2021 Contract Year and ending in the 2025 Contract Year, the Service Provider PMEOD Termination Fee, prior to any CPI escalation, shall be reduced by \$6.67 million (in 2011 Dollars) for each Contract Year so that by the 2025 Contract Year, the Service Provider PMEOD Termination Fee will be equal to \$33.35 million (in 2011 Dollars). For Contract Years 2026 through 2030, inclusive, the Service Provider PMEOD Termination Fee shall be equal to \$93.8 million (in 2025 Dollars escalated by CPI), provided that commencing in the 2026 Contract Year and ending in the 2030 Contract Year, the Service Provider PMEOD Termination Fee, prior to any CPI escalation, shall be reduced by \$9.38 million (in 2025 Dollars) for each Contract Year so that by the 2030 Contract Year, the Service Provider PMEOD Termination Fee will be equal to \$46.9 million (in 2025 Dollars). The Service Provider PMEOD Termination Fee will be in addition to the amounts otherwise payable by LIPA under Sections 8.5(B)(2), 8.5(B)(4) and 8.5(D)(1) hereof.”
- (g) Section 8.5(D)(4) of the Agreement is hereby amended to the extent of deleting the second (unnumbered) paragraph therein and substituting the following in its place and stead:

“The Service Provider CIRL Termination Fee will be equal to \$30 Million in the 2021 Contract Year, \$27 Million in the 2022 Contract Year, \$23 Million in the 2023 Contract Year, \$19 Million in the 2024 Contract Year, \$15 Million in the

2025 Contract Year, \$37 Million in the 2026 Contract Year, \$33 Million in the 2027 Contract Year, \$28 Million in the 2028 Contract Year, \$23 Million in the 2029 Contract Year and \$18 Million in the 2030 Contract Year, subject in each case to the provisions of Section 10.10(A) and (B) requiring that there be a credit against the Service Provider CIRL Fee under certain circumstances. The Service Provider CIRL Termination Fee will be in addition to the amounts otherwise payable by LIPA under Sections 8.5(B)(2), 8.5(B)(4) and 8.5(D)(1) hereof.”

(h) Appendix 8.5(D) (*LIPA Termination Fee Amounts*) of the Agreement is hereby amended to the extent of adding the following to the end of the table set forth therein:

2026	9,500,000
2027	9,000,000
2028	8,500,000
2029	7,500,000
2030	6,500,000

(i) Section 8.5(F) (*Obligations on Termination or Expiration; Duration of Back-End Transition Services*) is hereby amended to the extent of (i) adding the text “or Section 10.21 hereof,” immediately after the text “Section 8.1, 8.2, 8.4, or 8.5(A) hereof,” and (ii) adding the text “or the LIPA Governmental Finding Termination Notice or Service Provider Governmental Finding Termination Notice,” immediately after the text “LIPA 8.4(A) Termination Notice.”

(j) The Agreement is hereby amended to the extent of adding a new Section 10.21 (*Investigation Findings Termination Right*) to the Agreement immediately after the end of Section 10.20, which new Section 10.21 provides as follows:

“Section 10.21 INVESTIGATION FINDINGS TERMINATION RIGHT.

In the event that (A) an investigation by a governmental authority, including the Office of the Inspector General of the State of New York, results in findings that (i) there was criminality, fraud or abuse by LIPA, the Authority, the LIPA Board, the Service Provider, the Service Provider’s governing board/body, or any trustee, director, governing board/body member, officer or employee of the Authority, LIPA, or the Service Provider relating to the Request for Proposals to Provide Operations Services issued by the Authority on or about May 29, 2024, and (ii) such criminality, fraud or abuse caused or contributed to the Service Provider being inappropriately favored, or (B) a governmental authority files a civil or criminal complaint based in whole or in part on criminality, fraud or abuse by LIPA, the Authority, the LIPA Board, the Service Provider, the Service Provider’s governing board/body, or any trustee, director, governing board/body member, officer or employee of the

Authority, LIPA, or the Service Provider relating to the Request for Proposals to Provide Operations Services issued by the Authority on or about May 29, 2024, that caused or contributed to the Service Provider being inappropriately favored, either Party may terminate this Agreement upon written notice (the “LIPA Governmental Finding Termination Notice” where LIPA is the terminating Party and the “Service Provider Governmental Finding Termination Notice” where the Service Provider is the terminating Party) to the other Party setting forth the Termination Date, which shall be no later than the earlier of (i) the award by the Authority and approval by the NYAG and OSC of a new operations services agreement pursuant to a competitive procurement, (ii) twenty-four (24) months after the LIPA Governmental Finding Termination Notice or the Service Provider Governmental Finding Termination Notice, as applicable, is delivered to the other Party, or (iii) December 31, 2030 (such minimum period being intended to help ensure continuity of service to LIPA and its customers) and no such termination shall be cause for a termination fee or constitute a breach of representation, warranty or covenant, whether as an Event of Default, a Change in Regulatory Law, or other event or circumstance, for which either Party is responsible to the other Party.

15. Definitions.

(a) Appendix 1 (*Definitions*) of the Agreement hereby is amended to the extent of adding the following definitions to such Appendix:

““Guaranteed Resources Contracts” has the meaning set forth in Section 4.17 hereof.

“LIPA Governmental Finding Termination Notice” has the meaning set forth in Section 10.21 hereof.

“Phase III Added Amount” has the meaning set forth in Section 5.1(C)(4)(b)(x) hereof.

“Phase III Contract Year Maximum” has the meaning set forth in Section 5.1(C)(4)(b)(i) hereof.

“Phase III CPI Percentage Change” has the meaning set forth in Section 5.1(C)(1) hereof.

“Phase III Management Services Fee” has the meaning set forth in Section 5.1(C) hereof.

“Phase III Unenforceability Condition” has the meaning set forth in Section 5.1(C)(4)(b)(x) hereof.

“Phase III Variable Compensation Award” has the meaning set forth in Section 5.1(C)(3)(b) hereof.

“Phase III Variable Compensation Pool for Contract Year 2026 and 2027” has the meaning set forth in Section 5.1(C)(3)(a) hereof.

“Phase III Variable Compensation Pool for Contract Year 2028, 2029, and 2030” has the meaning set forth in Section 5.1(C)(3)(a) hereof.

“RFI” has the meaning set forth in Section 4.17 hereof.

“RFP” has the meaning set forth in Section 4.17 hereof.

“Service Provider Governmental Finding Termination Notice” has the meaning set forth in Section 10.21 hereof.

“Specified Technical Standard” has the meaning set forth in Section 4.4(A)(18) hereof.””

16. Performance Metrics.

(a) The Agreement is hereby amended to the extent of adding a new Section 4.3(D) (*For Contract Years 2026, 2027, 2028, 2029 and 2030*) to the Agreement immediately after the end of Section 4.3(C), which new Section 4.3(D) provides as follows:

“(D) For Contract Years 2026, 2027, 2028, 2029, and 2030. The Parties have established the criteria and process for annually establishing the Scope Function-Specific Performance Metrics for Contract Years 2026, 2027, 2028, 2029, and 2030 to measure the Service Provider’s performance with respect to the Scope Functions and related Scope Sub-Functions, which criteria and process are set forth in Appendix 4.3(D) hereto together with the portion of the Phase III Variable Compensation Pool allocated to the aggregate of all Scope Function-Specific Performance Metrics pertaining to each Scope Function, as well as the Gating Performance Metrics and Default Performance Metrics applicable to all such Contract Years. The Service Provider shall be eligible to earn Variable Compensation based on performance relative to the Scope Function-Specific Performance Metrics and Gating Performance Metrics.”

(b) The Agreement is hereby amended to the extent of adding a new Appendix 4.3(D) (*Performance Metrics for Contract Years 2026, 2027, 2028, 2029, 2030*) to the Agreement in the form attached as Exhibit A to this First Amendment.

(c) The Parties will work together in good faith to develop a CAM to address the use of industry benchmarking data in developing applicable Scope Function-Specific Performance Metrics and their associated performance targets, as appropriate, which CAM shall be finalized and established no later than sixty (60) days after this First Amendment becomes effective pursuant to Section 1 hereof. Such CAM

will, among other things, identify the members of a joint team to work on the identification and development of the benchmarking data for applicable Scope Function-Specific Performance Metrics, establish a timeline for the team's work, and acknowledge the Parties' joint commitment to ensuring that (i) performance targets in applicable Scope Function-Specific Performance Metrics are established in accordance with the targets contained in applicable LIPA Board policies, (ii) applicable Scope Function-Specific Performance Metrics are aligned with LIPA's Environmental, Social, and Governance goals, (iii) applicable Scope Function-Specific Performance Metrics reflect LIPA-approved investments relating to reliability, safety, and customer-focused performance and (iv) subject to clauses (i) through (iii) immediately above and taking into account the Service Provider's historical performance, performance targets in applicable Scope Function-Specific Performance Metrics are established utilizing the industry benchmarking data identified and developed by such joint team, as appropriate.

17. Storm Events.

(a) Appendix 5.3(B) (*Storm Events*) of the Agreement is hereby amended to the extent of deleting the first sentence of text thereof and substituting the following in its place and stead:

“For purposes of this Agreement, a “Storm Event” shall mean an event where (i) at least 17,500 customers are interrupted or (ii) at least 175 outage jobs are logged, in each case within a 24-hour period due to a storm.”

(b) Appendix 5.3(B) (*Storm Events*) of the Agreement is hereby amended to the extent of adding the following at the end of the third paragraph thereof:

“Notwithstanding anything herein to the contrary, the Service Provider may request a budget amendment for any costs reasonably and prudently incurred by the Service Provider (applying the same scope of review and standards as those the DPS applies to investor owned utilities) in connection with preparation for large-scale, reasonably forecasted events that ultimately do not impact the Service Area and do not constitute “Storm Events,” which requested budget amendment shall be subject to LIPA’s approval (which approval shall not be unreasonably withheld, conditioned or delayed) and the approval of the LIPA Board.”

18. No Other Amendments. The Agreement shall remain in full force and effect in accordance with its terms except and solely to the extent expressly amended by this First Amendment.

19. Representations and Warranties. Each Party represents and warrants that (a) such Party has, in the case of the Service Provider, all requisite limited liability company power and authority and, in the case of LIPA, all requisite corporate power and authority to execute,

deliver and perform this First Amendment, and (b) the execution, delivery and performance of this First Amendment have been duly authorized by, in the case of the Service Provider, all requisite limited liability company action and, in the case of LIPA, all necessary corporate action, provided that the effectiveness of, as well as LIPA's legal right, power and authority to perform, this First Amendment and the amendments hereby made to the Agreement are subject to receipt of the approvals referenced in Section 1 hereof.

20. **Guaranty Amendment.** No later than five (5) Business Days after this First Amendment becomes effective pursuant to Section 1 hereof, the Service Provider shall cause PSEG Power LLC to execute and deliver to LIPA an amendment to the Guaranty Agreement made by PSEG Power LLC as of December 15, 2021 in favor of LIPA, which amendment shall be substantially in the form attached hereto as Exhibit B.
21. **Miscellaneous.** Sections 1.1 (*Definitions; Interpretation*), 8.6 (*Dispute Resolution*), 10.5 (*Relationship of the Parties*), 10.6 (*Assignment and Transfer*), 10.11 (*Amendments*), 10.12 (*Notices*), 10.14 (*Entire Agreement*), 10.16 (*Further Assurances*), 10.17 (*No Waivers*) and 10.18 (*No Third-Party Beneficiaries*) of the Agreement are hereby incorporated by reference into this First Amendment and shall apply *mutatis mutandis* to this First Amendment. To the extent the terms of this First Amendment or any appendices, annexes or exhibits hereto conflict with the terms of the Agreement or any appendices, annexes or exhibits thereto, the terms of this First Amendment or the appendices, annexes or exhibits hereto shall control. Reference in the text of the Agreement to the "Agreement" shall be deemed to refer to this Agreement as and to the extent amended by this First Amendment. Notwithstanding anything to the contrary in this First Amendment or the Agreement as amended by this First Amendment, the only representations and warranties applicable to this First Amendment are those set forth in Section 19 above. For the avoidance of doubt, no claim, action, lawsuit, or cause of action (each, an "RFP Participant Claim") by or on behalf of a participant (other than the Service Provider or its affiliates) in the Request for Proposals to Provide Operations Services (the "Operations Services RFP"), issued by the Long Island Power Authority (the "Authority") on or about May 29, 2024, challenging the Operations Services RFP and/or this First Amendment, no court order or judgment, arbitration award, or other adjudication resolving in whole or in part any RFP Participant Claim, and no acts or omissions by or on behalf of the Authority and/or LIPA or the Board of Trustees of the Authority and/or LIPA in connection with defending against any RFP Participant Claim shall be cause for a termination fee or constitute a breach of representation, warranty or covenant, whether as an Event of Default, a Change in Regulatory Law, or other event or circumstance, for which the Authority or LIPA is responsible, pursuant to the Agreement as amended by this First Amendment or otherwise.

*[Remainder of page intentionally left blank; signature page follows]*

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be executed and delivered by their duly authorized officers or representatives as of the date first above written.

LONG ISLAND POWER AUTHORITY

By



---

Name: Carrie Meek Gallagher  
Title: Chief Executive Officer

PSEG LONG ISLAND LLC

By



---

Name: Michael Hyun  
Title: Chairman of the Board

STATE OF NY)  
Nassau )  
COUNTY OF   ) SS.:

12/22/2025

Michael Hyun

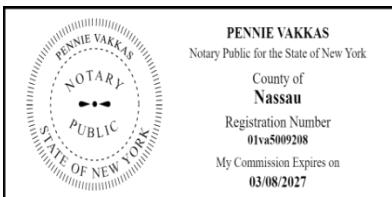
On the \_\_\_\_ day of December, 2025, before me personally came \_\_\_\_\_, Michael Hyun  
who proved to me on the basis of satisfactory evidence to be the individual who executed  
the foregoing instrument in his authorized capacity on behalf of PSEG Long Island LLC,  
the limited liability company described in and which executed the foregoing instrument,  
who being duly sworn did acknowledge that he executed same on behalf of, and that he  
was authorized to execute same on behalf of, the aforementioned entity.~

I certify under PENALTY OF PERJURY under the laws of the State of NY  
that the foregoing paragraph is true and correct.

WITNESS MY HAND AND OFFICIAL SEAL.

Ruth

## Notary



This Notarization was conducted using audio/video technology provided by Pactima.

Approved as to Form

Office of the Attorney General

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Approved

Office of the State Comptroller

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

EXHIBIT A  
TO  
FIRST AMENDMENT

**APPENDIX 4.3(D)**

**Performance Metrics for Contract Years 2026, 2027, 2028, 2029 and 2030**

**I. Scope Function-Specific Performance Metrics**

**A. Number of Metrics**

There will be up to 110 Scope Function-Specific Performance Metrics, which will be distributed among the five Scope Functions of the Information Technology Scope Function, the Transmission and Distribution Scope Function, the Customer Services Scope Function, the Power Supply and Clean Energy Scope Function, and the Business Services Scope Function (collectively, the “First Five Scope Functions”) for each of Contract Years 2026, 2027, 2028, 2029, and 2030. Additional Scope Function-Specific Performance Metrics will apply to the Back-End Transition Services Scope Function for the Contract Year(s) in which the Back-End Transition Services are performed. The Scope Function-Specific Performance Metrics will be quantitative- and/or qualitative-based.

**B. Annual Process for Establishing Scope Function-Specific Performance Metrics for the First Five Scope Functions**

**1. Description of Annual Process**

The Scope Function-Specific Performance Metrics applicable to the First Five Scope Functions will be established annually through the following process:

LIPA will send the proposed Scope Function-Specific Performance Metrics to the Service Provider for review with any comments thereto by the Service Provider being sent by the Service Provider to LIPA and DPS. LIPA, after considering in good faith any comments of the Service Provider, will forward the LIPA-proposed finalized Scope Function-Specific Performance Metrics (the “LIPA Proposed Metrics”) to DPS for review and recommendation and to the Service Provider at the same time.

The Service Provider will provide any comments on the LIPA Proposed Metrics to DPS and LIPA. DPS has agreed that it will then consider both the LIPA Proposed Metrics and the Service Provider’s comments (and afford the opportunity for the Service Provider and LIPA to meet with DPS to address the LIPA Proposed Metrics), and then send to LIPA its final recommended Scope Function-Specific Performance Metrics (the “DPS Recommended Metrics”). LIPA will forward the DPS Recommended

Metrics to the LIPA Board for review and discussion, and then for review and approval without modification or return to DPS with LIPA's comments for further DPS review, modification, and recommendation (with such additionally reviewed, modified, and recommended Scope Function Specific Performance Metrics also being considered DPS Recommended Metrics hereunder). The LIPA Board may only approve DPS Recommended Metrics or return them for additional review, modification, and recommendation as determined by DPS; the LIPA Board may not itself modify any DPS Recommended Metrics prior to approving them. DPS Recommended Metrics approved by the LIPA Board will be effective for the Contract Year to which they relate. If any DPS Recommended Metrics are returned for additional review, modification, and recommendation by DPS, the replacement DPS Recommended Metrics, should they be approved by the LIPA Board, also will be effective for the Contract Year to which they relate.

2. Timing of Annual Process

For the Scope Function-Specific Performance Metrics applicable to the First Five Scope Functions that will be applicable to Contract Years 2026, 2027, 2028, 2029, and 2030, the timing of the above annual process, including the separate steps therein, shall be governed by the applicable Budget Development Schedule established in accordance with Section 5.2(B)(4)(a)(ii) of this Agreement.

**C. Process for Establishing Scope Function-Specific Performance Metrics for the Back-End Transition Services Scope Function**

1. Description of Process

The Scope Function-Specific Performance Metrics applicable to the Back-End Transition Services Scope Function will be established through the following process:

LIPA will send the proposed Scope Function-Specific Performance Metrics to the Service Provider for review with any comments thereto by the Service Provider being sent by the Service Provider to LIPA and DPS. LIPA, after considering in good faith any comments of the Service Provider, will forward the LIPA-proposed finalized Scope Function-Specific Performance Metrics (the "LIPA Proposed BETS Metrics") to DPS for review and recommendation and to the Service Provider at the same time.

The Service Provider will provide any comments on the LIPA Proposed BETS Metrics to DPS and LIPA. DPS has agreed that it will then consider both the LIPA Proposed BETS Metrics and the Service Provider's comments (and afford the opportunity for the Service Provider and LIPA to meet with DPS to address the LIPA Proposed BETS Metrics), and then send to LIPA its final recommended Scope Function-Specific Performance

Metrics (the “DPS Recommended BETS Metrics”). LIPA will forward the DPS Recommended BETS Metrics to the LIPA Board for review and approval without modification or return to DPS with LIPA’s comments for DPS additional review, modification, and recommendation (with such additionally reviewed, modified, and recommended Scope Function Specific Performance Metrics also being considered DPS Recommended BETS Metrics hereunder). The LIPA Board may only approve DPS Recommended BETS Metrics or return them for additional review, modification, and recommendation as determined by DPS; the LIPA Board may not itself modify any DPS Recommended BETS Metrics prior to approving them. DPS Recommended BETS Metrics approved by the LIPA Board will be effective for the Contract Year(s) to which they relate. If any DPS Recommended BETS Metrics are returned for additional review, modification, and recommendation by DPS, the replacement DPS Recommended BETS Metrics, should they be approved by the LIPA Board, also will be effective for the Contract Year(s) to which they relate.

## 2. Timing of Process

For Contract Year 2030 Based Upon The Expiration of this Agreement  
For the Scope Function-Specific Performance Metrics applicable to the Back-End Transition Services Scope Function performed in Contract Years 2025 based upon the expiration of this Agreement, the timing of the above process, including the separate steps therein, shall be governed by the Budget Development Schedule established in accordance with Section 5.2(B)(4)(a)(ii) of this Agreement that pertains to Contract Year 2030.

For Contract Year(s) Based Upon Termination of this Agreement  
For the Scope Function-Specific Performance Metrics applicable to the Back-End Transition Services Scope Function performed in one or more Contract Year(s) based on the termination of this Agreement by either Party for any reason prior to the expiration of the Agreement, the timing of the above process, including the separate steps therein, shall be as follows: (i) LIPA will send the proposed Scope Function-Specific Performance Metrics to the Service Provider for review no later than 10 days after the date when Back-End Transition Services commence. The Service Provider will send any comments to LIPA and DPS no later than 20 days after the date when Back-End Transition Services commence; (ii) LIPA, after considering in good faith any comments of the Service Provider, will forward the LIPA Proposed BETS Metrics, no later than 27 days after the date when Back-End Transition Services commence, to DPS for review and recommendation and to the Service Provider at the same time; (iii) the Service Provider will provide any comments on the LIPA Proposed BETS Metrics to DPS and LIPA no later than 32 days after the date when Back-End Transition Services commence; (iv) the Parties hereby request that DPS then consider both

the LIPA Proposed BETS Metrics and the Service Provider's comments (and afford the opportunity for the Service Provider and LIPA to meet with DPS to address the LIPA Proposed BETS Metrics), and then send to LIPA the DPS Recommended BETS Metrics **no later than 60 days after the date when Back-End Transition Services commence**; and (v) LIPA will forward the DPS Recommended BETS Metrics to the LIPA Board for review and discussion and then for review and approval without modification or return to DPS with LIPA's comments for DPS additional review, modification, and recommendation (with such additionally reviewed, modified, and recommended Scope Function Specific Performance Metrics also being considered DPS Recommended BETS Metrics hereunder).

**D. Criteria for all Scope Function-Specific Performance Metrics; Service Provider's Remedy**

Scope Function-Specific Performance Metrics must: (i) relate to the general nature of one or more Scope Functions or Scope Sub-Functions (including the Back-End Transition Services) comprising the Operations Services, (ii) be objectively verifiable, such that their achievement is not based on LIPA's subjective judgment or discretion (for the avoidance of doubt, "approval by LIPA which is not to be unreasonably withheld," "acceptance by LIPA which is not to be unreasonably withheld" and similar "reasonable person" formulations do not violate this criterion), (iii) be reasonably achievable, and (iv) be such that the applicable budget available or to be made available by LIPA to the Service Provider is sufficient to provide the Service Provider a reasonable opportunity to achieve the applicable Scope Function-Specific Performance Metrics (the criterion in the immediately preceding clause (iv) is referred to herein as the **"Budget Criterion"** and the criteria in clauses (i) through (iv), inclusive, are collectively referred to herein as the **"Metric Criteria"**).

If the Service Provider reasonably concludes that any Scope Function-Specific Performance Metric does not satisfy the Metric Criteria, its sole and exclusive remedy shall be to commence an expedited arbitration proceeding pursuant to Section 8.6(I) of this Agreement to challenge that such metric satisfies the Metric Criteria. The challenged Scope Function-Specific Performance Metric(s) shall remain in effect unless and until the final award of the Arbitrators determines that such metrics do not satisfy the Metric Criteria; provided that any failure of a challenged Scope Function-Specific Performance Metric to satisfy the Budget Criterion may be cured by LIPA causing the applicable budget to be increased accordingly and any failure of a challenged Scope Function-Specific Performance Metric to satisfy any other Metric Criteria may be cured by LIPA adjusting the metric so that it satisfies the Metric Criteria consistent with the award of the Arbitrators. Subject to LIPA exercising the foregoing cure rights, if the final award of the Arbitrators determines that a challenged Scope Function-Specific Performance Metric does not satisfy the Metric Criteria, a new Scope Function-Specific Performance Metric will be developed pursuant to the applicable processes set forth above and the new Scope Function-Specific

Performance Metric shall replace the challenged Scope Function-Specific Performance Metric and shall be applied retroactively for the year in question. Any cure by LIPA, as provided in this paragraph, shall also be applied retroactively for the year in question. .

**E. Miscellaneous**

Notwithstanding anything to the contrary in this Appendix 4.3(D):

1. No less than 50% of the available Phase III Variable Compensation Pool for the First Five Scope Metrics in a given Contract Year shall be allocated to quantitative-based First Five Scope Metrics for that Contract Year (i.e., in both the “LIPA Proposed Metrics” and the “DPS Recommended Metrics” iterations identified in the process in this Appendix 4.3(D)).
2. With respect to qualitative-based First Five Scope Metrics, LIPA shall consider ensuring that the number of deliverables per metric is not so numerous as to negatively impact the effectiveness of the metric.
3. The percentage portion of the Phase III Variable Compensation Pool allocated to each of the First Five Scope Functions, the Back-End Transition Services Scope Function, and the aggregate of the Scope Function-Specific Performance Metrics applicable to each respective Scope Function is as follows:
  - a. Information Technology Scope Function – 15.00% (to be reduced to 12.75% starting with the Contract year in which the performance of the Back-End Transition Services Scope Function commences)
  - b. Transmission and Distribution Scope Function – 40.00% (to be reduced to 34.00% starting with the Contract year in which the performance of the Back-End Transition Services Scope Function commences)
  - c. Customer Services Scope Function – 20.00% (to be reduced to 17.00% starting with the Contract year in which the performance of the Back-End Transition Services Scope Function commences)
  - d. Power Supply and Clean Energy Scope Function – 10.00% (to be reduced to 8.50% starting with the Contract year in which the performance of the Back-End Transition Services Scope Function commences)
  - e. Business Services Scope Function – 15.00% (to be reduced to 12.75% starting with the Contract year in which the performance of the Back-End Transition Services Scope Function commences)

- f. Back-End Transition Services Scope Function – 15.00% commencing with the Contract Year in which the Back-End Transition Services Scope Function commences (the 15.00% is derived from the reductions to each of the respective portions of the Phase III Variable Compensation Pool allocated to each of the other Scope starting with the Contract Year in which the performance of the Back-End Transition Services Scope Function commences (see above)).

## II. Gating Performance Metrics

### A. Effect of Gating Performance Metrics

The Service Provider's failure to achieve a Gating Performance Metric in any Contract Year results in a percentage reduction to the Phase III Variable Compensation Pool for that Contract Year by the percentage specified in the Gating Performance Metric and, accordingly, reduces the amount that may be earned across all Scope Function-Specific Performance Metrics for that Contract Year.

### B. Gating Performance Metrics for Contract Years 2026, 2027, 2028, 2029, and 2030

1. Cost Management Gating Performance Metric – The Service Provider's failure to achieve spending levels equal to or less than (i) 102% of the Capital Budget (the "Capital Budget Metric"), and/or (ii) 102% of the Operating Budget (the "Operating Budget Metric" and, together with the Capital Budget Metric, the "Budget Metrics") in any Contract Year will, (A) in the case where one of the two Budget Metrics is not achieved, result in the Phase III Variable Compensation Pool for such Contract Year being reduced 50%, and (B) in the case where both Budget Metrics are not achieved, result in the Phase III Variable Compensation Pool for such Contract Year being reduced 100%. In addition, where there is a failure to achieve the Capital Budget Metric or the Operating Budget Metric for two consecutive Contract Years (i.e., failing the same or a different Budget Metric for two consecutive Contract Years), the Variable Compensation Pool for the second Contract Year will be reduced 100%.
2. Customer Satisfaction Gating Performance Metric – With the first Contract Year counted being Contract Year 2026, if the Service Provider does not achieve a third quartile result on either component - Residential or Business - for any two consecutive Contract Years, the Phase III Variable Compensation Pool for the Contract Year will be reduced 15%. (For example, a Residential score of fourth quartile and a Business score of third quartile in Contract Year 2026 does not fail this Gating Performance Metric for Contract Year 2026 even though a third quartile score across both Residential and Business for 2026 was not achieved; but a Residential

score of third quartile and a Business score of fourth quartile in Contract Year 2027 would fail the metric for Contract Year 2027 as, for the second consecutive year, a third quartile score on at least one of the same components – Residential or Business – was not achieved).

3. SAIDI Gating Performance Metric – if the Service Provider, in any Contract Year, fails to achieve a result at the 37.5 percentile or better, as calculated by using electric reliability benchmarking data from the US Energy Information Administration for companies with >500,000 customers, and utilizing the IEEE standard for SAIDI without major event days will result in the Variable Compensation Pool for such Contract Year being reduced 50%.
4. Emergency Preparation and Response Gating Performance Metric – the Service Provider’s failure to achieve, with respect to a “72-Hour Metric Storm Event,” as defined below, or a “Non-Storm Event,” as defined below, occurring in a Contract Year, a score (the “Passing Score”) of at least 47% of the applicable points available pursuant to the Emergency Preparation and Response Scorecard (the “EP&R Scorecard”), as defined below, will result in the Phase III Variable Compensation Pool for such Contract Year being reduced by 50%, provided that this Gating Performance Metric and the EP&R Scorecard shall not apply to Non-Storm Events unless and until DPS or NYPSC applies a similar scorecard to the performance of investor-owned utilities with respect to non-storm events and the Service Provider receives at least thirty (30) days advance notice thereof. By mutual agreement, LIPA and the Service Provider may adjust the Passing Score and calculation standards set forth or referenced in this Gating Performance Metric. For the avoidance of doubt, the applicability or inapplicability of points available pursuant to the EP&R Scorecard shall be based on whether the then-prevailing ERP, depending on the duration of the 72-Hour Metric Storm Event or the Non-Storm Event, as applicable, and/or other parameters referenced in the ERP (including, in the case of a Non-Storm Event, the applicable hazard response plan), indicates that the action(s) associated with such points in the EP&R Scorecard is required to be performed by the Service Provider (which would make the points associated with the action(s) applicable) or is not required to be performed by the Service Provider (which would make the points associated with the action(s) inapplicable). The Service Provider shall provide to LIPA the Service Provider’s proposed calculation of the EP&R Scorecard with respect to each 72-Hour Metric Storm Event promptly following the conclusion of such 72-Hour Metric Storm Event. In addition, the Service Provider shall timely furnish the Service Provider’s proposed calculation of the DPS-required storm scorecard to DPS, with a copy being furnished to LIPA, whenever there occurs a 72-Hour Metric Storm Event.

Any Dispute concerning the scoring of the EP&R Scorecard under this Gating Performance Metric shall be subject to dispute resolution pursuant to Section 8.6(I). of this Agreement.

As used in this Gating Performance Metric:

“72-Hour Metric Storm Event” means a storm event for which the customer outage duration lasts more than 72 hours (with the start of the event being the time when more than 5,000 customers are interrupted within a division for more than 30 minutes or more than 20,000 customers are interrupted companywide for more than 30 minutes, but if the event affects less than the aforementioned customers, the start of the event will be the earlier of (i) the peak level of interruptions, or (ii) the start of utility restoration, and the end of the event when, for each customer affected by the event, service has been restored or service is available but it would be unsafe to restore service due to damage to customer-owned equipment or a compromised customer structure (e.g., condemned).

“EP&R Scorecard” means the “Draft Emergency Response Performance Measures” and the “Emergency Response Performance Measurement Guide” attached to the NYPSC’s “Order Approving The Scorecard For Use By The Commission As A Guidance Document To Assess Electric Utility Response To Significant Outages” Issued and Effective December 23, 2013 in “Case 13-E-0140 – Proceeding on Motion of the Commission to Consider Utility Emergency Performance Metrics,” as amended by the “Estimated Time of Restoration (ETR) Protocol” attached to the NYPSC’s “Order Approving Amended Electric Emergency Response Plans” Issued and Effective May 14, 2020 in “Case 19-E-0742 – In the Matter of December 15, 2019 Electric Emergency Response Plans Review,” and as may be further amended from time to time by subsequent order of the NYPSC (which such further amendments will amend the EP&R Scorecard applicable to this Gating Performance Metric effective on the date that is thirty (30) days after the date of the applicable order of the NYPSC); provided that if any such subsequent order (the “Scorecards Elimination Order”) of the NYPSC eliminates scorecards to measure preparation or response to customer outages, the EP&R Scorecard applicable to this Gating Performance Metric shall be the scorecard last applicable before the Scorecards Elimination Order.

“Non-Storm Event” means an event impacting more than 100,000 customers as defined if and when DPS or NYPSC applies a similar

scorecard to the performance of investor-owned utilities with respect to non-storm events.

### **III. Default Performance Metrics**

#### **A. Effect of Default Performance Metrics**

The Service Provider's failure to achieve a Default Performance Metric in a Contract Year provides LIPA with the right, but not the obligation, to terminate the Agreement. For the avoidance of doubt, except to the extent expressly provided below, the Service Provider has no right to cure the failure to achieve a Default Performance Metric.

#### **B. Default Performance Metrics for Contract Years 2026, 2027, 2028, 2029 and 2030**

1. **Customer Satisfaction Default Performance Metric** – With the first Contract Year counted being Contract Year 2026, the Service Provider's failure to achieve a third quartile result on either component - Residential or Business - for any two consecutive Contract Years provides LIPA with the right, but not the obligation, to terminate this Agreement. (For example, a Residential score of fourth quartile and a Business score of third quartile in Contract Year 2026 does not fail this Default Performance Metric for Contract Year 2026 even though a third quartile score across both Residential and Business for 2026 was not achieved; but a Residential score of third quartile and a Business score of fourth quartile in Contract Year 2027 would fail the metric for Contract Year 2027 as, for the second consecutive year, a third quartile score on at least one of the same components – Residential or Business – was not achieved).
2. **Emergency Preparation and Response Default Performance Metric** – the Service Provider's failure to achieve, with respect to a “72-Hour Metric Storm Event,” as defined below, or a “Non-Storm Event,” as defined below, occurring in a Contract Year, a score (the “Passing Score”) of at least 47% of the applicable points available pursuant to the Emergency Preparation and Response Scorecard (the “EP&R Scorecard”), as defined below, provides LIPA with the right, but not the obligation, to terminate this Agreement; provided that this Default Performance Metric and the EP&R Scorecard shall not apply to Non-Storm Events unless and until DPS or NYPSC applies a similar scorecard to the performance of investor-owned utilities with respect to non-storm events and the Service Provider receives at least thirty (30) days advance notice thereof. By mutual agreement, LIPA and the Service Provider may adjust the Passing Score and calculation standards set forth or referenced in this Default Performance Metric. For the avoidance of doubt, the applicability or inapplicability of points available pursuant to the EP&R Scorecard shall be based on whether the then-prevailing ERP, depending on the

duration of the 72-Hour Metric Storm Event or the Non-Storm Event, as applicable, and/or other parameters referenced in the ERP (including, in the case of a Non-Storm Event, the applicable hazard response plan), indicates that the action(s) associated with such points in the EP&R Scorecard is required to be performed by the Service Provider (which would make the points associated with the action(s) applicable) or is not required to be performed by the Service Provider (which would make the points associated with the action(s) inapplicable). The Service Provider shall provide to LIPA the Service Provider's proposed calculation of the EP&R Scorecard with respect to each 72-Hour Metric Storm Event promptly following the conclusion of such 72-Hour Metric Storm Event. In addition, the Service Provider shall timely furnish the Service Provider's proposed calculation of the DPS-required storm scorecard to DPS, with a copy being furnished to LIPA, whenever there occurs a 72-Hour Metric Storm Event.

Any Dispute concerning the scoring of the EP&R Scorecard under this Default Performance Metric shall be subject to dispute resolution pursuant to Section 8.6(I) of this Agreement.

As used in this Default Performance Metric:

“72-Hour Metric Storm Event” means a storm event for which the customer outage duration lasts more than 72 hours (with the start of the event being the time when more than 5,000 customers are interrupted within a division for more than 30 minutes or more than 20,000 customers are interrupted companywide for more than 30 minutes, but if the event affects less than the aforementioned customers, the start of the event will be the earlier of (i) the peak level of interruptions, or (ii) the start of utility restoration, and the end of the event being when, for each customer affected by the event, service has been restored or service is available but it would be unsafe to restore service due to damage to customer-owned equipment or a compromised customer structure (e.g., condemned).

“EP&R Scorecard” means the “Draft Emergency Response Performance Measures” and the “Emergency Response Performance Measurement Guide” attached to the NYPSC’s “Order Approving The Scorecard For Use By The Commission As A Guidance Document To Assess Electric Utility Response To Significant Outages” Issued and Effective December 23, 2013 in “Case 13-E-0140 – Proceeding on Motion of the Commission to Consider Utility Emergency Performance Metrics,” as amended by the “Estimated Time of Restoration (ETR) Protocol” attached to the NYPSC’s “Order Approving Amended Electric Emergency

Response Plans" Issued and Effective May 14, 2020 in "Case 19-E-0742 – In the Matter of December 15, 2019 Electric Emergency Response Plans Review," and as may be further amended from time to time by subsequent order of the NYPSC (which such further amendments will amend the EP&R Scorecard applicable to this Default Performance Metric effective on the date that is thirty (30) days after the date of the applicable order of the NYPSC); provided that if any such subsequent order (the "Scorecards Elimination Order") of the NYPSC eliminates scorecards to measure preparation or response to customer outages, the EP&R Scorecard applicable to this Default Performance Metric shall be the scorecard last applicable before the Scorecards Elimination Order.

"Non-Storm Event" means an event impacting more than 100,000 customers as defined if and when DPS or NYPSC applies a similar scorecard to the performance of investor-owned utilities with respect to non-storm events.

3. Cyber Security Default Performance Metric— the Service Provider's failure to comply with any of the provisions as set forth below, comprising this Default Performance Metric, shall constitute a failure to achieve the Default Performance Metric and provides LIPA with the right, but not the obligation, to terminate this Agreement:

Provisions comprising the Cyber Security Default Performance Metric  
Definitions:

"Applicable Cyber Security Framework Requirements" means the requirements that are necessary to achieve and maintain a National Institute of Standards and Technology (NIST) Cyber Security Framework, implementation tier 3 in all functions, categories/subcategories under such framework during a particular Cyber Security Period, in each case as determined by an independent, qualified cyber security consultant or firm hired by LIPA. LIPA shall endeavor to provide written notice to the Service Provider of the Applicable Cyber Security Framework Requirements on or before a date (the "Applicable Notice Date"), which, for the first Cyber Security Period, is March 15, 2026 and, for each subsequent Cyber Security Period, is the August 1<sup>st</sup> date immediately preceding the commencement of the Cyber Security Period to which the Applicable Cyber Security Framework Requirements relate. Each day of delay beyond the Applicable Notice Date in providing written notice to the Service Provider of the Applicable Cyber Security Framework Requirements shall delay, day-for-day, the commencement of the Cyber Security Period to which the Applicable Cyber Security

Framework Requirements relate and shall extend, day-for-day, the end of the immediately preceding Cyber Security Period, if any (the “Day-For-Day Adjustment”).

“Cyber Security Incident” means the actual material loss or unauthorized destruction, alteration, disclosure of, or access to, customer information, LIPA Personal Information, or the Confidential Information of LIPA or LIPA Related Parties stored in a Digital Environment, or the unauthorized destruction, alteration, access to, control of, or rendering inoperable or unusable for its intended purpose of a Digital Environment. Inadvertent access in good faith to customer information, LIPA Personal Information, and the Confidential Information of LIPA or LIPA Related Parties by an employee or agent of the Service Provider, or inadvertent disclosure in good faith of such information by the Service Provider to an employee or agent of the Service Provider is not a Cyber Security Incident provided that customer information, LIPA Personal Information and the Confidential Information of LIPA or LIPA Related Parties is not subject to further unauthorized access or disclosure.

“Cyber Security Measures” means the technologies, processes, procedures, governance models, controls, and coding (including patches) that are designed, in accordance with the Contract Standards and, during each Cyber Security Period, in accordance with the Applicable Cyber Security Framework Requirements, to protect Digital Environments from Cyber Security Incidents.

“Cyber Security Period” means, for the first such period, the period commencing June 1, 2027 and ending May 31, 2028, for the second such period, the period commencing June 1, 2028 and ending May 31, 2029, and for the third such period, the period commencing June 1, 2029 and ending December 31, 2030; provided, however, that the commencement and end of a Cyber Security Period shall be adjusted in accordance with the Day-For-Day Adjustment, if applicable.

“Digital Environment” means information technology systems, operational technology systems, data and communications networks, applications or devices and the data contained within such systems owned, leased, licensed, utilized, or accessed by or on behalf of LIPA, the Service Provider, the Service Provider’s Affiliates, or Subcontractors in connection with providing Operations Services to LIPA. Any of Service Provider’s Affiliates’ technology systems, operational technology systems, data and communications networks, applications or devices that are not utilized in whole or in part for provision of Operations Services are not, for the purposes of this Agreement, included in the Digital Environment.

(a) The Service Provider shall:

- (i) in compliance with the Contract Standards and, during each Cyber Security Period, in accordance with the Applicable Cyber Security Framework Requirements, implement, update, and maintain Cyber Security Measures with respect to the Digital Environment;
- (ii) maintain plans, procedures, and practices, which comply with the Contract Standards and, during each Cyber Security Period, which are in accordance with the Applicable Cyber Security Framework Requirements, to allow the Service Provider to proactively detect potential and actual Cyber Security Incidents;
- (iii) maintain plans, procedures, and practices, which comply with the Contract Standards and, during each Cyber Security Period, which are in accordance with the Applicable Cyber Security Framework Requirements, to allow the Service Provider to respond and recover efficiently and effectively to a potential and actual Cyber Security Incident;
- (iv) regularly review, exercise, and enforce the Cyber Security Measures being implemented, updated, and maintained with respect to the Digital Environment to ensure compliance with the Contract Standards, verify the application, in practice, of the Cyber Security Measures with respect to the Digital Environment, and keep and maintain records evidencing the same, copies of which shall be timely provided to LIPA;
- (v) comply with all requirements of Applicable Law regarding data security, cyber security and information security, including written notification of Cyber Security Incidents, with respect to customer information, LIPA Personal Information or the Confidential Information of LIPA or LIPA Related Parties and provide such written notification to LIPA within 24 hours after the Chief Information Security Officer (or successor functional equivalent) of the Service Provider or of any of its Affiliates or any other personnel comprising in whole or in part the office of the Chief Information Security Officer (or successor functional equivalent) of the Service Provider or of any of its Affiliates become aware or reasonably should have become aware of the Cyber Security Incident;
- (vi) for Digital Environments that are operated by the Service Provider and Digital Environments that are operated by the Service Provider's Affiliates operating a shared system affecting LIPA, cause to be maintained during each Cyber Security Period a cyber security program that achieves the Applicable Cyber

Security Framework Requirements, in each case as evaluated by an independent, qualified cyber security consultant or firm hired by LIPA;

- (vii) for Digital Environments that are operated by others besides the Service Provider or its Affiliates (e.g. cloud platforms), the Service Provider, during each Cyber Security Period, will exercise commercially reasonable efforts in conducting due diligence of such others and their practices and procedures with regard to Digital Environments and exercise commercially reasonable efforts to secure contractual provisions requiring that such Digital Environments be maintained and protected in accordance with standards no less stringent than the Contract Standards; and
- (viii) provide prompt technical and logistical support, including promptly providing access (including to appropriate Service Provider, Affiliate, and ServCo technical personnel), information, data, reports and records, relating to the Digital Environments, to each of the independent, qualified cyber security consultants or firms hired by LIPA to determine the Applicable Cyber Security Framework Requirements for any Cyber Security Period, in each case as requested by LIPA or any such independent, qualified cyber security consultant or firm.

(b) Selection of cyber security consultant/firm by LIPA

- (i) LIPA shall hire an independent, qualified cyber security firm or consultant that possesses the requisite expertise to determine the Applicable Cyber Security Framework Requirements and the status of the implementation of such requirements.
- (c) Following January 1, 2026, LIPA will provide the Service Provider with written safety and security policies and procedures of LIPA. LIPA will provide the Service Provider with a reasonable opportunity to view the proposed policies and procedures and to provide recommendations. LIPA will consider such recommendations in good faith and, if implemented by LIPA, the Service Provider will comply with such safety and security policies so long as they are not inconsistent with the provisions of this Cyber Security Default Performance Metric or with industry standards. The Parties agree that the requirements set forth in this Cyber Security Default Performance Metric supersede and prevail over any cyber security policies or procedures that were adopted by the LIPA Board prior to the Effective Date, including, but not limited to, the Information and Physical Security Policy dated December 18, 2019

and as amended December 16, 2020. Notwithstanding the foregoing, nothing in this Cyber Security Default Performance Metric supersedes, prevails over, modifies or otherwise affects Section 4.4(C) (entitled “Service Provider Adherence to LIPA Board Recommendations”) of this Agreement or the rights and obligations of the Parties pursuant thereto, including, but not limited to, the obligation of the Service Provider to implement Recommendations adopted by the LIPA Board pursuant to such Section.

- (d) The terms of sub-clauses (a)(i) through (vi), inclusive, above and clause (d) above shall be complied with regardless of whether the Service Provider or the Service Provider Related Parties are performing such services, and in the case of one or more Subcontractors or other third parties performing such services, the Service Provider will exercise commercially reasonable efforts to include such requirements in applicable agreements on and after the Effective Date.
- (e) The Service Provider shall notify LIPA in writing of any actual or threatened Cyber Security Incidents within 24 hours after the Chief Information Security Officer (or successor functional equivalent) of the Service Provider or of any of its Affiliates or any other personnel comprising in whole or in part the office of the Chief Information Security Officer (or successor functional equivalent) of the Service Provider or of any of its Affiliates become aware or reasonably should have become aware of the actual or threatened Cyber Security Incident. The Service Provider shall cause an analysis of the cause of any Cyber Security Incident to be performed, shall cause commercially reasonable efforts to be utilized to remedy, and prevent and mitigate the effects of, any Cyber Security Incidents, and shall cooperate fully with any civil or criminal authority in any investigation or action relating to any Cyber Security Incidents. Notwithstanding the above, it shall not be considered a breach of this paragraph if the Service Provider, in good faith, seeks the information necessary from a contractor or subcontractor required by this paragraph, and the contractor or subcontractor fails to provide it to the Service Provider. Moreover, the Service Provider will make good faith attempt to include Cyber Security Incident notice and root cause analysis requirements in applicable agreements on and after the Effective Date.
- (f) At least once per Contract Year, the Service Provider shall cause an enterprise security assessment (an “Assessment”), which will include, but not be limited to, network, system and application level penetration tests, vulnerability assessments, and reviews of security policies and procedures and compliance, to be performed by a qualified third-party based on recognized industry practices.

The Service Provider shall provide a copy of each such Assessment to LIPA, which may be redacted to exclude information unrelated to LIPA or the Operations Services provided under this Agreement. Each Assessment shall be treated as Confidential Information of LIPA to the extent it relates to any Digital Environment owned, leased or licensed by or on behalf of LIPA and shall be treated as Confidential Information of the Service Provider to the extent it relates to any Digital Environment owned, leased, or licensed by or on behalf of the Service Provider (provided that any Digital Environment leased or licensed by the Service Provider on behalf of LIPA shall be deemed a Digital Environment leased or licensed by or on behalf of LIPA). The Service Provider shall also make available each Assessment for review by DPS, which may be redacted to exclude information unrelated to LIPA or the Operations Services provided under this Agreement. Any exceptions noted on an Assessment shall result in corrective and preventative actions promptly being taken by the Service Provider to remedy, resolve and prevent repetition of such exception; provided that the Service Provider shall not be deemed to have failed to comply with the provisions of this paragraph (g) until it has failed to cure such failure to comply within 30 days after receiving notice of such failure to comply, which 30 day cure period shall be extended an additional 90 days to a 120 day cure period if the cure takes longer than 30 days and the Service Provider is diligently pursuing a cure of such failure to comply.

EXHIBIT B  
TO  
FIRST AMENDMENT

**FIRST AMENDMENT TO GUARANTY AGREEMENT**

*[\*\*\*insert date of this First Amendment To Guaranty Agreement]*

To: Long Island Power Authority:

Reference is made to the First Amendment to the Second Amended and Restated Operations Agreement (the “First Amendment To 2nd A&R OSA”) the Long Island Power Authority (the “Authority”) and PSEG Long Island LLC, dated as of December [XX], 2025, which First Amendment To 2nd A&R OSA requires this First Amendment To Guaranty Agreement to be provided.

The Guaranty Agreement (the “Guaranty”) made by PSEG Power LLC as of December 15, 2021 in favor of Long Island Lighting Company d/b/a LIPA (“LIPA”) hereby is amended, effective as of the date first written above, to the extent that (a) all references to “Guaranty” in Sections 1 through 16, inclusive, of the Guaranty shall be deemed to be references to such Guaranty as amended by this First Amendment To Guaranty Agreement, (b) all references to “Agreement” in Sections 1 through 16, inclusive, of the Guaranty shall be deemed to be references to such Agreement as amended by Amendment No. 1 to the Second Amended and Restated Operations Services Agreement and the First Amendment To 2nd A&R OSA, (c) because LIPA has merged with the Authority and the Authority is the surviving entity in such merger, the Guaranty as amended by this First Amendment to Guaranty Agreement shall be deemed to run in favor of and be enforceable by the Authority as of the merger effective date of November 13, 2025, and (d) the typographical errors in the first sentence of Section 1 of the Guaranty are corrected by deleting the text therein that provides “, as such obligations as it may be amended or modified by agreement between the Service Provider and LIPA from time to time (together” and substituting the following in its place and stead: “(such obligations as they may be amended or modified by agreement between the Service Provider and LIPA or the Authority from time to time, together”.

Except to the extent amended by this First Amendment To Guaranty Agreement, all terms and conditions of the Guaranty remain unchanged and shall continue in full force and effect.

PSEG Power LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Agreed to And Accepted:

Long Island Power Authority

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_