

FOR CONSIDERATION

January 28, 2026

TO: The Board of Trustees

FROM: Carrie Meek Gallagher

SUBJECT: Authorization to execute an Agreement with the New York State Energy Research and Development Authority obligating LIPA to pay a proportionate share of the statewide cost of environmental attributes generated by small-scale hydro projects

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to authorize the Chief Executive Officer or her designee to execute an agreement with the New York State Energy Research and Development Authority (“NYSERDA”) for LIPA to pay its proportionate share of the statewide cost of environmental attributes generated by certain small-scale hydro projects that participate in New York’s Value of Distributed Energy Resources Program.

Background

In 2016, the New York State Public Service Commission (“PSC”) issued an order establishing a Clean Energy Standard (“CES Order”) detailing a strategy to reduce statewide greenhouse gas emissions in the electric sector by 2030. In 2019, the State’s Climate Act built upon the emissions reduction goal in the CES Order by mandating that 70% of New York State’s electric power supply to end use customers will be sourced from renewable energy by 2030. The CES Order expects every Load Serving Entity (“LSE”) in New York State including LIPA, which is not subject to the PSC’s jurisdiction but would participate voluntarily, to “participate by satisfying their requisite share of responsibility” for emissions reductions. The primary mechanism for LSE participation involves purchasing environmental attributes generated by clean energy resources connected to the New York State electricity network. In general, LIPA has participated in statewide CES programs on the same basis as PSC-jurisdictional LSEs.

In October 2024, the Public Service Commission granted a request to compensate certain small-scale hydro projects that participate in New York’s Value of Distributed Energy Resources (“VDER”) Program¹ for their environmental attributes.² The new payment stream, which is referred to as the “CDG H-Value,” applies to hydroelectric generating facilities equal to or less than 5 MW that were in service before January 1, 2015 and are enrolled in a utility Community Distributed Generation (“CDG”) Program. The compensation for eligible small hydro equals 75

¹ [Value Stack Compensation for Distributed Energy Resources](#)

² [CDG H-Value Order](#)

percent of the current “E-Value” price in \$/MWh that is paid to small-scale solar and wind resources that receive VDER Value Stack compensation for their environmental attributes.

According to NYSERDA’s CDG H-Value Implementation Plan³, beginning in 2026 eligible hydroelectric generators will receive payments from their host utilities for CDG H-Value credits as part of their VDER compensation. Each utility, in turn, will send quarterly invoices to NYSERDA for reimbursement of their payments to eligible projects. NYSERDA’s total cost to reimburse the utilities for CDG H-Value credits will be passed through to the State’s load serving entities (“LSEs”) proportionate to their share of the statewide load. Under this method, a uniform wholesale per MWh charge will be applied to each LSE’s actual wholesale load to calculate their monthly CDG H-Value obligation payments. NYSERDA’s invoicing to LSEs will operate on a two-year lag, e.g. utilities’ costs for 2026 CDG H-Value credits will be passed through to the LSEs in 2028.

Discussion

The LIPA Board of Trustees’ policy on Clean Energy and Power Supply requires, among other things, that LIPA meet or exceed its share of the clean energy goals of New York’s Climate Leadership and Community Protection Act. To this end, in June 2025, LIPA and NYSERDA executed a Tier 1 REC LSE Purchase Agreement, which was approved by the Board at its May 25, 2025 meeting. Under the Tier 1 Agreement, LIPA commits to pay a share of the cost of NYSERDA’s purchases of renewable energy credits from solar and wind farms, as a primary means for LIPA to satisfy CLCPA goals. The proposed CDG H-Value LSE Agreement with NYSERDA is similar in concept and structure to the Tier 1 REC Purchase Agreement. Both agreements are intended to allocate cost responsibility for the environmental attributes produced by renewable resources that contribute to meeting CLCPA goals fairly across the state according to each LSE’s proportionate load share obligation. LIPA’s participation in cost-sharing for these clean energy programs is essential for LIPA to meet its requisite share of responsibility for statewide emissions reductions. The estimated total cost to LIPA of the CDG H-Value LSE Agreement is approximately \$750,000 per year starting in 2028.

Recommendation

Based on the foregoing, I recommend that the Trustees authorize the Chief Executive Officer or her designee to take all actions, including, without limitation, execution of the CDG H-Value LSE Agreement with NYSERDA and all other related arrangements and agreements, as may be necessary or convenient.

Attachment

Exhibit “A” Resolution

³ [CDG H-Value Implementation Plan](#)

AUTHORIZATION TO EXECUTE THE CDG H-VALUE LSE AGREEMENT WITH NYSERDA

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

WHEREAS, the LIPA Board of Trustee’s Policy on Clean Energy and Power Supply requires that LIPA meet or exceed its share of the clean energy goals of the CLCPA; and

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

WHEREAS, NYSERDA has been authorized to reimburse utilities for their PSC-mandated payments to eligible small hydro projects for the CDG H-Value credits that the projects produce, and has developed a CDG H-Value Implementation Plan outlining the process that will be used to pass through statewide costs for CDG H-Value credits to the state’s LSEs; and

WHEREAS, LIPA and NYSERDA have negotiated a CDG H-Value LSE Agreement that allows LIPA to pay a proportionate share of the statewide cost of CDG H-Value credits on the same basis as the State’s other LSEs;

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer or her designee be and hereby is authorized to execute and effect the CDG H-Value LSE Agreement with NYSERDA consistent with the terms of the accompanying memorandum, and to enter into such other instruments and perform such other acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chief Executive Officer or her designee, to contribute to the achievement of the goals of the state’s CDG H-Value Implementation Plan.

Dated: January 28, 2026