LONG ISLAND POWER AUTHORITY

MINUTES OF THE OVERSIGHT and CLEAN ENERGY COMMITTEE MEETING

HELD ON DECEMBER 17, 2025

The Oversight and Clean Energy Committee of the Long Island Power Authority ("LIPA") was convened at 10:02 a.m. at LIPA's Headquarters, Uniondale, NY, pursuant to legal notice given on December 12, 2025, and electronic notice posted on the LIPA's website.

The following LIPA Trustees were present in person:

Dominick Macchia, Committee Chair
Anthony M. La Pinta, Committee Member
Claudia Lovas, Committee Member

Representing LIPA, in person, were Carrie Meek Gallagher, Chief Executive Officer; Bobbi O'Connor, Chief Legal Officer and General Counsel; Suzanne Brienza, Vice President of Customer Experience and Clean Energy; and Brian Rudowski, Director of Cyber Security. Participating via video conferencing was Greg Flay, Chief Information Officer, and Jason Horowitz, Deputy General Counsel.

Representing PSEG Long Island, in person, were David Lyons; Interim President and Chief Operating Officer;. Lou DeBrino, Vice President of Customer Operations; and Michael Voltz, Director Energy Efficiency.

Representing the Department of Public Service was Nick Forst, Acting Director.

Chair Macchia welcomed everyone to the Oversight and Clean Energy Committee meeting of the Long Island Power Authority Board of Trustees.

Chair Macchia stated that the first item on the agenda is the adoption of the minutes from the September 25, 2025 Committee meeting.

Upon motion duly made and seconded, the minutes of the September 25, 2025 meeting were approved unanimously.

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Chair Macchia stated that the next item on the agenda is the Discussion of Clean Energy Goals and Progress to be presented by Michael Voltz.

Mr. Voltz presented the Discussion of Clean Energy Goals and Progress and then took questions from the Trustees.

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Chair Macchia stated that the next item on the agenda is the Consideration of a Recommendation to Approve the Annual Report on the Board Policy on Customer Experience be presented by Suzanne Brienza.

Ms. Brienza presented the following action item and took questions from the Trustees:

Requested Action

The Oversight and Clean Energy Committee (the "Committee") of the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a resolution recommending that the Board: (i) approve the annual report on the Board Policy on Customer Experience (the "Policy"); and (ii) find that LIPA has substantially complied with the Policy, which resolution is attached hereto as Exhibit "A."

Background

In July 2017, the Board adopted the Policy with the purpose of providing a framework to achieve a high level of customer service and satisfaction. In November 2021, the Board collaborated with Leading Resources, Inc. to review the Policy and facilitate discussions among the Trustees regarding amendments to the Policy. At the November 2021 meeting, the Board adopted a revised Customer Service Policy, which was subsequently renamed the Customer Experience Policy. The Policy provides that "the Chief Executive Officer, or his or her designee, will report annually to the Board on compliance with the key provisions of the Customer Experience Policy." The Board conducted the last annual review of the Policy in November 2024.

Compliance with the Policy

This report covers customer experience activities from the Board's November 2024 review to the present. PSEG Long Island has demonstrated improvement in call center operations, as well as progress in J.D. Power's utility business customer satisfaction study, as further described below. LIPA Staff recommend that, for the reasons set forth below, the Board find that LIPA has substantially complied with the Policy since the last review, as LIPA staff continue to work with PSEG Long Island to improve service delivery to customers.

Compliance with each element of the Policy is discussed in detail below, including areas designated for improvement.

"Deliver top quartile performance in J.D. Power's utility residential and business customer satisfaction studies and on industry-standard customer service metrics."

- **For 2025, PSEG Long Island ranked the highest in customer satisfaction among business customers in the East Large Segment, according to J.D. Power Electric Utility Business**
- **Customers Satisfaction Study. PSEG Long Island improved its ranking from eleven out of twelve utilities, in the fourth quartile, to number one overall.**
- **With three out of four waves reported, PSEG Long Island is currently in twelfth position out of eighteen utilities for J.D. Power Residential Customer Satisfaction Study. Year-end 2025 results will be made available in mid-December.**
- **PSEG Long Island did not meet the Contact Center Service Level with Live Agent Calls in 2024, ending the year at 42% compared to a goal of 77%. In 2025, efforts to improve service level, such as increasing call center staffing levels, implementing a Knowledge Management Database, including average handle time (AHT) as a goal on the representatives' scorecard and bringing low performers into the office led to improved performance. Significant improvement has been achieved, with the Contact Center reaching 76.5% through December 1, 2025. Improvement is also shown in the other contact center metrics, such as AHT. Through December 1, 2025, AHT is at 430 seconds vs. 472 seconds as of year-end 2024.**
- **PSEG Long Island continues to maintain billing accuracy with customer invoice cancel and rebill holding steady at 0.15%. The utilization of AMI meter data has been crucial to this effort in conjunction with continued attention to ensure system upgrades and process changes do not impact current accuracy levels.**
- **PSEG Long Island billing for Time of Day (TOD) billing exceptions have been held, through system improvements, to a level of 0.8% throughout 2025 including migration through group 8 customer transition. The exceptions are tracked by resource level, illustrating that 2/3 of the TOD billing exceptions require minimal resource need to resolve the exception.**
- **PSEG Long Island has been ranked first in the State for all of 2025 with the lowest number of customer complaints among New York State utilities registered with the Department of Public Service.**

"Demonstrate continual improvement in customer satisfaction, ease of interaction, and value as measured by internal, end-to-end customer post-transaction assessments."

- **PSEG Long Island continued surveying customer interactions in 2025 to understand customers' overall satisfaction and transaction-ease for the top five interactions including billing, payment, collections, service change, and outage as well as other general inquiries. The customer interaction channels surveyed included live agent phone, MyAccount, the mobile app, email, and the Interactive Voice Response (IVR) system.**
- **Customer survey feedback was used to identify improvement opportunities and prioritized them into technology projects aimed at enhancing the customer channel experience. The surveys also helped surface design and process issues in recently deployed customer channel enhancements, including Move Process Automation project, which led to further refinements.**
- **Customer satisfaction and transaction-ease scores remained high across all channels in 2024 and 2025, with the exception of Email. Enhancing the capabilities of the other channels is intended to guide customers toward more satisfying digital options such as MyAccount, mobile app or the IVR to resolve their issue.**

	Customer Satisfaction		Ease of Transaction	
	2024	2025*	2024	2025*
Phone	95%	96%	94%	94%
MyAccount	78%	82%	84%	82%
Mobile App	76%	89%	88%	83%
Email	60%	60%	60%	60%
IVR	94%	93%	94%	94%

*YTD as of October 2025

"Invest in technologies to enhance the service, flexibility, convenience, and cost-effectiveness of billing, payment, appointments, emergency restoration, and other customer interactions. Ensure simple, accurate, and proactive customer communications related to customer billing, energy usage, emergency response, and estimated times of restoration."

- **PSEG Long Island efforts included both long-term and short-term projects designed to enhance the customer experience. Longer-term projects include establishing the foundation to implement a state-of-the-art Customer Information System, Customer Contact platform, credit card processor replacement, and move process automation. Customer Information System (CIS) Replacement - Customer Information System pre-implementation program work resumed in mid-2025 by reestablishing the joint LIPA/PSEG Long Island Steering Committee after a two-year pause of the project to focus on the Time-of-Day and system separation implementations. Issuance of the RFPs for the new CIS solution and system integrator is planned for 2026.**
    - **<u>IVR Enhancements</u> – Beginning in December 2024 and continuing throughout 2025, ongoing enhancements were implemented to streamline the call flow, address scripts with high customer failure rates, and enable new transaction types. These improvements were designed to resolve customer inquiries within the automated system, reducing the need for transfers and ultimately improving the overall customer experience.**
    - **<u>Credit Card Processor Replacement</u> - PSEG Long Island transitioned to a new credit card processing vendor in January 2024. System enhancements implemented in first quarter of 2025 include a more intuitive and streamlined credit card payment experience across all channels and acceptance of more modern customer payment methods including PayPal, Google Pay, and Apple Pay. The second phase of the project included a self-serve expansion to enroll in autopay with a saved digital wallet payment method. The self-serve expansion removes the manual resource required to enroll a customer in auto pay and provides greater payment control for the customer.**
    - **<u>Move Process Automation</u> – Move request transactions have the longest handle time compared to all other customer transactions and were not previously available as a full self-service option due to the lack of automation. In 2025, PSEG Long Island added visual IVR to the other self-service channels (website, MyAccount, mobile app), which were recently enhanced to accept and process move requests. Since its implementation, the visual IVR has reduced move-related call volume requiring an agent by 10%. In addition to call reduction, expansion of this transaction in self-service allows customers to remain in their channel of choice.**

- **Payment Kiosks – PSEG Long Island introduced a new self-service payment channel to customers in November 2023 by installing payment kiosks at 4 customer offices by mid-2024. The systems have intuitive screen flow to guide the customer through the payment process and accept various payment methods including cash, credit, debit, and electronic check. In 2024, the kiosk functionality was expanded to offer payment arrangement enrollment. Through September 2025, more than 16,000 customers have utilized the kiosks making 56,968 payments totaling more than $22 million. A fifth kiosk was placed at the Patchogue facility and operational as of September 2025. The scheduled installation was slightly delayed due to site permitting issues.**
- **Outage Root Cause – In the outage surveys, the "utility informing the customer of the cause for the unplanned outage" was consistently the lowest scoring question. In 2023, only 33% of survey respondents scored PSEG Long Island favorably for letting them know the cause of the outage. To address this, PSEG Long Island enhanced customer outage communications to consistently provide the root cause to customers. As a result of these enhancements, the October 2025 YTD score rose to 53%. To support continued improvement, an outage cause code metric has been introduced for 2026.**

"Effectively target communications across customer segments and socioeconomic groups, with particular attention to low income and disadvantaged communities."

- **PSEG Long Island successfully achieved the 2025 Household Assistance Rate enrollment metric in the first quarter of 2025. The focus on achieving enrollment of more than 40,000 customers without automation was surpassed with 40,558. Automation efforts continue in 2025 with Nassau, Suffolk and NYC social service agencies to reduce customer effort and maintain enrollment in the program. A prior communication study in 2023 illustrated that communication segmentation did not positively impact enrollment and highlights the need for expanded automation.**
- **PSEG Long Island partnered with more than 100 community agencies directly assisting customers to obtain utility funding through social service and non-profit programs. In 2025, additional partnerships with Public Housing agencies afforded eligible customer enrollment through shared eligibility data.**
- **In May 2025, the Community Advisory Board created an affordability subcommittee to augment current outreach efforts and brainstorm ideas to create an avenue to remove redundancies, educate and solidify partnerships, and gain valued trust in the communities with LIPA partnerships. This included a deeper relationship with CDLI to include training in offered programs to their case managers, assistance at rental sign-ups, and planned events as well as with The Energy Hub to offer guidance, partnership, and assist with formalizing connections with social service agencies. Additional support for Uniondale Land Trust with outreach and introduction to Advocacy at PSEG Long Island was valued.**
- **In November 2025, a New York State order was passed to stop unenrollment in the low-income rate program through November 2026 for those customers who do not renew as of October 1, 2025. This was in direct response to the delay in opening the Low-Income Home Energy Assistance Program (LIHEAP). In addition, the order clarified that the eligibility documentation was expanded to an 18-month period vs the prior 12-month look back period. These efforts adopted by LIPA are being implemented by PSEG Long Island and for 2025 retaining over 3,000 customers on the low-income program who otherwise would have been removed.**

- **PSEG Long Island promoted and educated customers on low-income programs through new channels including signage on NICE buses and waiting stations in underserved communities. As communication to the low-income community is key to share available program information, weekly emails are sent to identified zip code areas with highlights and where PSEG Long Island consumer advocate are located to assist in person.**

"Evaluate the success of our rate options, clean energy programs, and other offerings by customer adoption and satisfaction and use the information to regularly review and improve our offerings."

- **PSEG Long Island deployed the two Time-of-Day rates in November 2023 and the Off-Peak rate became the standard residential rate offering in January 2024. As of December 1, 2025, 9 of the 10 planned customer groups were migrated to the new rate. Over 805,000 customers are enrolled in the Off-Peak or Super-Off Peak TOD rate, representing a 96% participation rate of eligible customers.**
- **Overall enrollment in the Household Assistance Rate (HAR) for low to moderate-income customers has remained steady with enrollment year to date 2025. The PSC order highlighted previously will ensure that eligible customers remain on the low-income rate through November 2026, providing program continuity for those most in need. A program was developed in 2022 to automate enrollment based on participation in social service programs. The automation program was incorporated into the 2024 and 2025 metric to encourage social service partnerships and increase low-income enrollments. Efforts towards completing this automation process have continued throughout 2025. As a result, PSEG Long Island is working towards finalizing vendor agreements and negotiating with key stakeholders, with implementation for automation expected in 2026.**
- **LIPA secured New York State utility funding to provide customers with an additional bill discount in 2024 of more than $8, with expanded discount tiers to include customers receiving an alternate source heating benefit. The expanded tier enrollment continued in 2025 has assisted more than 16,000 non-electric heating low to moderate income customers to support a 6% energy burden.**
- **The heat pump program continues to be popular among customers and surpassed the 2022, 2023 and 2024 metric targets for the incentive program rebates. In 2025, LIPA implemented higher heat pump incentive targets up to 5,331 whole home dwellings, up from 3,600 in the previous. Despite higher targets, that target appears on track while also maintaining a consistently generous heat pump incentive for LMI customers of $11,000. We have also improved the program to make it easier for contractors to participate in the program by tackling administrative hurdles by offering ACH payments to nearly all of our participating contractors and requesting the service provider to double down on outreach to non-traditional contractors such as plumbing and boiler contractors to drive adoption of air-to-water heat pumps and heat pump water heaters, which continue to see growth opportunities. LIPA has completed a study of fleet electrification needs on Long Island and is working with PSEG Long Island to improve the Fleet Make Ready program by opening up eligibility of this program to private fleets in order to garner more insights about fleets at large.**
- **Long Island continues to be a leader in customer adoption of rooftop solar through LIPA's net metering, Community Distributed Generation, and Value of Distributed Energy Resources tariffs. LIPA has surpassed its solar generation goals.**
- **LIPA is working with PSEG Long Island to redesign our incentives for retail energy storage. This includes updating the marginal cost of service, which will make the DER value stack more lucrative to battery storage developers. LIPA is also evaluating how to**

increase the locational portion of the value stack to provide additional market incentives in the areas where the grid is most in need of energy storage.

- **LIPA is partnering with other state agencies and stakeholders to engage local governments around how energy storage projects can be sited in their areas in ways that are safe, This is being done to hopefully see the end of local moratoria on energy storage projects.**
- **LIPA has finalized plans to send $2.7M in clean energy program funding to the Homes and Community Renewal office (HCR). HCR will then use this as direct-inject incentives to support efficiency and beneficial electrification work in the rehabilitation of multi-family residences in low-income communities.**
- **LIPA is engaging a small AI firm to conduct a pilot project evaluating how AMI data can be evaluated to understand which households in a given area have specific technologies like heat pumps, EV chargers, smart thermostats, etc. This information may considerably improve PSEG LI's ability to target demand response program enrollment efforts.**

Enterprise Risk Management Discussion

The Board has adopted a Policy on Enterprise Risk Management. Enterprise risks are brought to the Board's attention throughout the year. There are three risks related to this Policy. The first risk is "Customer and stakeholders' dissatisfaction with PSEG Long Island's response to a storm or major event can result in increased negative perception and/or averse reputational impact." The second risk is related to decreased call center performance, which could result in negative customer perception and reputational impact. The third risk is "TOD rate implementation" which could result in greater than forecasted opt-outs, lower than anticipated customer and system benefits, and negative reputational impacts.

The customer and stakeholders' dissatisfaction with a storm risk is rated as a high-level risk. In the customer experience area, PSEG Long Island mitigates this risk with oversight from LIPA through extensive testing of communication systems, development of a non-digital communication library of messages (e.g., radio, outreach centers) to keep customers informed, a quality control plan to ensure consistency of messaging across communication channels, and an Emergency Response Plan for customer communication protocols during restoration. PSEG Long Island has worked to improve relationships with customers and the media and has developed an updated crisis communications plan. We believe this risk is being managed to meet overall customer expectations.

The decreased call center performance risk emerged over the course of 2022 with an increased number of calls being unanswered and wait times exceeding acceptable levels. When identified in 2022, this risk was the result of insufficient staffing, increased call volume and average handle time, and high shrinkage resulting in reduced efficiencies. Over the course of 2025 significant progress has been made with new hires, implementation of a knowledge management database, among other improvements implemented in 2024. While this risk is still being monitored, the overall risk rating has been reduced and increased performance attributed to the focus and diligence of PSEG Long Island over the last two years in managing this risk.

The TOD rate implementation risk was highlighted in 2025 due to the bulk of customer migrations occurring throughout the year and potential risks associated with customer opt-outs. With 9 of the 10 groups migrated the transition thus far has been smooth. When the migration is completed the success of the program will be evaluated based on customer satisfaction, customers remaining on the TOD rate and the system benefits achieved. To date, the migration

for customers to a TOD rate structure has been a success story and an example for other utilities to follow.

Based on the progress made in managing each of these risks, we believe these risks are being adequately managed.

Annual Review of the Policy

LIPA Staff has reviewed the Policy for this annual review and proposes no changes at this time.

Recommendation

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

A motion was made and seconded, and the Trustees unanimously adopted the following resolution:

RESOLUTION RECOMMENDING APPROVAL OF THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON CUSTOMER EXPERIENCE

WHEREAS, in July 2017, the Board originally adopted what was then known as the Customer Service Policy (the "Policy") for the purpose of providing a framework to achieve a high level of customer service and satisfaction; and

WHEREAS, in 2021, the Policy was amended by the Board where the Board, among other substantial edits, renamed the Policy to the Board Policy on Customer Experience to more fully reflect the Board's strategic direction in this area; and

WHEREAS, the last annual review of the Policy was in November 2024; and

WHEREAS, the Oversight and Clean Energy Committee (the "Committee") of the Board has conducted an annual review of the Policy and affirms that the Policy has been complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board find that LIPA has complied with the Policy for the period since the last annual review and approve the annual report to the Board.

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Chair Macchia stated that the last item on the agenda is the Consideration of a Recommendation to Approve the Annual Report on the Board Policy on Information Technology and Cyber Security Policy to be presented by Brian Rudowski.

Mr. Rudowski presented the following action item and took questions from the Trustees:

Requested Action

The Oversight and Clean Energy Committee (the "Committee") of the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a resolution recommending that the Board: (i) approve the annual report on the Board Policy on Information Technology and Cyber Security (the "Policy") for the period since the last annual review; and (ii) find that LIPA has substantially complied with the Policy, which resolution is attached hereto as Exhibit "A."

Discussion

In December 2019, the Board adopted the Information and Physical Security Policy. The Policy delineated the Board's expectations and direction for information and physical security in accordance with public safety, operational, reputational, and compliance requirements. It established a reporting requirement to the Board on compliance with the key provisions of the Policy. In 2021, the prior policy was supplanted by the Information Technology and Cybersecurity Policy. The Policy provides that LIPA's "vision for information technology and cyber security is to use technology to enhance and simplify the customer experience, improve reliability, and minimize operating costs while ensuring robust, secure technology platforms that provide operational stability and protect customer, employee, and third-party data from unauthorized access or disruption. LIPA supports data privacy by transparently communicating how customer information is collected, used, and disclosed." The Board completed the last annual review of the Policy in December 2022.

Compliance with the Policy

LIPA Staff recommends that, for the reasons set forth below, the Board find that LIPA has substantially complied with the Policy since the last review.

Compliance with each element of the Policy is discussed in detail below.

- **"Invest in information technology that supports the efficiency of business operations promotes innovation, and provides long-term customer value."**
  - **LIPA funded a substantial portfolio of IT projects in 2025, which advances the goals of increasing efficiency, promoting innovation, and providing long-term customer value. The portfolio covers a range of projects, including enhancements to existing systems and implementation of new technologies, with the larger projects covered by the 2024 IT metrics. Some noteworthy IT projects are discussed below.**
    - **System Separation: In the amended OSA between LIPA and PSEG Long Island, effective April 1, 2022, the parties agreed that it would be beneficial for all IT Systems serving LIPA to be separated and distinct from the systems, data, reports, and information of PSEG Long Island and its affiliates. The board-approved plan organizes the systems into four logical "bundles" for phased implementation. Work began on the first bundle in the last quarter of 2022 but has experienced significant schedule delays. However, the 2025 IT-07 System Separation**

metric is on schedule to be met. All systems are targeted to be separated by the end of 2025, in accordance with the OSA, and LIPA will continue to engage in oversight actively.

- **Standardized Data Access Platform (SDAP): The SDAP project was initiated to implement the Board recommendation to improve LIPA and Department of Public Service ("DPS") access to PSEG Long Island financial and operational data through a Standardized Data Access Platform comprised of an enterprise-wide data warehouse, a broader data lake, and tools to support reporting and analytics. This past year has seen the implementation of the Starburst interface, which allows LIPA staff more direct access to the data lake than was previously available.**
- **CIS Replacement: PSEG Long Island has been using their existing customer information system (CIS) platform since the mid-1970's. While the underlying hardware and operating systems have been maintained at current levels, the application software is unable to meet current billing and customer needs, necessitating the use of ancillary systems like GridX for billing. The planning phase of the project has begun with the selection of a sourcing partner, who will in turn assist PSEG Long Island in the development of requirements and RFPs for the CIS product to be implemented as well as the system integration partner.**
- **Governance, Risk, and Compliance (GRC) Tool Deployment: This project will select and implement a GRC tool to manage and automate GRC-related data and processes for the critical areas of Cyber Security, Business Continuity, and Disaster Recovery. The tool will provide efficiencies through automation, support regulatory compliance, and enable the organization to mature risk management capabilities through data and process enhancements. The project was initiated in response to the 2023 NIST Cybersecurity Framework (CSF) assessment recommendation. Phase 0 will be completed in 2024, and it will provide vendor selection and a project plan for implementation in 2025.**

- **LIPA has also established annually recurring IT System Resiliency metrics (IT-03 and IT-10), which aim to minimize the probability and impact of system failures through well-designed, robust, and thoroughly exercised Disaster Recovery Plans (DRPs) and Business Continuity Plans (BCPs) for critical systems and processes. The IT-03 and IT-10 metrics were not met in 2022, 2023, or 2024. LIPA engaged a third-party consultant in 2024 to conduct a holistic assessment of the resiliency program and develop recommendations on the path forward, including action plans with prioritized and achievable improvements. The assessment report was provided to PSEG Long Island in September 2024. The IT-03 metric was not properly funded for execution in 2025 and will not be met. The IT-10 metric was funded for 2025 and is expected to be met for 2025. Work on both efforts will continue into 2026.**

- **"Deploy modern grid management technology and data analytics that enhance grid operations, customer service, utility asset management, and demand management, as measured by a Smart Grid Maturity Model level consistent with industry best practices (i.e., top 25% of utilities)."**
  - **The Smart Grid Maturity Model (SGMM) is a business tool stewarded by the Software Engineering Institute at Carnegie Mellon University. The model provides a framework for understanding the current extent of smart grid deployment and capability within an electric utility, a context for establishing strategic objectives and implementing plans that support grid modernization, and a means to evaluate progress over time toward those objectives. In 2022, LIPA engaged a consultant to conduct a smart grid maturity assessment using the Department of Energy's Next Generation Distribution System Platform (DSPx) reference from the Modern Distribution Grid Project, which is similar in content and format to the SGMM. The DSPx assessment recommended numerous areas for technology investment, such as Advanced Metering Infrastructure (AMI), Distributed Energy Resources Management Systems (DERMS), and Advanced Distribution Management System (ADMS). Several initiatives have since been undertaken, including AMI, DERMS, and the ADMS Roadmap.**

- **"Ensure the capacity of the information technology organization to deliver reliable, robust, and resilient systems, as measured by a Capability Maturity Model Integration level of 3 or higher."**
  - **LIPA has established an Organizational Maturity metric to improve IT capability and performance and achieve Capability Maturity Model Integration (CMMI) Maturity Level 3. LIPA conducted a CMMI assessment in 2025 and determined that PSEG Long Island was operating at Level 3, as required.**
  - **LIPA has established the Project Performance metrics (IT-05 and IT-06) to improve project performance across the portfolio. In 2025, IT-05 is tracking 12 continuing projects, of which 8 are complete. Meanwhile, IT-06 is tracking 8 new projects for 2025, none of which have been completed. The use of metric exceptions to extend due dates for identified deliverables is extensive, which is why LIPA has developed an enhanced IT-06 metric for 2026. This metric provides an incentive for projects delivered on time, on budget, with full scope, and of high quality.**

- **"Regularly upgrade information and operational technology systems to maintain all systems within their active service life and under general support from the product vendor."**
  - **Metric IT-04, System and Software Lifecycle Management was established to ensure all IT and OT assets managed by PSEG Long Island on behalf of LIPA, including but not limited to computers, communications equipment, networking equipment, hardware, software, and storage systems, are within their active service life and under general support from the product vendor Pursuant to the metric, PSEG Long Island developed an Asset Inventory and a Two-Year Refresh Plan in 2022, which are now refreshed annually. The updated 2024-2025 Refresh Plan specifies a number of refresh projects to be conducted in 2024 to advance the objective of replacing or upgrading all end-of-life assets and was approved by LIPA. Execution of the plan is in progress.**

- **In 2024, the Life Cycle Replacement projects include some critical upgrades of operational technology systems, including:**
  - **<u>EMS Upgrade:</u> This project was initiated in 2024 to upgrade the SCADA/EMS system, add a test/development environment at the Alternate Control Center (ACC), and develop a solution for compliance with the Ambient Adjusted Rating regulatory requirement (FERC 841 Order). The project is currently scheduled to deploy the upgraded EMS (Energy Management System) at the current Transmission Control Center (TCC) and the ACC in May 2026.**
  - **<u>JMUX Replacement:</u> This multi-year project is for the evaluation, design, and implementation of a new technology platform to replace the nearing end-of-life Multiplexer, which provides the network communication platform for critical T&D and NERC applications. A Systems Integrator (SI) was selected in 2023 and conducted an RFP process for the evaluation and selection of a new equipment vendor, as well as design activities to assess the structural work required to accommodate the new equipment. The equipment vendor was selected in Q4 2024, with the implementation to continue through 2027.**
  - **<u>CG Concentrator Project:</u> The data Concentrators are critical networking devices that manage the communications and controls of over 3,000 SCADA devices across the PSEG Long Island service territory. The existing Concentrators had limited expansion capability and had come to the end of life for continued product support. In 2023, the project's first phase was completed with the selection of new Concentrators that provide the capacity needed to sustain the SCADA device growth as more Smart connected devices are connected to the grid, with enhanced cybersecurity features. Deployment was completed in 2025.**
  - **<u>DER to DSCADA Communications Upgrade:</u> This project upgrades the SCADA communications network from Distributed Energy Resources (DER) to the DSCADA/EMS systems and increases capacity, which is necessary to allow for new DER to be connected to the EMS and DSCADA systems at the currently projected growth rates. Deployment completed in 2025.**

- **"Conduct quarterly internal vulnerability assessments and annual third-party vulnerability assessments and penetration testing of all information and operational technology systems and promptly mitigate vulnerabilities"**

<u>PSEG Long Island Cybersecurity</u>

- **Starting in late 2023, PSEG Long Island engaged an external vendor to conduct representative assessments of internal, external, D-SCADA, and mobile/web application attack surfaces. The results of these assessments were finalized in the summer of 2024. PSEG Long Island has reported that it has remediated all external surface vulnerabilities and the highest-severity internal vulnerabilities. Remediation is ongoing for the remaining vulnerabilities.**

- **As per the DPS Management Audit recommendation, LIPA is also conducting independent penetration testing and vulnerability assessment of the PSEG Long Island system. The vulnerability assessment and penetration testing for PSEG Long Island are scheduled to kick off in December 2025. The final assessment report is due in April 2026, and the final remediation report is expected in June 2026.**
- **Ransomware can severely impact business processes and leave organizations without the data to operate or deliver mission-critical services. The organizations affected often experience reputational damage, significant remediation costs, and interruptions in their ability to provide core services. In 2024, LIPA established the Ransomware Readiness and Response metric (IT-09). The metric ensures that any suspected or confirmed ransomware incidents are responded to consistently, controlled, and effectively. An independent third-party consultant reviewed and assessed the adequacy of PSEG Long Island's response to a ransomware incident. The assessment report was provided to PSEG Long Island in June 2024. The assessment report provided observations, identified gaps, and made recommendations. The recommendations are organized into an actionable roadmap based on best practices for developing, implementing, and improving PSEG Long Island's ransomware readiness and response plans. PSEG Long Island developed and submitted a PIP to LIPA for approval in 2025, aiming to fully implement the ransomware readiness and response roadmap, which aligns with the recommended timelines outlined in the assessment report. LIPA has engaged the services of an independent consultant to review the gap closure artifacts and deliverables, as well as the gap closure activities, and observe the ransomware response and recovery plan exercise, as required by the IT-09 performance metric. Gap closure is expected in 2026.**

LIPA Cybersecurity

- **In 2025, LIPA completed all information technology systems' third-party vulnerability assessments and penetration testing. The assessment vendor was engaged in April 2025, and the final assessment report was completed in August 2025. By mid-September 2025, LIPA had remediated all the vulnerabilities identified.**
- **LIPA's vulnerability management team meets weekly and reviews vulnerabilities identified in systems managed by LIPA using a real-time vulnerability management/reporting tool. The team creates the remediation plan for newly identified vulnerabilities based on their criticality and reviews the remediation status of previously identified vulnerabilities. LIPA has also implemented tools to provide 24x7 monitoring and notification of any new vulnerabilities identified. The vulnerability reporting tool sends daily alerts to the Cybersecurity team. Vulnerability management is reviewed monthly by the IT/cyber leadership.**

- **"Maintain a level of 3 or higher on the NIST Cybersecurity Framework, as evaluated annually through an independent assessment."**
  - **LIPA and PSEG Long Island have adopted the NIST Cybersecurity Framework (CSF) to improve cybersecurity programs. The Framework uses business drivers to guide cybersecurity activities. It considers cybersecurity risks as part of the risk management processes, including guidance on People, Processes, and Technology to implement defense in depth for the enterprise.**

- **LIPA established a cybersecurity default metric for PSEG Long Island under the reformed PSEG Long Island contract, effective April 1, 2022, to achieve and maintain NIST CSF Tier 3. The reformed contract gives LIPA the right to terminate the contract should PSEG Long Island fail to maintain compliance, providing a strong improvement incentive. LIPA has hired a third-party evaluator to independently review PSEG Long Island's cyber readiness relative to the metric. The assessment work was completed in the First quarter of 2023, and the Final Assessment and Recommendations report was provided to PSEG Long Island in May 2023. A review by an independent consultant started in Q3 2024 to determine the progress PSEG Long Island has made to remediate the findings of the 2023 report. The final assessment report, delivered in December 2024, determined that PSEG-LI's cybersecurity program is predominantly operating at Tier 3 and provided recommendations for further strengthening cybersecurity controls. A follow-up NIST CSF assessment is planned for Q1 2026.**
- **An independent assessment of LIPA's cyber security posture using the NIST CSF was completed in Q4 2023. In Q1 2024, a work plan was developed to manage and track the implementation of the report's recommendations. LIPA completed the work identified in the work plan in July 2025.**

- **"Communicate how customer information is collected, used, and disclosed and ensure that, if confidential customer information is shared with a third party for a business purpose, the third party has robust information security practices."**
  - **PSEG Long Island collects customers' information to provide electric service. The policy posted on the LIPA website describes what personal information is collected, when it is collected, how it is used, how it is protected, and under what circumstances that information may be shared with a third party. The policy has also been posted on the PSEG Long Island website.**

<u>Enterprise Risk Management Discussion</u>

The Board has adopted a Policy on Enterprise Risk Management ("ERM"). Enterprise risks are brought to the Board's attention throughout the year. There are two high-priority risks related to the policy for both LIPA and PSEG Long Island. For both LIPA and PSEG Long Island, there is a risk of a cyber event resulting from unauthorized access to LIPA-managed systems that leads to material financial losses, impacts on LIPA's day-to-day operations, or damage to the organization's reputation. For PSEG Long Island, there is a risk of a major outage or performance failure of a critical operating technology or business system, resulting in extended disruption to operations or business processes, damage to systems, and/or loss of data. Also, the breach of personally identifiable information (PII) could result in fraud, financial impact, and negative public perception.

LIPA's Department of Innovation and Information Technology mitigates these risks with a comprehensive risk management strategy and concurrent oversight of PSEG Long Island's IT department. The strategy includes several mitigation actions outlined in this memo, including the completion of annual penetration testing with remediation plans developed for identified vulnerabilities, the adoption of the NIST Cybersecurity Framework with the goal of maintaining a level 3 or higher assessment, and the implementation of a Cybersecurity Default Metric.

Considering the extensive efforts detailed in this Policy of both LIPA's Department of Innovation and Information Technology and PSEG Long Island's IT department, we believe the cyber and PII risks are being adequately managed.

Annual Review of the Policy

LIPA Staff has reviewed the Policy and recommends no change at this time.

Recommendation

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

A motion was made and seconded, and the Trustees unanimously adopted the following resolution:

RESOLUTION RECOMMENDING APPROVAL OF THE ANNUAL REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON INFORMATION TECHNOLOGY AND CYBER SECURITY

WHEREAS, the Board Policy on Information Technology and Cyber Security (the "Policy") was approved by the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") in November 2021; and

WHEREAS, the Oversight and Clean Energy Committee (the "Committee") of the Board has conducted the annual review of the Policy and has recommended to the Board that the Policy has been substantially complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board find that LIPA has substantially complied with the Policy and approve the annual report to the Board.

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At approximately 10:43 a.m. Chair Macchia stated that the Committee would adjourn to Executive Session to discuss public safety matters. Chair Macchia announced that no votes would be taken, and the Committee would not be returning to open session.

The motion was duly made and seconded, and the following resolution was adopted:

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

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Governance, Planning, and Personnel Committee of the Long Island Power Authority shall convene in Executive Session for the purpose of discussing public safety matters.

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