

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 340th MEETING

HELD ON JANUARY 28, 2026

The Long Island Power Authority (“LIPA”) was convened for the three hundred and fortieth time at 11:36 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on January 23, 2026, and electronic notice posted on the LIPA’s website.

The following LIPA Trustees were present in person:

**Tracey Edwards, Chair
Valerie Anderson Campbell, Vice Chair
Vanessa Baird-Streeter
Anthony M. La Pinta
Mili Makhijani
David Manning
Mary Ellen Mendelsohn**

Representing LIPA, in person, were Carrie Meek Gallagher, Chief Executive Officer; Bobbi O’Connor, Chief Legal Officer and General Counsel; Donna Mongiardo, Chief Financial Officer; Greg Flay, Chief Information Officer; Gary Stephenson, Senior Vice President of Power Supply; Jessica Dehnert, Senior Manager, Enterprise Risk Management; and Gaspare Tumminello, Manager of External Affairs. Participating via video conferencing was Jason Horowitz, Deputy General Counsel.

Representing PSEG Long Island, in person, were Scott Jennings, President and Chief Operating Officer; Greg Filipkowski, Chief Information Officer; Robert Rowe, Vice President of Construction and Operations; Lou DeBrino, Vice President of Customer Operations; Michael Presti, Director, Customer Experience & Utility Market; and Jessica Tighe, Director of Customer Contact & Billing.

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

In her opening remarks, Chair Edwards welcomed and introduced Scott Jennings as the new President and Chief Operating Officer of PSEG Long Island. Chair Edwards then asked Vice Chair Anderson Campbell to lead the Pledge of Allegiance.

Chair Edwards stated that the first item on the agenda was the Consideration of the Consent Agenda Items.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolutions were unanimously approved by the Trustees based on the memoranda summarized below:

1949. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 17, 2025 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on December 17 2025 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution approving the annual review of the Board Financial policies (i.e., Prompt Payment and Interest Rate Exchange Agreements).

Board Policies on Prompt Payment and Interest Rate Exchange Agreement

In accordance with the New York State Public Authorities Law (“PAL”) and governance best practices, the Board has adopted the Board Policy on Prompt Payment and the Board Policy on Interest Rate Exchange Agreements. Section 2880 of the PAL requires public authorities to adopt a prompt payment policy. Additionally, the Board Policy on Interest Rate Exchange Agreements was adopted “to properly manage the interest rate risks associated with [LIPA’s] assets and debt portfolio.”

LIPA Staff has reviewed the Board Financial policies (i.e., Prompt Payment and Interest Rate Exchange Agreements) and recommends 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.

1950. RESOLUTION APPROVING THE ANNUAL REVIEW OF THE FINANCE BOARD POLICY PACKAGE

WHEREAS, in accordance with the New York State Public Authorities Law ("PAL") and governance best practices, the Board has the Board Policy on Prompt Payment and the Board Policy on Interest Rate Exchange Agreements; and

WHEREAS, Section 2880 of the PAL requires public authorities to adopt a prompt payment policy; and

WHEREAS, the Board Policy on Interest Rate Exchange Agreements was adopted "to properly management the interest rate risks associated with [LIPA's] assets and debt portfolio."

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees hereby approves the annual review of the Board Financial policies (i.e., Prompt Payment and Interest Rate Exchange Agreements).

Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a resolution: (i) approving the annual report on the Board Policy on Audit Relationships (the "Policy"); (ii) finding that LIPA has complied with the Policy; and (iii) approving certain amendments to the Policy, which resolution is attached hereto as "Exhibit A".

Board Policy on Audit Relationships

F&A Committee, in its Charter, was delegated the responsibility for reviewing LIPA's audit-related policies and practices.

The Policy defines the expectations of the Board regarding the existing authority granted to the F&A Committee for, among other matters, (i) selecting an independent certified public accounting firm to conduct annual audits of LIPA; (ii) the annual review of the audit plan as well as the Charter, activities, staffing, budget, and organizational structure of Internal Audit, and confirming the independence of the internal auditors; (iii) monitoring, in consultation with the Chief Audit Executive ("CAE"), the significant findings of internal audit reports and the status of the implementation of management's action plans in response to such audit findings; (iv) setting forth the procedures for the Board's receipt,

review and implementation of any recommendations in a Management and Operations Audit conducted by the New York State Department of Public Service ("DPS").

Since the last review of the Policy, the following activities have been performed consistent with the Policy:

Independent External Auditor

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The Board previously selected KPMG as the independent certified public accounting firm to conduct annual audits of LIPA. On March 26, 2025, the F&A Committee met with KPMG to complete its annual audit for 2024. KPMG reported no significant findings as a result of its audit.

Internal Auditors

- Internal Audit conducted audits as identified in the annual audit plan and special projects requested by the F&A Committee or management. Internal audit activities were performed in accordance with the Institute of Internal Auditors' Global Standards ("the Standards").
- On January 23, 2025, the F&A Committee reviewed and approved the audit plan, activities, staffing, budget, and organizational structure of the internal audit department.
- The CAE, or delegate, met with the F&A Committee at each Board meeting to discuss internal audit activities and progress toward remediation of Management Action Plans in response to internal audit findings.
- The CAE met with the F&A Committee at least twice per year in executive sessions independent of other LIPA staff and reported significant internal audit findings to the Board in a timely manner.

DPS Management and Operations Audits

- As required by the LIPA Reform Act, DPS procured NorthStar Consulting Group to conduct the Management and Operations audit, which concluded on March 22, 2024, with the filing of a final report containing 80 individual recommendations in 15 areas of management, oversight, and operations. On April 17, 2024, DPS briefed the Board on this final audit report and key recommendations.
- At the April 17, 2024, Board meeting, the Board directed LIPA and PSEG Long Island staff to implement the recommendations from the audit report in accordance with the timeframe specified in the audit.
- At the December 18, 2024, Board meeting, the Board adopted the implementation plans for each recommendation and directed LIPA and PSEG Long Island to submit an annual report to both the Board and DPS on the status of their implementation.
- LIPA's CAE provided an annual update to the F&A Committee on the status of the 2022 recommendations at the Board's September 25, 2025, meeting.

Annual Review of the Policy

The proposed changes to the Board Policy include updates that reflect LIPA Internal Audit's assumed control of the Management and Operations Audit administrative process, as well as minor stylistic changes. The proposed changes to the Policy are more specifically set forth in Exhibit "B".

Recommendation

Based upon the foregoing, I recommend the approval of the adoption of the resolution in the form attached hereto as Exhibit "A".

1951. RESOLUTION APPROVING THE ANNUAL REPORT AND AMENDMENTS TO THE LONG ISLAND POWER AUTHORITY BOARD POLICY ON AUDIT RELATIONSHIPS

WHEREAS, the Board of Trustees (the "Board") of Long Island Power Authority ("LIPA") is responsible for setting LIPA's audit relationship policy and overseeing its fulfillment; and

WHEREAS, the Finance & Audit Committee (the "F&A Committee"), in its Charter, was delegated the responsibility of reviewing LIPA's policies regarding audit relationships; and

WHEREAS, in LIPA's By-Laws, LIPA's Board delegated certain responsibilities to the Chief Executive Officer for managing and directing LIPA Staff.

WHEREAS, the F&A Committee has recommended approval of the annual report and amendments to the Audit Relationships Policy.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby finds that LIPA has complied with Policy for the period since the last annual review and approves the annual report to the Board; and

BE IT FURTHER RESOLVED, that consistent with the accompanying memorandum, the Board hereby approves the changes to the Policy that are reflected in Exhibit "B".

Chair Edwards stated that the next item on the agenda was the Chief Executive Officer's Report to be presented by LIPA's Chief Executive Officer, Carrie Meek Gallagher.

Ms. Gallagher presented the Chief Executive Officer's Report and took questions from the Trustees.

Chair Edwards then opened the Board meeting to public comments.

After hearing all public comments, Chair Edwards stated that the next item on the agenda was the LIPA Update on System Separation Project to be presented by Greg Flay.

Mr. Flay presented the LIPA Update on System Separation Project and took questions from the Trustees.

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of the Annual Report on the Board Policy on Fiscal Sustainability with ERM Update, to be presented by Donna Mongiardo and Jessica Dehnert.

The following action item was presented, and questions were taken from the Trustees.

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution finding that LIPA has complied with the Board Policy on Fiscal Sustainability (the “Policy”) and approving the annual report for the Policy, which resolution is attached as Exhibit “A.”

Background

In September 2016, the Board adopted the Policy, previously known as the Board Policy on Debt and Access to the Credit Markets, with the purpose of serving the long-term interests of LIPA’s customers by adopting sound financial plans each year. Sound financial plans ensure ready access to borrowing on reasonable terms necessary to fund the infrastructure investments that maintain the reliability and resiliency of the Long Island electric system. Such financial plans contemplate prudent levels of borrowing that will accommodate efficient access to the capital markets and thereby minimize the long-term cost of providing electric service to LIPA’s customer-owners. The last annual report to the Board was presented in September 2024. All 2025 financial information is based on unaudited results and subject to change.

Compliance with the Policy

LIPA Staff recommends that, for the reasons set forth below, the Board find that LIPA has complied with the Policy for the period since the last annual review. The Policy provides that “LIPA’s vision for fiscal sustainability is to meet the Board’s policy goals to provide clean,

reliable, and affordable energy through strategies that prudently manage and safeguard LIPA's assets and result in the lowest long-term cost to customers. To achieve our vision for fiscal sustainability, LIPA will:

“Decrease LIPA’s leverage and cost of capital by:”

- **“Achieving AA-category credit ratings via reducing LIPA’s debt-to-assets ratio from 92 percent to 70 percent or less by 2030.”**
 - In 2025, Fitch Ratings (Fitch), Moody’s and S&P Global reaffirmed their ratings at A+ (stable), A2 (stable) and A (stable), respectively.
 - LIPA’s debt-to-asset ratio has decreased from over 110% as of the end of 2015 to approximately 75% as of 2025.

- **“maximizing grants and low-cost funding sources; minimizing costs through securitization of debt and tax-exempt financing.”**
 - LIPA continues to manage its FEMA Section 406 Mitigation grant totaling \$408 million under the Tropical Storm Isaias disaster to storm harden primary sections of the T&D system. Engineering is under way and material and contractor procurements. LIPA requests quarterly reimbursements beginning with March 31, 2026, which is expected to be approximately \$10 million.
 - LIPA was also awarded a grant to fund \$3.5 million to harden three transmission crossings. Construction is scheduled to conclude in mid-2026.
 - Under FEMA Section 404 Mitigation grant opportunities resulting from COVID-19, LIPA was awarded two \$5 million grants to replace defective poles in low-to-moderate income communities within LIPA’s service territory.
 - FEMA permitted utilization of the estimated underrun of \$53 million from the Superstorm Sandy Grant to install branch-line reclosers. LIPA expects 8,500 devices to be installed through December 2027.
 - In 2025, Utility Debt Securitization Authority (UDSA) issued \$975 million in refunding bonds, providing more than \$120 million in net present value savings and bringing total refinancing savings to approximately \$699 million. Also issued were \$115 million of Green Bonds for eligible system resiliency investments. UDSA Restructuring Bonds have approximately \$600 million in statutory capacity remaining.

- **“pre-funding long-term liabilities on an actuarially sound basis including (1) pension costs, (2) Other Post-Employment Benefits (“OPEBs”); and (3) the Nuclear Decommissioning Trust Fund.”**
 - LIPA funded \$25 million and \$23 million to the PSEG Long Island pension plan trust in 2024 and 2025, respectively. The pension plan assets exceed the obligation resulting in a 105% funded ratio.
 - LIPA funded \$36 million and \$11 million to the LIPA Dedicated OPEB Account in 2024 and 2025, respectively, funding the OPEB benefits of

- PSEG Long Island employees. The account assets currently exceed the benefit obligation.
- LIPA’s employee OPEB Trust is valued at \$39 million exceeding the obligation resulting in a 111% funded ratio.
 - The NMP2 Nuclear Decommissioning Trust is valued at \$229 million compared to a liability of \$113 million. LIPA funds \$0.3 million annually.
- **“maintaining fixed-obligation coverage ratios of no less than 1.40x on LIPA-issued debt and lease payments, and 1.20x on the combination of LIPA-issued debt, UDSA-issued debt, and lease payments.”**
 - For the period ended December 31, 2024, LIPA achieved coverage ratios of 1.51x for LIPA-issued debt and lease payments and 1.33x for LIPA and UDSA-issued debt and lease payments. Results for the year ended December 31, 2025 are unaudited but are estimated to be 1.50x and 1.33x.
 - The 2026 Budget is set to meet a 1.40x fixed-obligation coverage ratio.
 - **“minimizing LIPA’s need for coverage while maintaining fiscal sustainability by budgeting reasonable amounts and using reconciliation mechanisms for hard-to-predict cost categories (e.g. storms).”**
 - LIPA’s Revenue Decoupling Mechanism (“RDM”) ensures that only LIPA’s Board-approved budgeted revenues for delivery service are collected from customers in each customer class by comparing actual revenues with authorized revenues. The RDM credits (or collects) any differences to (or from) customers in the following year. LIPA’s 2025 residential and commercial customers rates included an approximate \$12 million refund and \$18 million surcharge, respectively, for 2024 differences. LIPA’s 2026 residential and commercial customers rates include an approximate \$2 million refund and \$15 million surcharge, respectively, for 2025 differences.
 - LIPA’s Delivery Service Adjustment (“DSA”) provides cost recovery or refunding of overcollection for certain items that vary due to external factors, including debt service, storm restoration, Board approved non-storm emergency costs, and PSEG Long Island pension and OPEBs. LIPA’s 2026 and 2025 rates included a refund of approximately \$19 million and \$10 million, respectively related to applicable variances.
 - As of September 30, 2025, the Storm Reserve Threshold was met at \$75 million, allowing LIPA to forecast approximately \$50 million in lower borrowing in 2026.
 - **“Maintain cash on hand and available credit sufficient to fund business operations in emergencies, as measured by month-end balances of at least: (i) \$100 million in the Operating Fund and \$150 million in the Rate Stabilization Fund, and (ii) 150 days of operating expenses.”**
 - During 2025 and 2024, cash on hand at the end of each month exceeded the target of \$100 million in the Operating Fund and \$150 million in the Rate Stabilization Fund. As of December 31, 2025, the Operating and Rate Stabilization funds totaled

- \$604 million and \$154 million, respectively. As of December 31, 2024, the Operating and Rate Stabilization funds totaled \$207 million and \$173 million, respectively.
- During 2025 and 2024, cash on hand and available credit exceeded the target of at least 150 days available for operating expenses. As of December 31, 2025 and 2024, 317 and 287 days of operating expenses were available in cash and credit, respectively.
- **“Develop budgets and financial plans that maximize customer value and aggressively manage costs.”**
 - LIPA’s 2026 Budget, which was approved in December 2025, sets rates and charges to provide clean, reliable, and affordable energy through strategies that prudently manage and safeguard LIPA’s assets and result in the lowest long-term cost to customers.
- **“Provide operating managers with financial reporting that drives sound business decisions and the best use of limited resources.”**
 - LIPA’s financial reporting managers provide analysis of budgeted costs versus actual spending to LIPA’s operating departments to aid in their analysis of PSEG Long Island’s resource management. Significant variations are identified and investigated timely.
- **“Provide LIPA’s customers and investors with timely, transparent, accurate, and useful information to evaluate LIPA’s financial performance and plans.”**
 - Below are LIPA’s reports made available on its website:
 - 2026 Budget was approved by LIPA’s Board on December 17, 2025.
 - Annual audited Financial Statements were approved by LIPA’s Board on March 27, 2025, and made available on the Electronic Municipal Market Access (“EMMA”) platform for bondholders.
 - Annual Disclosure report and also made available on EMMA.
 - LIPA undertakes substantial reporting obligations to make available its plans and evaluate its performance relative to plan, including the Strategic Plan, Work Plans, and Performance Metrics, among other items.
 - LIPA and its servicer provide Fact Sheets and videos on topics of significant interest (e.g. Budget, Time of Day Rates , the clean energy initiatives).
 - LIPA’s Transparency Plan summarizes other initiatives to make its operations and decisions transparent to customers, investors, and stakeholders.

Enterprise Risk Management Discussion

The Board has adopted a Policy on Enterprise Risk Management (“ERM”). Enterprise risks are brought to the Board’s attention throughout the year. One such enterprise risk is related to liquidity. Specifically, the risk identified is, “Insufficient liquidity to cover obligations results in the inability to make debt service payments and cover operating expenses.”

This risk is rated as a medium-level risk and is mitigated by LIPA’s ability to access capital markets, borrow from rate stabilization funds, a revolving line of credit, and/or in the commercial paper market. As of 2025, LIPA maintains a strong credit rating with Fitch, S&P and Moody’s helping LIPA to further mitigate this risk by providing confidence in LIPA’s ability to access capital markets. As noted above, LIPA’s liquidity remains strong, well above the 150-day minimum required by the Policy.

Based on credit ratings, strong liquidity, and ability to access capital markets, we believe this risk is being sufficiently managed.

Annual Review of the Policy

LIPA Staff has reviewed the Policy and recommends no amendments.

Recommendation

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

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolution was unanimously approved by the Trustees.

1952. RESOLUTION APPROVING THE ANNUAL REPORT ON THE BOARD POLICY ON FISCAL SUSTAINABILITY

WHEREAS, the Board Policy on Fiscal Sustainability (the “Policy”), previously known as the Debt and Access to the Credit Markets, was originally approved by the Board of Trustees by Resolution No. 1319, dated September 21, 2016; and

WHEREAS, the last annual report to the Board was presented in September 2024; and

WHEREAS, Board has conducted an annual review of the Policy and affirms that the Policy has been complied with and finds that the amendments proposed are due and proper.

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

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of the Annual Report on the Board Policy on Public Policy Transmission Planning, to be presented by Gary Stephenson.

The following action item was presented, and questions were taken from the Trustees.

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution: (i) approving the annual report on the Board Policy on Public Policy Transmission Planning (“the Policy”); and (ii) finding that LIPA has complied with the Policy, which resolution is attached as Exhibit “A.”

Background

The Board originally adopted the Policy on Public Policy Transmission Planning in May 2018. The Policy was last amended on June 24, 2020.

In March 2021, the New York Public Service Commission (“PSC”) declared that increasing Long Island’s interconnections with New York City and Westchester County is a Public Policy Transmission Need (“PPTN”) driven by the interconnection of offshore wind. Thereafter, the New York Independent System Operator (“NYISO”) solicited proposals for transmission projects to satisfy the Long Island Offshore Wind Export PPTN (“LI PPTN”) and selected the Propel T-51 project. The Propel T051 project consists of three new 345 kV submarine cables crossing the Long Island Sound, as well as several new underground 345 kV cables within the LIPA system and associated upgrades to existing 138 kV lines. While the LI PPTN construction is underway, NYISO commenced the start of its 2024-25 public policy transmission planning cycle on August 31, 2024. LIPA and PSEG Long Island evaluated potential needs beyond those being addressed by the LI PPTN solicitation and determined that an additional PPTN could not reasonably be ascertained until after the Coordinated Grid Planning Process is completed.

Recent Developments

In August 2024, NYISO commenced the start of its 2024-2025 public policy transmission planning cycle. LIPA and PSEG Long Island evaluated potential public policy transmission needs on Long Island beyond those being addressed by the LI PPTN solicitation and determined that it is premature to identify an additional PPTN at this time.

LIPA reviewed the proposals and did not recommend identification of further transmission needs for the Long Island Transmission District beyond those already selected under the 2020-2021 Public Policy Solicitation Process. On June 22, 2023, the PSC identified the Climate Leadership and Community Protection Act (“CL&CPA”) as a public policy requirement (“PPR”) driving the need for transmission to deliver at least 4,770 MW of Off-Shore Wind (“OSW”) to New York City. NYISO solicited and began to evaluate 28 proposed transmission solutions addressing this PPTN ranging from \$7.9 B to \$23.9B. On January 20, 2025, the US

President issued an executive order directing federal agencies to halt off-shore wind permitting activities, and subject permitted projects in development to further but indefinite review. On July 17, 2025, the PSC withdrew the NYC PPTN citing consequent uncertainty about the ability of new OSW and associated transmission to be permitted at this time. They left open the possibility of a new PPTN when there is “sufficient certainty in the development timeline for offshore wind to justify investing in transmission facilities.”

The next PPTN process will begin in August 2026.

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 the resolution in the form attached hereto as Exhibit “A.”

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolution was unanimously approved by the Trustees.

1953. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON PUBLIC POLICY TRANSMISSION PLANNING

WHEREAS, the Board Policy on Public Policy Transmission Planning (“the Policy”) was originally approved by Resolution No. 1414, dated May 23, 2018; and

WHEREAS, the Policy was last amended by Resolution No. 1540, dated June 24, 2020; and

WHEREAS, the Board of Trustees 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 Board of Trustees hereby finds that the Long Island Power Authority has complied with the Policy for the period since the last annual review and approves the annual report to the Board.

Chair Edwards stated that the next item on the agenda was the PSEG Long Island Operating Report to be presented by Scott Jennings and PSEG Long Island staff.

Mr. Jennings and staff presented the PSEG Long Island Operating Report and took questions from the Trustees.

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of an Agreement to Reimburse NYSERDA for LIPA's Share for RECs from Small Scale Hydro Projects, to be presented by Gary Stephenson.

The following action item was presented, and questions were taken from the Trustees.

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”) Program for their environmental attributes. 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 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 Plan, 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.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolution was unanimously approved by the Trustees.

1954. 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 Trustees'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.

Chair Edwards then announced that the next Board meeting is scheduled for Wednesday, March 25, 2026.

Chair Edwards then asked for a motion to adjourn to Executive Session and announced that no votes would be taken and that the Board would not be returning to Open Session. The motion was duly made and seconded, and the following resolution was adopted:

1955. EXECUTIVE SESSION – PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Trustees of the Long Island Power Authority shall convene in Executive Session.

At approximately 1:03 p.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session.
