Approval of the Annual Report on the Board Policy on Clean Energy and Power Supply

Presented by: Gary Stephenson and Suzanne Brienza
Prepared for: LIPA Board of Trustees

Discussion Topics

- Board’s Policy on Clean Energy and Power Supply
- Policy Compliance and Overall Assessment
- Enterprise Risk Management

Board Policy on Clean Energy and Power Supply

- The Policy sets LIPA's vision for clean energy and power supply:
  - To provide clean, reliable, resilient electricity to our customers at an affordable cost that both maintains the economic competitiveness of our region and minimizes the economy-wide greenhouse gas emissions of Long Island and the Rockaways by encouraging electrification of vehicles, buildings, and equipment.

Policy Compliance and Overall Assessment

Achieving our vision for Clean Energy

- *Achieve a zero-carbon electric grid by 2040, while meeting or exceeding LIPA's share of clean energy goals of New York's Climate Leadership and Community Protection Act (CLCPA), including those for renewables, offshore wind, distributed solar, and storage.*
    - LIPA has made significant progress towards meeting the State's goals for renewables, offshore wind, distributed solar and storage
        - 132 MW South Fork Wind Project – provides enough power to meet the needs of 70,000 homes on Long Island.
        - 924MW Sunrise is currently in construction under contracts with NYSERDA.
        - Exceeded its share of the State's 2025 goal for distributed solar with over 1,100MW of utility-scale, distributed and rooftop solar projects in service and is on track to exceed the 2030 goal.
        - Executed two contracts with Key Capture Energy to purchase dispatch rights from Li-ion bulk energy storage system totaling 129MW.

Policy Compliance and Overall Assessment

Achieving our vision for Clean Energy

- NYSERDA filed its Storage Roadmap Implementation Plan. Eight of the projects proposed in the RFP are located on Long Island.
- 23MW of behind-the-meter customer storage installed, virtually all in conjunction with photovoltaic installations. Continuing to work with NYSERDA, DPS and other stakeholders to facilitate new distributed storage projects on Long Island.
- LIPA and NYSERDA executed two new agreements under which LIPA commits to pay its “load share ratio” of NYSERDA’s costs to purchase Tier 1 and Tier4 renewable energy credits as a primary means for LIPA to satisfy its share of statewide CLCPA goals.

Policy Compliance and Overall Assessment

Achieving our vision for Clean Energy

- *Demonstrate innovation and be recognized among the leading utilities in reducing economy-wide greenhouse gas emissions through energy efficiency and beneficial electrification.*
  - LIPA's residential and commercial energy efficiency programs resulted in 824.942 MMBtu of energy savings, which is approximately 110% of the goal.
  - LIPA deployed whole house heat pumps in over 17,064 dwelling across all customer sectors.
  - Plan to build infrastructure for more that ~15,000 chargers across Long Island and the Rockaways by 2031 to support nearly 290,000 expected electric vehicles in the region.
  - LIPA continues to conduct reviews of clean energy programs each Fall in order to incorporate performance improvements and industry best practices into the Utility 2.0 planning process.
  - LIPA continues to lead bi-monthly workshops with solar and storage industry representatives to understand their needs, resulting in several areas of evaluation including the design or a new retail storage program; designing a pilot program with our service provider for direct utility management of Verizon SCADA accounts; and evaluation of meter socket adaptors for future approval.

LIPA

Policy Compliance and Overall Assessment

Achieving our vision for Clean Energy

- *Improve equity for disadvantaged communities, as measured by meeting or exceeding LIPA's share of New York's environmental justice goals as defined by the CLCPA and the Climate Justice Working Group, including ensuring that disadvantaged communities receive 40% of the overall benefit of clean energy, energy efficiency, energy assistance, and energy transportation investment, but not less than 35% of the overall benefits of spending on clean energy and energy efficiency programs, projects or investments*
  - Circuit Transit continued its pilot project operating a micro-shuttle service for the Rockaways and Brentwood, expanding access to clean, electric transportation and lower vehicle emissions in disadvantaged communities.
  - LIPA helped fund the Long Island Regional Clean Energy Hub which is managed by NYSERDA and Cornell Cooperative Extension. The Hub's mission is to partner with community-based organizations in providing outreach and education services in clean energy and energy efficiency and integrate those with social services, housing, economic development, health, and training, particularly in DAC

Policy Compliance and Overall Assessment

Achieving our vision for Clean Energy

- LIPA has been participating in the statewide process to define disadvantaged communities and meet its share of CLCPA goals. LIPA has been tracking and verifying its performance against the DAC goal and has developed an internal tracking tool to facilitate this effort.
- LIPA has exceeded the minimum DAC spending for 2025.
- LIPA negotiated a partnership with the Home and Community Renewal (HCR) office allowing for direct application of up to $2.7 million in LIPA incentives for weatherization and heat pump improvement in buildings that HCR is already upgrading with other state dollars.

Policy Compliance and Overall Assessment

Achieving our vision for Reliable Power Supply

- *Plan for a power supply portfolio that meets or exceeds industry standards for reliability, as demonstrated through the Integrated Resource Plans…*
  - In May 2026, LIPA released the scope of work for its planned 2027 Integrated Resource Plan (IRP), which will examine supply-side, demand-side, and transmission resources necessary for LIPA to continue to provide reliable, cost-effective, and increasingly clean electric service to customers on Long Island and the Rockaways.
  - LIPA has proposed a suite of solutions to address the challenges that will be considered during the solutions phase of the NYISO's Reliability Planning Process in the second half of 2026.
  - LIPA is participating with the state's other transmission owners in the NYISO Coordinated Grid Planning Process to better integrate the studies performed at the local level with the NYISO's bulk power system planning and generation interconnection processes, improve the integration of local T&D and bulk system studies with NYSERDA's renewable generation and storage procurements, and improve forecasting of renewable generation development.

Policy Compliance and Overall Assessment

Achieving our vision for Affordability

- *Consider the benefits and costs of its clean energy programs and power supply to achieve the greatest value for our customers. Competitively procure the least-cost resources and programs that meet our clean energy and reliability objectives.*
  - In 2025, LIPA launched procurements in neighboring regions PJM and ISO-New England for firm power import using LIPA's firm transmission rights on the Neptune and Cross Sound Cables, LIPA expects to execute contracts from those procurements in 2026.
  - LIPA has signed new power purchase agreements with MPH Rockaway Peakers, LLC and Calpine intended to support continued operation of key generating units located in Far Rockaway and Bethpage.
  - Long Island will continue to meet the minimum Locational Capacity Requirement as set by the NYISO for the foreseeable future.
  - LIPA plans to meet a major portion of its CLCPA-driven clean energy and storage targets by participating in statewide clean energy programs administered by NYSERDA. (Sunrise Offshore Wind and Propel)

Policy Compliance and Overall Assessment

Achieving our vision for Affordability

- LIPA and ConEd are working with the NYISO and the owners of Propel NY Energy to develop a transmission project which will bolster parts of the gird network on Long Island, in New York City and across Westchester County to support integration and export of at least 3,000 MW from offshore wind projects interconnecting on Long Island.
- LIPA has used prepay bonds to purchase large volumes of electricity (or natural gas) at a discount. These transactions are projected to reduce LIPA's power supply costs by approximately $12.7 million annually.

Policy Compliance and Overall Assessment

Achieving our vision for Affordability

- *Regularly demonstrate efforts to minimize cost and maximize performance with contractual counterparties and through advocating with regulatory authorities for fair cost allocations for Long Island and Rockaway customers.*
  - All third party owned generation under contract to LIPA has met or exceeded contract targets.
  - LIPA, through its use of the Neptune Cable, has been subject to PJM's cost allocation methodology for new transmission facilities, which historically assessed costs against customers using those facilities to export capacity. LIPA and other merchant transmission providers have challenged this methodology to be inequitable.
  - LIPA worked with the other New York Transmission Owners and DPS to reclassify about $60 million in Western NY PPTN cost overruns as "foreseeable", thus subject to a reduced return on equity. LI customers will save about $3 million over a 10 year period.

Enterprise Risk Management

Enterprise Risk Management

There are two risks related to the Clean Energy and Power Supply Board Policy:

- Insufficient generation to meet customer demand and/or insufficient excess capacity/margins to fulfill reliability requirements could result in reduced reliability, rolling blackouts, and/or significantly increased costs
    - This is a highly rated risk that is being mitigated through securing short- and long-term capacity and load reduction strategies, and close coordination with NYISO, NPCC, NYSRC, and NYS DPS to ensure appropriate assumptions and studies are conducted to maintain system reliability
- Suboptimal planning and/or project execution to achieve LIPA's portion of the New York State climate goals could result in insufficient resource allocations, reduced system reliability, increased customer costs, and negative public perception
    - This is a medium rated risk and is being mitigated by evaluating changes in projects, load forecasts, markets, and by modifying resource plans accordingly to ensure reliability and minimizing customer bill impacts

As a result of the mitigation actions in place and underway, we believe both risks are being effectively managed

FOR CONSIDERATION
June 24, 2026

TO: The Board of Trustees

FROM: Carrie Meek Gallagher

SUBJECT: Consideration of Approval of the Annual Report on the Board Policy on Clean Energy and Power Supply

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Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a resolution approving the annual report on the Board Policy on Clean Energy and Power Supply (the "Policy"), and finding that LIPA has complied with the Policy since the last annual review, which resolution is attached hereto as **Exhibit "A."**

Background

The Board originally adopted the Policy in June 2017 and it has been amended several times since then to align with evolving business objectives and state clean energy policies and programs. The last annual report on the Policy was presented to the Board in December 2024. The Policy sets LIPA's vision for clean energy and power supply "to provide clean, reliable, resilient electricity to our customers at an affordable cost that both maintains the economic competitiveness of our region and minimizes the economy-wide greenhouse gas emissions of Long Island and the Rockaways by encouraging the electrification of vehicles, buildings, and equipment." The Policy also establishes regular performance reporting by LIPA Staff to enable the Board to assess performance against the objectives of the Policy.

Compliance with the Policy

LIPA Staff recommend that, for the reasons set forth below, the Board finds that LIPA has complied with the Policy since the review of the Policy last year.

"To achieve our vision for Clean Energy, LIPA will:"

- "Achieve a zero-carbon electric grid by 2040, while meeting or exceeding LIPA's share of the clean energy goals of New York's Climate Leadership and Community Protection Act ("CLCPA"), including those for renewables, offshore wind, distributed solar, and storage."
    - Through direct contracting for clean energy resources and purchases of renewable energy credits, LIPA has made significant progress toward meeting the State's goals for renewables, offshore wind, distributed solar, and storage.
    - New York's first commercial-scale offshore wind farm, the 132 MW South Fork Wind Project, went into commercial operation in July 2024 under contract to LIPA. The project provides enough power to meet the needs of 70,000 homes on Long Island.

Two other projects, the 924 MW Sunrise Wind and the 810 MW Empire Wind I, are currently in construction under contracts with NYSERDA. LIPA is supporting Sunrise Wind's connection to LIPA's grid network, whereas Empire Wind 1 will connect to the Con Edison system.

- The CLCPA seeks to achieve 10,000 MW (dc) of distributed solar by 2030. LIPA has already substantially exceeded its share of the State's 2025 goal, with over 1,100 MW of utility-scale, distributed, and rooftop solar projects in service, and is on track to exceed the 2030 goal at least three years early. Long Island continues to have the most robust rooftop solar market in the State (accounting for approximately 39% of the statewide solar market as compared to 13% of the state's load) with over 90,000 photovoltaic systems installed. In 2023, customer-side installed capacity increased 85 MW (AC) with incremental annualized energy savings of about 100,000 MWh. This was a 29% increase in 2023 over 2022, while nationwide solar installations decreased by 19%.
- In 2025, as a result of LIPA's 2021 Energy Storage RFP, LIPA executed two contracts with Key Capture Energy to purchase dispatch rights from Li-ion bulk energy storage systems totaling 129 MW at locations in Shoreham and Islip. These projects will position LIPA as a statewide leader in utility-scale storage and will help meet LIPA's proportionate share of the statewide storage goals established by state policy.
- In July 2025, NYSERDA filed its Storage Roadmap Implementation Plan in compliance with a PSC Order and subsequently released its inaugural "indexed storage credits" RFP, the first of three annual bulk energy storage solicitations that NYSERDA is required to issue through 2027 to help meet the statewide goal of 6,000 MW of energy storage by 2030. According to NYSERDA's Bulk Energy Storage Program website, eight of the projects proposed in the RFP are located on Long Island.
- As of mid-year 2024, there is also approximately 23 MW of behind-the-meter customer storage installed, virtually all in conjunction with photovoltaic installations. LIPA continues to work with NYSERDA, DPS and other stakeholders to facilitate new distributed storage projects on Long Island. In this regard, LIPA and NYSERDA implemented an MOU committing LIPA to fund its proportionate share of NYSERDA's retail and residential energy storage procurement program for 2024-26.
- In 2025, LIPA and NYSERDA executed two new agreements under which LIPA commits to pay its "load share ratio" of NYSERDA's costs to purchase Tier 1 and Tier 4 renewable energy credits ("RECs"), as a primary means for LIPA to satisfy its share of statewide CLCPA goals. NYSERDA sources Tier 1 RECs under REC purchase agreements with land-based solar and wind farms across New York State, and Tier 4 RECs under a contract with Champlain Hudson Power Express that enables the import of renewable energy from Canada over a new transmission system from the Canadian border to New York City.

- "Demonstrate innovation and be recognized among the leading utilities in reducing economy-wide greenhouse gas emissions through energy efficiency and beneficial electrification."

    - As of Year End 2025, LIPA's residential and commercial energy efficiency programs resulted in 829,942 MMBtu of energy savings, which is approximately 110% of the goal of 751,412 MMBtu of energy savings for the year.

- As of Year End 2025, LIPA deployed whole house heat pumps in over 17,064 dwellings across all customer sectors. As was the case in 2023 and 2024, total heat pumps counts are based on housing units served by whole house heat pumps, as this approach is consistent with the Governor's 2 Million Heat Pump ready initiative. Long Island's share of the statewide goal is 67,769 dwellings with whole house heat pumps by 2030.
- LIPA has an estimated $230 million plan to build the infrastructure for more than ~15,000 chargers across Long Island and the Rockaways by 2031 to support nearly 290,000 expected electric vehicles in the region.
- LIPA continues to conduct detailed reviews of clean energy programs each Fall in order to incorporate performance improvements and industry best practices into the Utility 2.0 planning process.
- LIPA continued to lead bi-monthly workshops with solar and storage industry representatives to understand their needs, resulting in evaluation of several areas of exploration, including:
  - LIPA working to design a new retail storage program;
  - PSEG LI designing a pilot program for direct utility management of Verizon SCADA accounts; and
  - PSEG LI evaluation of meter socket adaptors for potential future approval.

- "Improve equity for disadvantaged communities, as measured by meeting or exceeding LIPA's share of New York's environmental justice goals as defined by the CLCPA and the Climate Justice Working Group, including ensuring that disadvantaged communities receive 40% of the overall benefits of clean energy, energy efficiency, energy assistance, and energy transportation investments, but not less than 35% of the overall benefits of spending on clean energy and energy efficiency programs, projects or investments."

  - Circuit Transit Inc., a recipient of the 2022 New York Clean Transportation Prize winner in the Electric Mobility Challenge category, continued their pilot project operating a micro-shuttle service for the Rockaways and Brentwood. This program was made possible by LIPA's award of $7 million for innovative projects that expand access to clean, electric transportation and lower vehicle emissions in historically disadvantaged communities.
  - LIPA's 2024 Budget funded $2 million for a Long Island Regional Clean Energy Hub, which is managed by NYSERDA and Cornell Cooperative Extension. The Hub's mission is to partner with community-based organizations in providing outreach and education services in clean energy and energy efficiency, and integrate those with social services, housing, economic development, health, and training, particularly in disadvantaged or underserved communities.
  - LIPA participated in the statewide process to define disadvantaged communities and meet its share of CLCPA goals. LIPA has been tracking and verifying the performance against the disadvantaged communities goal and has developed internal tracking tools to facilitate this effort.
  - Based on current formulations in the Draft Guidance Document, LIPA exceeded the minimum DAC spending for 2025, and while the year is still underway, LIPA expects to exceed the minimum DAC spend in 2026.
  - LIPA negotiated a partnership with the Homes and Community Renewal office

allowing for direct application of up to $2.7 million in LIPA incentives for weatherization and heat pump improvements in buildings that HCR is already upgrading with other state dollars.

"To achieve our vision for Reliable Power Supply, LIPA will:

- "Plan for a power supply portfolio that meets or exceeds industry standards for reliability, as demonstrated through Integrated Resource Plans conducted no less than every five years and by implementing the actionable recommendations of those plans in a timely manner."
    - In May 2026, LIPA released the scope of work for its planned 2027 Integrated Resource Plan (IRP)[1], which will examine the supply-side, demand-side, and transmission resources necessary for LIPA to continue to provide reliable, cost-effective, and increasingly clean electric service to customers on Long Island and the Rockaways. The schedule for the IRP includes ample opportunities for stakeholder engagement and public comments.
    - Recent NYISO planning studies have demonstrated tightening reliability margins for downstate New York. LIPA has proposed a suite of solutions to address the challenges that will be considered during the solutions phase of the NYISO's Reliability Planning Process in the second half of 2026.
    - LIPA is participating with the state's other transmission owners in the NYISO Coordinated Grid Planning Process to better integrate the studies performed at the local level with the NYISO's bulk power system planning and generation interconnection processes, improve the integration of local T&D and bulk system studies with NYSERDA's renewable generation and storage procurements, and improve forecasting of renewable generation development for specific locations on the local T&D and bulk transmission grid.

"To achieve our vision for Affordability, LIPA will:"

- "Consider the benefits and costs of its clean energy programs and power supply to achieve the greatest value for our customers."

- "Competitively procure the least-cost resources and programs that meet our clean energy and reliability objectives, including using our not-for-profit, tax-exempt cost of capital to finance assets or pre-pay for energy, and using LIPA-owned land or exercising LIPA's rights to acquire generating sites."
    - In 2025, LIPA launched procurements in neighboring regions PJM and ISO-New England for firm power imports using LIPA's firm transmission rights on the Neptune and Cross Sound Cables. LIPA expects to execute new contracts from those procurements in 2026.
    - In addition, LIPA has signed new power purchase agreements with MPH Rockaway Peakers, LLC and Calpine intended to support continued operation of key generating units located in Far Rockaway and Bethpage, respectively.

[1] The scope of work for the 2027 IRP was presented to the LIPA Board at its May 20, 2026 meeting. A copy of the presentation is available on the LIPA website: https://www.lipower.org/board-of-trustees/board-meetings/

- PSEGLI's scenario projections show that with these and other planned and ongoing procurement activities and supply contract extensions, Long Island will continue to meet the minimum Locational Capacity Requirement ("LCR"), as set by the NYISO, for the foreseeable future.
- LIPA plans to meet a major portion of its CLCPA-driven clean energy and storage targets by participating in statewide clean energy programs administered by NYSERDA, which acts as the central procurement administrator for contracting with eligible generators through annual competitive solicitations. Several of the projects resulting from the statewide programs – including Sunrise Offshore Wind and the Propel NY Energy project to expand the capacity of LIPA's transmission network and add three new interties to rest-of-state for offshore wind – will directly enhance local resource adequacy.
- LIPA and ConEd are working with the New York Independent System Operator and the owners of Propel NY Energy to develop the transmission project, which will bolster parts of the grid network on Long Island, in New York City and across Westchester County to support the integration and export of at least 3,000 MW from offshore wind projects interconnecting on Long Island. LIPA's role includes coordination and planning on project permitting and construction for Long Island-based facilities, and completion of certain network upgrades to the LIPA system. Construction is expected to commence later in 2026.
- Since 2022, LIPA has used prepay bonds to purchase large volumes of electricity (or natural gas) at a discount. To date, LIPA has executed three electricity "pre-pay" transactions. These transactions are projected to reduce LIPA's power supply costs by approximately $12.7 million annually.

- "Regularly demonstrate efforts to minimize cost and maximize performance with contractual counterparties and through advocating with regulatory authorities for fair cost allocations for Long Island and Rockaways electric customers."

  - In recent years, all third party-owned generation under contract to LIPA has met or exceeded contract targets. LIPA continues to actively monitor counterparty performance and pursue contract optimization opportunities where appropriate. LIPA engagement to competitively reprocure expiring agreements to ensure Long Island ratepayers receive maximum value from the existing supply portfolio, continues to be a critical focus.
  - LIPA, through its use of the Neptune Cable, has been subject to PJM's cost allocation methodology for new transmission facilities, which historically assessed costs against customers using those facilities to export capacity. LIPA and other merchant transmission providers have challenged this methodology to be inequitable. In a March 6, 2026 order — *Consolidated Edison Co. of New York, Inc. et al.*, 194 FERC ¶ 61,179 (2026), Docket Nos. EL15-18-005 et al. — FERC eliminated PJM's long-standing *de minimis* threshold exemption from its DFAX cost allocation methodology, finding that the exemption violated cost-causation principles by disproportionately shielding large load zones from paying for transmission upgrades they significantly used. The order opened the door to an estimated $1 billion in refunds, including interest, and re-billing stretching back more than a decade. LIPA, together with Neptune, Con Edison, and other New York entities, was among the original petitioners that brought the successful

D.C. Circuit challenge in 2022 that led to this remand and the March 2026 order. LIPA is now actively monitoring the compliance filing process directed by FERC and assessing its share of any refunds and prospective cost reallocations, which are expected to produce direct savings for Long Island ratepayers.

- In 2024, LIPA worked with the other New York Transmission Owners and DPS to reclassify about $60 M in Western NY PPTN cost overruns as “foreseeable”, thus subject to a reduced return on equity. LI customers will save about $3 M over a 10-year period. In 2025, LIPA continues to monitor and participate in PPTN project cost developments, including cost reconciliation proceedings for previously approved projects. As PPTN projects progress through construction and into service, LIPA remains engaged in ensuring that any cost overruns are subject to appropriate regulatory scrutiny and that Long Island's proportionate share of transmission costs reflects actual usage and benefit.

- LIPA is actively monitoring FERC implementation of Order No. 1920, which establishes new federal requirements for Long-Term Transmission Planning. Order 1920 requires transmission providers, including NYISO, to conduct long-term regional planning over a 20-year horizon and to incorporate identified transmission needs driven by anticipated future scenarios, including load growth, resource retirements, and state and federal policy requirements. Order No. 1920 is a fundamental shift in Long-Term Transmission Planning and will place a heavy reliance on scenario-based planning and forecast assumptions related to resource supply, age-based retirements, load forecasts, and other future scenarios. LIPA is engaged in NYISO's Order 1920 compliance proceedings to ensure that Long Island's transmission needs, including export capacity, offshore wind interconnection, and reliability requirements, are appropriately identified and that the resulting cost allocation framework does not disproportionately burden Long Island ratepayers. Additionally, LIPA is also engaged in the development and implementation of NYISO Congestion and Grid Planning Process (CGPP) which governs how transmission congestion costs and reliability-driven investments are identified, evaluated, and allocated across NYCA. NYISO has completed Phase 1 as part of the CGPP process and LIPA’s participation is directed at ensuring that cost allocation methodologies under the CGPP appropriately reflect Long-Island's load ratio share and projects with limited direct benefits to Long Island are not allocated to ratepayers.

- LIPA worked with the state's other transmission owners and load interests to advocate for a two-hour lithium-ion battery energy storage system (BESS) as the proxy unit in NYISO's quadrennial Demand Curve Reset (DCR) — a critical determinant of the market cost of installed capacity for load-serving entities such as LIPA. On January 28, 2025, FERC accepted NYISO's 2025–2029 DCR proposal in Docket No. ER25-596, approving the two-hour BESS as the peaking unit and finding it meets the definition of a peaking unit under NYISO's Services Tariff, with the new demand curves effective for the 2025/2026 Capability Year and governing annual ICAP Demand Curve updates through the 2028/2029 Capability Year. FERC accepted

NYISO's proposed financial parameters for the two-hour BESS, including a 14.5% cost of equity, a 7.2% cost of debt, and a 50-basis-point risk adder to account for the higher investment risk associated with BESS projects. This change is estimated to save New York consumers approximately $1.6 billion annually compared to a conventional fossil fuel proxy — a significant long-term benefit for LIPA customers as existing supply hedges roll off over time.

- Looking ahead, NYISO has begun early discussions on potential reforms to the DCR process itself, including how the proxy unit definition and Cost of New Entry (CONE) methodology should be strengthened for future reset cycles. NYISO stakeholders and NY Transmission Owners will coordinate in late 2025 and continuing into 2026, in examining improvements to the DCR process and proxy unit definition ahead of the next quadrennial reset cycle. LIPA is actively engaged in these proceedings to ensure that the DCR methodology continues to reflect the actual project economics.

- LIPA actively participates in New York PSC proceedings that have direct implications for Long Island electricity costs. The NY PSC has opened a number of key proceedings addressing Large Load Interconnection, Capacity Market, Utility Ownership, Affordability, as well as transmission rate cases, demand response programs, and utility performance metrics. LIPA is engaged in those addressing the cost recovery framework for offshore wind transmission infrastructure, the treatment of stranded transmission costs, and any DPS reviews of LIPA's own rate structure and financial performance under the Revised LIPA Reform Act framework. LIPA's participation in these proceedings is directed at preventing cost shifts onto Long Island ratepayers and ensuring that state regulatory actions are consistent with LIPA's obligations to procure and deliver power at the lowest reasonable cost.

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. There are two risks related to this Policy which are noted below.

- Suboptimal planning and/or project execution to achieve LIPA’s portion of the New York State climate goals could result in insufficient resource allocations, reduced system reliability, increased customer costs, and negative public perception; and
- Insufficient generation to meet customer demand and/or insufficient excess capacity/margins to fulfill reliability requirements could result in reduced reliability, rolling blackouts, and/or significantly increased costs.

The CLCPA project execution is a medium rated risk with a long-term focus. This risk is being mitigated by evaluating changes in projects, load forecasts, markets, and by modifying resource plans accordingly to ensure reliability and minimizing customer bill impacts. We are also active participants with NPCC, NYSRC, NYISO and NYS DPS through various technical committees to ensure appropriate assumptions and studies are conducted to maintain system reliability. There is proactive communication with various stakeholders through the Project Council and Transmission and Distribution Planning Coordinating Committee ("TDPCC") to discuss major transmission project drivers such as PPTN, East End retirements, grid planning and incorporating feedback into study assumptions and recommendations. As a result of the mitigation actions in place and underway, we believe this risk is being effectively managed.

The resource adequacy risk is a highly rated risk and new to the top-rated enterprise risks presented to the F&A Committee in 2026. This risk is being mitigated through securing short- and long-term capacity and load reduction strategies, such as the Far Rockaway contract. We are coordinating closely with the PSC and NYISO and monitoring the progress of proposed regulations. Through the update of the IRP, we will have updated assumptions on generation requirements to maintain system reliability.

As a result of the mitigation actions in place and underway, we believe each of these risks are being effectively managed.

Annual Review of the Policy

LIPA Staff has reviewed the Policy and recommend no changes 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.

Attachments

Exhibit "A" Resolution

<u>Exhibit "A"</u>

RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON CLEAN ENERGY AND POWER SUPPLY

WHEREAS, the Clean Energy and Power Supply Policy (the "Policy") was originally approved in July 2017; and

WHEREAS, the last annual report and amendments to the Policy was in December 2024; and

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

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

Dated: June 24, 2026