

FOR CONSIDERATION

July 26, 2017

TO: The Board of Trustees

FROM: Thomas Falcone

REQUEST: Approval of Memorandum of Understanding on Offshore Wind Energy Development with New York State Energy Research and Development Authority

Requested Action

Adopt a resolution approving a Memorandum of Understanding (MOU) on Offshore Wind Energy Development with the New York State Energy Research Development Authority (NYSERDA), as further described below.

Background

New York is implementing progressive energy policies such as “Reforming the Energy Vision” and the “Clean Energy Standard” (CES), whereby 50 percent of the State’s energy will come from renewable generation (50x30) by 2030. Additionally, the State has committed to 2.4 gigawatts (2.4GWind) of offshore wind by 2030, primarily off the coast of Long Island.

To that end, NYSERDA is developing New York State’s Offshore Wind Master Plan, while LIPA recently initiated New York’s first offshore wind farm.

As the electric utility geographically closest to the State’s offshore wind resource, LIPA recognizes that cooperation with NYSERDA in the areas of planning, procurement, and grid integration will result in lower costs and accelerated deployment of offshore wind projects for the benefit of LIPA’s customers and all New Yorkers, while providing cleaner air and lower carbon emissions.

The proposed MOU commits LIPA and NYSERDA to cooperate across areas of mutual interest in implementing the State’s 50x30 and 2.4GWind plans. By establishing a high level of communication and coordination, the parties seek to responsively, efficiently and cost-effectively locate and procure offshore wind and integrate it into the electric grid in time to meet the State’s clean energy goals. Specifically, the parties seek to:

- Jointly pursue opportunities that maximize industrial and employment opportunities and benefits to the State and regional economy;
- Evaluate the desirability and appropriateness of potential use of already industrialized properties, including those on Long Island, for manufacturing, staging, or assembly of offshore wind or other clean energy infrastructure;

- Identify and evaluate interconnection opportunities in LIPA’s electric service territory and neighboring territories, including evaluation of electric transmission system requirements for interconnecting wind power in various increments;
- Evaluate the impacts of the injection of offshore wind and other renewables into the Long Island electric grid and requirements for fast ramping generation, storage, or transmission resources to support such renewables;
- Jointly assess policies that ensure the cost-effectiveness of private and public investments in offshore wind resources and related grid integration costs;
- Conduct outreach to academic, business, labor, community, environmental and government stakeholders on Long Island and in the downstate region to facilitate exchange of information and understanding of future offshore wind opportunities off the Long Island coast; and
- Work with other interested State parties and investor owned utilities, evaluating potential procurement and contract structures that maximize opportunities for development of offshore wind, subject to applicable laws, including any Orders of the New York State Public Service Commission for jurisdictional entities.

Each party will provide internal staff to participate in the above activities. Neither party will be responsible for the other’s internal costs. Should the parties agree to use external funds or otherwise contribute funds towards any activities, such funding will be subject to separate agreements made in accordance with all applicable procurement rules.

Either party may seek to terminate the MOU upon notice to the other.

Recommendation

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

Attachments

Exhibit A Resolution Approving Memorandum of Understanding

EXHIBIT A

APPROVAL OF MEMORANDUM OF UNDERSTANDING

RESOLVED, that the Authority's chief executive officer or his designee enter into the memorandum of understanding regarding cooperation on offshore wind energy development with New York State Energy Research Authority consistent with the memorandum presented to the Board and make any modification that they deem necessary or convenient.