

## **FOR CONSIDERATION**

July 26, 2017

**TO:** Oversight Committee of the Board of Trustees

**FROM:** Thomas Falcone

**REQUEST:** Consideration of Recommendation of Approval Board Policy on Transmission & Distribution System Reliability

---

### Requested Action

The Oversight Committee (the “Committee”) of the Board of Trustees is requested to approve a resolution (attached as Exhibit A) recommending that the Board approve a resolution (attached hereto as Exhibit A) adopting the proposed Board Policy on Transmission & Distribution (“T&D”) System Reliability (the “Policy”, attached hereto as Exhibit B) for the Long Island Power Authority and its subsidiary, LIPA (collectively the “Authority”).

### Background

Staff requests the Trustees to provide policy guidance regarding T&D System reliability to create a framework for PSEG Long Island’s ongoing efforts to maintain and improve T&D service reliability and for Staff’s oversight of such efforts. Other public power utilities, such as Sacramento Municipal Utility District, Omaha Public Power District, and Jacksonville Electric Authority have established similar frameworks to guide their operations.

### Discussion

The recommended Policy seeks to ensure that the Authority maintains a high level of T&D service reliability at an affordable cost and enables customers to access clean energy resources. To that end, the Policy addresses five key areas: regulatory standards, performance standards, customer experience, protection against threats, and integration of new technologies.

The foregoing objectives are consistent with the goals set forth in the Amended & Restated Operations Services Agreement (“OSA”) and provide further context to the administration of performance metrics established pursuant to the OSA and the Budgets and Rate Plans submitted to the Board. Moreover, the Policy establishes regular performance reporting by Staff to enable the Board to assess progress against the goals of the Policy.

### Recommendation

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

### Attachments

Exhibit A Resolution

Exhibit B Policy on Transmission & Distribution System Reliability

**RECOMMENDATION OF APPROVAL OF BOARD POLICY ON TRANSMISSION & DISTRIBUTION SYSTEM RELIABILITY**

---

WHEREAS, the Oversight Committee (“Committee”) recognizes that providing a high level of electric service reliability is the primary mission of, the Authority; and

WHEREAS, the Committee recognizes that achieving and maintaining a high level of reliability requires ongoing investment in the T&D System and that a reliable and resilient electric grid is a key component of the transition to clean energy; and

WHEREAS, the Committee has considered and agrees with the Policy on Transmission & Distribution System Reliability described in and attached to the accompanying memorandum:

NOW, THEREFORE, BE IT RESOLVED that, consistent with the accompanying memorandum, the Committee recommends that the Board of Trustees adopt the proposed Policy on Transmission & Distribution System Reliability, in the form attached to the accompanying memorandum.

## Exhibit B

Board Policy:	<b>Transmission &amp; Distribution System Reliability</b>
Policy Type:	<b>Operating Policies</b>
Monitored by:	<b>Oversight Committee</b>
Board Resolution:	<b>[Resolution #, approved date of resolution]</b>

---

### **Board Policy on Transmission & Distribution System Reliability**

It is the policy of the Long Island Power Authority to maintain a reliable and resilient Transmission and Distribution (“T&D”) system at an affordable cost. The Authority shall:

- comply with the applicable standards of the North American Electric Reliability Corporation, the Northeast Power Coordinating Council, the New York State Reliability Council, the New York Independent System Operator, and environmental regulations;
- fund cost-effective programs to provide a level of reliability, as measured by *system average* outage duration (known as System Average Interruption Duration Index or SAIDI), within the first quartile as compared to peer utilities, excluding major events consistent with Department of Public Service guidelines;
- fund cost-effective programs to provide a level of reliability *for each customer* that is within a reasonable variance from *system average* conditions (excluding major events consistent with the Department of Public Service guidelines) including:
  - programs to track and improve circuit conditions that cause a customer to experience four or more sustained outages (i.e., greater than 5 minutes in duration) in any 12-month period; and
  - establishing a comparable process for momentary outages (i.e., outages less than 5 minutes in duration);
- fund cost-effective approaches for resiliency, thereby enhancing the safe and timely restoration of electrical service after severe weather or adverse events; and protecting critical assets, systems and processes against physical and cyber-attacks; and
- use smart grid technologies to minimize outages, monitor system conditions, and facilitate the interconnection of renewable and distributed resources.

The Chief Executive Officer will report annually to the Board on:

- Compliance with applicable industry standards and environmental regulations;
- Analysis of system average reliability and interconnection service metrics;
- Comparison to the system average performance of peer electric utilities;
- Analysis of worst performing circuits and associated improvement plans;
- Analysis of restoration performance following severe weather or major outages; and
- Use of resiliency approaches and smart grid technologies.