

Appendix D-1

Energy Plan 2004-2013 Status Report





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1 Introduction

The progress report for the Fourth Quarter 2008 (4Q08) addresses the status of programs, the schedule for milestones, and the progress toward completion of the goals of the LIPA Energy Plan for 2004 – 2013 (“the 2004 Energy Plan”) as of December 31, 2008. Section 2 of the appendix provides a general statistical overview and the highlights of the progress that LIPA staff is making toward accomplishing the stated goals of the 2004 Energy Plan. Section 3 presents a brief tabular status report on each of the targeted plans, with comments on the related programs and their associated goals. The figures in Section 2 are based on the numerical details contained in the target plan summaries presented in Section 3.

On June 23, 2004, the LIPA Board of Trustees (“the Board”) approved the LIPA Energy Plan 2004-2013, reflecting a major milestone in the Plan’s development. The Board’s approval of the 2004 Energy Plan consisted of the approval of the findings and recommendations that were incorporated in the planning document, but did not constitute blanket approval for undertaking the necessary and specific tasks and actions that were associated with implementing the 2004 Energy Plan. As the Plan was implemented, progress reports provided updates for the Board and others. In the time since the 2004 Energy Plan was approved by the Board, LIPA has made notable progress implementing its policies and recommendations. Progress is reported in the context of the nine targeted plans that were developed to meet LIPA’s strategic objectives.

Overall, there are five strategic objectives identified in the 2004 Energy Plan that were designed to be achieved through nine targeted plans. The nine plans included Energy Efficiency and Demand Reduction, Renewables and Distributed Generation, Power Supply, Transmission – Non-Merchant, Transmission – Merchant, Distribution, Environmental, Customer Satisfaction, and, finally, Risk Management. The plans were not limited to on-Island resources and therefore explored alternatives throughout the region. Through the original targeted plans, 82 separate programs, with a total of 96 goals, were created.

The identified goals formed the framework that would facilitate the successful implementation of the 2004 Energy Plan. The status of these programs and goals are reported to maintain a forward momentum toward realizing the full content of the Plan. The 2004 Energy Plan has been fine tuned throughout this process to add, modify or cancel programs or goals that no longer meet the policies set forth by LIPA and its Board. The Energy Plan Pyramid shown in Exhibit 1-1 provides a picture of how LIPA’s strategic objectives translate into goals.

Exhibit 1-1 Energy Plan Pyramid





2 Statistical Overview and Progress Highlights

The progress of the 2004 Energy Plan has advanced through the completion of stated goals and their related programs. The progress reporting is done at the goal level within the nine targeted plans. As the Plan has been executed over the past four years, goals have been added in response to additional necessary implementation steps. Exhibit 2-1 summarizes the number of programs and their associated number of goals in 2004 and in 2008 in the nine targeted plans.

Exhibit 2-1 Summary of Plans, Programs and Goals

Targeted Plans	Programs	Goals (2004)	Goals (2008)
1. Energy Efficiency and Demand Reduction	13	12	14
2. Renewables and Distributed Generation	12	11	14
3. Power Supply	6	6	10
4. Transmission - Non Merchant	6	6	6
5. Transmission – Merchant	9	9	9
6. Distribution	12	12	12
7. Environmental	8	19	19
8. Customer Satisfaction	5	9	21
9. Risk Management	11	12	16
TOTAL	82	96	121

2.1 Status Review

The 82 programs in the LIPA Energy Plan for 2004-2013 and their associated 121 goals, as of December 31, 2008, are classified into one of five program types: Under Study, Planned, Committed, Cancelled and Completed. The definition of each category is provided in the “Progress Report Definitions” at the end of Section 3 of this report. Generally, programs and their goals will advance from Under Study to Planned to Committed, and finally to Completed. As the Plan has progressed, some programs and goals were eliminated due to infeasibility, better alternatives, or other reasons, and move to the cancelled category. Similarly, programs and goals may be added to produce more measurable goals as the programs are refined.

Exhibit 2-2 shows the distribution of goals in the Plan when it was issued in June 2004. There were 24 goals under study, 13 goals planned, and 59 goals committed for a total of 96 goals. Exhibit 2-3 summarizes the distribution of goals at the end of the 2008 (4Q08). There are 5 goals under study, 4 goals planned, 27 goals committed, 71 goals completed, and 14 goals cancelled for a total of 121 goals.

Exhibit 2-2 LIPA Energy Plan 2004-2013 - Distribution of Goals Types

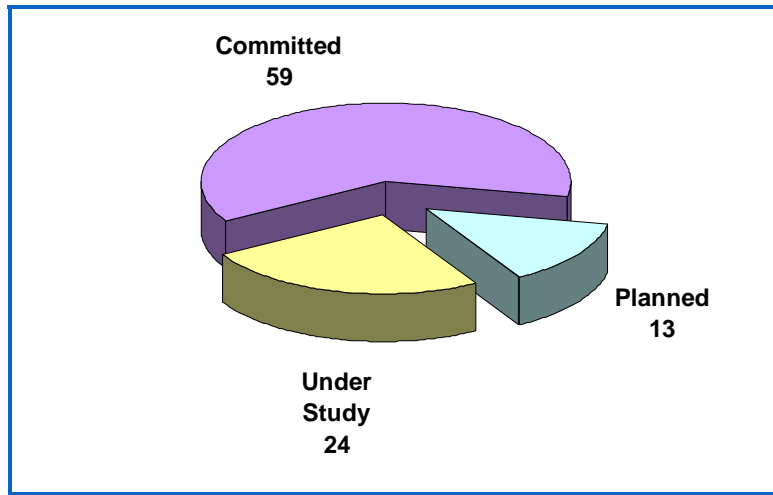
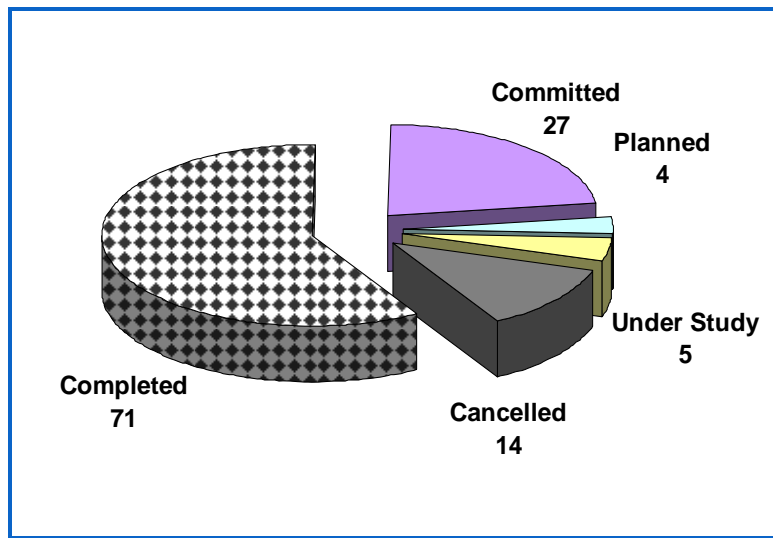


Exhibit 2-3 Distribution of Goal Types as of December 31, 2008 (4Q08)



The distribution of the goals by status category separated into the nine targeted plans as of December 31, 2008 is shown in Exhibit 2-4. Under Study, Planned, Committed, and Total columns are split into two columns, illustrating the changes that have occurred between 2004 and 2008. The increase in the total number of goals from 96 originally in the Plan to 120 at the end of 2008 reflects the refinement and/or expansion of the nine targeted plans.

Exhibit 2-4 Program Type of Energy Plan Goals

	Under Study		Planned		Committed		Completed	Cancelled	Total	
	4Q08	2Q04	4Q08	2Q04	4Q08	2Q04	4Q08	4Q08	4Q08	2Q04
1. Energy Efficiency & Demand Reduction				3	1	9	12	1	14	12
2. Renewables & Distributed Generation	2	5		2		4	11	1	14	11
3. Power Supply	2	2		2		2	8		10	6
4. Transmission Non Merchant		2		2		2	6		6	6
5. Transmission Merchant		8				1	3	6	9	9
6. Distribution				1		11	12		12	12
7. Environmental	1	3	1	1	12	15	5		19	19
8. Customer Satisfaction			3	1	10	11	7	1	21	9
9. Risk Management		4		1	4	7	7	5	16	12
TOTAL	5	24	4	13	27	59	71	14	121	96

2.1.1 Cancelled Projects

Cancelled projects include goals that were eliminated for reasons including infeasibility, better alternatives, etc. Those projects are explained further below.

One Energy Efficiency goal, EE-13, Energy Efficiency Request for Proposals (2003), was cancelled. The RFP was successfully issued, evaluated, contract awarded and contract executed. However, by 2008 only 12 MW out of the targeted 75 MW had been attained. One contractor withdrew from the program and the other contracts were under performing. These programs were discontinued. LIPA intends to serve the customers of these programs through LIPA's new ELI program.

The goal that was cancelled in the Renewables and Distributed Generation Plan (R-7) was an element targeting Offshore Wind RFP project. This goal was cancelled due to the cancellation of the wind project by the developer. No further action on this program is contemplated at this time.

Six cancelled goals were in the Transmission Merchant Plan. The first goal (TM-3) is related to transmission projects necessary to support commercial operation of the West Yaphank 80MW combined-cycle power plant. That project never materialized. The second goal (TM-4) is related to transmission projects to support commercial operation of Spagnoli Road 270MW combined-cycle power plant. The developer decided not to proceed with the project. The third goal (TM-5) is related to transmission projects necessary to support commercial operation of the Brookhaven Energy 580MW combined-cycle power plant. That project was withdrawn by ANP. The fourth goal (TM-7) is related to transmission projects necessary to support TransEnergy PJM Newbridge 350MW HVDC Tie. Merchant vendor decided not to proceed with this project. The fifth goal (TM-8) is related to transmission projects necessary to support the Wind Turbine Farm 140MW interconnection. Wind project has been cancelled. The sixth goal (TM-9) is related to transmission projects necessary to support commercial operation of the PPL Kings Park 300MW combined-cycle power plant. That project was cancelled by PPL.

The Customer Satisfaction Plan goal (C-5.B), an element of the program targeting Accessing Wholesale Markets outside Long Island, was cancelled. This goal involved developing "interim" plans to manage issues that effect the operation of the Cross-Sound Cable (CSC). It was cancelled due to the uncertainty associated with the CSC and the expectation that a more "long-term" solution could be found.

There are five goals that were cancelled in the Risk Management Plan. The first goal (RM-1.C) is the one associated with Financial Risk Management activities in the Energy Markets. This program involves sensitive information that the LIPA Board of Trustees decided should not be published and therefore eliminated from the Energy Plan. The second goal (RM-6) is the one associated with the support of Use of Competitive Market Mechanisms to Achieve Reliability. No further action on this program is contemplated at this time. The third goal (RM-8.B) is the one associated with Short to Mid Term Off-Long Island Capacity and Energy. This program involves competitively procuring capacity and energy from off Long Island sources for the 2007 and beyond timeframe. No more contracts are required at this time. No further action on this program is contemplated at this time. The fifth goal (RM-9) is the one associated with Holtsville Fuel Conversion Plan. This program study was completed and the project is not economically feasible at this time. The fifth goal (RM-11) is the one associated with Long Term Off-Long Island Capacity and Energy Plan. This program involves competitively procuring capacity and energy from off Long Island sources for the 2007 and beyond timeframe. No more contracts are required at this time. No further action on this program is contemplated at this time.

2.2 Schedule Review

The schedule review of the 121 goals as of December 31, 2008 is summarized in the Exhibit 2-5. There are 71 goals completed, 36 goals underway, and 14 goals have been cancelled. The schedule review for only the 36 goals that are underway is shown in Exhibit 2-6. There are 31 goals on schedule, 4 goals behind schedule, 1 goal requiring intervention, and 0 goals as possible failures.

Exhibit 2.5 Schedule Position for Goals

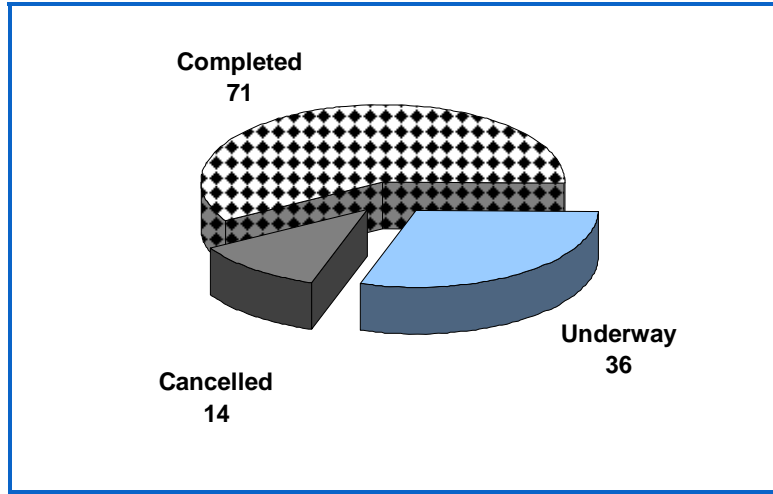


Exhibit 2-6 Schedule Position for Underway Goals

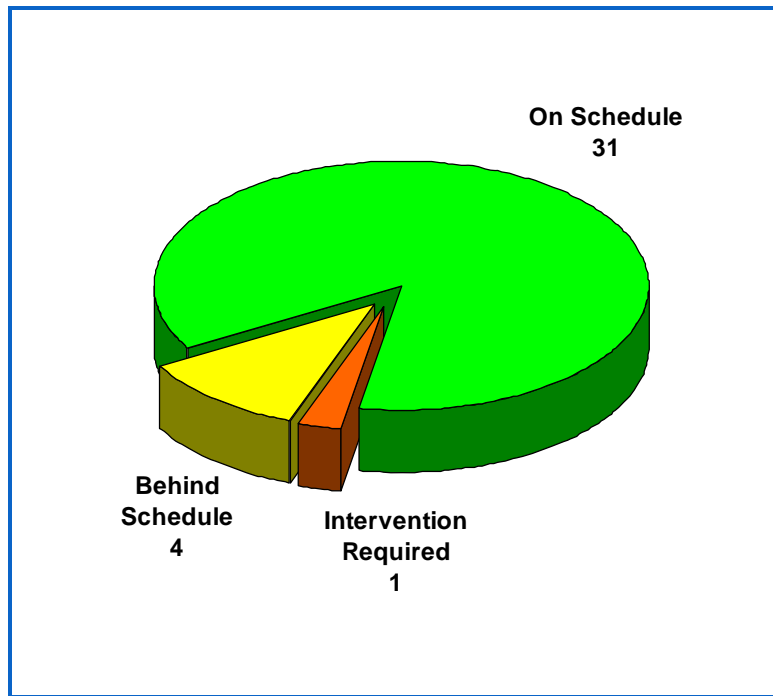


Exhibit 2-7 shows the schedule position of the 121 goals for the nine targeted plans in accordance with the “Progress Report Definitions” provided at the end of Section 3 of this report.

Exhibit 2-7 Schedule Position for Goals

Targeted Plan	Cancelled	Not Begun	Possible Failure	Intervention Required	Behind Schedule	On Schedule	Ahead of Schedule	Completed	Total Goals
1. Energy Efficiency & Demand Reduction	1					1		12	14
2. Renewables & Distributed Generation	1				1	1		11	14
3. Power Supply						2		8	10
4. Transmission Non Merchant								6	6
5. Transmission Merchant	6							3	9
6. Distribution								12	12
7. Environmental					1	12		5	19
8. Customer Satisfaction	1				2	11		7	21
9. Risk Management	5					4		7	16
TOTAL	14	0	0	1	4	31	0	71	121
			Underway = 36						

2.3 Targeted Plan Highlights

Major accomplishments, highlights, and/or issues for each of the nine targeted plans are discussed below. Summary Reports which provide additional detail for each targeted plan are included in Section 3 of this appendix.

2.3.1 Energy Efficiency and Demand Reduction Plan

All savings and customer participation numbers below are cumulative over the life of the program as of December 31, 2008. At the conclusion of 2008 the total investment in Clean Energy Initiative (CEI) was \$315 million. CEI’s energy savings resulted in emissions savings of more than 1.5 million tons of CO₂, over 2,110 tons of NO_x, and more than 5,560 tons of SO₂. The energy savings to date translate into an equivalent fuel savings of more than 3.9 million barrels of oil, or more than 24 million dekatherms of gas.

The Residential Energy Efficient Products Program (EE-1) achieved a peak reduction savings of 24.9 MW with 302,662 MWh savings and 4,994,722 customers in 2008. This exceeded the program goals of 5.5 MW, 30,332 MWh and 427,500 customers.

The Residential Cool Homes (HVAC) Program (EE-2) achieved a peak reduction savings of 47.3 MW with 31,746 MWh savings and 42,621 customers in 2008. This exceeded the program goals of 5.6 MW, 4,182 MWh and 6,100 customers.

The Residential Information/Education Program (EE-5) achieved a peak reduction savings of 8.5 MW with 23,795 MWh savings and 108,306 customers in 2008. This exceeded the program goals of 1.8 MW, 5,053 MWh and 23,000 customers.

The Customer-Driven Efficiency Program (EE-6) achieved a peak reduction savings of 2.0 MW with 19,657 MWh savings and 2,690 customers in 2008. This exceeded the program goals of 2 MW and 1,333 MWh.

The Commercial Construction Program (EE-7) achieved a peak reduction savings of 36.4 MW with 186,177 MWh savings and 4,324 customers in 2008. This exceeded the program goals of 3.3 MW and 21,200 MWh.

The LIPAEdge Program (EE-8) achieved a peak reduction savings of 50.7 MW with 33,853 participants in 2008. This exceeded the program goal of 31.8 MW.

The Peak Reduction Program (EE-9) achieved a peak reduction savings of 119.6 MW, which exceeded the program goal of 70 MW.

The Clean Energy Initiative (CEI) Spending Program (EE-10) solar project costs will exceed the program allocation.

At the conclusion of 2008 the total investment in CEI was \$315 million. CEI's energy savings resulted in emissions savings of more than 1.5 million tons of CO₂, over 2,110 tons of NO_x, and more than 5,560 tons of SO₂. The energy savings through 2008 translated to an equivalent fuel savings of more than 3.9 million barrels of oil, or more than 24 million dekatherms of gas.

On June 23, 2004, the Board approved the contract awards associated with its Energy Efficiency Resources RFP (EE-13) to six contractors and authorized staff to negotiate the Power Purchase Agreements (PPAs) which will yield an estimated 73 MW of energy efficiency savings over a 10-year period. The companies selected were: Aspen Systems, Custom Energy, Ameresco, CSG Services, Honeywell, and Johnson Controls. The PPAs were submitted to the Board and approved. The program only achieved 12 MW, 58,215 MWh and enrolled 1,136 customers through 2008.

The Keep Cool A/C Turn-In Bounty Program (EE-3) and Residential Energy Affordability Partnership (REAP) Program (EE-4) have accomplished their goals and are not longer offered by LIPA. Both programs are being evaluated in conjunction with NYSERDA to determine viability of reopening programs in future. The Peak Reduction Program (EE-9) has been discontinued and incorporated in the Demand Response Program.

2.3.2 Renewables and Distributed Generation Plan

The company officers fleet has been converted to 100% hybrid vehicles (R-1). LIPA achieves compliance with EPACT by acquiring appropriate light duty vehicles, applying for and receiving waivers for emergency vehicles, use of banked / acquired credits, and consumption of bio diesel (B20) in the truck fleet. LIPA also achieves compliance with EO-111 as it relates to vehicles used in system operation (EDO).

On-going education efforts towards streamlining standards that will be accepted by municipalities and expedite the approval process for permitting clean/renewable alternative resources. Village and town standards are on the LIPA website (R-3).

PPA negotiations with FPL (140.4 MW Off-shore Wind Park) have been discontinued (R-7).

2.3.3 Power Supply Plan

On May 26, 2004, the Board announced the contract award group for its 2005 Combined Cycle RFP. The solicitation resulted in a contract award group of two projects. The first project was developed by Calpine and located in Bethpage. The second project was developed by Pinelawn Power, and located in Babylon. Each project is capable of producing a maximum of 79.9 MW of electricity. Commercial operation dates for the facilities were the summer 2005 with contract terms of up to 20 years (P-3.A).

On June 23, 2004, the Board approved two projects for contract award under LIPA's Base Load RFP and authorized staff to begin negotiations on the Power Purchase Agreements (PPA). The first project was a 660 MW High-Voltage Direct Current transmission project that connects LIPA to the PJM Interconnection (P-4.B). The second project is a 326 MW combined-cycle project which is under development by Caithness and is located in Bellport. LIPA has a PPA for 277 MW of the plant's output. Commercial operation for this facility is expected by the summer of 2009 (P-4.A).

The evaluation of the Generation Purchase Rights (GPR) has been incorporated into the Strategic Organization Project. Advisors were selected and approved by the Board. The completed analysis concluded the current organization structure should continue. However, certain aspects of the GPR need to be renegotiated. As a result of negotiations with National Grid, LIPA is currently evaluating the possibility of purchasing all of the National Grid generating stations on Long Island.

2.3.4 Transmission – Non Merchant Plan

All committed capital transmission projects scheduled to go in-service during 2004 have been completed (TNM-1). All committed capital transmission projects scheduled to go in-service during 2005 have been completed (TNM-2). All planned (TNM-3) and under study (TNM-4) transmission capital projects for 2005-2010 have been completed. The NUSCO interconnection cable replacement (TNM-5) is completed. The NUSCO interconnection cable upgrade preliminary study has been completed and is now under study with ISO-NE.

2.3.5 Transmission – Merchant Plan

On June 24, 2004, LIPA, TransEnergie, Northeast Utilities, and the state of Connecticut reached an agreement that allowed the TransEnergie 330 MW New Haven–Shoreham HVDC cable to be energized. This agreement also required the reconstruction of the existing NUSCO cable and a \$2 million contribution by LIPA to the Long Island Study fund (TM-1). The Spagnoli Road 270 MW Combined Cycle plant (TM-4) has been cancelled by the developer. The 180 MW Wind Turbine Farm interconnection (TM-8) has been cancelled do to the cancellation of wind farm.

2.3.6 Distribution Plan

All 12 distribution programs and their associated goals for 2004 were completed (D-1 to D-12).

2.3.7 Environmental Plan

LIPA is striving to meet the Phase 1 Acid Deposition Reduction Program requirements (E-1.A). LIPA completed the first non-ozone season NO_x control period (Oct 04-April 05) with a wide compliance margin, allowing carryover of allowances to the 05-06 control period. Following the first SO₂ control period, LIPA switched to 0.7% Sulfur fuel at Northport and Port Jefferson.

In the continuing efforts to minimize the impacts from T&D system operations (E-3.H), LIPA has installed spill protection structures in over 40 substations to prevent the release of fluids to the environment and surrounding waters, in advance of regulatory requirements. This exceeds the protective requirements for new substation construction.

LIPA continues to contract for and plan with a diverse resource base of energy efficiency, renewables, natural gas with oil back-up, hydro, nuclear, and oil. Increased oil usage is frequently evaluated to optimize the balance between environmental costs and fuel savings (E-2.B).

In-field training has been increased at construction sites to increase awareness of environmental protections for sensitive areas (E-3.B). Training has also been given to operations personnel. Environmental impacts of major projects have been completed.

LIPA has published a Wire-friendly Tree Program Guide to assist homeowners in preventing tree caused outages (E-8).

2.3.8 Customer Satisfaction Plan

Retail Services performed an analysis indicating that the current base rates would produce adequate base rate margins through 2010, beyond the initial ten-year horizon. Pricing proposals were developed to increase revenues without resulting in an increase in base rates to customers. The proposals center on additional fees for specific services that should not be recovered through base rates (C-2.A).

Cost-based service fees were added to the LIPA Tariff for Electric Service in late 2004. Retail Services initiated review policies in 2005 to ensure that the new fees were being properly charged and collected from affected customers (C-2.D).

LIPA is participating in the EPRI CEIDS RD&D program with the ultimate goal of developing Distributed Energy Resources in Advanced Distribution Automation (C-2.F).

LIPA staff renegotiated and the Board approved a revised Management Services Agreement (MSA) which resolved outstanding billing disputes with KeySpan to produce overall savings that will be available to stabilize rates for the next two years (C-4).

Project (C-5.B) related to Access to Wholesale Power Markets outside Long Island concerning “Seams” issues with the Cross Sound Cable has been cancelled since no progress was being made and the expectation is that a long term solution could be found as an alternative. Project (C-5.D) related to the

evaluation of procurement of short and long term off island capacity and energy commitments has been completed. Delivery of the supply resources are expected in 2010.

2.3.9 Risk Management Plan

LIPA is incorporating explicit risk management activities into energy market operations (RM-1.C). The Board approved the Energy Risk Management Policy (the Policy) in November 2002. The Policy created the LIPA Executive Risk Management Committee (ERMC) and delegated authority to the ERMC for the administration of the Policy. In February 2004, the ERMC created and formally adopted a procedures manual - “LIPA Policies, Controls, And Procedures Manual for Energy Risk Management”. The manual specifically spells out the risk management philosophy, delegation of authority to staff, standards of conduct, management and controls, position quantification, and exposure limits. The manual establishes LIPA’s primary exposure boundary levels for customer bill impact and the secondary boundaries for individual energy commodities. The boundaries are established with the intent of achieving our year-end net income goals, while balancing customer rate impact. Specific hedging decision protocols (programmatic, defensive and discretionary) have been designed in the procedures manual as an additional safeguard to managing volatile fuel prices. The Policy will not be published as part of the energy plan and therefore the project (RM-1.C) is reflected as having been cancelled.

LIPA is working to enhance fuel source diversity (RM-3.A). The Board approved a plan to begin negotiations to contract for pumped storage capacity located in New England. RFPs have been received and contracts have been negotiated (RM-3-B).

The Board awarded a contract for the Mobile Generating Unit (MGU) RFP on March 24, 2004 (RM-7). The RFP resulted in the acquisition of 48 MGUs with an average capacity rating of 1.85 MW. Approximately 77 MW were located at Shoreham and Holtsville, with the remaining MGUs located at various other critical points on the distribution system. The supply contract term was from June 1, 2004 through Labor Day 2007.

LIPA is making progress in the competitive procurement of short to mid-term capacity and energy from sources off Long Island (RM-8). The RFP was issued, proposals were evaluated, and the winners were approved by the Board. Power Purchase Agreement negotiations are underway. No more RFPs will be required at this time.



3 Report Card

Exhibit 3-1 Energy Efficiency and Demand Reduction Plan

Project #	Program Name	Program Type	Project Goal(s)	Status	Progress To-Date	Next Milestone	Next Milestone Due Date
Energy Efficiency and Demand Reduction Plan							
EE-1	Residential Energy Efficient Products	Completed	5.5 MW, 33,332 kWh, and 427,830 customers	✓	24.8 MW Peak Demand Savings - 292,882 MWh Energy Savings (reflects the addition of the incremental MWh not actual MWh saved over the 5 yr period being reported) - 4,894,712 Customers Enrolled (YE 2008)	Continue to work toward achieving stated goals. For more information about LIPA's Energy Efficiency Plans, please refer to the LIPA Electric Resource Plan 2009-2018.	N/A
EE-2	Residential Cool Homes (RWC) Program	Completed	5.8 MW, 4,162 MWh, and 615,163 customers	✓	47.3 MW Peak Demand Savings - 30,748 MWh Energy Savings (reflects the addition of the incremental MWh not actual MWh saved over the 4yr period being reported) - 42,821 Customers Enrolled (YE 2008)	Continue to work toward achieving stated goals. For more information about LIPA's Energy Efficiency Plans, please refer to the LIPA Electric Resource Plan 2009-2018.	N/A
EE-3	Keep Cool Air-Train's Energy Program	Completed	LIPA and NYSERDA are evaluating results of 2004 program, if any	✓	Program involved train hourly operations to pilot project with NYSERDA related to advertising and education. LIPA accomplished project goals and ended the program.	N/A	N/A
EE-4	Residential Energy Affordability Partnership (REAP) Program	Completed	1.1 MW, 3,070 MWh, and 4,300 customers	✓	2.78 MW Peak Demand Savings - 21,182 MWh Energy Savings (reflects the addition of the incremental MWh not actual MWh saved over the 4yr period being reported) - 18,722 Customers Enrolled (YE 2008)	N/A	N/A
		Completed	8. Limited gate credits of a pilot program with NYSERDA to offer lower income customers assistance with a home performance energy efficiency program during the 1st yr of 2004 (Conservation in Response to Crises)	✓	Attained Home Performance as provided as a pilot. 82 jobs completed	N/A	N/A
EE-5	Residential Information/Education Program	Completed	1.7 MW, 5,353 MWh, and 23,730 customers	✓	8.1 MW Peak Demand Savings - 33,749 MWh Energy Savings (reflects the addition of the incremental MWh not actual MWh saved over the 4yr period being reported) - 188,398 Customers Enrolled (YE 2008)	Continue to work toward achieving stated goals. For more information about LIPA's Energy Efficiency Plans, please refer to the LIPA Electric Resource Plan 2009-2018.	N/A
EE-6	Customer Home Energy Program	Completed	2 MW, 1,333 MWh	✓	2.8 MW Peak Demand Savings - 18,817 MWh Energy Savings (reflects the addition of the incremental MWh not actual MWh saved over the 4yr period being reported) - 5,888 Customers Enrolled (YE 2008)	Continue to work toward achieving stated goals. For more information about LIPA's Energy Efficiency Plans, please refer to the LIPA Electric Resource Plan 2009-2018.	N/A
EE-7	Commercial Construction Program	Completed	3.3 MW, 31,200 kWh	✓	28.4 MW Peak Demand Savings - 18,177 MWh Energy Savings (reflects the addition of the incremental MWh not actual MWh saved over the 4yr period being reported) - 4,324 Inspections (YE 2008)	Continue to work toward achieving stated goals.	N/A
EE-8	CPackage Program	Completed	11.8 MW, 1,170 MWh	✓	Continue to track this program in future years.	Continue to work toward achieving stated goals.	N/A
EE-9	Peak Reduction Program	Completed	18 MW, 1,218 MWh	✓	Program achieved a peak reduction savings of 118.8 MW.	Reactivated - using new Demand Response Program instead	N/A
EE-10	Clean Energy Spending for Period 2004 through 2008	Completed	Total 5 year spending of \$187 million	✓	Other project costs will exceed program budgets. Total spending will be within budget.	N/A	N/A
EE-11	Home Performance Plus (ENERGY STAR) Program	Completed	803 MW, 26 MWh	✓	83.7 MW Peak Demand Savings - 375 MWh Energy Savings - 282 Customers Enrolled (YE 2008)	Continue to work toward achieving stated goals.	N/A
EE-12	New York ENERGY STAR® Labeled Homes Program	Completed	3 MW, 1,050 MWh. Offer not yet program, currently offered by NYSERDA, in 1st yr of 2004. Report results of this new program in 2005.	✓	1.4 MW Peak Demand Savings - 1,287 MWh Energy Savings (reflects the addition of the incremental MWh not actual MWh saved over the 4yr period being reported) - 784 Customers Enrolled (YE 2008)	N/A	N/A
EE-13	Energy Efficiency Request For Proposals (2003)	Cancelled	15 MW	✗	13.8 MW Peak Demand Savings - 10,215 MWh Energy Savings - 1,128 Customers Enrolled (YE 2008)	Program has been discontinued due to poor performance of contractors. EEP Program will provide efficiency for same groups.	N/A

Exhibit 3-2 Renewables and Distributed Generation Plan

Project #	Program Name	Program Type	Project Goal(s)	Status	Progress To-Date	Next Milestone	Next Milestone Due Date
Renewables and Distributed Generation Plan							
R-1	Alternative Fuel Vehicles	Completed	A. 90% of all new light duty vehicle purchased will use alternative fuels		LIPA achieves compliance with EPMCT by acquiring appropriate light duty vehicles, applying for and receiving rebates for emergency vehicles, use of banked / acquired credits, and consumption of bio diesel (B20) in the truck fleet. LIPA also achieves compliance with EO-117 as it relates to vehicles used in system operation (EDOC).	Continue to monitor compliance.	N/A
			B. Provide the demonstration of alternative vehicles		All DEM cars allocated, the balance are in contact	N/A	N/A
R-2	Residential Photovoltaic (Solar Panels) Program	Completed	A. ~300 MW, 700 MW; meet the customers		1,718 MW Peak Demand Savings - 4,318 MWh Energy Savings - 281 Customers Served (YE 2007)	N/A	N/A
		Completed	B. Invest gave the feasibility of developing a special program just for schools		Non-profit, schools, and municipally extra rebate incentive launched 04/2008	N/A	N/A
R-3	Streamlining Permitting Requirements for Clean / Renewable Alternative Resources	Completed	Develop streamlined standards and solicit support for standardized permit requirements		Ongoing education efforts towards streamlining standards that will be accepted by municipalities and expedite the approval process. Village and Town standards over on the LIPA website.	Continue to work toward achieving stated goals. Developed new standards which were not adopted.	N/A
R-4	Substation Fuel Cells	Completed	100 MW		1 unit installed, tested, and decommissioned	N/A	N/A
R-5	New York State Renewable Portfolio Standard (RPS)	Completed	LIPA will meet RPS standards set by the New York State Public Service Commission		Currently exceeding standards using the New Energy contract, distributed renewables and defaults.	Project Complete	N/A
R-6	Fuel Cell RFP (2004)	Completed	10 MW		Original RFP was rejected. A new RFP was issued and the proposals were evaluated.	Proposals were rejected - not economic	N/A
R-7	Offshore Wind Project RFP (2005)	Cancelled	100 - 140 MW		Ongoing PPA negotiations with PPL (140.4 MW Off shore Wind Park) are moving slowly. RFP for cable and connection to substation has been completed and is awaiting final contract. Filed Section 10 permit with ADCE in April 2008, regulatory process transferred to MMS, and currently in the midst of NEPA permitting process.	Project Cancelled	N/A
R-8	Grid/Current Clean Power	Completed	Jointly sponsor a demonstration project		Demonstration project with GEC Group complete. This was co-sponsored with NYSDORA and located off Shaker Road. Demonstration was planned for two weeks and lasted one week. Final report issued.	Project Complete	N/A
R-9	RPS Competitive Procurement (2004-2005)	Completed	100 - 250 DWE		Currently exceeding standards using the New Energy contract, distributed renewables and defaults.	Project Complete	N/A
R-10	RPS Competitive Procurement (2006)	Completed	100 - 250 DWE		Currently exceeding standards using the New Energy contract, distributed renewables and defaults.	Project Complete	N/A
R-11	RPS Competitive Procurement (2008)	Under Study	150 - 400 DWE		RFP under development for 2008 and beyond.	Two contracts awarded - one negotiations completed and the other, final negotiations should be completed by summer.	Ongoing
R-12	RPS Competitive Procurement (2010)	Under Study	150 - 300 DWE		Pending final decision from New York State PSC. Currently evaluating options to meet proposed RPS standards.	Develop competitive procurements.	N/A

Exhibit 3-3 Power Supply Plan

Project #	Program Name	Program Type	Project Goal(s)	Status	Progress To-Date	Next Milestone	Next Milestone Due Date
Power Supply Plan							
P-1	ISOMUS Project	Completed	2006 commercial operation of 49 MW project owned by EQUUS Power and under contract for all unit output to LIPA	✓	On June 18, 2006 the project produced first energy. The project was qualified to begin supplying capacity to LIPA starting July 1st.	N/A	N/A
P-2	Village of Freeport Project	Completed	2006 commercial operation of 47 MW project owned by the Village of Freeport. LIPA is under contract for 10 MW of units output	✓	On May 1, 2004 the project began supplying capacity and energy to LIPA.	N/A	N/A
P-3	Capacity RFP, Two 80 MW LM500 combined cycle units	Completed	A. Provide about 150 MW of capacity to LIPA for operation around May 1, 2005	✓	On May 20, 2004 the LIPA Board of Trustees announced the contract award group for its 2005 Combined Cycle RFP. The solicitation resulted in a contract award group of two projects. The first project was developed by Caprine and is located in Baiting. The second project was developed by Pirenean Power, and located in Baiting. Both projects are capable of producing a maximum of 79.9 MW of electricity. Commercial operation dates for the facilities was the summer 2005 with contract terms of up to 20 years.	N/A	N/A
		Completed	B. Caprine, Baiting Interservice	✓	Caprine, Baiting - 79.9 MW LM500 CC unit. Commercial operation date: 03/01/05	N/A	N/A
		Completed	C. Pirenean, Baiting Interservice	✓	Pirenean Power, Baiting - 79.9 MW LM500 CC unit. Commercial operation date: 05/01/05	N/A	N/A
P-4	Capacity, Energy and Auxiliary Services RFP	Completed	A. Provide 350 - 600 MW of new generation and/or new transmission capability to LIPA for operation no later than early summer 2007	✓	On June 23rd, 2004, the LIPA Trustees approved the award of two projects for contract award group for LIPA's Base Load RFP and authorized staff to begin negotiations on the Power Purchase Agreements (PPA). The first project is a 600 MW High-Voltage Direct Current transmission project that will connect LIPA to the PJM Interconnection. LIPA will seek a power purchase agreement for 600 MW of the project's capacity. The second project is a 226 MW combined cycle project which is under development by Calhoun and is located in Baiting. LIPA will seek a power purchase agreement for 227 MW of the plant's output. Commercial operation for this facility is expected by the summer of 2008.	Negotiate contract & selected several contracts. Calhoun contract to be commercial 2009	N/A
		Completed	B. PJM Interconnection Interservice	✓	PJM Interconnection - 600 MW high-voltage direct current transmission project - currently under construction	In operation	July-07
		Under Study	C. Calhoun Combined Cycle Interservice	■	Calhoun Combined Cycle - 226 MW (277 MW LIPA withdrawn). Project has been licensed and is under construction with a planned operation date of 2009.	LN&E going pending. On schedule for June 2009.	July-09
P-5	Generation Purchase Option	Completed	Evaluate on-line option to purchase all of the interests in National Grid Generation that LIPA may exercise during the period 11/2004 through 5/2009	✓	The evaluation of the Generation Purchase Option has been incorporated into the Strategic Organization Project. Advisors were selected and approved by the Board of Trustees. The completed analysis concluded the following: 1. The current organization structure should continue however, certain aspects of the GPR need to be renegotiated. As a result of negotiations with National Grid, LIPA is currently evaluating an option to purchase Far Rockaway and Bantel Stations which expires in 2008.	Complete the evaluation of the option to purchase Far Rockaway and Bantel Stations.	N/A
P-6	Repower Existing National Grid Generation	Under Study	Publish Phase II Repower study results in the next LIPA Draft Energy Plan	■	Draft study completed - as part of recent National Grid negotiations, LIPA has an option to decide on the repowering of Far Rockaway, GP Bantel, Stoneham and Wading River by mid-2008.	Repowering decision first quarter of 2009. Trustees action GPPA March 2009.	April-09

Exhibit 3-4 Transmission – Non Merchant Plan

Project #	Program Name	Program Type	Project Goal(s)	Status	Progress To-Date	Next Milestone	Next Milestone Due Date
Transmission - Non Merchant Plan							
TRM-1	Committed 2004 In-service Transmission Capital Projects	Completed	Complete Committed projects scheduled to go in-service in 2004	<input checked="" type="checkbox"/>	All projects complete: (1) Ronkehead-Jamesport 69KV (2) Riverhead 69 KV	N/A	N/A
TRM-2	Committed 2005 In-service Transmission Capital Projects	Completed	Complete Committed projects scheduled to go in-service in 2005	<input checked="" type="checkbox"/>	All projects complete: (1) Canal Substation 138KV KV Bank, (2) Canal Substation 138KV Terminals, (3) Canal Substation 69 KV Terminals, (4) Ronkehead 138 KV Terminals	N/A	N/A
TRM-3	Planned 2005 – 2010 In-service Transmission Capital Projects	Completed	Finalize and complete Planned projects scheduled to go in-service in 2006 – 2010	<input checked="" type="checkbox"/>	Projects are in final design and on schedule	See TRM-5	N/A
TRM-4	Under Study 2005 – 2010 In-service Transmission Capital Projects	Completed	Study and finalize review of Under Study projects scheduled to go in-service in 2006 – 2010	<input checked="" type="checkbox"/>	Study work completed	See TRM-5	N/A
TRM-5	NYSDEC Interconnectors Cable Replacement	Completed	Engage the existing cable's owner, Northeast LIMEA, in discussions in order to implement a plan to replace existing cable, which is operating sub-optimally due to efforts to minimize directed to fluid releases into the Sound.	<input checked="" type="checkbox"/>	Article VI was issued in June, 2007. Construction slated to begin in October, 2007.	Start of construction.	N/A
TRM-6	NYSDEC Interconnectors Cable Upgrade	Completed	Study option of upgrading potential replacement cable capacity to increase the interconnection capabilities between Long Island and Connecticut	<input checked="" type="checkbox"/>	No action anticipated until the Article VI application is approved. Study is underway with anticipated completion in Fourth Quarter, 2007	Under Study with ISO-NE	N/A

Exhibit 3-5 Transmission – Merchant Plan

Project #	Program Name	Program Type	Project Goal(s)	Status	Progress To-Date	Next Milestone	Next Milestone Due Date
Transmission - Merchant Plan							
TM-1	TransEnergy 230 MW New Haven-Shoreham HVDC Tie	Completed	Full commercial operation of the cable	<input checked="" type="checkbox"/>	On June 26, 2008 LIPA, TransEnergy, Northeast Utilities and the state of Connecticut reached an agreement that allows the cable to be energized, effective immediately this agreement also required the reconstruction of the existing HVDCO cable and a \$2 million contribution to the Long Island Study Fund.	LIPA Board of Trustees approval at September Board meeting.	N/A
TM-2	Beltsage 83 MW Combined Cycle Plant	Completed	Underline transmission projects necessary to support commercial operation.	<input checked="" type="checkbox"/>	Completed. Commercial Operation date: 01/01/05	None	N/A
TM-3	West Tappan 60 MW Combined Cycle Plant	Cancelled	Underline transmission projects necessary to support commercial operation.	<input type="checkbox"/>	Project never started.	None	N/A
TM-4	Spiegel Road 270 MW Combined Cycle Plant	Cancelled	Underline transmission projects necessary to support commercial operation.	<input type="checkbox"/>	SRD completed and approved. Project has participated in two NYSDC facilities studies and opted not to proceed. It is unclear whether or not vendor will proceed with this project.	None	N/A
TM-5	Brookhaven Energy 500 MW Combined Cycle Plant	Cancelled	Underline transmission projects necessary to support commercial operation.	<input type="checkbox"/>	Project withdrawn by ANP – SRD completed and approved	None	N/A
TM-6	Prepare Phase 3A 600 MW HVDC Tie	Completed	Underline transmission projects necessary to support Niagara Project	<input checked="" type="checkbox"/>	Commercial operation in June, 2007.	Complete	May-07
TM-7	TransEnergy Poughkeepsie 150 MW HVDC Tie	Cancelled	Underline transmission projects necessary to support TransEnergy PJM project	<input type="checkbox"/>	Merchant vendor has decided not to move forward.	None	N/A
TM-8	160 MW Wind Tappan Farm Interconnection	Cancelled	Underline transmission projects necessary to support Wind Farm project	<input type="checkbox"/>	SRD has been submitted for NYSDC's approval and signed at the TREC Center of 2007. Article VII application ready to be filed. According to PSC regulations applications can be filed after SRD approval.	SRD approval	N/A
TM-9	PPA Kings Park 300 MW Combined Cycle Plant	Cancelled	Underline transmission projects necessary to support commercial operation.	<input type="checkbox"/>	Merchant vendor (PPA) has cancelled this project.	None	N/A

Exhibit 3-6 Distribution Plan

Project #	Program Name	Program Type	Project Goal(s)	Status	Progress To-Date	Next Milestone	Next Milestone Due Date
Distribution Plan							
D-1	Distribution Tree Trim Program	Completed	Complete approximately 1800 miles of circuit tree trim and perform a management review of the tree trim program in 2004	<input checked="" type="checkbox"/>	Annual program	Complete 2006 workplan and establish 2007 budget.	N/A
D-2	Circuit Improvement Program	Completed	Apply the Circuit Improvement Program to the load relative 5% of LIPA distribution targets in 2006	<input checked="" type="checkbox"/>	Annual program	Complete 2006 workplan and establish 2007 budget.	N/A
D-3	Enhanced Status of Distribution Lines	Completed	Scan 50% of the distribution circuits in 2004	<input checked="" type="checkbox"/>	Complete	N/A	N/A
D-4	Automatic Reclosing Unit Installation Program	Completed	In 2004 reclose and install ARU switches to account for load growth and circuit reconfigurations	<input checked="" type="checkbox"/>	Complete	N/A	N/A
D-5	800 Cable Replacement Program	Completed	Replace substation exit cables for 8 circuits in 2004	<input checked="" type="checkbox"/>	Complete	N/A	N/A
D-6	Structure Reduces Cable Replacements	Completed	Refurbish the three best underground secondary cables in 2004	<input checked="" type="checkbox"/>	Complete	N/A	N/A
D-7	Digital Feeder Protection Relay Program	Completed	In 2004 monitor system performance to account for load growth and circuit reconfiguration	<input checked="" type="checkbox"/>	Complete	N/A	N/A
D-8	Overloaded Distribution Transformer Upgrades	Completed	Upgrade 350 highly loaded or overloaded transformers on the distribution system in 2004	<input checked="" type="checkbox"/>	Complete	N/A	N/A
D-9	Distribution Pole Replacements and Reinforcements	Completed	In 2004 inspect approximately 40,000 poles and repair/replace all that are identified as decayed or structurally unsound	<input checked="" type="checkbox"/>	Complete	N/A	N/A
D-10	Load Forecast Refinement	Completed	In 2004 complete substation design and site acquisition for transmission upgrades to address the East of Tama load pocket	<input checked="" type="checkbox"/>	Complete	N/A	N/A
D-11	2004 In-service Distribution Capital Projects	Completed	Complete identified projects scheduled to be done in 2004	<input checked="" type="checkbox"/>	Complete	N/A	N/A
D-12	2005 In-service Distribution Capital Projects	Completed	Finalize and complete planned projects scheduled to be done in 2005	<input checked="" type="checkbox"/>	Complete	N/A	N/A

Exhibit 3-7 Environmental Plan

Project #	Program Name	Program Type	Project Goal(s)	Status	Progress To-Date	Next Milestone	Next Milestone Due Date
Environmental Plan							
E-1	Emerging Air Regulatory Initiatives	Completed	A. Meet Phase 1 Acid Deposition Reduction Program requirements		Completed the first non-coarse season NOx control period (SOI 06-April 08) with a wide compliance margin, allowing carryover of allowances to the 05-06 control period. Ended the first SO2 control period, switched to 3.1% S fuel at Port Jefferson and Northport. The second SO2 control period has also been completed.	Advance ROPR Phase 2 regulatory requirements a further reduction in fuel sulfur is expected to be required by 1/1/2009.	N/A
		Completed	B. Meet Nassau & Suffolk County CO2 reduction requirements		Existing PSA plants maintain full compliance with this requirement as it ratchets down each year. New power projects are evaluated and selected in part based on compliance with the CO2 regulations.	Ongoing	Ongoing
E-2	Minimize Impacts Associated with Generation	Completed	A. Ensure all new units have the lowest achievable emission rates		Each new plant selected states state-of-the-art emission control systems for their particular type of technology.	Ongoing	Ongoing
		Completed	B. Operate facilities to balance emissions with customer costs		LIPA continues to conduct fuel and plant wide energy efficiency audits and off-plant energy efficiency, renewables, natural gas with oil back-up, hydro, nuclear, coal and oil. Increased oil usage is frequently evaluated to optimize the balance between environmental costs.	Ongoing	Ongoing
		Completed	C. Study air pollution control technologies		With this in flow during various compliance alternative assessments, there remains a need to formalize the review process. Review with National Grid for need to install additional emission control systems to meet emerging federal and state emission reduction regulatory objectives is ongoing.	In anticipation of new air pollution regulations, and possible acquisition of several GE/GEA plants, a formalized pollution control technology review will be undertaken.	Ongoing
E-3	Minimize Impacts from T&D System Operations	Completed	A. Minimize electrical field spills		Field spills from T&D operations have increased in 2005 due to increased electric demand and seasonality of summer weather. Efforts underway to examine root causes and develop recommendations to address the trend.	Ongoing. A second root-cause analysis of the most common spills is being performed.	Ongoing
		Completed	B. Reduce impacts of construction in sensitive areas		In-field training has been increased at construction sites to increase awareness of environmental protection for sensitive areas. Training has also been given to operations personnel. Environmental impacts of major projects have been completed.	Implementation of mitigation/recovery conditions for the Canal Substation. Continue emphasis on in-field training in environmental protection measures during construction, for example, Newbridge Road Connector project.	Ongoing
		Completed	C. Minimize the use of herbicides for vegetation control		LIPA continues to reduce its herbicide usage using Integrated Pest Management techniques. Policy has been developed and implemented.	Ongoing	Ongoing
		Completed	D. Minimize the release of greenhouse gases		LIPA continues to limit its use of SF6 gas, and facilitate best efficiency of the PSA units. New combined cycle high efficiency gas fired generating units brought on line in 2005 help to displace higher CO2 emitting generation but high gas prices require greater use of oil consumption at PSA units and consequently higher CO2 emissions than with gas firing. Must also assess possibility of incremental release of greenhouse gases resulting from future input of energy from PJM over Hydroic transmission line.	Ongoing	Ongoing
		Completed	E. Minimize the visual impacts of lines		LIPA performs visual analysis and extensive community outreach to assess and minimize any potential visual impacts of its lines. 80% of new construction is underground. Economic study of underground lines that this mitigation measure is not feasible in most instances. However, LIPA has undergrounded several new lines after balancing impacts.	Overhead vs. underground economic study. Continue to assess visual impacts against economic impacts of undergrounding lines for new lines.	Ongoing
		Completed	F. Minimize the generation of waste		LIPA continues to promote hazardous waste reduction through its Hazardous Waste Reduction Program. Supply policies are in place to minimize the purchase of materials that can later become hazardous wastes after they are utilized.	Ongoing	Ongoing
		Completed	G. Minimize the noise from operating equipment		Complete	N/A	N/A
E-4	Habitat Enhancement	Completed	A. Create bird habitats on rights-of-ways		LIPA continues its practice of creating steward, considered high-value bird habitat for a range of species, through its practice of Integrated Vegetation Management.	Ongoing	Ongoing
		Completed	B. Restore natural habitats on rights-of-way		By converting to IVM methods, LIPA has converted 100 acres of formerly low-value lands to naturally vegetated, diverse habitats.	Ongoing	Ongoing
E-5	Expand Availability of Emission Data	Planned	LIPA Website (www.lipa.com) link to public air emissions data for National Grid		A Web site link was developed that would have posted publicly available emissions data and was rejected because the data was out of date.	Assess alternative options and decide whether to adopt this as a goal for the Final 2009-2018 Electric Resource Plan.	Jan-09
E-6	Monitor Assessment	Completed	Assess the viability of studies on Long Island and present results in the next LIPA Draft Energy Plan		LIPA has assessed the feasibility of using the results of the PJM Downey plan.	Publication results in the 2008 Draft Energy Plan.	N/A
E-7	Recreational Trails	Under Study	Study the installation of recreational trails along LIPA transmission rights-of-way		LIPA is seeking progress from local governments.	Progress with local governments.	Ongoing
E-8	Tree Planting Guide	Completed	Develop the value of identifying a tree planting guide for homeowners		LIPA has published a Web-friendly Tree Planting Guide to assist homeowners in preventing tree-caused outages.	N/A	N/A

Exhibit 3-8 Customer Satisfaction Plan

Project #	Program Name	Program Type	Project Goal(s)	Status	Progress To-Date	Next Milestone	Next Milestone Due Date
Customer Satisfaction Plan							
C-1	Customer Care Plan	Completed	A. Create a customer loyalty steering committee	<input checked="" type="checkbox"/>	Committee is established and meets monthly	Continue with monthly meetings to monitor progress	N/A
		Completed	B. Perform a customer satisfaction assessment	<input checked="" type="checkbox"/>	Baseline research is complete. Results have been disseminated throughout the LIPA and ISE organizations. Customer Care Committee is creating work plans to address customer issues, make process improvements, and increase satisfaction levels.	Revise survey instrument before first round of tracking begins. Tracking will commence end of second quarter.	Jun-09
		Completed	C. Establish naming guidelines	<input checked="" type="checkbox"/>	Training is now complete. Plans for employee communications being drafted	Communication and tracking of program	N/A
C-2	Rate Plan	Completed	A. Continue the current base rate freeze	<input checked="" type="checkbox"/>	- Retail Services continues to monitor the margins that are generated from base rates.	Update the base rate analysis using the 2009 budgets.	Jun-09
		Completed	B. Monitor the FPPACA cost load with LIPA's financial obligations	<input checked="" type="checkbox"/>	- Retail Services has developed alternative proposals for recovering the costs associated with Fuel and Purchased Power.	Assess the feasibility of alternative fuel cost recovery mechanisms, support the Independent Consultant review of LIPA's FPPACA.	Jun-09
		Completed	C. Monitor cost-allocation by reviewing existing retail cost of service allocations	<input checked="" type="checkbox"/>	- Retail Services has performed a retail cost of service (pass allocation) study that is available for review within LIPA.	Perform the 2009 Cost Allocation Study and discuss the cost study results within LIPA. Continue to develop alternative pricing proposals that better recover costs from specific customers.	Jun-09
		Completed	D. Complete a costing study on existing special service fees	<input checked="" type="checkbox"/>	Cost-based service fees were added to the LIPA tariff for Electric Service in late 2008. Retail Services initiated review policies in 2009 to ensure that the new fees were being properly charged and collected from affected customers.	N/A	N/A
		Completed	E. Make offers available to customers in a cost effective and fully compensatory manner	<input checked="" type="checkbox"/>	- The Rate & Pricing Strategic Plan is being updated to identify future strategies for voluntary rate programs. - Not meeting provisions of the tariff were revised to incorporate new fees generating non-embedded solar and wind generation.	Rate & Pricing Strategic Plan update	Jun-09
		Completed	F. Promote innovative and effective economic development and R&D programs	<input checked="" type="checkbox"/>	- economic development opportunities continue to be evaluated and new customers enrolled in the program as they qualify.	Screening of additional customer requests. Evaluate alternative offers for economic development program participation.	Jun-09
		Completed		<input checked="" type="checkbox"/>	LIPA is part of an international collaboration with the US Dept. of Energy to develop, design, install, demonstrate and test a 120 kV superconducting transmission cable.	Continue with Phase II testing of the superconductor in the field trials.	Jun-09
		Completed		<input checked="" type="checkbox"/>	LIPA assessed the potential for Broadband over Power Lines (BPL), and determined not to pursue that technology at this time.	N/A	N/A
		Completed		<input checked="" type="checkbox"/>	LIPA is participating in the EPRI Smart Grid and Smart Grid R2SD program with the ultimate goal of developing, designing and installing a "Smart Grid" on Long Island to provide customers with increased reliability and services.	Participate in all R2SD projects in order to enable early adoption into LIPA's system. Use the results in implementing Advanced Distribution Automation and R&D projects and roll out.	Jun-09
		Planned		<input checked="" type="checkbox"/>	LIPA deployed for demonstration several sets of ultrasonic sensors. These were deployed for the detection of non-embeds and as part of a load balancing loss mitigation effort. The deployment of the devices to the demonstration projects has been successful.	N/A	N/A
C-3	i3 Choice Program	Completed	A. Increase the number of i3SDCs available to residential customers	<input checked="" type="checkbox"/>	All i3SDCs have been activated and the opportunities to serve the residential markets and the businesses provided by LIPA in that sector (such as dedicated i3TAs).	Continue monitoring the lack of participation in the residential market by i3SDCs and assess the factors that contribute to its current status, given LIPA's policy of non-embedded solar for the program.	Jun-09
		Completed	B. Increase the number of i3SDCs available to commercial and industrial customers	<input checked="" type="checkbox"/>	- Three i3SDCs that serve the commercial market are currently located. - Commercial and industrial program participation increased to 122 MW in 2008.	i3 Choice Program parameters will be reviewed for possible updates.	Jun-09
C-4	Manage Operating Agreements with National Grid	Completed	Manage operating agreements to meet expense and capital budgets	<input checked="" type="checkbox"/>	LIPA did renegotiate and the terms of that was approved a revised Management Services Agreement (MSA) which resolved outstanding billing disputes with National Grid to produce overall savings that will be available to LIPA rates for the next two years.	NY State Consider approval of the Management Services Agreement extension.	Jun-09
C-5	Access to Wholesale Power Markets outside Long Island	Planned	A. Eliminate rate "preloading" between the NY, NJ, PJM and Ontario markets	<input checked="" type="checkbox"/>	Good progress has been made with New York and New England which have the most significance for LIPA. No progress to-date with PJM and Ontario.	Progress is waiting for PJM interconnection and Ontario System.	N/A
		Completed	B. Implement work plan to manage certain issues that affect the operation of the Cross-Border Cable	<input checked="" type="checkbox"/>	Cancelled due to the uncertainty associated with the Cross-Border Cable and the expectation that a more long term solution could be found.	No progress	N/A
		Planned	C. Implement long term changes to permanently resolve certain issues	<input checked="" type="checkbox"/>	NYDC discussions are underway	Monitor progress on recommended solutions	Jun-09
		Completed	D. Evaluate potential procurement of both short and long term off-island capacity and energy commitments	<input checked="" type="checkbox"/>	Evaluation underway	Activity expected in 2009	Jun-09

Exhibit 3-9 Risk Management Plan

Project #	Program Name	Program Type	Project Goal(s)	Status	Progress To-Date	Next Milestone	Next Milestone Due Date	
Risk Management Plan								
RM-1	Continue Financial Risk Management Activities in the Energy Markets	Completed	A. Monitor market trends and identify appropriate insurance and hedging opportunities.	<input checked="" type="checkbox"/>	Ongoing daily activity.	NA	Ongoing	
		Completed	B. Maintain the hedging program for fuels.	<input checked="" type="checkbox"/>	ERM/C has authorized staff to hedge fuels through 2007, is reviewing Cross Sound Cable hedging alternatives and establishing Hedging Memorization procedures. RST/LIPA has executed ISDA Agreements with additional trading counterparties and is in negotiations with 10 additional financial institutions and energy companies.	Ongoing	Ongoing	
		Cancelled	C. Update the energy plan to incorporate explicit risk management.	<input type="checkbox"/>	LIPA Board of Trustees approved the Energy Risk Management Policy (the "Policy") in November 2002. The Board Policy created the LIPA Executive Risk Management Committee (ERM/C) and delegated authority to the ERM/C for the administration of the Board's Energy Risk Management Policy. In January of 2005 the ERM/C formally adopted a set of enhancements to the procedures manual - "LIPA Policies, Controls, and Procedures Manual for Energy Risk Management". In addition to the February 23, 2004 approved procedures, the manual has been updated to incorporate the protocols necessary to manage forward risk through 2007. The procedures specifically spell out the Risk Management Philosophy, Delegation of Authority to Staff, Standards of Conduct, Management and Controls, Position Classification and Exposure Limits. The manual establishes LIPA's primary exposure boundary levels for Customer Bill Impact and the secondary boundaries for individual energy commodities. The boundaries are established with the intent of achieving our year-end net income goals while balancing customer rate impact. In early 2006, the ERM/C will set the Customer Bill Impact	This program involves sensitive information that the LIPA Board of Trustees decided should not be published and it is therefore not included in the Electric Resource Plan documentation.	NA	NA
		Completed	D. Develop expansion & maintenance plans that address operational risks & mitigation of those risks.	<input checked="" type="checkbox"/>	Complete	NA	NA	
RM-2	Develop Contingency Plan to Avoid Major Service Disruptions	Completed	Provide suboptimal assessment of risk and risk management policies.	<input checked="" type="checkbox"/>	Complete	NA	NA	
RM-3	Increase Energy and Fuel Diversity	Completed	A. Balance fuel source diversity.	<input checked="" type="checkbox"/>	Best Energy contract approved and began deliveries in 2005.	Complete	NA	
		Completed	B. Periodically issue RFPs for new resources.	<input checked="" type="checkbox"/>	On June 23rd, 2004, the LIPA Trustees approved the contract award of two projects for LIPA's Base Load RFP and authorized staff to begin negotiations on the Power Purchase Agreement (PPA) for each project. The first project is a 660 MW High-Voltage Direct Current transmission project that will connect LIPA to the PJM Interconnection. LIPA will seek a PPA for 600 MW of the project's capacity. The second project is a 228 MW combined cycle project, which is under development by Calithness and is located in Hempstead. LIPA will seek a PPA for 217 MW of the plant's output. Commercial operation for this facility is expected by the summer of 2007.	Complete negotiations and sign agreements with award RFP award recipients. Future contracts will result from on-going RFP activities.	Ongoing	
RM-4	Support & Utilize Emerging Proven Technology	Completed	Update Energy Plan annually to increase the use of emerging proven technology.	<input checked="" type="checkbox"/>	Final update of the Energy Plan.		Ongoing	
RM-5	Maintain Existing Resources	Completed	Prepare annual maintenance plan for existing facilities.	<input checked="" type="checkbox"/>	Annual maintenance plan complete for 2004, 2005, and 2006.	Develop 2007 program	NA	
RM-6	Support the Use of Competitive Market Mechanisms to Achieve Reliability	Cancelled	Contribute to discussions and development efforts in the region to support a common marketplace and an appropriate RTO.	<input type="checkbox"/>	LIPA has supported the competitive market in the NYED proceeding.	Cancelled, no more talk about subject.	NA	
RM-7	Make Renewing Units (MUU) RFP	Completed	Seek installation of up to 100 MW in case of unplanned outages in transmission or increases in demand due to extreme weather or market conditions.	<input checked="" type="checkbox"/>	On March 24, 2004, the LIPA Board of Trustees awarded a contract for its MUU RFP. The RFP resulted in the acquisition of 48 MUUs with an average capacity rating of 1.65 MW. Approximately 77 MW were located at Shoreham and Haverhill. The term of the supply contracts is from June 1, 2004 through Labor Day, 2007.	NA	NA	
RM-8	Short to Mid Term Off-Long Island Capacity and Energy	Completed	A. Competitively procure capacity and energy from off Long Island sources.	<input checked="" type="checkbox"/>	RFP issued, whereas approved by LIPA Trustees on 10/20/05. One contract award delivered in 2006, other contracts in under negotiations.	Complete negotiations and approval of power purchase agreements.	NA	
		Cancelled	B. Periodically issue RFPs for new resources.	<input type="checkbox"/>	New RFP to be issued in 2007. Future contracts will result from on-going RFP activities.	Future contracts will result from on-going RFP activities.	NA	
RM-9	Reduce Fuel Consumption	Cancelled	Evaluate the advantages and risks of gas conversion of the Haverhill combustion facilities.	<input type="checkbox"/>	Study complete, final report prepared, & reviewed results with senior management.	Project not economically viable.	NA	
RM-10	Gas Pipeline Expansion	Completed	Study the feasibility of additional pipeline expansion onto Long Island.	<input checked="" type="checkbox"/>	NYED final gas pipeline capacity is being studied in conjunction with the development of the Calithness project.	Completed, will not do after evaluation.	NA	
RM-11	Long Term Off-Long Island Capacity and Energy	Cancelled	Competitively procure capacity and energy from off Long Island sources.	<input type="checkbox"/>	New RFP to be issued in 2007.	Issue RFP	NA	

Exhibit 3-10 Schedule Legend

- Ahead of Schedule/Target:** A project progressing ahead of the schedule and/or exceeding the target(s) outlined in the Energy Plan and summarized in the Status Update.
- Ahead of Schedule/Target:** A project progressing ahead of schedule to meet completion date outlined in the Energy Plan and summarized in the Status Update.
- On Schedule:** A project progressing on the schedule and/or meeting target(s) outlined in the Energy Plan and summarized in the Status Update.
- On Schedule/Target:** A project progressing on the schedule to meet completion date outlined in the Energy Plan and summarized in the Status Update.
- Behind Schedule:** A project currently progressing slower than but expected to finish on the schedule and/or meet the target(s) outlined in the Energy Plan and summarized in the Status Update.
- Behind Schedule/Target:** A project currently progressing slower than but expected to finish on the schedule to meet completion date outlined in the Energy Plan and summarized in the Status Update.
- Intervention Required:** A project currently progressing slower than and not expected to finish on the schedule and/or meet the target(s) outlined in the Energy Plan and summarized in the Status Update unless action is taken correct deficiencies.
- Possible Failure:** A project currently in danger of not meeting the schedule and/or target(s) outlined in the Energy Plan and summarized in the Status Update despite actions already taken to correct deficiencies.
- Cancelled:** A project where a conscious decision has been made not to proceed due to changes in the priorities or circumstances that originally justified the project's inclusion in the Energy Plan.
- Completed:** A project that has met all the targets outlined in the Energy Plan and summarized in the Status Update.
- Not Begun:** A project that has not yet started but is not behind the schedule outlined in the Energy Plan and summarized in the Status Update.

Exhibit 3-11 Program Status Legend

Under Study – Program is currently under study.

Planned – Program has completed “under study” phase and is currently in “planning” phase.

Committed – Program has completed “plan” phase and is currently in “planning” phase.

Complete – Program has gone to completion.

Cancelled – Program has been cancelled.