LONG ISLAND POWER AUTHORITY

MINUTES OF THE 327th MEETING

HELD ON DECEMBER 18, 2024

The Long Island Power Authority ("LIPA") was convened for the three hundred and twenty-seventh time at 11:04 a.m. at LIPA's Headquarters, Uniondale, NY, pursuant to legal notice given on December 13, 2024, and electronic notice posted on the LIPA's website.

The following LIPA Trustees were present in person:

Tracey Edwards, Chair
Valerie Anderson Campbell, Vice Chair
Vanessa Baird-Streeter
Drew Biondo
Claudia Lovas
Dominick Macchia
Mili Makhijani via video conferencing
David Manning

Representing LIPA, in person, were John Rhodes, Acting Chief Executive Officer; Bobbi O'Connor, General Counsel and Board Secretary; Donna Mongiardo, Chief Financial Officer; Gary Stephenson, Senior Vice President of Power Supply; Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board; Jen Hayen, Director of Communications; William Wai, Director of Rates, Vinay Dayal, Director of Finance and Treasury, Jessica Bretana, Senior Manager of Performance Management; and Bill Robins, Senior Digital Specialist.

Representing PSEG Long Island, in person, were David Lyons; Interim President and Chief Operating Officer; Gregory Filipkowski, Chief Information Officer; Michael Sullivan, Vice President of Electric Operations; Lou DeBrino, Vice President of Customer Operations; and Jessica Tighe, Director of Customer Contact & Billing.

Representing the Department of Public Service were Carrie Meek Gallagher, Director; and Nick Forst, Deputy Director.

Chair Edwards welcomed everyone to the 327th meeting of the Long Island Power Authority Board of Trustees and asked Trustee Manning to lead the Pledge of Allegiance.

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

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolutions were unanimously adopted by the Trustees based on the memoranda summarized below:

1868. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE NOVEMBER 13, 2024 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on November 13, 2024 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

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Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to authorize the Acting Chief Executive Officer or his designee to execute a memorandum of understanding ("MOU") with the New York State Energy Research and Development Authority ("NYSERDA") to fund LIPA's share of the State's Residential and Retail Energy Storage Procurement Program.

Background

New York State, through the Climate Leadership and Community Protection Act of 2019 and further executive action by the Governor, has established a goal of 6 GW of energy storage by 2030. In March 2024, NYSERDA and the Department of Public Service Staff filed "New York's 6 GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage" ("Roadmap"), which proposes a set of energy storage programs across the residential, retail, and electric utility sectors to meet the statewide energy storage goal. In June 2024, the Public Service Commission issued an order adopting many of the Roadmap

recommendations, including a Residential and Retail Energy Storage Procurement Program ("Program") to be administered by NYSERDA with a budget of $814,600,000 for the purposes of procuring 200 MW of residential battery energy storage and 1,500 MW of retail energy storage by 2030, with "retail storage" defined as systems ranging in size up to 5 MW of installed storage capacity.

NYSERDA is to implement the Program with the regulated utilities and through the voluntary participation by LIPA. These participants are each expected to provide a portion of the funding for NYSERDA's expenditures based on their proportionate share of the 2023 annual electric load delivered by all participating distribution companies, which in LIPA's case amounts to 13.23%. The proposed MOU between NYSERDA and LIPA commits LIPA to pay its share of Program expenditures amounting to $4.1 million for the first three years of the Roadmap implementation period, 2024-26.

Discussion

Energy storage helps integrate clean energy onto the grid, increases system efficiency, and increases reliability where energy storage is used in place of traditional T&D investments. Customer-owned energy storage can be used to keep critical systems online during outages, especially in the face of increasingly inclement weather events. The flexibility that energy storage offers is key to enabling the electric system to adapt to increasing load, respond to peak events, and shift load from on-peak to off-peak hours to relieve high loads on the network and reduce the cost of energy.

LIPA has offered rebate incentives for customer-owned storage since 2018. As of March 2024, 31 MW of behind-the-meter energy storage has been installed in LIPA's service territory comprising 20 MW of residential storage and 11 MW of retail storage. Included in the retail amount are two grid-connected 5 MW storage systems in Montauk and East Hampton, which were procured outside of the retail incentive program and are controlled by LIPA under long-term contracts.

The existing funding for LIPA's ongoing Residential Energy Storage Incentive Program is expected to be fully allocated by Q2 2025 at the current rate of customer enrollment. PSEG Long Island, under its "Utility 2.0" 5-year plan, has proposed an additional $1.5 million of funding for residential storage incentives for 2025 and 2026, enough to incentivize an estimated 555 systems.

NYSERDA stopped offering Long Island retail storage incentives when the prior funding ran out, and there are no retail storage incentives proposed in LIPA's 2024 Utility 2.0 plan. However, PSEG Long Island and LIPA are launching a new initiative to evaluate potential enhancements to the commercial framework for Long Island-based retail storage projects, including the "value stack" compensation mechanism available to certain distributed energy resources, which may complement a new and enhanced retail storage incentive program by improving the overall economics for front-of-meter retail storage. The effort is intended to produce a plan for a renewed Long Island retail storage incentive program to be rolled out as part of the upcoming 2025 Utility 2.0 5-year plan, if warranted.

By increasing the budget for the Long Island residential and retail storage incentive programs from the current $1.5 million to $4.1 million over the next three years, LIPA is reinforcing its already strong commitment to the statewide clean energy transition. PSEG Long Island and LIPA will continue to coordinate with NYSERDA, DPS and other stakeholders on program design and implementation as part of the 2025 Utility 2.0 planning process.

Recommendation

Based on the foregoing, I recommend that the Trustees authorize the Acting Chief Executive Officer or his designee to take all actions, including, without limitation, executing the MOU with NYSERDA as described above.

1869. AUTHORIZATION TO EXECUTE A MEMORANDUM OF AGREEMENT ("MOA") WITH NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY ("NYSERDA") FOR FUNDING FOR THE CLEAN ENERGY HUB PROGRAM

WHEREAS, LIPA and NYSERDA are in the process of negotiating the MOU relating to funding for NYSERDA's Residential and Retail Energy Storage Procurement Program; and

WHEREAS, the total cost of the contribution by LIPA is calculated to be up to $4.1 million over three years.

NOW, THEREFORE, BE IT RESOLVED, that the Acting Chief Executive Officer or his designee be and hereby is authorized to execute and effect an MOU with NYSERDA consistent with the terms of the accompanying memorandum, and to perform such other acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Acting Chief Executive Officer or his designee, to implement LIPA's participation in the Program.

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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. The last annual report and amendments to the Policy were adopted in May 2023. 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 find 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.**
    - **With regard to offshore wind, the CLCPA aims to achieve 9,000 MW by 2035, of which at least 3,000 MW is expected to be interconnected to Long Island. 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 development 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. LIPA participates in cost sharing for the NYSERDA contracted projects on the same pro-rata basis as the other load serving entities in New York and expects to receive credit for its energy purchases from South Fork against its proportionate obligation for the statewide program.**
    - **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%.**

- **LIPA is currently wrapping up contract negotiations to purchase dispatch rights from three Li-ion bulk energy storage systems totaling 179 MW at locations in Shoreham, Islip, and Babylon. These projects will position LIPA as a statewide leader in utility scale storage and should meet most of LIPA's proportionate share of the State's storage goals in the pre-2030 timeframe.**
- **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 are finalizing an MOU committing LIPA to fund its proportionate share of NYSERDA's retail and residential energy storage procurement program for 2024-26.**
- **LIPA is working with the New York Independent System Operator and Propel NY Energy to develop a transmission project to 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 in 2026.**

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

  - **As of October 2024, LIPA's residential and commercial energy efficiency programs resulted in 646,286 MMBtu of energy savings, which is approximately 82% of the goal of 791,725 MMBtu of energy savings for the year.**
  - **As of Q3 2024, LIPA deployed whole house heat pumps in over 10,470 dwellings across all customer sectors. As was the case in 2023, 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 14,435 chargers across Long Island and the Rockaways by 2031 to support nearly 290,000 expected electric vehicles in the region.**

- **"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."**

- **In 2020, LIPA offered a Community Solar feed-in tariff for up to 20 MW of new renewable resources whose benefits will be directed toward low and moderate-income customers. As of 2024, five PPA's have been executed for 12.0 MW with three projects totaling 7 MW currently in construction. Accordingly, eligible customers are now being identified as beneficiaries of this clean energy to help meet the goals for disadvantaged communities.**
- **In 2022, LIPA launched a new community college scholarship program to fund 50 scholarships over the next 5 years for students seeking education and training in careers related to the electric utility industry. The LIPA Scholarship will provide full tuition, fees, and books to students with the goal of attracting local talent from specified underserved communities on Long Island and the Rockaways.**
- **Circuit Transit Inc., a recipient of the 2022 New York Clean Transportation Prize winner in the Electric Mobility Challenge category, is now operating a micro-shuttle service for the Rockaways and Brentwood. The service 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. Circuit has provided Rockaways residents with over 5,000 rides since December 2023 and launched its newest service in Brentwood in September 2024.**
- **In 2022, LIPA funded a $30,000 grant to the Shinnecock Nation to assist income eligible residents in learning about and applying for LIPA's low and moderate-income assistance programs. Customers receive discounts on electric service and enhanced rebates for energy efficiency and clean technologies (e.g. heat pumps).**
- **LIPA's 2024 Budget funds $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 has been participating in the statewide process to define disadvantaged communities and meet its share of CLCPA goals. As part of the 2024 OSA performance metric, 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 2023, and while the year is still underway, LIPA expects to exceed the minimum DAC spend in 2024. LIPA is awaiting approval of the Draft Guidance to provide verified numbers on DAC spending to NYSERDA as part of the statewide CLCPA DAC reporting process.**

"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 November 2023, LIPA released its 2023 Integrated Resource Plan ("IRP"). The release of the IRP was accompanied by briefings for the LIPA Board, state officials and other stakeholders, press releases, a Newsday editorial by LIPA's CEO, a webpage with links to a Summary Guide, FAQs and informative videos, targeted emails and three public comment sessions on Long Island.**
- **Following the publication of the IRP, PSEG Long Island completed follow-on studies to examine local capacity needs under various generation retirement scenarios, among other studies. PSEG Long Island plans to update the IRP base case in 2025 for internal use.**
- **Existing Long Island capacity and currently planned additions are expected to meet the NYISO's minimum Locational Capacity Requirement ("LCR") through at least 2030. The current LCR of 107.3% of peak load is satisfied mainly with fossil-fueled generation and a smaller contribution from renewable resources. As the new Propel NY Energy transmission project together with offshore wind and energy storage resources begin to reach commercial operation, Long Island will be in position to phase out a portion of the existing fossil-fuel generation in a manner that continues to satisfy the LCR and system reliability.**
- **In recent years, all third party-owned generation under contract with LIPA met or exceeded contract targets.**
- **LIPA continues to work cooperatively with intertie owners to ensure continued reliable transmission service for power imports. In 2023, the New York Power Authority completed extensive replacement of the Long Island land-based portion of the Y-49 cable, to help ensure the cable will provide reliable service for many years to come.**
- **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."**
  - **LIPA's pending contracts for bulk energy storage were procured through a competitive RFP. Consistent with LIPA's objective to repurpose fossil sites for clean energy, two of the projects are located next to existing fossil generating units destined for future retirement. The contracts are structured as build-own-operate-optional-transfer ("BOOOT") arrangements, which achieves two**

important objectives: 1) to protect LIPA from startup and operational risks in the first seven years of the projects' lives and 2) to take advantage of LIPA's access to tax-exempt debt to finance the asset acquisition at the end of the BOOOT term, thereby lowering total costs to customers.

- **LIPA continues to work with NYSERDA and the Department of Public Service to develop the implementation plan for New York's 6 GW Energy Storage Roadmap. NYSERDA anticipates conducting annual procurements for "indexed energy storage credits," similar to the approach used for RECs and ORECs, to achieve the CLCPA targets for energy storage. LIPA and NYSERDA have exchanged ideas on a crediting mechanism for LIPA-procured storage against LIPA's proportionate cost responsibility for the statewide program.**
- **LIPA plans to meet a major portion of its future CLCPA-driven Tier 1 Renewable Energy Credits ("REC") and OREC ("Offshore Wind REC") targets by participating in the statewide program administered by NYSERDA, which acts as the central procurement administrator for contracting with eligible generators through annual competitive solicitations. As of year-end 2024, LIPA and NYSERDA are in discussions to complete a Tier 1 REC purchase agreement for LIPA's proportionate share of the statewide program.**
- **LIPA executed a 100 MW electricity "pre-pay" transaction in October 2024. This transaction is projected to reduce LIPA's power supply costs by approximately $4.5 million annually. Further transactions are under active consideration.**

- **"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."**

  - **LIPA worked with Neptune Cable to challenge the PJM regional transmission organization's allocation of costs for new transmission facilities within its system to customers that use the facilities to export capacity, such as LIPA's use of the Neptune cable. Along with other merchant transmission providers, LIPA is working to achieve a settlement with the PJM Transmission Owners that, if approved by FERC, is likely to result in significant saving for customers.**
  - **In 2022, LIPA and Con Edison successfully petitioned the PSC to more appropriately allocate the cost of certain offshore wind transmission facilities to reflect LIPA's overall load ratio share (which is approximately 13%).**
  - **LIPA successfully advocated for the LI Export Public Policy Transmission Need ("PPTN") Propel NY Energy project, which offered the best combination of low cost and high export/import and interconnection flexibility out of many contending project proposals. LIPA expects the project will deliver significant net benefits to ratepayers over its lifetime.**
  - **In 2023, LIPA and PSEG ER&T successfully worked with NYISO to set Off-Shore Wind ("OSW") reference offer prices at OSW's marginal variable costs. NYISO had originally proposed to set reference prices at the all-in contract cost for the South Fork project, preventing the economic dispatch of wind in nearly all hours. By allowing a realistic reference price and dispatch pattern, LIPA**

customers are estimated to save about $240 M in marginal fuel cost savings over a 10-year period.

- **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 2024, LIPA worked with the state's other transmission owners and load interests to advocate for a 2-hour battery storage proxy as part of NYISO quadrennial demand curve reset process. The demand curve is an important determinant of the market cost of generating capacity to load serving entities like LIPA. Once ratified by FERC and the courts, this change is estimated to save New York consumers $1.6 B annually compared to using a conventional fossil proxy. Although LIPA is currently largely hedged against capacity market price increases, over the longer-term LIPA expects the change will benefit its customers significantly.**

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 is one major risk related to the Policy that is representative of both LIPA and PSEG Long Island. The risk is *Suboptimal planning and/or CLCPA execution of the overall strategy including projects and other activities 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*.

The CLCPA project execution risk is highly rated and among the top risks reported to the F&A Committee. This risk is being mitigated by evaluating changes in projects, load forecasts, markets, and by modifying resource plans accordingly to ensure reliability and minimize customer bill impact.

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 TDPCC to discuss major transmission project drivers such as PPTN, East End retirements, grid planning and incorporate 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.

Annual Review of the Policy

LIPA Staff has reviewed the Policy and recommend no changes at this time.

1870. 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 May 2023; 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.

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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: (i) approving the annual report on the Board Policy on Information Technology and Cyber Security (the "Policy") for the period since the last annual review; and (ii) finding that LIPA has substantially complied with the Policy, which resolution is attached hereto as Exhibit "A."

Discussion

In December 2019, the Board adopted the Information and Physical Security Policy. The Policy delineated the Board's expectations and direction for information and physical security in accordance with public safety, operational, reputational, and compliance requirements. It established a reporting requirement to the Board on compliance with the key provisions of the Policy. In 2021, the prior policy was supplanted by the Information Technology and Cybersecurity Policy. The Policy provides that LIPA's "vision for information technology and cyber security is to use technology to enhance and simplify the customer experience, improve reliability, and minimize operating costs while ensuring robust, secure technology platforms that provide operational stability and protect customer, employee, and third-party data from unauthorized access or disruption. LIPA supports data privacy by transparently communicating how customer information is collected, used, and disclosed." The Board completed the last annual review of the Policy in December 2022.

Compliance with the Policy

LIPA Staff recommends that, for the reasons set forth below, the Board find that LIPA has substantially complied with the Policy since the last review.

Compliance with each element of the Policy is discussed in detail below.

1. **"Invest in information technology that supports the efficiency of business operations, promotes innovation, and provides long-term customer value."**
   - **LIPA funded a substantial portfolio of IT projects in 2024, which advances the goals of increasing efficiency, promoting innovation, and providing long-term customer value. The portfolio covers a range of projects, including enhancements to existing systems and implementation of new technologies, with the larger projects covered by the 2024 IT metrics. Some noteworthy IT projects are discussed below.**
     - **Contact Center as a Service: In 2022, PSEG Long Island began the Contact Center as a Service project to provide a fully integrated cloud-based contact center solution, allowing for numerous customer-facing improvements, including a seamless omni-channel customer experience, improved response time on resolutions, enhanced reporting, and many other enhancements. The project went live in November 2023.**
     - **System Separation: In the amended OSA between LIPA and PSEG Long Island, effective April 1, 2022, the parties agreed that it would be beneficial for all IT Systems serving LIPA to be separate and distinct from the systems, data, reports, and information of PSEG Long Island and its affiliates. In 2022, as required by the OSA, a joint LIPA and PSEG Long Island IT Team developed an IT System Separation Plan ("the Plan") to separate all PSEG Long Island IT Systems serving LIPA from PSEG New Jersey systems. The Plan, which has been adopted by the Board, organizes the systems to be separated into four logical groupings ("bundles") for phased implementation. Work began with the issuance of an RFP for the first bundle in the last quarter of 2022 and the discovery and documentation of the remaining bundles/applications in 2023. The project has experienced significant schedule delays, and the 2024 IT-07 System Separation metric will not be met. All systems are targeted to be separated by the end of 2025, in accordance with the OSA, and LIPA will continue to engage in oversight actively.**
     - **Standardized Data Access Platform (SDAP): The SDAP project was initiated to implement the Board recommendation to improve LIPA and Department of Public Service ("DPS") access to PSEG Long Island financial and operational data through a Standardized Data Access Platform comprised of an enterprise-wide data warehouse, a broader data lake, and tools to support reporting and analytics. A reduced-scope Phase I deployment was delivered in 2022. As part of Phase II SDAP, LIPA and PSEG Long Island developed a two-year roadmap identifying some of the systems, such as CCaaS, AMI, CAS, GRIDX, Procurement Ariba, SAP HR, etc., for which the data will be ingested into the data lake as per LIPA's business requirements. The data for the remaining systems will be identified and delivered in future phases.**
     - **CRM Replacement: PSEG Long Island has been maintaining the Salesforce CRM platform at a significant cost; however, the capabilities that were being leveraged were redundant with those provided by other tools. At LIPA's request, PSEG Long Island initiated a project to identify and implement alternate methods of**

managing these functions. In 2023 and 2024, Customer Operations functions were implemented allowing for significant cost savings in Customer Operations license and maintenance fees and improving the overall Call Center agent and customer experience.

- **Governance, Risk, and Compliance (GRC) Tool Deployment: This project will select and implement a GRC tool to manage and automate GRC-related data and processes for the critical areas of Cyber Security, Business Continuity, and Disaster Recovery. The tool will provide efficiencies through automation, support regulatory compliance, and enable the organization to mature risk management capabilities through data and process enhancements. The project was initiated in response to the 2023 NIST Cybersecurity Framework (CSF) assessment recommendation. Phase 0 will be completed in 2024, and it will provide vendor selection and a project plan for implementation in 2025.**

- **LIPA has also established annually recurring IT System Resiliency metrics (IT-03 and IT- 10), which aim to minimize the probability and impact of system failures through well-designed, robust, and thoroughly exercised Disaster Recovery Plans (DRPs) and Business Continuity Plans (BCPs) for critical systems and processes. The metric was not met in 2022 and 2023. Given the importance of making progress towards the objective of developing a resiliency program that ensures that PSEG Long Island can continue to perform its essential functions and deliver core capabilities during and following disruptions to normal operations, LIPA engaged a third-party consultant in 2024 to conduct a holistic assessment of the resiliency program and develop recommendations on the path forward, including action plans with prioritized and achievable improvements. The assessment report was provided to PSEG Long Island in September 2024. PSEG Long Island will complete the actions identified in the report for 2024 and will submit a PIP in the 1 Qtr. of 2025 to outline the plan to complete the report's recommendations. The metric will be carried forward in 2025 to review the progress on the gap closure and ensure that the critical systems are exercised according to a structured plan.**

2. **"Deploy modern grid management technology and data analytics that enhance grid operations, customer service, utility asset management, and demand management, as measured by a Smart Grid Maturity Model level consistent with industry best practices (i.e., top 25% of utilities.)."**
   - **The Smart Grid Maturity Model (SGMM) is a business tool stewarded by the Software Engineering Institute at Carnegie Mellon University. The model provides a framework for understanding the current extent of smart grid deployment and capability within an electric utility, a context for establishing strategic objectives and implementation plans supporting grid modernization, and a means to evaluate progress over time toward those objectives.**

In 2022, LIPA engaged a consultant to conduct an SGMM Assessment. The preliminary assessment recommended numerous areas for technology investment, such as Advanced Metering Infrastructure (AMI), Distributed Energy Resources Management Systems

(DERMS), and Advanced Distribution Management System (ADMS). Several initiatives have since been undertaken, including AMI, DERMS, and ADMS Roadmap. For instance:

- **DERMS: DERMS is a software platform used to manage a group of distributed energy resource (DER) assets—such as rooftop photovoltaic solar panels, behind-the-meter batteries, or a fleet of electric vehicles—to deliver grid services and balance demand with supply to help utilities achieve mission-critical outcomes. In 2023, PSEG Long Island went live with a DERMS Phase 1 deployment, providing Distribution Operators visibility to DER and allowing for greater integration of DER into the electric grid operations.**
- **In 2024, the operational technology focus has been on a number of critical Life Cycle Planning (LCP) projects to upgrade or replace technologies nearing end-of-life. These projects will increase capacity and enhance capabilities, supporting and enabling the planned future expansions of smart grid technologies. These projects are discussed further in Item #4.**

3. **"Ensure the capacity of the information technology organization to deliver reliable, robust, and resilient systems, as measured by a Capability Maturity Model Integration level of 3 or higher."**
   - **LIPA has established an Organizational Maturity metric to improve IT capability and performance and achieve Capability Maturity Model Integration (CMMI) Maturity Level 3. The 2024 metric requires a third-party consultant's benchmark appraisal of PSEG Long Island's CMMI maturity level. Due to resource conflicts with system separation, the appraisal targeted for Q4 2024 is now planned for Q1 2025.**
   - **LIPA established the Project Performance metrics (IT-05 and IT-06) to improve project performance across the portfolio. While overall performance continues to fall short of the expected standards, the performance metrics have enhanced LIPA's ability to identify and work with PSEG Long Island management to address weaknesses and gaps in PSEG Long Island's project performance.**

4. **"Regularly upgrade information and operational technology systems to maintain all systems within their active service life and under general support from the product vendor."**
   - **Metric IT-04, System and Software Lifecycle Management was established to ensure all IT and OT assets managed by PSEG Long Island on behalf of LIPA, including but not limited to computers, communications equipment, networking equipment, hardware, software, and storage systems, are within their active service life and under general support from the product vendor Pursuant to the metric, PSEG Long Island developed an Asset Inventory and a Two-Year Refresh Plan in 2022, which are now refreshed annually. The updated 2024-2025 Refresh Plan specifies a number of refresh projects to be conducted in 2024 to advance the objective of replacing or upgrading all end-of-life assets and was approved by LIPA. Execution of the plan is in progress.**
   - **In 2024, the Life Cycle Replacement projects include some critical upgrades of operational technology systems, including:**
     - **EMS Upgrade: This project was initiated in 2024 to upgrade the SCADA/EMS system, add a test/development environment at the Alternate Control Center**

(ACC), and develop a solution for compliance with the Ambient Adjusted Rating regulatory requirement (FERC 841 Order). The project is on track to deploy the upgraded EMS (Energy Management System) at the new Transmission Control Center (TCC) and the ACC in June 2025.

- **Multiplexer Replacement: This multi-year project is for the evaluation, design, and implementation of a new technology platform to replace the nearing end-of-life Multiplexer, which provides the network communication platform for critical T&D and NERC applications. A Systems Integrator (SI) was selected in 2023 and has been conducting an RFP process for the evaluation and selection of a new equipment vendor, as well as design activities to assess the structural work required to accommodate the new equipment. The equipment vendor is expected to be selected in Q4 2024, with the implementation to continue through 2027.**
- **CG Concentrator Project: The data Concentrators are critical networking devices that manage the communications and controls of over 3,000 SCADA devices across the PSEG Long Island service territory. The existing Concentrators had limited expansion capability and had come to the end of life for continued product support. In 2023, the project's first phase was completed with the selection of new Concentrators that provide the capacity needed to sustain the SCADA device growth as more Smart connected devices are connected to the grid, with enhanced cybersecurity features. Installation and commissioning of the new Concentrators at all sites were planned to be completed in 2024 but will extend into 2025 as the vendor resolves issues at the Hewlett site.**
- **DER to DSCADA Communications Upgrade: This project upgrades the SCADA communications network from Distributed Energy Resources (DER) to the DSCADA/EMS systems and increases capacity, which is necessary to allow for new DER to be connected to the EMS and DSCADA systems at the currently projected growth rates. Deployment is planned to be completed in 2024.**

5. **"Conduct quarterly internal vulnerability assessments and annual third-party vulnerability assessments and penetration testing of all information and operational technology systems and promptly mitigate vulnerabilities"**
   - **PSEG Long Island Cybersecurity: Starting in late 2023, PSEG Long Island engaged an external vendor to conduct representative assessments of internal, external, D-SCADA, and mobile/web application attack surfaces. The results of these assessments were finalized in the summer of 2024. PSEG Long Island has reported that it has remediated all External surface vulnerabilities and the highest-severity Internal vulnerabilities. Remediation is ongoing for the remaining vulnerabilities. PSEG Long Island has planned to conduct a vulnerability assessment and penetration testing in 2025.**
   - **As per the DPS Management Audit recommendation, LIPA will also conduct an independent penetration testing and vulnerability assessment of the PSEG Long Island system in 2025.**
   - **The Northeast Power Coordinating Council (NPCC) audited PSEG Long Island's North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) standards from April through August of 2024. PSEG Long Island's Cyber Security Risk and Compliance (CSRC) received a subset of five**

recommendations for the NERC CIP-008 standard covering Cyber Security Incident and Response Planning. PSEG Long Island is on track to complete the recommendations by 4 Qtr. 2024. PSEG Long Island has reported that they have a weekly vulnerability scanning program for all IT assets.

- **Ransomware can severely impact business processes and leave organizations without the data to operate or deliver mission-critical services. The organizations affected often experience reputational damage, significant remediation costs, and interruptions in their ability to provide core services. In 2024, LIPA established the Ransomware Readiness and Response metric (IT-09). The metric ensures that any suspected or confirmed ransomware incidents are responded to consistently, controlled, and effectively. An independent third-party consultant reviewed and assessed the adequacy of PSEG Long Island in responding to a ransomware incident. The assessment report was provided to PSEG Long Island in June 2024. The assessment report provided observations, identified gaps, and made recommendations. The recommendations are organized into an actionable roadmap based on best practices for developing, implementing, and improving PSEGLI's ransomware readiness and response plans. PSEG Long Island is currently working to develop and submit a PIP for LIPA approval to fully implement the ransomware readiness and response roadmap, which aligns with the recommended timelines in the assessment report. In 2025, LIPA will engage the services of an independent consultant to review the gap closure artifacts/deliverables and gap closure activities and observe the ransomware response and recovery plan exercise as required by the 2025 (IT-09) performance metric.**
- **<u>LIPA Cybersecurity</u>: In 2023, LIPA completed all information technology systems' third-party vulnerability assessments and penetration testing. In the first quarter of 2024, LIPA remediated all the vulnerabilities identified and plans to do the same in the second quarter of 2025.**
- **LIPA's vulnerability management team meets bi-weekly and reviews vulnerabilities identified in systems managed by LIPA using a real-time vulnerability management/reporting tool. The team creates the remediation plan for newly identified vulnerabilities based on their criticality and reviews the remediation status of previously identified vulnerabilities. LIPA has also implemented tools to provide 24X7 monitoring and notification of any new vulnerabilities identified. The vulnerability reporting tool sends daily alerts to the Cybersecurity team.**

6. **"Maintain a level of 3 or higher on the NIST Cybersecurity Framework, as evaluated annually through an independent assessment."**
   - **LIPA and PSEG Long Island have adopted the NIST Cybersecurity Framework (CSF) to improve cybersecurity programs. The Framework uses business drivers to guide cybersecurity activities. It considers cybersecurity risks as part of the risk management processes, including guidance on People, Processes, and Technology to implement defense in depth for the enterprise.**
   - **LIPA established a cybersecurity default metric for PSEG Long Island under the reformed PSEG Long Island contract, effective April 1, 2022, to achieve and maintain NIST CSF Tier 3. The reformed contract gives LIPA the right to terminate the contract should PSEG Long Island fail to maintain compliance, providing a strong**

improvement incentive. LIPA has hired a third-party evaluator to independently review PSEG Long Island's cyber readiness relative to the metric. The assessment work was completed in the First quarter of 2023, and the Final Assessment and Recommendations report was provided to PSEG Long Island in May 2023. A review by an independent consultant has started in 3 Qtr. 2024 to determine the progress PSEG Long Island has made to remediate the findings of the 2023 report. The final assessment report will be available in Jan. 2025.

- **LIPA also established The Cyber Security Organization metric, which aims to advance the objective of building a cyber security organization under the PSEG Long Island CISO that is independent of PSEG New Jersey and fully capable of developing, managing, and supporting the cyber security program independent of Affiliate Services (as defined in the OSA). The Cyber Security Organization study report was provided to PSEG Long Island in October 2023. The study recommendations aligned with the planned Systems Separation and the NSIT CSF remediation project resource requirements and addressed the evolving organizational needs. LIPA funded the positions identified in the new organizational design in the 2024 budget request. PSEG Long Island is expected to completely implement the organizational design and build the organization in 2024. The metric is currently on track, with 11 FTEs planned to be hired in 2024, with 4 FTEs remaining to be hired before the end of the year.**
- **An independent assessment of LIPA's cyber security posture using the NIST CSF Framework was completed in Q4 of 2023. In 1 Qtr. 2024, a work plan was developed to manage and track the implementation of the report's recommendations. LIPA is currently implementing the report's recommendations and documenting its processes. LIPA has completed approximately 55% of the work identified in the work plan and will continue implementing tools and capabilities as part of the program's maturing.**

7. **"Communicate how customer information is collected, used, and disclosed and ensure that, if confidential customer information is shared with a third party for a business purpose, the third party has robust information security practices."**
   - **PSEG Long Island collects customers' information to provide electric service. The policy posted on the LIPA website describes what personal information is collected, when it is collected, how it is used, how it is protected, and under what circumstances that information may be shared with a third party. The policy has also been posted on the PSEG Long Island website.**

<u>Enterprise Risk Management Discussion</u>

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 several risks related to the policy for both LIPA and PSEG Long Island. For LIPA, these risks include a cyber event resulting from unauthorized access to LIPA-managed systems that results in material financial losses, impact on LIPA's day-to-day operations, or the organization's reputation. Additionally, there is a risk related to PSEG Long Island's system separation from PSEG Newark. This risk is "system separation and/or transition is not fully completed by the PSEG

LI 2025 contract expiration and results in increased costs, system disruption, and/or negative reputation". For PSEG Long Island, these include a "cyberattack on the EMS/BCS systems that disables or allows someone to access control of the system operationally, resulting in the inability to operate the system effectively." Also, the breach of personally identifiable information (PII) could result in fraud, financial impact, and negative public perception.

The system separation project is behind schedule, and the related metric IT-07 will not be achieved in 2024. This project and its associated risks are being closely monitored and are expected to be completed by the contract expiration date of December 31, 2025.

Cybersecurity and PII for both LIPA and PSEG Long Island are rated as high-level risks. LIPA's Department of Innovation and Information Technology mitigates these risks with a comprehensive risk management strategy and concurrent oversight of PSEG Long Island's IT department. The strategy includes several of the mitigation actions noted in this Report, including the completion of the annual penetration testing with remediation plans developed for vulnerabilities identified, the adoption of the NIST cybersecurity framework with a goal of maintaining a level 3 or higher assessment, and the adoption of a Cyber Security Default Metric.

In light of the extensive efforts detailed in this Policy of both LIPA's Department of Innovation and Information Technology and PSEG Long Island's IT department, we believe the cyber and PII risks are being adequately managed.

Annual Review of the Policy

LIPA Staff has reviewed the Policy and recommends no change at this time.

Recommendation

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

1871. RESOLUTION APPROVING THE ANNUAL REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON INFORMATION TECHNOLOGY AND CYBER SECURITY

WHEREAS, the Board Policy on Information Technology and Cyber Security (the "Policy") was approved by the Board of Trustees in November 2021; 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 substantially complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board of Trustees hereby finds that LIPA has substantially complied with the Policy and approves the annual report to the Board.

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Chair Edwards stated that the next item on the agenda was the Chief Executive Officer's Report to be presented by LIPA's Acting Chief Executive Officer, John Rhodes.

Mr. Rhodes presented the Chief Executive Officer's Report and took questions from the Trustees.

***

Chair Edwards then opened the Board meeting to public comments.

After hearing all public comments, Chair Edwards stated that the next item on the agenda was the PSEG Long Island Operating Report to be presented by David Lyons and PSEG Long Island staff.

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

***

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of the 2025 Budget and Performance Metrics to be presented by Donna Mongiardo and Jessica Bretana.

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

Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a Resolution: (i) approving the proposed 2025 Operating and Capital Budgets (the "Budget") which sets forth the revenue, grant, other income, and expenditure forecasts for the year ending December 31, 2025; and (ii) amending the 2024 Capital Budget as described below and specified in Exhibit "A."

2025 Operating and Capital Budgets

The proposed 2025 Budget totals $5.431 billion, including an Operating Budget of $4.426 billion and a Capital Budget of $1.005 billion, including 2024 carry-over amounts of $78.2 million discussed below, (attached as Exhibit "B"). The proposed 2025 Operating Budget funds the delivery and power supply costs, taxes, and debt service. Approximately $10 million of the Operating Budget includes amounts in pending project authorization reserve funding for certain PSEG Long Island initiatives.

The Capital Budget funds long-life infrastructure investments such as transmission, substations, poles, and wires. In addition, the Operating and Capital Budgets fund investments in various information technology projects, services, and commodities needed to support system operations.

The proposed 2025 Budget is consistent with the Board's Policy on Fiscal Sustainability (the "Financial Policy"), to provide clean, reliable, and affordable energy through strategies that prudently manage and safeguard LIPA's assets and result in the lowest long-term cost to customers.

The policy seeks to achieve AA-category credit ratings via reducing LIPA's debt-to-assets ratio to 70 percent or less by 2030. This is accomplished by maintaining fixed-obligation coverage ratios of no less than 1.40x on LIPA-issued debt and lease and subscription based-information technology arrangement ("SBITA") payments; and 1.20x on the combination of LIPA-issued debt, UDSA issued debt.

LIPA is proposing a PSEG Long Island Capital Budget to the Board for approval based on its assessment of the detailed project descriptions. However, for certain initiatives, LIPA and PSEG Long Island continue to evaluate data, and as a result, the 2025 LIPA Capital Budget reflects approximately $174.2 million in pending project authorization reserve funding for PSEG Long Island initiatives held within LIPA's approved Capital Budget. LIPA will release such funds to PSEG Long Island's Capital Budget upon LIPA management's approval of final project justification documents, as prescribed in the Operating Service Agreement ("OSA"), and LIPA will inform the Board of any associated budget modifications during the year.

Changes from the 2025 Proposed Budget

The 2025 Budget presented herein includes the following changes from the Proposed Budget presented on November 13, 2024: (i) carry-over of funds from the 2024 Capital Budget to the 2025 Capital Budget of $78.2 million (as outlined below); and (ii) transfer of funds initially reflected in a pending project authorization reserve to the PSEG Long Island 2025 Capital Budget as LIPA approves the final project justification documents of $16.4 million.

Amendment of the 2024 Capital Budgets

LIPA is recommending approval of an amendment to the PSEG Long Island Capital Budget for the carry-over of Capital projects from 2024 to 2025 and to reflect the inclusion of newly

arising projects referred to as "Emergent" projects which were not originally included in the 2024 Budget.

The proposed amendment will result in a decrease to the 2024 PSEG Long Island Capital Budget by $52.1 million resulting from $78.2 million for the carryover of capital projects offset by an increase of $26.1 million for the addition of emergent projects which was primarily related to LIPA's share of the repair of the Y-50 Transmission Cable.

Annual Budget and Rate Update

Under the New York Public Authorities Law ("P.A.L.") as amended by the LIPA Reform Act (P.A.L. § 1020 et seq.), LIPA and PSEG Long Island are required to submit a proposed rate increase to the New York Department of Public Service ("DPS") for review if it would increase the rates and charges by an amount that would increase LIPA's annual revenues by more than 2.5% of the total annual revenues. The proposed budget and associated rate adjustments would increase LIPA's 2025 delivery revenues by less than this threshold. The delivery rate adjustments will be effectuated through a pro-rata increase to all Service Classifications. The 2025 target for the Revenue Decoupling Mechanism is $2.090 billion. The individual rate components for each service class will be increased by the same percentage (subject to rounding) with the following proposed exceptions.

The monthly electric bill for the average residential customer is projected to be $193.98 in 2025, which is $7.27 per month or 3.9% above the budgeted average bill in 2024 of $186.71.

Approximately $1.89 of that increase is due to increased projected consumption by the average residential customer. The remaining increase of $5.38 is due to higher (i) Delivery Service Charges driven by higher debt service costs and (ii) Power Supply Charges driven by increased market prices of Regional Greenhouse Gas Initiative Allowances. Partially offsetting the increases are credits provided by the Revenue Decoupling Mechanism and the Delivery Service Adjustment.

A copy of the redlines reflecting the annual rate adjustments is provided for as Exhibit "C". DPS has recommended that "the annual rate adjustments are appropriate to support the 2025 budget set forth by LIPA." A copy of the DPS recommendation related to the rate adjustments is provided for as Exhibit "D".

Other Rate Updates

To simplify rate choices for its commercial customers, LIPA plans to eliminate its legacy commercial time-of-use ("TOU") rate codes 282 and 288 effective January 1, 2026. These rate codes have not been available to new and transferring customers for over 22 months. DPS supports LIPA's plan eliminating the two legacy TOU rates; however, LIPA has determined that additional administrative requirements are needed prior to adoption and as such the Board is not being requested to vote on this action at this time. LIPA Staff will present the proposal to the Board for a vote during 2025.

Low-Income Discount Program

Consistent with the Board's *Policy on Customer Value, Affordability, and Rate Design*, LIPA Staff participates in the State's *Energy Affordability Policy Working Group*. The Working Group continues to recognize that energy affordability remains a major concern for low-income customers.

LIPA Staff proposes to increase LIPA's support to low-income customers by $5.1 million (20.4%) from $25.1 million in 2024 to $30.2 million in 2025.

2025 Utility 2.0 Plan

The 2025 Proposed Budget includes $13.2 million in Capital funding and $13.7 million in Operating funding for Utility 2.0 initiatives. These amounts are consistent with the Utility 2.0 Plan that was reviewed and supported by DPS in its recommendation to the LIPA Board (attached as Exhibit "E").

Initiatives funded by the Utility 2.0 portfolio include the development of residential energy storage incentive program, integrated energy data resource program, smart home electrical panels, and support for beneficial electrification such as electric vehicle make ready initiatives.

Pursuant to the DPS recommendation, PSEG Long Island tracks all Utility 2.0 project costs and reconciles these costs within the Utility 2.0 Program funding levels on an annual basis. Further, DPS recommends that budget variances be addressed exclusively as part of future Utility 2.0 filings. As a result, LIPA follows regulatory accounting treatment to properly align Utility 2.0 Program revenue recognition with the timing of expenses.

2025 Energy Efficiency Plan

The 2025 Proposed Budget includes $95.9 million in Operating Revenue for initiatives proposed in the PSEG Long Island's 2025 Energy Efficiency and Renewable Plan. The proposed funding of the Energy Efficiency and Renewable Plan is consistent with the DPS recommendation (attached as Exhibit "E").

LIPA Information Technology

The Proposed Operating and Capital Budgets include $15.3 million for Information Technology ("IT") professional services and commodities that are expected to be procured off the contracts negotiated by the New York State Office of the General Services ("NYS-OGS") and Federal Supply Schedules (General Service Administration, "GSA").

IT professional services include management support and expert assistance outside the scope of service for LIPA's current IT consulting services contracts. These services would be billed on a fixed hourly labor rate or at a fixed cost, as applicable, on an as-needed basis to support various IT system implementation initiatives as well as operational and oversight support

functions. Over the next five years, the professional services that are anticipated include system design and architecture to support LIPA IT infrastructure upgrades, data analytics, a data warehouse, advanced analytics, an enterprise document and record management system, intranet, website, time and attendance initiatives, system integration and implementation of enterprise resource planning system, case management, financial management, planning, and modeling, Human Resource management, cloud migration, cybersecurity planning, implementation and review, IT strategic planning, performance management, business process improvement initiatives, System Resiliency (DRP/BCP/IRP), Emergency Response Planning, quality assurance of various IT initiatives within LIPA, independent verification and validation review of designs, plans, systems and programs implementation managed by PSEG Long Island, and Oversight Support.

Commodities to be procured include hardware, software licenses, software, applications, cloud services, cybersecurity and systems monitoring and management subscription services, system and data center hosting, telephony, telecom, audiovisual, video conferencing support and services on an as-needed basis in the ordinary course of business and continued maintenance of the existing hardware and software.

Regulatory Accounting Topics

Regulatory Deferral of Clean Energy Initiative Related Program Funding
The 2024 Approved Budget included $7.0 million to fund certain clean energy initiatives. Due to changes in the timing of these specific efforts, LIPA has not fully expended such funds during 2024.

As a rate-regulated entity under Governmental Accounting Standards ("GASB") Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, LIPA Staff is requesting deferral of this revenue collected to future periods. The primary purpose of GASB No. 62 recognizes that rate-regulated utilities often have to consider rate stability, and thus recover costs over different periods than those costs would be recognized as expenses under generally accepted accounting principles. LIPA Staff is requesting approval to defer the unused funds for application to future years.

Allocation of Intra-Year Power Supply Capacity Costs
In December 2015, the Trustees approved a regulatory asset to allow for a greater share of the recovery of certain fixed generation capacity costs in the Power Supply Charge ("PSC") from customers during the summer months consistent with when the generation capacity is needed rather than recovering these fixed costs equally through the year. Staff believes this accurately reflects cost causation in electric rates. The December 2015 approval by the Trustees specified that the schedule of deferrals and amortization of such costs in future years would be presented in future budgets.

There is no net impact on an annual basis from the reallocation of these costs within the year, with allocations that range by month from plus $28.9 million to minus $27.9 million, as shown in the table below.

Allocation of Intra-Year Power Supply Capacity Costs ($ millions)	
January	($19.179)
February	($27.930)
March	($5.246)
April	$1.615
May	($1.925)
June	$14.071
July	$22.640
August	$28.876
September	$18.592
October	$1.673
November	($14.342)
December	($18.845)
Total	$0.000

2025 PSEG Long Island Performance Metrics

The Second Amended and Restated Operations Services Agreement ("OSA") includes performance standards (the "Performance Metrics") for all the management services PSEG Long Island provides to LIPA. Approximately $20 million of Variable Compensation (as contractually adjusted for inflation) is at risk annually based on these performance standards. The Performance Metrics are designed to be objectively verifiable and reasonably achievable levels of performance. The funds to achieve this performance are also budgeted, tying realistic plans and budgets to measurable outcomes each year.

The metrics are set independently by LIPA and the DPS pursuant to a process specified in the OSA, whereby LIPA Staff proposes Performance Metrics that further the objectives specified in the Board's Policies for the strategic direction of the utility, the DPS reviews and recommends each such metric (the "DPS Recommended Metrics"), and the Board considers each DPS Recommended Metric. The Board may then approve each DPS Recommended Metric or return the metric to DPS for additional review, modification, and recommendation. The Board may consider metrics individually.

For 2025, LIPA Staff proposed 52 Performance Metrics. In a letter dated November 4, 2024 (attached as Exhibit "F"), the DPS recommended the adoption of all 52 metrics as proposed by LIPA, without modification.

The 2025 Proposed Performance Metrics presented to the Board on November 13, 2024, as part of the 2025 Proposed Budget incorporate the DPS recommendations. The proposed 2025 Performance Metrics for the Board's review and approval are provided in Exhibit "G."

The LIPA Board has requested that Staff provide bi-annual report to the Board on PSEG Long Island's progress on the 2025 Performance Metrics and an annual evaluation. Pursuant to the LIPA Reform Act and OSA, LIPA's independent annual evaluation of PSEG

Long Island's performance is first submitted to the DPS for their review and recommendation before Variable Compensation is paid to PSEG Long Island.

Many of the proposed 2025 Performance Metrics contain "exclusion" language for specified events and situations, including for delays directed or requested by LIPA or business conditions that arise that LIPA determines or agrees are beyond the reasonable control of PSEG Long Island. Exceptions typically include requests for extensions to due dates; clarifications and changes to project scopes, requirements, or methodology in the best interest of the metric objective; and opportunities for PSEG Long Island to take corrective action and resubmit a deliverable. LIPA Staff grants exceptions and exclusions if, in our judgment, it is in the best interest of achieving the metric objective, as LIPA's primary emphasis is on delivering a favorable result for customers.

A summary of exceptions or exclusions provided to PSEG Long Island related to a metric are reported to the Board in the quarterly and annual reports. As provided for in Exhibit "A," the Board delegates to LIPA Staff the ability to administer the exception and exclusion process in furtherance of the Board's objectives.

Public Comment on the 2025 Budgets

LIPA held three public comment sessions regarding the 2025 Proposed Budget, (i) a morning session in Suffolk County on November 25, 2024, (ii) an evening and virtual session in Nassau County on November 25, 2024, and (iii) an evening session in the Rockaways, Queens County on November 26, 2024. The public session transcripts are provided in Exhibit "H."

During those public sessions, comments were received from two speakers, Fred Harrison of Merrick and Ryan Madden from the Long Island Progressive Coalition ("LIPC"). Mr. Harrison offered verbal and written comments on many topics for LIPA to research further such as lower power supply costs, budget process reforms, and funding several studies. LIPC provided verbal and written comments on the 2025 budget and suggested LIPA consider utilizing certain benefits provided under the Inflation Reduction Act ("IRA") to examine the viability of publicly owned renewable energy infrastructure. LIPC also expressed support for LIPA's low-to-moderate discount programs.

The Long Island Sierra Club provided written comments on the 2025 Proposed Budget. The Sierra Club suggested LIPA consider utilizing certain benefits provided under the IRA to aide in meeting the goals of the Climate Leadership and Community Protection Act.

***LIPA Staff Response*:**

LIPA Staff appreciates all public comments on the 2025 Proposed Budget. LIPA's budget and metric process originates from the initiatives outlined in Board policies that define the objectives to be achieved. Board policies and LIPA's strategic plans are available on LIPA's website and also are discussed at LIPA Board meetings which are available for the public to comment throughout the year.

LIPA, as described in its budget proposal, continues to seek all low-cost funding opportunities such as federal grants for storm hardening and Department of Energy grants for certain innovative initiatives. Furthermore, LIPA's Approved 2024 Budget and its Proposed 2025 Budget include estimated amounts it expects to receive under the IRA for its 18% ownership in the Nine Mile Point 2 nuclear generating plant. LIPA's current plans do not include ownership and operating future further generation infrastructure as is necessary to qualify for credits under the IRA.

Public Comment on the Utility 2.0 and Energy Efficiency Plan

The 2025 Operating and Capital Budgets for the Utility 2.0 Program and Energy Efficiency Plan are supported by the DPS. The DPS solicited public comments on PSEG Long Island's Utility 2.0 and Energy Efficiency Plan, which are provided to the Board for their consideration and publicly available on the DPS's website[1] (attached as Exhibit "E").

Recommendation

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

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

1872. APPROVAL OF THE 2025 PERFORMANCE METRICS AND OPERATING AND CAPITAL BUDGETS AND AMENDMENT OF THE 2025 CAPITAL BUDGET

WHEREAS, the Long Island Power Authority ("LIPA"), through its wholly owned subsidiary, the Long Island Lighting Company d/b/a LIPA, owns the electric transmission and distribution system serving the counties of Nassau and Suffolk and a small portion of the County of Queens known as the Rockaways; and

WHEREAS, the Second Amended and Restated Operations Services Agreement ("OSA") includes performance standards for all the management services PSEG Long Island provides to LIPA and the metrics are set independently by LIPA and DPS each year in the manner prescribed in the contract; and

WHEREAS, these Performance Metrics are designed to be objectively verifiable and reasonably achievable levels of performance, and the funds to achieve this performance are also budgeted, tying realistic plans and budgets to achievable, measurable outcomes each year; and

WHEREAS, the Board of Trustees (the "Board") is required to approve annual budgets for LIPA's operations and for capital improvements; and

WHEREAS, the proposed 2025 Budget incorporates Operating and Capital Budgets for the operation and maintenance of the transmission and distribution system, customer services, business services and energy efficiency and renewable energy programs which are predicated on improving storm response and restoration, customer satisfaction, reliability and storm hardening; and

WHEREAS, the proposed Operating and Capital Budgets include $15.3 million for Information Technology ("IT") professional services and commodities that may be procured off the contracts negotiated by the New York State Office of the General Services ("NYS-OGS") and Federal Supply Schedules; and

WHEREAS, the resolution is being adopted in accordance with the requirements of section 1.150-2 of the applicable Treasury Regulations, as evidence of LIPA's intent to finance certain of its capital expenditures through the issuance of debt; and

WHEREAS, under the New York Public Authorities Law as amended by the LIPA Reform Act (P.A.L. § 1020 et seq.), LIPA and PSEG Long Island are required to submit a proposed rate increase to the New York State Department of Public Service for review if it would increase the rates and charges by an amount that would increase LIPA's annual revenues by more than 2.5% of total annual revenues; and

WHEREAS, the proposed Budget and associated rate adjustments would increase LIPA's 2025 revenues by less than this threshold, and the proposed Budget contains rate updates consistent with the LIPA's Purpose and Vision, Board Policies, and the LIPA Reform Act; and

WHEREAS, LIPA presented its proposed 2025 Operating and Capital Budgets to the Board of Trustees on November 13, 2024 and held three public comment sessions on November 25 and 26, 2024 and accepted written public comments; and

WHEREAS, the memorandum accompanying this resolution includes a schedule of deferrals and amortization of certain generation capacity costs within the months of the year to affect the more accurate reflection of cost causation in electric rates within each month of the year; and

BE IT FURTHER RESOLVED, LIPA's financial statements are prepared in accordance with GASB No. 62, which outlines regulatory accounting for entities or operations which are rate regulated, the Board hereby approves the establishment of regulatory accounting treatment to defer 2024 revenue to meet certain Clean Energy expenses in future periods; and

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the 2025 Performance Metrics, as provided for in Exhibit "G" in the accompanying memorandum, and hereby delegates to LIPA Staff, in its discretion, the ability to provide PSEG Long Island exceptions within and from the 2025 Performance Metrics in furtherance of the metric objectives and the Board's Policies; and

BE IT FURTHERBE IT FURTHER RESOLVED, that the Board hereby requires LIPA Staff to report bi-annually to the Board on the status of the 2025 Performance Metrics; and

BE IT FURTHER RESOLVED, that consistent with the accompanying memorandum, the Board of Trustees hereby approves the 2025 Operating and Capital Budgets and associated rate adjustments, which are attached hereto as Exhibit "C"; and

BE IT FURTHER RESOLVED, that the Board hereby approves granting LIPA the authority to release funds from the Capital and Operating reserves into PSEG Long Island's Capital Budget and Operating Budget upon LIPA management's receipt and approval of appropriate documentation or project justification documents in the manner prescribed in the OSA; and

BE IT FURTHER RESOLVED, that the Board hereby approves amendment to LIPA's 2024 Capital Budget to defer capital projects to 2025 and address new emergent projects totaling approximately $52.2 million; and

BE IT FURTHER RESOLVED, that the Board hereby approves LIPA's financing of the requirements of the 2025 and 2026 Capital Budgets, as adjusted from time to time, through a combination of internally-generated funds and the issuance of LIPA tax-exempt or taxable debt and authorizes the Chief Executive Officer or his designers to evidence such intent by appropriate certifications; and

BE IT FURTHER RESOLVED, the Chief Executive Officer or his designee be, and hereby is, authorized to execute and effect agreements to engage IT professional services and commodities consistent with the accompanying memorandum; and

BE IT FURTHER RESOLVED, that the Board hereby authorizes the Chief Executive Officer and his designees to carry out all actions deemed necessary or convenient to implement this resolution.

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Chair Edwards stated that the next item on the agenda was the Consideration of Approval of the Plan of Finance to be presented by Donna Mongiardo and Vinay Dayal.

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

Requested Action

The Trustees are requested to authorize: (i) the issuance of up to $2,700,000,000 additional aggregate principal amount of Electric System Revenue Bonds (the "Authorized Bonds") for the purposes described below; and (ii) to enter into interest rate or basis swaps ("Financial

Contracts") in an amount up to $1,000,000,000 in connection with the Authorized Bonds or existing bonds, and to terminate such Financial Contracts if necessary or advantageous.

Background on Plan of Finance

LIPA's 2025 Plan of Finance includes the following elements:

- **Issuance of the Authorized Bonds in a principal amount no greater than $700,000,000 for the purposes of funding the costs of system improvements and/or reimbursing such costs already incurred, including refinancing of notes or revolving credit agreement borrowings incurred to finance such costs. The $700,000,000 includes the 2025 Budget estimate of approximately $600,000,000 for system improvements, plus an additional $100,000,000 in the event LIPA decides to use available moneys currently budgeted to fund system improvements for other purposes.**
- **Issuance of the Authorized Bonds in an amount no greater than $2,000,000,000 for the purpose of (i) generating annual debt service and/or present value savings by refunding LIPA bonds and/or Utility Debt Securitization Authority ("UDSA") bonds, (ii) refinancing LIPA bonds subject to mandatory tender in 2025, and (iii) refinancing variable rate LIPA bonds.**
- **Funding amounts due for the termination of Financial Contracts entered into in connection with any Authorized Bonds or refunded bonds.**
- **Entering into Financial Contracts, including forward starting swaps, in connection with the Authorized Bonds or existing bonds, in an amount of up to $1,000,000,000, should doing so provide debt service savings or mitigate interest rate risk.**
- **Unlike in the past, LIPA is not expecting to rely on existing but unused capacity under authorizations from preceding years in connection with the 2025 Plan of Finance. Instead, LIPA is requesting authorization sufficient to meet its debt issuance needs under the 2025 Plan of Finance. Given that, the authorization request before you today will expire on March 31, 2026. LIPA expects to continue to use this type of authorization in future years.**

Authorized Actions

The Authorized Bonds will be issued as either fixed-rate or variable-rate bonds or a combination thereof and sold on a negotiated basis either: (i) to one or more underwriters for resale to investors or (ii) directly to one or more investors or financial institutions. The Chief Executive Officer, the Chief Financial Officer, and the Controller are each authorized to sell all Bonds issued to one or more underwriters for resale to investors. In each case, the sale shall be at such price or prices as determined to be the most cost-effective and advantageous for LIPA.

Any underwriter, dealer, or swap counterparty will be one of the firms approved pursuant to LIPA's then most recent procurement for underwriting, investment banking and swap counterparty services. The Trustees are requested to permit the Chief Executive Officer, Chief Financial Officer or Controller to designate, as necessary, the underwriters, remarketing agents, or swap counterparties, as applicable, assigned to each bond series from the approved list of firms.

The total authorized amount of Authorized Bonds will be $2,700,000,000, of which no more than (i) $700,000,000 may be used to pay or reimburse LIPA for funding Costs of System Improvements and/or reimbursing such costs already incurred, including refinancing of notes or revolving credit agreement borrowings incurred to finance such costs and (ii) $2,000,000,000 may be used to refund outstanding bonds of LIPA and UDSA. The Authorized Bonds may also be used to fund amounts due for the termination of Financial Contracts entered into in connection with any Authorized Bonds or refunded bonds.

Financial Contracts

LIPA has determined that it may be appropriate to enter into one or more interest rate or basis swaps ("Financial Contracts") including forward starting swaps, relating to the Authorized Bonds or existing bonds of LIPA, should they provide debt service savings or mitigate interest rate risk for the Authorized Bonds or existing bonds or notes of LIPA, as compared to merely issuing conventional fixed-rate or floating-rate bonds. Authorization to enter into such Financial Contracts with an aggregate notional amount of up to $1,000,000,000 is requested. LIPA may also extend the tenor of existing Financial Contracts.

The material terms of the agreements relating to any such Financial Contracts are expected to be substantially similar to agreements previously entered into by LIPA and may include interest rate risk, basis risk, settlement risk, termination risk, counterparty risk, and certain continuing covenants. Any such Financial Contracts would be submitted to LIPA's Executive Risk Management Committee for approval, per the Board's Policy on Interest Rate Exchange Agreements.

To the extent that any LIPA Bonds associated with Financial Contracts are refunded, or to the extent that doing so would provide debt service savings, mitigate interest rate risk, or be otherwise in the interest of LIPA, we may also seek to terminate such Financial Contracts, reallocated them to other bonds or notes of LIPA, or assign them to other counterparties.

Recommendation

Based upon the foregoing and the recommendation of the Finance and Audit Committee, I recommend that the Trustees adopt the resolutions attached hereto authorizing (i) the issuance of up to (a) $700,000,000 aggregate principal of Electric System General Revenue Bonds for the purpose of funding Costs of System Improvements and/or reimbursing such costs already incurred, including refinancing of notes or revolving credit agreement borrowings incurred to finance such costs and (b) $2,000,000,000 aggregate principal of Electric System General Revenue Bonds for the purpose of refunding outstanding bonds or notes of LIPA and UDSA, and (c) up to $1,000,000,000 for the execution and delivery of one or more new Financial Contracts and termination of new or existing Financial Contracts.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolutions were approved by the Trustees.

1873. AUTHORIZATION RELATING TO THE ISSUANCE OF ELECTRIC SYSTEM GENERAL REVENUE BONDS FOR THE PURPOSES OF FUNDING COSTS OF SYSTEM IMPROVEMENTS AND CERTAIN OTHER COSTS, EXECUTION AND DELIVERY OF CERTAIN FINANCIAL CONTRACTS, AND ACTIONS NECESSARY TO CARRY OUT UDSA FINANCING ORDERS

WHEREAS, on May 13, 1998, Long Island Power Authority (the "Authority") adopted its Electric System General Revenue Bond Resolution (the "General Resolution"), which authorizes bonds, notes or other evidences of indebtedness of the Authority, such bonds to be designated as "Electric System General Revenue Bonds" (the "Bonds"), for, among other purposes, funding Costs of System Improvements (as defined in the General Resolution) and other lawful purposes of the Authority and refunding other bonds or notes of the Authority; and

WHEREAS, Article II of the General Resolution requires that the issuance of each series of Bonds by the Authority shall be authorized by a supplemental resolution or resolutions of the Authority adopted at or prior to the time of issuance, subject to further delegation to certain officers to establish the details of the terms of such Bonds; and

WHEREAS, the Authority has various series of outstanding Bonds that may, depending on market conditions, advantageously be refunded; and

WHEREAS, the Authority has various series of outstanding Bonds that are subject to mandatory tender in 2025; and

WHEREAS, the Authority wishes to authorize the issuance of one or more series of Bonds (the "Authorized Bonds") for the purpose of funding Costs of System Improvements (as defined in the General Resolution) and/or reimbursing such costs already incurred, including refinancing of notes or revolving credit agreement borrowings incurred to finance such costs and for the purpose of refunding outstanding fixed or variable rate bonds or notes of the Authority or outstanding obligations of the Utility Debt Securitization Authority ("UDSA"), which Authorized Bonds shall be in an aggregate principal amount not to exceed $2,700,000,000, of which no more than $700,000,000 in principal amount shall be issued for the purpose of funding Costs of System Improvements (consisting of the 2025 Budget estimate of approximately $600,000,000 for system improvements and $100,000,000 in the event the Authority uses available moneys currently budgeted to fund system improvements for other purposes); and

WHEREAS, the Authority wishes to issue the Authorized Bonds as either a fixed rate or variable rate or a combination thereof; and

WHEREAS, in order to achieve such purposes there has been prepared and submitted to the Trustees a form of Thirty-Fifth Supplemental Resolution (the "Thirty-Fifth Supplemental General Resolution"); and

WHEREAS, the General Resolution permits the Authority to enter into Financial Contracts (as defined therein), which include interest rate caps or collars and forward rate, future rate and certain swap agreements with Qualified Counterparties (as defined therein); and

WHEREAS, the Authority has determined that the use of such swap agreements is appropriate in certain circumstances but recognizes that certain risks can arise in connection with their use and the Authority has adopted guidelines (the "Guidelines") for the use of such agreements in order to assure that such agreements are used for appropriate purposes and to assure that the risks potentially associated with such agreements are effectively managed and minimized; and

WHEREAS, under current market conditions the Authority has determined that it may achieve debt service savings or mitigate interest rate risk by entering into one or more such Financial Contracts in an aggregate notional amount of up to $1,000,000,000 relating to all or a portion of the Authorized Bonds or other outstanding Bonds of the Authority, or extending existing Financial Contracts, pursuant to which the Authority and the counterparties thereto would agree to make payments to one another based principally upon certain indices, formulae or methods to be specified therein; and

WHEREAS, to the extent that bonds or notes associated with the Financial Contracts authorized hereby, or other Financial Contracts of the Authority, are refunded or doing so would provide debt service savings, mitigate interest rate risk, or would otherwise be advantageous to the Authority, it is anticipated that such Financial Contracts will either be reallocated to other bonds or notes of the Authority, assigned to or assumed by other counterparties, or terminated, as determined by the Chief Executive Officer, Chief Financial Officer, or Controller; and

WHEREAS, the decision as to which specific strategy or strategies to be employed in connection with such new or existing Financial Contracts and the indices, formulae or methods to be used in calculating payments to be made to the Authority or the counterparties will be made by the Chief Executive Officer, Chief Financial Officer, or Controller, taking into account market conditions and the advice of the Authority's financial advisor, with the intention of lowering the effective rate of interest payable in connection with the Authority's indebtedness or mitigating risks associated with such indebtedness consistent with interest rate and other risk considerations; and

WHEREAS, the Authority may determine to request UDSA to issue bonds to permit the Authority to refinance a portion of the Authority's debt and to finance system resiliency costs (as defined in Part B of Chapter 173, Laws of New York, as amended (the "LIPA Reform Act")) pursuant to the Restructuring Cost Financing Orders Nos. 8 and 9 previously approved by the Board (the "Financing Orders").

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Thirty-Fifth Supplemental General Resolution, in the form presented to this meeting

and made a part of this resolution as though set forth in full herein, is hereby approved and adopted.

The Chief Executive Officer, Chief Financial Officer, Controller (each an "Authorized Representative" and collectively, the "Authorized Representatives") are each hereby authorized to deliver the Thirty-Fifth Supplemental General Resolution to The Bank of New York Mellon, as the Trustee for the Bonds, with such amendments, supplements, changes, insertions and omissions thereto as may be approved by such Authorized Representative, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby.

2. The Chief Executive Officer, Chief Financial Officer, and Controller are each authorized to sell all Bonds issued on a negotiated basis either (i) to one or more of the firms approved pursuant to the Authority's then most recent procurement for underwriting for resale to investors or (ii) by private placement to one or more investors or financial institutions. The Chief Executive Officer, Chief Financial Officer, and Controller are each authorized to sell all Bonds to one or more underwriters for resale to investors. In each case, the sale shall be at such price or prices as determined to be the most cost effective and advantageous for the Authority.

3. Each of the Chief Executive Officer, Chief Financial Officer, and Controller is hereby authorized with respect to each series of the Authorized Bonds, to execute and deliver (i) a Bond Purchase Agreement (a "Bond Purchase Agreement") in substantially the form of the bond purchase agreement executed by the Authority in connection with the issuance of the Authority's Electric System General Revenue Bonds, Series 2024, with such modifications thereto as the Chief Executive Officer, Chief Financial Officer, and Controller, upon the advice of counsel to the Authority, approves, (ii) in connection with any private placement of the Authorized Bonds, a placement continuing covenant or other financing, loan or credit agreement (each a "Placement Agreement") with the purchaser(s) thereof in such form, upon advice of counsel to the Authority, as may be approved by the Chief Executive Officer, Chief Financial Officer, or Controller or (iii) in connection with a competitive sale, a Notice of Sale and other necessary documents in such form, upon advice of counsel to the Authority, as may be approved by the Chief Executive Officer, Chief Financial Officer, or Controller, which approval in each case shall be conclusively evidenced by the execution thereof by the Chief Executive Officer, Chief Financial Officer or Controller.

4. Each of the Chief Executive Officer, Chief Financial Officer, and Controller is hereby authorized and directed to execute and deliver any and all documents, including but not limited to the execution and delivery of one or more official statements or other disclosure documents and instruments and to do and cause to be done any and all acts necessary or proper for carrying out each Bond Purchase Agreement, Placement Agreement or Notice of Sale, the issuance, sale and delivery of the Authorized Bonds and for implementing the terms of each Bond Purchase Agreement or Placement Agreement, and the transactions contemplated thereby, the Thirty-Fifth Supplemental General Resolution and this resolution.

5. As and to the extent that Authorized Bonds are issued for the purpose of refunding bonds or notes of the Authority or UDSA, each of the Chief Executive Officer, Chief Financial Officer, and Controller is hereby authorized to engage in a tender offer or exchange of outstanding bonds or notes of the Authority or UDSA, as the case may be, and to execute and deliver any and all documents necessary to accomplish the same, if determined to be cost effective and advantageous for the Authority.

6. As and to the extent that the Chief Executive Officer, Chief Financial Officer, or Controller determines that it would be advantageous in current market conditions to issue bond anticipation notes, such officer is hereby authorized to determine whether such bond anticipation notes shall be issued as "Bonds" or "Subordinated Indebtedness" (as defined in the General Resolution). If bond anticipation notes are issued as Subordinated Indebtedness, the details thereof shall be incorporated in a Note Certificate executed by such officer and delivered to the trustees under the General Resolution and the Authority's Electric System General Subordinated Revenue Bond Resolution, along with a copy of this resolution. Such Note Certificate may include such amendments and modifications to the provisions of this resolution as such officer shall determine necessary and appropriate to effectuate such determinations and details. A copy of such Note Certificate also shall be filed with this resolution into the records of the Authority and, upon such filing, shall be deemed to be a part of this resolution as if set forth in full herein.

7. The Chief Executive Officer, Chief Financial Officer, and Controller are, and each of them hereby is, authorized to enter into reimbursement or other agreements with banks or other financial institutions providing Credit Facilities (as defined in the General Resolution) in connection with the Authorized Bonds, which agreements shall be substantially similar to such agreements previously entered into by the Authority in relation to other Credit Facilities, with such changes and additions to and omissions from such prior agreements as such authorized executing officer deems in his discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval. Such agreements may be entered into with Barclays Bank PLC, Royal Bank of Canada, TD Bank N.A., Bank of America, N.A., and/or Wells Fargo Bank, NA or any other bank or financial institution selected pursuant to an Authority procurement process.

8. The Chief Executive Officer, Chief Financial Officer, and Controller are, and each of them hereby is, authorized to enter into Financial Contracts in an aggregate notional amount of up to $1,000,000,000 relating to the Authorized Bonds or other Bonds of the Authority, or to extend the tenor of existing Financial Contracts, with such Qualified Counterparties (as defined in the General Resolution) as such officers may select in accordance with the Guidelines, which agreements shall (i) commence on such date or dates as the Chief Executive Officer, Chief Financial Officer, or Controller specifies, (ii) have a term ending on or prior to the anticipated final maturity of the bonds to which they relate, as the Chief Executive Officer or Chief Financial Officer or Controller specifies, (iii) provide for payments to the Authority determined based upon such index, formula or method as may be approved by the Chief Executive Officer or Chief Financial Officer or Controller, and (iv) otherwise be in accordance with the Guidelines and substantially in the form of Financial Contracts entered into by the Authority in relation to other interest rate swap transactions,

with such changes and additions to and omissions from such form as such authorized executing officer deems in his discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval. In connection with the authorizations herein set forth, the Authority has determined, after consideration of the risks inherent in the use of Financial Contracts, including those outlined in the memo submitted to the Trustees in connection with the financing authorized hereby and the advice of the Authority's financial advisor relating to the use of the proposed Financial Contracts, that (a) the use of such Financial Contracts will, in the judgment of the Authority, result in lowering the effective rate of interest payable in connection with the Authority's indebtedness, (b) the risks of the proposed Financial Contracts are both manageable and reasonable in relation to the potential benefits; and (c) the proposed Financial Contracts are necessary or convenient in the exercise of the power and functions of the Authority under the Act.

9. The Chief Executive Officer, Chief Financial Officer or Controller are each authorized to allocate or reallocate new or existing Financial Contracts to such outstanding Authority bonds or notes, or to terminate such agreements, as such officer may determine appropriate so as to permit the Authority to obtain the benefit of such Financial Contracts or to the extent that doing so would provide debt service savings, mitigate interest rate risk, or would otherwise be advantageous to the Authority and, to the extent that such agreements are terminated, some or all of the costs of such termination may be funded with the proceeds of the refunding Bonds, as determined by such officer. Any such officer is also hereby authorized to arrange for the assignment and assumption of any existing interest rate agreement to another counterparty or the amendment or termination of any such agreement, to the extent officer determines any such assignment and assumption, amendment or termination to be advisable.

10. Each of the Chief Executive Officer, Chief Financial Officer or Controller is hereby further authorized to prepare and execute necessary documents, agreements, and certificates and to take all such actions as are necessary or proper to carry out the transactions contemplated by the Financing Orders including, but not limited to, providing for the issuance by UDSA of its Restructuring Bonds (as defined in the LIPA Reform Act), refunding outstanding bonds of UDSA or the Authority, conducting tender offers for outstanding bonds of UDSA or the Authority, and financing system resiliency costs (as defined in LIPA Reform Act). In addition to preparing and executing the forms of documents which were previously approved by the Authority in connection with the adoption of the Financing Orders, each of the Chief Executive Officer, Chief Financial Officer or Controller is authorized to prepare and execute such other documents, including but not limited to disclosure documents, continuing disclosure agreements, tender documents, escrow agreements, and other necessary documents, each in substantially the forms as prior transactions, as are necessary or proper to carry out the transactions contemplated by the Financing Orders.

11. Each of the Chief Executive Officer, Chief Financial Officer, or Controller is hereby further authorized and directed to execute and deliver any and all documents and instruments and to do any and all acts necessary or proper for carrying out and

implementing the terms of, and the transactions contemplated by this resolution and each of the documents authorized thereby and hereby.

12. This resolution shall take effect immediately and the authorizations hereunder shall expire on March 31, 2026.

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1874. THIRTY-FIFTH SUPPLEMENTAL ELECTRIC SYSTEM GENERAL REVENUE BOND RESOLUTION

Be It Resolved by the Trustees of the Long Island Power Authority as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

- **Supplemental Resolution Authority. This resolution ("Supplemental Resolution") is supplemental to, and is adopted in accordance with Articles II and VIII of, a resolution adopted by the Authority on May 13, 1998, entitled "Electric System General Revenue Bond Resolution," as heretofore supplemented ("General Resolution"), and is adopted pursuant to the provisions of the Act.**

- **Definitions. 1. All terms which are defined in Section 101 of the General Resolution (including by cross-reference to Section 101 of the Resolution) shall have the same meanings for purposes of this Supplemental Resolution, unless otherwise defined herein.**

2. In this Supplemental Resolution:

"Authorized Denominations" with respect to Bonds of a Series, shall have the meaning set forth in the applicable Certificate of Determination.

"Bonds" or "Bonds of a Series" and words of like import shall mean each or all a Series of Bonds issued pursuant hereto collectively, as the context may require.

"Bond Purchase Agreements" means the Bond Purchase Agreement(s) among or between the Authority and Purchaser or Purchasers for the sale of the Bonds and shall include any placement, continuing covenant, financing, loan or credit agreement entered into in connection with the placement of Bonds with an investor or financial institution.

"Certificate of Determination" shall mean a certificate or certificates of an Authorized Representative of the Authority delivered pursuant to Section 204 of this Supplemental Resolution, setting forth certain terms and provisions of the Bonds of a Series, as such certificate(s) may be amended and supplemented.

"Code" means the Internal Revenue Code of 1986 (Title 26 of the United State Code), as amended.

"Commercial Paper Rate" with respect to Bonds of a Series, has the meaning set forth in the applicable Certificate of Determination.

"Commercial Paper Mode" means the mode during which Bonds of a Series bear interest at a Commercial Paper Rate.

"Credit Facility Issuer" means the issuer of any Credit Facility.

"Daily Rate" with respect to Bonds of a Series, has the meaning set forth in the applicable Certificate of Determination.

"Daily Rate Mode" means the mode during which Bonds of a Series bear interest at a Daily Rate.

"DTC" shall mean The Depository Trust Company, New York, New York, or its successors.

"Electronic Means" means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication.

"Fiduciary" or "Fiduciaries" means any Fiduciary (as defined in the General Resolution) and any Tender Agent, or any or all of them, as may be appropriate.

"Fixed Rate" means an interest rate fixed to the maturity date of the Bonds of a Series.

"Fixed Rate Mode" means the period during which Bonds of a Series bear interest at a Fixed Rate.

"Index Mode" means the mode during which Bonds of a Series bear interest at an Index Rate.

"Index Rate" with respect to Bonds of a Series, has the meaning set forth in the applicable Certificate of Determination.

"Interest Period" for a Series of Bonds, shall have the meaning set forth in the applicable Certificate of Determination.

"Liquidity Facility" means any standby bond purchase agreement, letter of credit or similar obligation, arrangement or instrument issued or provided by a bank, insurance company or other financial institution which provides for payment of all or a portion of the Purchase Price (including accrued interest) of the Bonds of any Series that may be obtained by the Authority pursuant to Section 601 hereof.

"Liquidity Facility Issuer" means the issuer of a Liquidity Facility.

"Mandatory Purchase Date" for any Series of Bonds, means any date specified as such in the applicable Certificate of Determination.

"Maturity Date" means, with respect to any Bond, the final date specified therefor in the Certificate of Determination, which shall not be later than thirty-five years after the date of issuance.

"Maximum Rate" means for Bonds of a Series, such rate as may be specified in the applicable Certificate of Determination; provided, however, that in no event shall the Maximum Rate exceed the maximum rate permitted by applicable law.

"Mode" means the Commercial Paper Mode, Daily Rate Mode, Index Mode, Term Rate Mode, the Weekly Rate Mode, the Fixed Rate Mode or any other method of determining the interest rate applicable to Bond of a Series permitted under the applicable Certificate of Determination.

"Mode Change Date" means, with respect to Bonds of a Series, the date one Mode terminates and another Mode begins.

"Purchase Date" for Bonds of a Series shall have the meaning set forth in the applicable Certificate of Determination.

"Purchase Fund" means a fund by that name that may be established by a Certificate of Determination pursuant to Section 403 hereof.

"Purchase Price" means the price at which Bonds subject to optional or mandatory tender for purchase are to be purchased as provided in the Certificate of Determination.

"Purchaser" or "Purchasers" means the underwriter(s) or purchaser(s) for the Bonds of a Series named in the Bond Purchase Agreement for the Bonds of such Series.

"Refunded Obligations" means such portion, if any, of the Authority's outstanding fixed or variable rate Bonds and Subordinated Bonds as shall be specified in a Certificate of Determination.

"Remarketing Agent" means the remarketing agent at the time serving as such for the Bonds of a Series (or portion thereof) pursuant to Section 503 hereof.

"Remarketing Agreement" means the remarketing agreement entered into by and between the Authority and the Remarketing Agent with respect to the Bonds of a Series (or portion thereof).

"Replacement Bonds" means the Bond certificates provided to the beneficial owners of the Bonds, or their nominees, pursuant to Section 203(a) hereof.

"Resolution" means the General Resolution, as amended and supplemented by the Supplemental Resolution.

"Securities Depository" shall mean DTC as the Securities Depository appointed pursuant to Section 203(a) hereof, or any substitute Securities Depository, or any successor to any of them.

"Tender Agent" means the Trustee as tender agent appointed for the Bonds pursuant to Section 504 hereof.

"Term Rate" with respect to Bonds of a Series (or portion thereof), has the meaning set forth in the applicable Certificate of Determination.

"Term Rate Mode" means the mode during which Bonds of a Series (or portion thereof) bear interest at a Term Rate.

"Weekly Rate" with respect to Bonds of a Series, has the meaning set forth in the applicable Certificate of Determination.

"Weekly Rate Mode" means the mode during which Bonds of a Series bear interest at a Weekly Rate.

ARTICLE II

AUTHORIZATION OF BONDS

201. <u>Principal Amount, Designation, Series and Trustee</u>. (a) Pursuant to the provisions of the General Resolution, one or more separate Series of Bonds entitled to the benefit, protection and security of such provisions are hereby authorized in a not-to-exceed aggregate original principal amount described below and with the following designation: "Electric System General Revenue Bonds, Series 202_" and with such additional or different designations as may be set forth in the applicable Certificates of Determination. The aggregate principal amount of each Series of Bonds shall be determined by an Authorized Representative of the Authority, subject to the terms of Section 204 hereof. Each Series shall initially bear interest in accordance with the Interest Rate Mode specified in and as may be provided by the applicable Certificate of Determination.

(b) Bonds issued pursuant to this Supplemental Resolution shall be issued in a not-to- exceed aggregate original principal amount of $2,700,000,000 provided that, to the extent that any bond anticipation notes are issued pursuant to Section 204(b) of this Supplemental Resolution and are refunded with Bonds issued pursuant to this resolution, the principal amount of such bond anticipation notes shall be excluded for purposes of the limit on the aggregate original principal amount of Bonds that may be issued hereunder.

(c) The authorization in this Section 201 to issue additional Bonds is in addition to any previous authorization of Bonds pursuant to any prior Supplemental Resolution, which shall remain in full force and effect.

202. Purposes. (a) The purposes for which the Bonds of any Series are to be issued shall include such of the following as shall be specified in the applicable Certificate of Determination:

(i) **to fund Costs of System Improvements, including, without limitation, reimbursement of moneys theretofore expended by the Authority or the Subsidiary for such costs or refinancing of notes or revolving credit agreement borrowings incurred to finance such costs;**

(ii) **to refund all or a portion of the Refunded Obligations, including refinancing of notes or revolving credit agreement borrowings incurred to refund all or a portion of the Refunded Obligations or to refinance any outstanding bonds of the Utility Debt Securitization Authority and to repurchase any related restructuring property;**

(iii) **to pay or reimburse the Authority for amounts due under any Financial Contract entered into in connection with any bonds or notes of the Authority, including, without limitation, termination payments that may be payable under an interest rate swap or other Financial Contract entered into in connection with any Refunded Obligations; and**

(iv) **to pay fees and expenses in conjunction with each of the foregoing and the issuance of the Bonds of a Series, including reimbursement of fees and expenses expended by the Authority in connection therewith.**

(b) The proceeds of each Series of Bonds shall be deposited and applied in accordance with the applicable Certificate of Determination.

203. Securities Depository.

(a) Securities Depository. The Bonds of each Series when initially issued shall be registered in the name of Cede & Co., as nominee of DTC, in the form of a single fully registered Bond for each maturity of the Bonds of each Series. DTC is hereby appointed initial Securities Depository for the Bonds, subject to the provisions of subsection (b) of this Section. So long as DTC or its nominee, as Securities Depository, is the registered owner of Bonds, individual purchases of beneficial ownership interests in such Bonds may be made only in book-entry form by or through DTC participants, and purchasers of such beneficial ownership interest in Bonds will not receive physical delivery of bond certificates representing the beneficial ownership interests purchased.

So long as DTC or its nominee, as Securities Depository, is the registered Owner of Bonds, payments of principal, the Purchase Price and the Redemption Price of and interest on such Bonds will be made by wire transfer to DTC or its nominee, or otherwise pursuant to DTC's rules and procedures as may be agreed upon by the Authority, the Trustee and DTC. Transfers of principal, the Redemption Price, and interest payments to DTC participants will be the responsibility of DTC. Transfers of such payments to beneficial owners of Bonds by DTC participants will be the responsibility of such participants, indirect participants and other nominees of such beneficial owners.

So long as DTC or its nominee, as Securities Depository, is the registered Owner of Bonds, the Authority shall send, or cause the Trustee to send, or take timely action to permit the Trustee to send, to DTC notice of redemption of such Bonds and any other notice required to be given to Owners of Bonds pursuant to the General Resolution, in the manner and at the times prescribed by the General Resolution, or otherwise pursuant to DTC's rules and procedures or as may be agreed upon by the Authority, the Trustee (if applicable) and DTC.

Neither the Authority nor any Fiduciary shall have any responsibility or obligation to the DTC participants, beneficial owners or other nominees of such beneficial owners for (1) sending transaction statements; (2) maintaining, supervising or reviewing, or the accuracy of, any records maintained by DTC or any DTC participant, indirect participant or other nominees of such beneficial owners; (3) payment or the timeliness of payment by DTC to any DTC participant, indirect participant or by any DTC participant, indirect participant or other nominees of beneficial owners to any beneficial owner, of any amount due in respect of the principal or the Redemption Price of or interest on Bonds; (4) delivery or timely delivery by DTC to any DTC participant or indirect participant, or by any DTC participant, indirect participant or other nominees of beneficial owners to any beneficial owners, of any notice (including notice of redemption) or other communication which is required or permitted under the terms of the General Resolution to be given to holders or Owners of Bonds; (5) the selection of the beneficial owners to receive payment in the event of any partial redemption of Bonds; or (6) any action taken by DTC or its nominee as the registered Owner of the Bonds.

Notwithstanding any other provisions of this Supplemental Resolution to the contrary, the Authority, the Trustee and each other Fiduciary shall be entitled to treat and consider the Person in whose name each Bond is registered in the books of registry as the absolute owner of such Bond for the purpose of payment of principal, the Purchase Price, the Redemption Price, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal and the Redemption Price of and interest on the Bonds only to or upon the order of the respective Owners, as shown on the books of registry as provided in this Supplemental Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal and the Redemption Price of and interest on the Bonds to the extent of the sum or sums so paid.

Notwithstanding any other provisions of this Supplemental Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal, the Purchase Price and the Redemption Price of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, pursuant to DTC's rules and procedures.

Payments by the DTC participants to beneficial owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC participant and not of DTC, the Trustee or the Authority, subject to any statutory and regulatory requirements as may be in effect from time to time.

Provisions similar to those contained in this subsection (a) may be made by the Authority in connection with the appointment by the Authority of a substitute Securities Depository, or in the event of a successor to any Securities Depository.

Authorized Representatives are hereby authorized to enter into such representations and agreements as they deem necessary and appropriate in furtherance of the provisions of this subsection (a).

(b) Replacement Bonds. The Authority shall issue Bond certificates (the "Replacement Bonds") directly to the beneficial owners of the Bonds, or their nominees, in the event that DTC determines to discontinue providing its services as Securities Depository with respect to such Bonds, at any time by giving notice to the Authority, and the Authority fails to appoint another qualified Securities Depository to replace DTC. In addition, the Authority shall issue Replacement Bonds directly to the beneficial owners of the Bonds, or their nominees, in the event the Authority discontinues use of DTC as Securities Depository at any time upon determination by the Authority, in its sole discretion and without the consent of any other Person, that beneficial owners of the Bonds shall be able to obtain certificated Bonds.

(c) Notices. In connection with any notice of redemption provided in accordance with Article VI of the General Resolution, notice of such redemption shall also be sent by the Trustee by first class mail, overnight delivery service or other secure overnight means, postage prepaid, to any Rating Agency; to the Securities Depository which are known to the Trustee to be holding Bonds, to any Liquidity Facility Issuer with respect to such Bonds, and to at least two (2) of the national Information Services that disseminate securities redemption notices, in each case not later than the mailing of notice required by the General Resolution.

204. Delegation of Authority. There is hereby delegated to each Authorized Representative of the Authority, subject to the limitations contained herein, the power with respect to the Bonds of each Series to determine and effectuate the following:

(a) the principal amount of the Bonds of each Series to be issued, provided that the aggregate original principal amount of Bonds of all Series shall not exceed the limit set forth in Section 201(b) and provided further that the aggregate original principal amount of the portion of the Bonds authorized by this Supplemental Resolution issued to fund Costs of System Improvements shall not exceed $700,000,000;

(b) whether to issue Bonds as "bond anticipation notes" and the maturities, interest rates, tender and redemption provisions, if any, and other terms of such bond anticipation notes;

(c) the dated date or dates, maturity date or dates and principal amount of each maturity of the Bonds of such Series, the first and subsequent interest payment date or dates of the Bonds of such Series, and the date or dates from which the Bonds of such Series shall bear interest;

(d) the methods of determining the interest rate applicable to the Bonds of such Series which may include Commercial Paper Rates, Daily Rates, Index Rates, Term Rates, Fixed Rates, Weekly Rates or other methods of determining the interest rate applicable to such Bonds and the initial interest rate or rates of the Bonds of such Series, provided that the initial interest rate or rates applicable to the Bonds of a Series at the date of their issuance shall not exceed six percent (6%) per annum;

(e) the amounts of the proceeds of the Bonds of each Series to be deposited and applied in accordance with Section 202 hereof;

(f) the redemption provisions, if any, of the Bonds;

(g) the tender provisions, if any, of the Bonds;

(h) the definitive form or forms of the Bonds and the definitive form or forms of the Trustee's certificate of authentication thereon;

(i) the specification, from time to time, of a new Maximum Rate, in accordance with the definition thereof;

(j) provisions that are deemed advisable by such Authorized Representative in connection with a change in the Mode applicable to the Bonds of a Series;

(k) obtaining any Credit Facility or Liquidity Facility related to the Bonds of a Series or any portion thereof, and complying with any commitment therefor including executing and delivering any related agreement with any Credit Facility Issuer or Liquidity Facility Issuer, to the extent that such Authorized Representative determines that to do so would be in the best interest of the Authority;

(l) whether the interest on the Bonds will be included in gross income for Federal income tax purposes; and

(m) any other provisions deemed advisable by such Authorized Representative, not in conflict with the provisions hereof or of the General Resolution.

Such Authorized Representative shall execute one or more certificates evidencing determinations or other actions taken pursuant to the authority granted herein, an executed copy of which shall be delivered to the Trustee. Each such certificate shall be deemed a Certificate of Determination and shall be conclusive evidence of the action or determination of such officer as to the matters stated therein. The provisions of each Certificate of Determination shall be deemed to be incorporated in Article II hereof. No such Certificate of Determination, nor any amendment to this Supplemental Resolution, shall change or modify any of the rights or obligations of any Credit Facility Issuer or any Liquidity Facility Issuer without its written assent thereto.

205. Form of Bonds and Trustee's Authentication Certificate. Subject to the provisions of the General Resolution and this Supplemental Resolution, the form of the Bonds of each Series, form of assignment, and the Trustee's Certificate of Authentication shall be in substantially the form set forth in the applicable Certificate of Determination. Any portion of the text of any Bond of a Series may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Bond.

Bonds of any Series may be typewritten, printed, engraved, lithographed or otherwise reproduced and may incorporate such legends and other additional text as may be customary, including but not limited to any legend to reflect delivery of the Bonds of any Series to a Securities Depository.

206. Denominations; Medium, Method and Place of Payment of Principal and Interest; Dating. The Bonds of each Series shall be issued in the form of fully registered bonds in Authorized Denominations and shall be numbered, lettered and dated as prescribed in the applicable Certificate of Determination. The principal of and premium, if any, and interest on the Bonds of each Series shall be payable in lawful money of the United States of America as provided in the applicable Certificate of Determination.

Interest on Bonds of a Series shall be calculated as provided in the applicable Certificate of Determination. The interest rates for Bonds of a Series contained in the records of the Trustee shall be conclusive and binding, absent manifest error, upon the Authority, the Remarketing Agent, the Tender Agent, the Trustee, the Liquidity Facility Issuer, the Credit Facility Issuer and the Owners.

No Bond of a Series may bear interest at an interest rate higher than the Maximum Rate.

207. Determination of Interest Rate(s); Purchase Price. The interest rate applicable during any Rate Period (other than a Fixed Rate determined on or prior to the date of issuance of the related Bonds) shall be determined in accordance with the applicable Certificate of Determination. Except as otherwise provided in the applicable Certificate of Determination, any such rate shall be the minimum rate that, in the sole judgment of the Remarketing Agent, would result in a sale of the Bonds of the Series at a

price equal to the principal amount thereof on the date on which the interest rate on such Bonds is required to be determined in accordance with the applicable Certificate of Determination, taking into consideration the duration of the Interest Period, which shall be established by the Authority.

ARTICLE III

SALE OF EACH SERIES; CERTAIN FINDINGS; DETERMINATIONS AND AUTHORIZATIONS; AMENDMENTS TO GENERAL RESOLUTION

301. Sale of the Bonds. (a) The Bonds of each Series may be sold to the Purchasers therefor named in the respective Bond Purchase Agreement and approved by an Authorized Representative of the Authority, upon the terms and conditions set forth in the Bond Purchase Agreement at an aggregate purchase price (excluding accrued interest) of not less than ninety-five percent (95%) of the aggregate principal amount of such Bonds to be sold. The Purchaser or Purchasers of the Bonds of each Series shall be approved by the Chief Executive Officer and shall be one or more of the financial institutions approved by the Authority to act as underwriters of the Authority's bonds.

(b) The Authority hereby authorizes one or more Bond Purchase Agreements with respect to the Bonds, which in the case of any series of Bonds being sold to a purchaser for resale to the public, shall be in substantially the form of the bond purchase agreements executed by the Authority in connection with the issuance of the Authority's Electric System General Revenue Bonds, Series 2024 (the "Series 2024 Bonds"), with such modifications thereto as any Authorized Representative of the Authority, upon the advice of counsel to the Authority, approves, but subject to subsection (a) above. In the case of a placement of Bonds with one or more investors or financial institutions, the Bond Purchase Agreement shall be in such form as any Authorized Representative of the Authority, upon the advice of counsel to the Authority, approves, but subject to subsection (a) above. Any Authorized Representative of the Authority is hereby authorized to execute and deliver such Bond Purchase Agreements, which execution and delivery shall be conclusive evidence of the approval of any such modifications. Any Bond Purchase Agreement or placement agreement may provide for the sale of the Bonds on a forward delivery basis.

(c) The Bonds of each Series may be sold to the Purchasers therefor pursuant to a competitive sale, upon the terms and conditions set forth in a Notice of Sale at an aggregate purchase price (excluding accrued interest) of not less than ninety-five percent (95%) of the aggregate principal amount of such Bonds to be sold.

302. Preliminary and Final Official Statements. The Authority hereby authorizes one or more preliminary and final official statements substantially in the form of the Official Statements, delivered with respect to the Series 2024 Bonds, with such modifications thereto as any Authorized Representative of the Authority, upon the advice of counsel to the Authority, approves, including, without limitation, modifications to reflect matters reflected in continuing disclosure filings made with the Municipal

Securities Rulemaking Board subsequent to the date of such Official Statement. Any Authorized Representative of the Authority is hereby authorized to deliver such preliminary official statements to the Purchasers for delivery to prospective purchasers of the Bonds and to execute copies of such final official statement and deliver the same to the Purchasers or Remarketing Agents, as the case may be, in connection with the original issuance of the Bonds of any Series or the remarketing thereof, which execution and delivery shall be conclusive evidence of the approvals of such preliminary and final official statements. The Authority hereby authorizes the use of such preliminary and final official statements and the information contained therein in connection with the public offering and sale of the Bonds of each Series by the Purchasers.

303. Continuing Disclosure. The Authority hereby approves the Continuing Disclosure Certificate substantially in the form delivered in connection with the Series 2024 Bonds, and authorizes any Authorized Representative to execute and deliver the same, or any similar undertaking, whether in the form of an agreement with the Trustee or any other instrument, to provide secondary market disclosure in order to permit the Purchasers of the Bonds of any Series to comply with Rule 15c2-12 of the Securities and Exchange Commission, with such modifications as any Authorized Representative, upon the advice of counsel to the Authority, approves, which execution and delivery shall be conclusive evidence of the approval of such modifications. The Authority covenants with the Owners from time to time of the Bonds of each Series for which a Continuing Disclosure Certificate is delivered that it will, and hereby authorizes the appropriate officers and employees of the Authority to take all action necessary or appropriate to, comply with and carry out all of the provisions of such undertaking as amended from time to time. Notwithstanding any other provision of the Resolution, failure of the Authority to perform in accordance with such continuing disclosure undertaking shall not constitute a default or an Event of Default under the Resolution and shall not result in any acceleration of payment of the Bonds of any Series, and the rights and remedies provided by the Resolution upon the occurrence of such a default or an Event of Default shall not apply to any such failure, but such undertaking may be enforced only as provided therein.

304. Remarketing Agreements and Tender Agency Agreements. The Authority hereby authorizes one or more Remarketing Agreements and Tender Agency Agreements with respect to the Bonds of any Series in substantially the form of the remarketing agreements and the tender agency agreements entered into by the Authority in connection with prior series of Bonds, with such modifications and with such Remarketing Agents and such Tender Agents as any Authorized Representative, upon the advice of counsel to the Authority, approves. Any Authorized Representative of the Authority is hereby authorized to execute and deliver such Remarketing Agreements and such Tender Agency Agreements in connection with the original issuance of the Bonds of any Series or remarketing thereof, which execution and delivery shall be conclusive evidence of the approval of any such modifications.

305. Further Authority. All Authorized Representatives of the Authority are and each of them is hereby authorized and directed to execute and deliver any and all agreements, documents and instruments and to do and cause to be done any and all acts

necessary or proper for carrying out this Supplemental Resolution and each agreement authorized hereby, the issuance, sale and delivery and remarketing of the Bonds of any Series and for implementing the terms of each such agreement and the transactions contemplated thereby and by this Supplemental Resolution.

306. Certain Findings and Determinations. The Authority hereby finds and determines:

(a) The General Resolution has not been amended, supplemented, or repealed since the adoption thereof except by the resolution of the Authority entitled "First Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 1998A" adopted May 13, 1998, by the resolution of the Authority entitled "Second Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 1998B" adopted October 20, 1998, by the resolution of the Authority entitled "Third Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 2000A" adopted February 29, 2000, by the resolution of the Authority entitled "Fourth Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 2001A" adopted March 1, 2001, by the resolution of the Authority entitled "Fifth Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 2001B through 2001P" adopted May 1, 2001, by the resolution of the Authority entitled "Sixth Supplemental Resolution authorizing Electric System General Revenue Bonds, Series 2003A" adopted February 27, 2003, as amended March 27, 2003, by the resolution of the Authority entitled "Seventh Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted March 27, 2003, by the resolution of the Authority entitled "Eighth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted May 26, 2004, by the resolution of the Authority entitled "Ninth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted March 24, 2005, by the resolution of the Authority entitled "Tenth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted April 27, 2006, by the resolution of the Authority entitled "Eleventh Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted October 18, 2006, by the resolution of the Authority entitled "Twelfth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted February 26, 2008, and by the resolution of the Authority entitled "Thirteenth Supplemental Resolution authorizing Additional Interest Rate Modes and Modifications to the Operational Provisions and Characteristics of Existing Interest Rate Modes of Outstanding Electric System General Revenue Bonds" adopted February 26, 2008 and by the resolution of the Authority entitled "Fourteenth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted October 23, 2008, by the resolution of the Authority entitled "Fifteenth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted April 23, 2009, by the resolution of the Authority entitled "Sixteenth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 17, 2009, and by the resolution of the Authority entitled "Seventeenth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted September 27, 2010, by the resolution of the Authority entitled "Eighteenth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 15, 2011, by the resolutions of the Authority

entitled "Nineteenth Supplemental Resolution authorizing Electric System General Revenue Bonds," "Twentieth Supplemental Resolution authorizing Electric System General Revenue Bonds" and "Twenty-First Supplemental Resolution authorizing Electric System General Revenue Bonds," each adopted December 13, 2012, by the resolutions of the Authority entitled "Twenty-Second Supplemental Resolution authorizing Electric System General Revenue Bonds" and "Twenty-Third Supplemental Resolution authorizing Electric System General Revenue Bonds," each adopted August 6, 2014, by the resolution of the Authority entitled "Twenty-Fourth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 16, 2015, by the resolution of the Authority entitled "Twenty-Fifth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted March 21, 2016, by the resolution of the Authority entitled "Twenty-Sixth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 19, 2016, by the resolution of the Authority entitled "Twenty-Seventh Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 19, 2017, by the resolution of the Authority entitled "Twenty-Eighth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 19, 2018, by the resolution of the Authority entitled "Twenty-Ninth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 18, 2019, as amended and restated May 20, 2020, by the Resolution of the Authority entitled "Thirtieth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted September 23, 2020, by the Resolution of the Authority entitled "Thirty-First Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 16, 2020, by the Resolution of the Authority entitled "Thirty-Second Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 16, 2021, by the Resolution of the Authority entitled "Thirty-Third Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 14, 2022, by the Resolution of the Authority entitled "Thirty-Fourth Supplemental Resolution authorizing Electric System General Revenue Bonds" adopted December 13, 2023, and by the certificates of determination delivered pursuant to all such resolutions. This Supplemental Resolution supplements the General Resolution, constitutes and is a "Supplemental Resolution" within the meaning of such quoted term as defined and used in the General Resolution, and is adopted under and pursuant to the General Resolution.

(b) The Bonds of each Series constitute and are "Bonds" within the meaning of the quoted word as defined and used in the General Resolution.

(c) The Trust Estate is not encumbered by any lien or charge thereon or pledge thereof which is prior to or of equal rank with the lien and charge thereon and pledge thereof created by the General Resolution.

(d) There does not exist an "Event of Default" within the meaning of such quoted term as defined in Section 1001 of the General Resolution, nor does there exist any condition which, after the giving of notice or the passage of time, or both, would constitute such an "Event of Default."

307. Amendment to the General Resolution. (a) Amendment. Pursuant to the resolution of the Board of Trustees of the Authority, dated July 22, 2020, the General Resolution shall be amended and restated as set forth in such resolution, subject to the consent or deemed consent of not less than a majority of the holders of Bonds and certain other conditions.

(b) Deemed Consents. Pursuant to Section 903 of the General Resolution, the original purchasers and Holders of the Bonds of each Series issued pursuant to this Supplemental Resolution, by their purchase and acceptance thereof, thereby (i) consent, and shall be deemed to have consented to, the amendments made by or pursuant to this Supplemental Resolution, and (ii) waive, and shall be deemed to have waived, any and all other formal notices, implementation or timing requirements that may otherwise be required under the Resolution, which consents shall be effective and binding unless and until revoked pursuant to and to the extent permitted by said Section 903 of the General Resolution.

ARTICLE IV

REDEMPTION AND PURCHASE OF BONDS

401. Optional and Sinking Fund Redemption. Bonds of a Series shall be subject to optional and mandatory redemption as and to the extent and at the times and subject to such conditions, if any, as shall be specified in the applicable Certificate of Determination.

402. Optional and Mandatory Purchase of Bonds. The Bonds of a Series shall be subject to optional and mandatory tender for purchase to the extent, at the times and subject to such conditions as shall be set forth in the applicable Certificate of Determination.

403. Purchase Fund. A Purchase Fund may be established in a Certificate of Determination in connection with the delivery to the Trustee of a Liquidity Facility, which fund, if established, shall be held by the Tender Agent and may have such separate accounts as shall be established in such Certificate of Determination. Such Purchase Fund and accounts therein may be established for the purpose of depositing moneys obtained from (i) the remarketing of Bonds of a Series which is subject to tender for purchase in accordance with the applicable Certificate of Determination, (ii) draws under a Liquidity Facility and (iii) the Authority. Such deposited moneys shall be used solely to pay the Purchase Price of Bonds of such Series or to reimburse a Liquidity Facility Issuer.

404. Remarketing of Bonds of a Series; Notices. The Remarketing Agent for Bonds of a Series shall offer for sale and use its best efforts to find purchasers for all Bonds of such Series required to be tendered for purchase. The applicable Certificate of Determination shall prescribe provisions relating to the notices which shall be furnished by the Remarketing Agent in connection with such remarketing and as to the application of the proceeds of such remarketing.

405. Source of Funds for Purchase of Bonds of a Series. (a) Except as may otherwise be provided in the applicable Certificate of Determination, the Purchase Price of the Bonds of a Series on any Purchase Date shall be payable solely from proceeds of remarketing of such Series or proceeds of a related Liquidity Facility (including moneys that are borrowed by the Authority pursuant to a Liquidity Facility), if any, and shall not be payable by the Authority from any other source.

(b) As may be more particularly set forth in the applicable Certificate of Determination, on or before the close of business on the Purchase Date or the Mandatory Purchase Date with respect to Bonds of a Series, the Tender Agent shall purchase such Bonds from the Owners at the Purchase Price. Except as otherwise provided in a Certificate of Determination, funds for the payment of such Purchase Price shall be derived in the order of priority indicated:

(i) immediately available funds transferred by the Remarketing Agent to the Tender Agent derived from the remarketing of the Bonds; and

(ii) immediately available funds transferred by the Liquidity Facility Issuer (or the Authority to the Tender Agent, if the Liquidity Facility permits the Authority to make draws thereon), including, without limitation, amounts available under the Liquidity Facility.

406. Delivery of Bonds. Except as otherwise required or permitted by the book-entry only system of the Securities Depository and in the applicable Certificate of Determination, the Bonds of a Series sold by the Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Bonds at the times and dates prescribed by the applicable Certificate of Determination. The Bonds of a Series purchased with moneys provided by the Authority shall be delivered at the direction of the Authority. The Bonds of a Series purchased with moneys drawn under a Liquidity Facility shall be delivered as provided in such Liquidity Facility.

407. Delivery and Payment for Purchased Bonds of a Series; Undelivered Bonds. Each Certificate of Determination shall provide for the payment of the Purchase Price of Purchased Bonds of the related Series and for the sources of such payment and shall also make provision for undelivered Bonds.

408. Credit Facility and Liquidity Facility. (a) At any time and subject to such limitations and other provisions as may be set forth in the applicable Certificate of Determination, the Authority may obtain or provide for the delivery to the Trustee of a Liquidity Facility and/or a Credit Facility with respect to the Bonds of any Series.

(b) The Liquidity Facility or Liquidity Facilities relating to the Bonds of any Series shall provide for draws thereon or borrowings thereunder, in the aggregate, in an amount at least equal to the amount required to pay the Purchase Price for the related Bonds of a Series. Except as may otherwise be provided in the applicable Certificate of Determination, the obligation of the Issuer to reimburse the Liquidity

Facility Issuer or to pay the fees, charges and expenses of the Liquidity Facility Issuer under the Liquidity Facility shall constitute a Parity Reimbursement Obligation within the meaning of the Resolution and shall be secured by the pledge of and lien on the Trust Estate created by Section 501 of the Resolution.

ARTICLE V

COVENANTS

501. Tax Covenant. (a) Subject to subsection (e) of this Section, the Authority shall not take or omit to take any action which would cause interest on any Bonds authorized by this Supplemental Resolution to be included in the gross income of any Owner thereof for Federal income tax purposes by reason of subsection (b) of Section 103 of the Code. Without limiting the generality of the foregoing, no part of the proceeds of any Bonds or any other funds of the Authority shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in section 148 of the Code and to be subject to treatment under subsection (b)(2) of Section 103 of the Code as an obligation not described in subsection (a) of said section. The Authority shall make such payments to the United States as may be necessary to comply with the provisions of Section 148 of the Code.

(b) There is hereby delegated to each Authorized Representative of the Authority the power to execute and deliver for and on behalf of the Authority one or more Arbitrage and Use of Proceeds Certificates with respect to the Bonds of each Series in furtherance of the covenant in subsection (a).

(c) Notwithstanding any other provision of the Resolution to the contrary, upon the Authority's failure to observe, or refusal to comply with, the covenants in subsection (a) above, the Owners of the Bonds, or the Trustee acting on their behalf, shall be entitled only to the right of specific performance of such covenant, and shall not be entitled to any of the other rights and remedies provided under Article X of the General Resolution.

(d) Notwithstanding Section 1201 of the General Resolution, the Owners of the Bonds of any Series shall be entitled to the benefit of the covenants in subsection (a) above until the retirement of the Bonds of such Series, whether at maturity or earlier redemption or otherwise.

(e) The preceding clauses of this Section 501 shall not apply to any Bonds authorized by this Supplemental Resolution the interest on which is included in gross income for Federal income tax purposes.

502. Trustee and Paying Agent. The Trustee, heretofore appointed pursuant to the General Resolution, is also appointed as Paying Agent for the Bonds.

503. Remarketing Agent. The Authority shall appoint and employ the services of a Remarketing Agent prior to any Purchase Date or Mode Change Date while the Bonds of any Series are in the Commercial Paper Mode, Daily Rate Mode, Weekly Rate Mode, Index Mode or Term Rate Mode. As and to the extent so provided in the related reimbursement agreement, no appointment of the Remarketing Agent for the Bonds of a Series shall be effective without the consent of the Credit Facility Issuer or the Liquidity Facility Issuer, as the case may be, for the Bonds of such Series. Such consent shall be deemed to have been given if such Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, unreasonably withholds its consent. The Authority shall have the right to remove the Remarketing Agent as provided in the Remarketing Agreement. To the extent so provided in the related reimbursement agreement, the Authority shall, upon a written direction of the Credit Facility Issuer or the Liquidity Facility Issuer for the Bonds of a Series, remove the Remarketing Agent for the Bonds of such Series if the Remarketing Agent fails to comply with its obligations under the Remarketing Agreement.

504. Tender Agent. The Authority shall appoint and employ the services of a Tender Agent prior to any Purchase Date or Mode Change Date while the Bonds of any Series are in the Daily Rate, Weekly Rate, the Term Rate Mode, the Index Rate Mode or the Commercial Paper Mode. The Authority shall have the right to remove the Tender Agent as provided in the Tender Agency Agreement.

ARTICLE VI

MISCELLANEOUS

601. Additional Right to Amend. This Supplemental Resolution may be amended without consent of the Owners of Bonds or of the Trustee and only with the consent of the Credit Facility Issuer and the Liquidity Facility Issuer for the Bonds of a Series affected by such amendment, at any time or from time to time, (i) for the purpose of making changes in the provisions hereof relating to the characteristics and operational provisions of the Modes of any Series of Bonds or (ii) in order to provide for and accommodate Credit Facilities or Liquidity Facilities for Bonds of any Series. Each such amendment shall become effective on any Mandatory Purchase Date applicable to the Bonds of a Series affected by such amendment next following the filing of a copy thereof, certified by an Authorized Representative, with the Trustee, the Tender Agent, the Remarketing Agent, the Credit Facility Issuer and the Liquidity Facility Issuer with respect to the Bonds of such Series.

602. Notices. (a) Notices to Owners. All notices required to be given to Owners of Bonds of a Series under this Supplemental Resolution, unless otherwise expressly provided in this Supplemental Resolution, shall be given by first class mail, postage prepaid.

(b) Notices to Rating Agencies. The Authority shall give prior written notice to the Rating Agencies of any of the following events:

(1) Any change of Trustee, Tender Agent or Remarketing Agent;

(2) Any material changes to the Resolution, the General Resolution or this Supplemental Resolution that affect the Bonds;

(3) Any changes to the Liquidity Facility, the Credit Facility, or any agreement with the Liquidity Facility Issuer, Credit Facility Issuer, Remarketing Agent or Tender Agent pertaining to the Bonds;

(4) Any expiration, termination or extension of any Liquidity Facility or Credit Facility or the obtaining of an alternate Liquidity Facility or alternate Credit Facility pertaining to the Bonds;

(5) Any change in the Mode applicable to the Bonds of any Series from any Mode which is supported by any Liquidity Facility or Credit Facility then in effect to a different Mode which is not supported by such Liquidity Facility or Credit Facility; and

(6) Any redemption, defeasance, mandatory tender or acceleration of all the Outstanding Bonds.

603. Effective Date and Expiration. This Supplemental Resolution shall be fully effective in accordance with its terms upon the filing with the Trustee of a copy hereof certified by an Authorized Representative. The authorization to issue Bonds pursuant to this Supplemental Resolution shall expire on March 31, 2026.

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Chair Edwards stated that the next item on the agenda was the Consideration of Approval of Tariff Changes to be presented by William Wai.

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

Requested Action

The Trustees are requested to approve the following proposals to modify the Long Island Power Authority's ("LIPA" or the "Authority") Tariff for Electric Service:

1. **Integrated Energy Data Resource ("IEDR") Platform: Modifying LIPA's Tariff for Electric Service to expressly absolve the Authority of liability for any improper access or sharing of customer data after the Authority transfers such data to the IEDR platform.**
2. **New York State Home Energy Fair Practices Act ("HEFPA") Amendments: Modifying LIPA's Tariff for Electric Service to be consistent with recent statutory amendments to the HEFPA and clarify the Tariff's definitions of Residential and Non-Residential Customers.**

3. **Small Generator Interconnection Procedures ("SGIP") Update: Modifying LIPA's interconnection procedures to apply Statewide Standard Interconnection Requirement ("SIR") changes adopted by the New York Public Service Commission ("Commission") and better define Site Control related to the property where distributed generation ("DG") is to be installed.**
4. **COVID-19 Temporary Emergency Measures: Modifying LIPA's tariff for Electric Service to sunset temporary emergency COVID-19 support measures which provided commercial customers relaxed deferred payment agreement ("DPA") terms.**
5. **Customer Benefit Contribution ("CBC") Charge: Modifying LIPA's Tariff for Electric Service to clarify the application of the CBC charge and give "grandfather" status to distributed generation ("DG") systems originally interconnected prior to January 1, 2022.**

IEDR: Background

In February 2021, the Commission issued an order to establish a statewide IEDR platform, an online tool that would provide access to statewide customer and system data to "accelerate efficient and expanded useful access to useful energy data, for all types of users, including Energy Service Entities ("ESE's"), utilities, governmental agencies, and academics." The Commission, in its Order Addressing Integrated Energy Data Resource Matters issued on October 13, 2023, stated that the:

> **…statewide IEDR is intended to provide ESEs with access to useful energy-related information and tools in a more streamlined manner than under the current process where data is obtained separately from each individual utility. Specifically, IEDR users would be able to access and use a variety of query tools that enable useful analyses across all the statewide energy-related data that is stored within the IEDR platform.**

The Commission appointed the New York State Energy Research Development Authority ("NYSERDA") to serve the role of Program Sponsor.

The IEDR is "intended to collect, house, integrate, analyze, and manage a wide variety of standardized energy-related information from the State's electric and gas utilities and other sources,'" including Customer Data Sets and various types of utility system data. The Commission has defined "Customer Data Sets" to include three different data sets: 1) Customer Contact Information; 2) Customer Billing; and 3) Customer Energy Usage. "Highly confidential personal information," which is defined by the Commission as "[h]ighly sensitive information specific to an individual that could be used to identify the individual, such as social security number, banking information, or driver's license," will not be transferred to the IEDR platform.

In the IEDR Matters Order, the Commission directed the Joint Utilities to transfer the defined Customer Data Sets to the IEDR Solution Architect and Development Team

(the "IEDR Administrator") without customer consent, "as such transfer is an exchange of customer data between data custodians." The Commission further stated:

> **As a data custodian[7], the IEDR will be governed by the [Data Access Framework ("DAF")], which establishes the means and methods for ESE's to access Customer Data Sets and other energy-related information from the IEDR platform, while ensuring that such information is properly protected from unauthorized disclosures. Any data being accessed by an ESE via the IEDR platform would only be released consistent with the policies and requirements adopted as part of the DAF.**

To that end, the Commission "clarifie[d] that the IEDR Administrator shall not share Customer Data Sets without customer consent, subject to the data protection requirements set forth in the Commission's DAF Order and related orders."

The Commission also acknowledged that utilities would have "no ability to protect the data stored in the IEDR platform once it has been transferred" and that the IEDR Administrator would be responsible for "the protection of Customer Data Sets or other energy-related data on the IEDR platform from unauthorized disclosures." The Commission further acknowledged that once the IEDR platform becomes "operational," ESE's will have the ability to "directly access data from the IEDR platform itself."

In light of the above, the Commission directed each of the Joint Utilities to file tariff revisions that "explicitly acknowledge that the customer (and not the utility) is the owner of the customer's data" and release each utility from liability related to customer data that is improperly accessed or shared after the utility transfers such data to the IEDR platform.

<u>IEDR: Proposed Action</u>

LIPA is not subject to the Commission's orders and is therefore not required to transfer the Customer Data Sets to the IEDR Administrator. LIPA may voluntarily agree to follow the Commission's IEDR Matters Order to transfer the Customer Data Sets, or a subset thereof, to the IEDR Administrator without customer consent. Consistent with the Commission's orders referenced above, LIPA would consider such a transfer of data to be between data custodians. LIPA Staff notes that LIPA is not submitting itself to the Commission's jurisdiction and that LIPA takes no position on whether it will participate in future Commission programs.

Accordingly, LIPA Staff proposed to modify the Tariff to eliminate any LIPA liability for improper access or sharing of relevant customer data after it transfers such data to the IEDR platform. This Tariff amendment is consistent with respective tariff amendments filed by each of the Joint Utilities as authorized by the Commission in the IEDR Matters Order. Consistent with the expectations of the Joint Utilities as reflected in the IEDR Matters Order, LIPA anticipates that the IEDR Administrator will agree to reasonable indemnity provisions in the contract (*e.g.*, a cybersecurity and non-disclosure

agreement), to be negotiated between LIPA, through its service provider, and the IEDR Administrator.

IEDR: Financial Impact

None

IEDR: Stakeholder and DPS Comments

Two public comment sessions were held on the LIPA's Tariff proposals and written comments were also solicited from interested stakeholders. The Long Island Progressive Coalition ("LIPC") states that it understands the need for the limitation of liability proposed in the IEDR Platform. LIPC provides further comment requesting that LIPA make a written commitment to all customers that every effort will be taken to prevent data breaches associated with the IEDR.

The DPS Staff reviewed LIPA's proposal and encouraged that LIPA revise its proposed tariff language to align with the tariff language contained in the Commission's November 19, 2024, Order. Upon further discussions with LIPA, DPS supported LIPA's suggestion of inclusion of the term "malicious act" in the tariff language and recommended the Tariff, effective on January 1, 2025, read as follows:

> ***"LIPA may provide non-anonymized and non-aggregated customer specific data to the State's Integrated Energy Data Resource (IEDR) consistent with the New York Public Service Commission's Order Addressing Integrated Energy Data Resource Matters issued on October 13, 2023, in Case 20-M-0082. If such data is improperly released from the IEDR as the result of a cyber-related incident, or inadvertently disclosed by the IEDR administrator or its agents or contractors due to an operational error, or maliciously disclosed by the IEDR administrator or its agents or contractors, LIPA will not be liable for such release or disclosure. Consistent with the Commission's policies regarding data ownership, the customer (not the utility) is the owner of the customer's data."***

LIPA Staff Response:

LIPA is committed to safeguarding its customers' data. LIPA Staff acknowledges the Public Service Commission Order issued after the Authority's original Tariff change proposal and agrees with the DPS recommended revision to LIPA's original proposal.

HEFPA Amendments: Background

Since 1981, HEFPA has provided residential energy customers with comprehensive protections in areas such as application for service, customer billing and payment, and complaint procedures. In March 2024, HEFPA was amended to address finality of certain utility charges, including back billing practices.

Effective June 19, 2024, Public Service Law ("PSL") § 41, part of HEFPA, was amended to state, in relevant part, that if a utility "does not render a residential customer..., with the exception of a seasonal or short-term customer…, a monthly bill for gas and/or electric services used by such customer during that monthly period, or, in the case of bi-monthly meter reads, during that month and the prior month, within three months from the end date of such monthly billing period, then, such residential customer shall not be charged for such gas and electric services which were not billed… unless the failure of the corporation or municipality to bill sooner was not due to the neglect of the corporation or municipality or was due to the culpable conduct of the customer."

HEFPA Amendments: Proposed Action

LIPA Staff proposes to amend LIPA's Tariff to align with the HEFPA amendment. Specifically,
the proposed Tariff changes prohibit the Authority from charging a residential customer, other than a seasonal customer or a Short-Term or Temporary Residential Customer, for electric services rendered during a billing period unless the Authority renders a bill to such residential customer for that billing period within three months from the end of such billing period. For example, if a monthly billing period runs from January 1 through January 30, the Authority must issue a bill for the January time period by April 30.

If the bill is not rendered by the Authority within the three-month window, the customer will not be charged for electric service, unless the Authority's failure to render a bill sooner: 1) was not due to the neglect of the Authority; or 2) was due to the culpable conduct of the customer. If these exceptions apply, the Authority is not bound by the three-month prohibition.

Additionally, the proposed Tariff language states for Residential Customers that qualify as a Seasonal Customer and/or Short-Term or Temporary Customer, the Authority may not render a bill for previously unbilled service after twenty-four months from the time service to which the bill was provided. This provision shall not apply when the culpable conduct of a customer caused or contributed to the failure of the Authority to have rendered a timely or accurate billing.

Staff also proposes to revise the Tariff's definitions for Residential Customers and Non- Residential Customers to define Residential Customers as all customers on residential rates, which may include, for example, buildings used for religious purposes, community residences, and veteran's organizations. Pursuant to this proposed change, the Authority would generally apply HEFPA provisions to all customers on residential rates, not only those customers that use electric service for a residential purpose unless otherwise specified in HEFPA.

Finally, Staff proposes to add consistent language in Section 1.C.11 of the Tariff to conform with other areas of the tariff that allow certain buildings, used by not-for-profit Veterans' Organizations, to opt-in to Residential rates.

HEFPA Amendments: Financial Impact

None

HEFPA Amendments: Stakeholder and DPS Comments

Three public comment sessions were held on the LIPA's Tariff proposals and written comments were also solicited from interested stakeholders. The Public Utility Law Project ("PULP") supports LIPA's effort to update its Tariff to match recent changes to the Public Service Law ("PSL"). PSL§ 41 was amended to require utility bills be provided to customers within a three-month window. PULP feels this revision will foster transparency in utility billing and allow for customers to make more informed decisions about their energy usage.

LIPC supports the updated Tariff language as it mirrors the recent changes to the PSL. LIPC believes this change will help protect consumers from financial instability, foster transparency in utility billing and allow the customer to make informed decisions about their energy usage.

The DPS Staff reviewed LIPA's proposal and determined the modifications bring the Tariff into compliance with PSL § 41 and align with the Investor-Owned Utilities ("IOU's") to provide fair and adequate back billing protections for residential customers. Further, Staff supports the clarifications proposed for the definitions of Residential and Non-Residential Customers, and the addition to Section 1.C.11. The DPS Staff recommends that the Board adopt LIPA's tariff as proposed.

SGIP Update: Background

First, on December 22, 2022, members of the statewide Interconnection Policy Working Group and Interconnection Technical Working Group ("IPWG/ITWG") petitioned the Commission to make minor amendments to the Statewide SIR (the "December 2022 Petition"). On April 21, 2023, the Commission adopted the modifications to the current version of the Statewide SIR (the "April 2023 Order"). This proposal seeks to implement changes conforming to LIPA's SGIP based on the April 2023 Order.

Second, to encourage further development of solar projects in the LIPA service territory, Staff proposes to modify the definition of Site Control to accommodate a variety of property use arrangements that may be available to solar projects, including long-term lease agreements. This proposal seeks to better define "Site Control" and clarify the types of documents that will be accepted by the Authority to ensure property owner consent at locations where DG projects are to be installed. This proposal incorporates feedback received from the LIPA Board at the December 13, 2023, board meeting.

SGIP Update: Proposed Action

LIPA Staff proposes three substantive modifications to the SGIP. The proposed changes are as follows:

- **<u>UL 1741 Supplement B ("UL 1741 SB")</u>: The proposed changes add reference to UL 1741 SB. consistent with language adopted by the Commission in the April 2023 Order. These modifications are technical in nature and, as stated on page 4 of the April 2023 Order, they are:**
    - ***"…driven by recent updates to the IEEE 1547 standards for smart inverter functionality and the associated testing certification of those smart inverters through UL 1741. The amendments will ensure that all smart inverters installed in New York under the SIR process are tested and certified to the latest industry standards and practices."***

- **<u>Cost Estimates</u>: The proposed changes add language that requires PSEG Long Island to provide the applicant an updated cost estimate within ten (10) Business Days from the completion of design work if the scope of work has changed from the Coordinated Electric System Interconnection Review ("CESIR") estimate. In addition, added language stipulates a process for removal from the interconnection queue if a timely deposit payment is not made or if the applicant does not complete a timely final acceptance.**

- **<u>Property Use Arrangements:</u> In light of the robust solar industry on Long Island and the various property use arrangements available to solar projects, Staff proposes changes to the SGIP to modify the definition of Site Control to clarify the types of documentation required to demonstrate that the interconnection customer has the requisite property interest and Site Control for the property where the distributed generation facility is to be installed. The proposed definition of Site Control on page 24 of the SGIP states:**

  Site Control:

  Site Control shall mean: (1) documentation of the requisite control of the real property where the facility will be sited (in the form required by subsections a, b, or c below); and (2) executed New York State Standard Acknowledgement of Property Owner Consent Form and Site Control Certification Form, provided in Appendix H and Appendix H-1, unless otherwise subject to the exception provided below. Evidence of Site Control must be submitted with the Interconnection Request.

  a. Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generator;

  b. An option to purchase or acquire a leasehold site for such purpose; or

  c. Exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the

Interconnection Customer the right to possess or occupy a site for such purpose.

Exception: Applicant does not need to execute Appendix H and Appendix H-1 in the following cases:

a. **The Applicant is the owner of real property where the project will be sited and can demonstrate the ownership of the property; or**
b. **The Applicant submits evidence to the Utility's satisfaction that the interconnecting customer holds the requisite documentation demonstrating site control of the physical location where the project will be situated and has obtained all required property owner/lessor consents for the installation of the distributed generation facility at the project site (for example: Landlord Estoppel Certificate).**

This change will enhance the interconnection of distributed energy resources ("DER") with the LIPA distribution system and support DER installations on long-term leased properties/facilities.

A summary of property use arrangements and whether completed appendices will be required in addition to documentation of property control is provided below.

Property Use Arrangements	Appendices H and H-1 Needed?
Real property owner submits and owns proposed DER	No
Developer submits application on real property owner's behalf; property owner is not applicant, but will ultimately own DER	Yes
Developer submits application and has a lease or option on the property/roof with owner; developer will own DER	Yes
Developer submits application but property owner is not privy to forms (ex. long-term lease that allows for DER placement)	No

SGIP Update: Financial Impact

None

SGIP Update: Stakeholder and DPS Comments

Three public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. No comments were received from the public on the Small Generator Interconnection Procedure ("SGIP") update proposal.

The DPS Staff reviewed LIPA's proposal and determined that these changes align the Tariff with changes made by the Commission to its Statewide Standardized Interconnection Procedures ("SIR"). The SGIP, like the SIR for the IOU's, provides a

framework for connecting new or modified distributed generators to LIPA's distribution system. DPS Staff highlights the changes would not have a material financial impact. Therefore, DPS Staff recommends the approval of the changes to SGIP as proposed.

COVID-19 Temporary Emergency Measures: Background

To assist customers who have fallen behind on their bills, the Authority offers payment plans or Deferred Payment Agreements ("DPAs"), which allow customers to pay down outstanding balances over time. The Authority works with customers to develop DPAs tailored to the customer's needs and financial circumstances. By entering into a DPA, the customer avoids disconnection and/or suspension of service. The proposed Tariff amendments align with the Authority's DPA business policy, are largely consistent with the DPS regulations for commercial customers regarding DPAs and security deposits and are consistent with policies implemented by other electric utilities in the State.

In May 2020, due to the significant economic impact of the COVID-19 pandemic and the State of Emergency declared by the Governor, the Authority's Board of Trustees approved temporary emergency modifications to its Tariff impacting DPAs and security deposits.

Specifically, the approved temporary emergency changes included:

1. **Extended eligibility for DPAs to larger commercial customers that fell into arrears;**
2. **Extended the length of DPAs for commercial customers to twice the length of the current emergency, up to a maximum of 12 months;**
3. **Waived the late payment fees for the first 6 months for commercial customers entering a DPA;**
4. **Reduced the minimum requirement for a down-payment to equal the current bill plus half of average monthly bill; and**
5. **Allowed good credit commercial customers that requested relief to apply their security deposits against outstanding charges.**

The approved DPA changes provided temporary relief to larger commercial customers that were impacted by the COVID-19 pandemic by providing a longer length of time to pay down arrears as they coped with resuming normal business operations. Additionally, by waiving the late payment fees for the first six months of their recovery, businesses were given the opportunity to satisfy their financial obligations to the Authority over a longer period of time. The approved changes to the use of security deposits allowed commercial customers with good credit to better manage their cash flow during uncertain economic times, using the money on deposit to meet current bill obligations instead of falling into arrears or otherwise hurting their financial prospects during economic recovery. The amounts used from the security deposits were to be refreshed by the customers after the emergency provisions expired.

In June 2021, the Governor issued Executive Order No. 210, ending the State of Emergency. In November 2021, after consultation and coordination with other utilities

in the State, the Authority's DPA business practices returned to pre-pandemic policies, thereby ending the temporary emergency protections. This proposal seeks to align the Tariff to current business practice and sunset the temporary emergency COVID-19 support provided to commercial customers through relaxed DPA terms.

COVID-19 Temporary Emergency Measures: Proposed Action

Staff proposes to modify the Tariff to sunset temporary emergency COVID-19 support provided to commercial customers through relaxed DPA terms. Specifically, the modifications include:

1. **Ending the temporary practice of allowing good credit commercial customers that request relief to apply their security deposits against outstanding charges;**
2. **Ending DPA eligibility to larger commercial customers that fell into arrears;**
3. **Ending the extended length of DPAs for commercial customers to twice the length of the then-current emergency, up to a maximum of 12 months;**
4. **Ending the waiver of the late payment fees for the first 6 months for commercial customers entering a DPA; and**
5. **Ending reduction of the minimum requirement for a down-payment to equal the current bill plus half of average monthly bill.**

COVID-19 Temporary Emergency Measures: Financial Impact

Few direct financial impacts associated with this proposal are anticipated.

COVID-19 Temporary Emergency Measures: Stakeholder and DPS Comments

Three public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. Both PULP and LIPC provided written comments on this matter, and LIPC also virtually spoke at the November 25, 2024, evening public comment session. Both commenting parties felt it untimely to sunset the temporary emergency COVID-19 support at this time and recommended continuation. PULP notes that while the overall economy has shown signs of recovery, some commercial customers, many of which likely encompass small businesses, may still be grappling with the economic aftershocks of the pandemic. LIPC provided the same note.

DPS supports adopting the Tariff modifications as proposed and asserts that LIPA's proposal realigns the Tariff with regulations governing the IOUs concerning provision of service to Non- residential customers. The DPS Staff notes that more than three years have passed since the COVID-19 State of Emergency ended and finds it reasonable for LIPA to revert its Tariff to pre- pandemic measures.

LIPA Staff Response: The temporary tariff changes were put in place following the State of Emergency declared by the Governor due to the impact of the COVID-19 pandemic. As more than three years have passed since the end of the COVID-19 State of Emergency, it is time to discontinue the temporary emergency COVID-19 measures.

LIPA's proposal to sunset the temporary emergency COVID-19 measures ensures that the Authority's practices of serving commercial customers are consistent with practices of other major utilities in the State.

CBC Charge: Background

The CBC charge is a billing item for LIPA customers who install DG systems at their site on or after January 1, 2022. The CBC is calculated based on the system size of the project. The daily CBC charge is multiplied by the customer's electric generating equipment's nameplate capacity rating in kW DC to calculate the CBC charge for the customer. The CBC charge helps to recover revenue for programs such as the Low-Income Program, Utility Energy Efficiency and Electrification Programs, and the cost of contracted renewable energy. The CBC rates change annually and are available on LIPA's Statement of CBC Charge, which is part of the Tariff (LIPA Statement No. 3 – CBC).

The Commission issued the June 2024 Order addressing CBC charges applicable to DG projects interconnected after January 1, 2022. The Commission clarified that the CBC charge should not be applied to system expansions for DG systems interconnected prior to January 1, 2022, and noted that only complete system replacements shall be charged the CBC charge.

CBC Charge: Proposed Action

While LIPA is not subject to the Commission order referenced above, Staff proposes to modify the Tariff to clarify the application of the CBC charge to align with the June 2024 Order. Currently, the Authority applies the CBC charge to DG systems originally interconnected, modified, expanded, or replaced after January 1, 2022. To align with the June 2024 Order, Staff proposes to only apply the CBC Charge to DG systems that are originally interconnected or completely replaced after January 1, 2022. This change will give "grandfathered" status to systems that were originally interconnected prior to January 1, 2022, and later expand capacity; these "grandfathered" systems will not be charged the CBC charge. As a result of this change, approximately 661 current customers will be given grandfathered status and will no longer be billed the CBC charge.

CBC Charge: Financial Impact

This Tariff proposal will result in fewer customers subject to the CBC charge and approximately $105,786.00 less revenue in collection per year; however, the proposal is consistent with the rest of the State and will encourage the growth of the solar industry in the LIPA service territory which will assist in achieving the State clean energy goals.

CBC Charge: Stakeholder and DPS Comments

Three public comment sessions were held on the Tariff proposals and written comments were also solicited from interested stakeholders. No comments were received from the public on the Customer Benefit Contribution Charge ("CBC") proposal.

The DPS Staff reviewed LIPA's proposal and determined that these modifications align the Tariff with The Commission's June 21, 2024, Order. LIPA's proposed modifications clarify any ambiguity in applying the CBC charge by clearly delineating the factors that determine whether the CBC charge is applicable. The modification will further impact a group of Structured customers (approximately 661 customers) who will no longer be subject to the CBC charge and will save monthly. The DPS Staff supports the approval of modifications to the CBC charge provisions as proposed.

Public Comments

LIPA held two public comment sessions on the proposed tariff changes regarding IEDR on September 25, 2024, and three public comment sessions on the other proposed tariff changes on November 25, 2024, and November 26, 2024, and solicited written comments through December 1, 2024. Transcripts of the public comment sessions and a compendium of written comments received are attached as exhibits, and the comments are summarized above, together with responses from LIPA Staff.

Recommendation

For the foregoing reasons, I recommend that the Trustees approve the modifications to the Tariff for Electric Service described herein and set forth in the accompanying resolutions.

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolutions were approved by the Trustees.

1875. APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO INTEGRATED ENERGY DATA RESOURCE PLATFORM

WHEREAS, the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy, and offer programs to maintain electric bills that are a reasonable percentage of income for low-income customers; and

WHEREAS, the Board also has adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board's commitment to achieving 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, including those for renewables, offshore wind, distributed solar, and storage; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA's purpose, including as set forth in the Board Policy on Customer Value, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on July 17, 2024, public hearings were held in Nassau and Suffolk County on September 25, 2024, in person, by phone and video conference accessible to all customers in LIPA's service territory, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA's Tariff, are hereby adopted and approved to be effective January 1, 2025; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

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1876. APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO NEW YORK STATE HOME ENERGY FAIR PRACTICES ACT AMENDMENTS

WHEREAS, the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy, and offer programs to maintain electric bills that are a reasonable percentage of income for low-income customers; and

WHEREAS, the Board has also adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board's commitment to achieving 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, including those for renewables, offshore wind, distributed solar, and storage; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA's purpose, including as set forth in the Board Policy on Customer Value, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on September 25, 2024, public hearings were held in Nassau and Suffolk County on November 25, 2024, and in the Rockaways on November 26, 2024, in person, by phone and video conference accessible to all customers in LIPA's service territory, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA's Tariff are hereby adopted and approved to be effective January 1, 2025; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

***

1877. APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO SMALL GENERATOR INTERCONNECTION PROCEDURES

WHEREAS, the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy, and offer programs to maintain electric bills that are a reasonable percentage of income for low-income customers; and

WHEREAS, the Board has also adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board's commitment to achieving 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, including those for renewables, offshore wind, distributed solar, and storage; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA's purpose, including as set forth in the Board Policy on Customer Value, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on September 25, 2024, public hearings were held in Nassau and Suffolk County on November 25, 2024, and in the Rockaways on November 26, 2024, in person, by phone and video conference accessible

to all customers in LIPA's service territory, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA's Tariff (other than those related to the dispute resolution provisions which will be proposed in a separate rule making under the SAPA) are hereby adopted and approved to be effective January 1, 2025; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

***

1878. APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO COVID-19 TEMPORARY EMERGENCY MEASURES

WHEREAS, the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy, and offer programs to maintain electric bills that are a reasonable percentage of income for low-income customers; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA's purpose, including as set forth in the Board Policy on Customer Value, Affordability, and Rate Design; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on September 25, 2024, public hearings were held in Nassau and Suffolk County on November 25, 2024, and in the Rockaways on November 26, 2024, in person, by phone and video conference accessible to all customers in LIPA's service territory, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA's Tariff are hereby adopted and approved to be effective January 1, 2025; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

***

1879. APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF RELATED TO CUSTOMER BENEFIT CONTRIBUTION CHARGE

WHEREAS, the Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") has adopted a Board Policy on Customer Value, Affordability, and Rate Design, which sets forth the Board's commitment to establishing rates and tariffs that equitably allocate costs, provide customers with the opportunity to save money, employ innovative rate designs, encourage conservation, efficient use of energy resources, and the transition to a carbon-free economy, and offer programs to maintain electric bills that are a reasonable percentage of income for low-income customers; and

WHEREAS, the Board has also adopted a Board Policy on Clean Energy and Power Supply, which sets forth the Board's commitment to achieving 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, including those for renewables, offshore wind, distributed solar, and storage; and

WHEREAS, the Board has reviewed the proposal and determined that the proposal is consistent with LIPA's purpose, including as set forth in the Board Policy on Customer Value, Affordability, and Rate Design and the Board Policy on Clean Energy and Power Supply; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on September 25, 2024, public hearings were held in Nassau and Suffolk County on November 25, 2024, and in the Rockaways on November 26, 2024, in person, by phone and video conference accessible to all customers in LIPA's service territory, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA's Tariff are hereby adopted and approved to be effective January 1, 2025; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

***

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of Management Implementation Plans for the Recommendations from the NorthStar Final Management and Operations Audit Report, dated March 22, 2024 to be presented by Bobbi O'Connor.

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

Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a Resolution, attached hereto as Exhibit "A", directing the implementation of plans to address the recommendations of the Department of Public Service ("DPS") Management and Operations Audit of LIPA and PSEG Long Island Final Report, dated March 22, 2024, consistent with the LIPA Reform Act of 2013 (the "Reform Act").

Background

The Reform Act directed DPS to conduct or cause to be conducted every five years a comprehensive management and operations audits to review the overall management of LIPA and its service provider – PSEG Long Island – in the context of LIPA's duty to set rates at the lowest level consistent with sound fiscal and operating practices and safe and adequate service. DPS procured NorthStar Consulting Group to conduct the audit, which commenced on December 15, 2021 and concluded with the filing of a report containing 80 individual recommendations in various areas of management, oversight, and operations.

The Reform Act further provides that "[u]nless the board of the authority makes a preliminary determination that any particular finding or recommendation contained in such audit is inconsistent with the authority's sound fiscal operating practices, any existing contractual or operating obligation, or the provision for safe and adequate service, the board shall implement or cause its service provider to implement such findings and recommendations in accordance with the timeframe specified under such audit." The Board at its April 2024 meeting directed LIPA and PSEG Long Island to commence development of the implementation plans for the recommendations and made no such finding of inconsistency.

Discussion

LIPA Staff and PSEG Long Island worked together to produce plans to implement each of the individual audit recommendations, attached hereto as Exhibit "B". Each project plan articulates specific project objectives, identifies personnel responsible for the implementation, sets forth milestones for completion, and includes cost-benefit and risk analyses, where applicable. LIPA and PSEG Long Island continue to collaborate with DPS

staff to evaluate each implementation plan, incorporate lessons-learned and future input from DPS, and modify plans, as necessary.

DPS's recommendation related to the implementation plans is provided for at Exhibit "C". The implementation plans may also be modified as a result of additional information obtained during their execution. Supplemental progress reports will be filed annually with the Board.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by adoption of the resolution in the form attached as Exhibit "A".

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

1880. RESOLUTION IMPLEMENTING THE RECOMMENDATIONS IN THE DPS MANAGEMENT AND OPERATIONS AUDIT OF LIPA AND PSEG LONG ISLAND FINAL REPORT, DATED MARCH 22, 2024

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board of Trustees hereby adopts the implementation plans provided in Exhibit "B" for each recommendation in the Management and Operations Audit of LIPA and PSEG Long Island Final Report, dated March 22, 2024.

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Chair Edwards stated that the next item on the agenda was the Consideration of Approval of the Findings Statement for the Bridgehampton to Buell Underground 69kV Transmission Project to be presented by Jason Horowitz.

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

Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a resolution approving the Findings Statement in accordance with the State Environmental Quality Review Act ("SEQRA") for the Bridgehampton to Buell Underground 69kV Cable Project (the "Proposed Action"), which resolution is attached hereto as Exhibit "A".

Background

PSEG Long Island has proposed to install a new underground 69kV transmission cable from the Bridgehampton Substation located on Bridgehampton-Sag Harbor Turnpike in the Town of Southampton to the Buell Substation located on Cove Hollow Road in the Town of East Hampton. The original route and associated SEQRA documents, including the Draft Environmental Impact Statement ("DEIS"), evaluated a 5.2-mile underground cable within the existing LIPA right-of- way ("ROW"). Due to the location of the existing ROW within the Long Pond Greenbelt, an ecologically significant area, LIPA, serving as Lead Agency pursuant to SEQRA, determined the Proposed Action may have significant adverse effects on the environment and issued a Positive Declaration, which required the preparation of a Draft Environmental Impact Statement ("DEIS"). In advance of the DEIS, in accordance with SEQRA, LIPA issued a Draft Scope, which was published for public comment on May 12, 2021. On June 30, 2021, the Final Scope for the Proposed Action was issued, incorporating all public comments received. The scoping documents functioned as the table of contents for the impacts and issues studied in the DEIS.

The Board accepted the DEIS at its meeting on May 18, 2022. Thereafter, PSEG Long Island conducted a public hearing on the DEIS to solicit comments on the proposed construction and route. PSEG Long Island received over 340 comments. Many of the comments expressed concern about potential adverse environmental impacts associated with installing the underground cable within the Long Pond Greenbelt and other sensitive areas. PSEG Long Island took into consideration these comments, other concerns, and the potential for proposed alternatives, in the DEIS with the intention to mitigate or avoid such impacts. Subsequently, the underground cable route was redesigned to proceed north from the Bridgehampton Substation through the existing roadway rights-of-way before turning southeast to the Buell substation. A version of the new route was reviewed as Alternative 2 in the DEIS (the Northerly Underground Circuit alternative). This new route is referred to as the Preferred Alternative in the Final Environmental Impact Statement ("FEIS").

The route map is more particularly shown as Figure 1 within the FEIS and attached to this memorandum as Exhibit "B". The route is approximately 7.6 miles and no longer runs through the Long Pond Greenbelt. A version of the new route was reviewed in detail as an alternative in the DEIS as the Northerly Underground Circuit alternative. This route is now known as the Preferred Alternative in the FEIS. The Board accepted the FEIS at its meeting on November 13, 2024.

Discussion

As required by SEQRA, the Findings Statement "identifies the social and economic, as well environmental, considerations that have been weighed in deciding to approve or disapprove an action. A positive findings statement means that, after consideration of the final EIS, the project or action can be approved, and the action chosen is the one that minimizes or avoids environmental impacts to the maximum extent practicable. For an action that can be approved, an agency's findings statement must articulate that agency's balancing of adverse environmental impacts against the needs for and benefits of the action." The Findings Statement is attached hereto as Exhibit "C."

Recommendation

Based upon the foregoing, it is recommended that the Trustees adopt the resolution in the form attached hereto as Exhibit "A."

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

1881. RESOLUTION APPROVING THE FINDINGS STATEMENT FOR THE BRIDGEHAMPTON TO BUELL UNDERGROUND 69KV CABLE PROJECT

WHEREAS, on April 6, 2021, LIPA determined that the proposed installation of an underground 69kV transmission cable between the Bridgehampton and Buell substations via an existing LIPA ROW (referred to as the "Proposed Action" in the DEIS and the "DEIS Proposal" in the Findings Statement) had the potential for significant adverse environmental impacts and issued a Positive Declaration, in accordance with the State Environmental Quality Review Act ("SEQRA") and its implementing regulations at 6 NYCRR Part 617; and

WHEREAS, a Draft Environmental Impact Statement ("DEIS") was prepared to identify, discuss, and evaluate the Proposed Action's potential significant adverse environmental impacts and associated proposed mitigation, which DEIS was accepted by the Board in May 2022; and

WHEREAS, the original route and associated SEQRA documents, including the DEIS, evaluated a 5.2-mile underground cable within the existing LIPA right-of-way; and

WHEREAS, PSEG Long Island conducted a public hearing on the DEIS to solicit comments on the proposed construction and route. PSEG Long Island received over 340 comments. Many of the comments expressed concern about the potential adverse environmental impacts associated with installing the underground cable within the Long Pond Greenbelt and other sensitive areas; and

WHEREAS, PSEG Long Island took into consideration these comments, other concerns, and the potential for proposed alternatives considered in the DEIS to mitigate or avoid those impacts and subsequently redesigned the underground cable route to proceed north from the Bridgehampton Substation through the existing roadway rights-of-way before turning southeast to the Buell substation, which redesigned route is approximately 7.6 miles and no longer runs through the Long Pond Greenbelt; and

WHEREAS, a version of the new route was reviewed in detail as an alternative in the DEIS as the Northerly Underground Circuit alternative (Alternative 2), was referred to as the Preferred Alternative in the FEIS, and is referred to as the "Proposed Action" in the Findings Statement; and

WHEREAS, as required by SEQRA, the FEIS addresses all substantive comments provided by the public, involved agencies, and other interested parties at the DEIS

hearing and in writing through the end of the DEIS review comment period. In addition, the FEIS also addresses all substantive comments provided by the public, involved agencies, and other interested parties that were provided up until the submittal of the FEIS.

WHEREAS, as provided for in SEQRA, the FEIS incorporates by reference the DEIS, so that the combination of these two documents constitutes the entire Environmental Impact Statement ("EIS") for the Proposed Action, as amended; and

WHEREAS, the FEIS was approved by the Board on November 13, 2024; and

WHEREAS, the Board has reviewed the SEQRA Findings Statement and the Certification of Findings, dated December 18, 2024, and determines the contents thereof meet the requirements of SEQRA.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees hereby approves the Findings Statement pursuant to SEQRA 6 NYCRR 617.11; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby certify that the requirements of Article 8 of the New York State Conservation Law and the implementing regulations of the NYSDEC, 6 NYCRR Part 617, have been met; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby certify that consistent with the social, economic and other essential considerations from among the reasonable alternatives available, the Proposed Action is one that avoids or minimizes adverse environmental impacts to the maximum extent practicable; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby certify that consistent with the social, economic and other essential considerations from among the reasonable alternatives available, adverse environmental impacts will be avoided or minimized to the maximum extent practicable by incorporating as conditions to the decision those mitigative measures that were identified as practicable, as set in the Findings Statement; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby authorizes LIPA's Senior Vice President of Transmission and Distribution to execute the Findings Statement and Certification of Findings; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby directs the filing of the applicable notice of the Findings Statement and distribution of copies of the Findings Statement in accordance with the requirements of SEQRA.

***

Chair Edwards stated that the next item on the agenda was the Consideration of Approval of the Selection of the Next Power Supply Management and Fuel Management Service Provider to be presented by Gary Stephenson.

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

Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to authorize the Chief Executive Officer or his designee to execute a Power Supply Management and Fuel Supply Management Services Agreement ("PSMFM Agreement") with The Energy Authority, Inc. ("TEA") for a five-year term.

Background

PSEG Energy Resources & Trade LLC ("ER&T") currently provides fuel management and power supply management services to LIPA under the agreements entitled "Power Supply Management Services Agreement" and "Fuel Management Agreement," which have been in effect since January 1, 2014 and are set to expire December 31, 2025. The PSMFM Services Provider is responsible for: procurement and supply of fuel for, and the scheduling, dispatch, purchase and sale of the electricity produced by, generating units that are under contract to LIPA; scheduling of imports/exports over interties controlled by LIPA; and managing LIPA's wholesale power supply requirements in the NYISO, PJM and ISO NE markets. In addition to handling day-to-day purchases and sales of power and power plant fuels, the PSMFM Services Provider also manages LIPA's hedging program to address volatility in commodity costs.

To ensure that the vital PSMFM services continue beyond the term of the expiring contracts, LIPA issued a Request for Proposals on May 30, 2024, seeking proposals from experienced firms to provide such services for a period of five years. The RFP set forth the following three functional areas required to perform the services:

- **Front Office: Purchase, sale and management of fuel, energy, capacity, and ancillary services to meet the needs of LIPA's customers and the operation of the system in a least costly manner consistent with existing agreements, policies, regulations, and reliability constraints.**

- **Middle Office: Monitor performance of Front Office, Back Office and fuel management operations; ensure the Front Office operates the system in a least cost manner consistent with existing LIPA agreements, policies, regulations and reliability constraints; monitor performance metrics and credit performance; oversee implementation of hedging according to LIPA's Power Supply Hedging Policy; and provide on-going reporting to LIPA and related support services.**

- **Back Office: Provide accounting, settlement, dispute resolution support, and related reporting and support services.**

Discussion

The RFP was distributed to more than 35 firms, advertised in the New York State Contract Reporter and posted on the LIPA web site. In mid-August 2024, four firms responded to the RFP. The proposals were carefully evaluated by a selection committee consisting of an interdisciplinary group of LIPA staff and consultants, using the following evaluation process:

- **Receipt of Proposals: Log the proposals received, assign a unique identifier, and review each proposal to ensure it meets mandatory submission requirements.**

- **Phase 1 – Threshold Evaluation: Evaluate Proposals for completeness in accordance with the requested information from the RFP. Those Proposals meeting the threshold criteria progress to the next phase of evaluation.**

- **Phase 2 – Initial Evaluation: Conduct initial scoring of proposals for technical (non-price) capabilities (including relevant experience, qualifications, quality of proposed services and proposed team's capability, transition and integration capabilities, and support to LIPA's long-term PSMFM services vision), price and the firm's diversity practices.**

- **Phase 3 – Final Evaluation: Conduct further review of short-list proposals found to be the most qualified to provide the required services based on the established Initial Evaluation Criteria, taking into account any interviews, negotiations and best and final offers provided by the selected Respondents.**

All four respondents to the RFP passed the Phase 1 Threshold Evaluation. At the conclusion of the Phase 2 evaluation, the committee selected two firms for interviews and negotiations, ER&T and TEA, and organized a team consisting of LIPA executive management and external counsel that conducted negotiations with both firms from September to December 2024.

Based on the written submissions, oral presentations, negotiations, and the final evaluation carried out by the selection committee, it was determined that TEA provides the best value and is best suited to provide PSMFM Services to LIPA. TEA has established an exemplary track record providing the required services to similarly situated clients across the United States. ER&T also submitted a strong proposal reflecting its outstanding service as the incumbent provider.

Recommendation

Based on the foregoing, I recommend that the Trustees authorize the Chief Executive Officer or his designee to take all actions, including, without limitation, executing an Agreement

with TEA to provide power supply management and fuel management services as described above.

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

1882. AUTHORIZATION TO EXECUTE AN AGREEMENT WITH THE ENERGY AUTHORITY, INC. TO PROVIDE POWER SUPPLY MANAGEMENT AND FUEL MANAGEMENT SERVICES

WHEREAS, the existing agreements with PSEG ER&T to manage LIPA's power and fuel supply are due to expire on December 31, 2025; and

WHEREAS, pursuant to the May 30, 2024 Request for Proposals for Power Supply Management and Fuel Management Services, LIPA staff selected a proposal by TEA to provide the required services under a new PSMFM Agreement;

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer and his designee be and hereby are authorized to execute and effect the PSMFM Agreement and other related agreements and arrangements, consistent with the terms of the accompanying memorandum, and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chief Executive Officer or his designee, to implement LIPA's purchase of PSMFM Services from TEA.

***

Chair Edwards stated that the final item on the agenda was the Consideration of Approval of Energy Storage Agreements to be presented by Gary Stephenson.

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

Requested Action

The Board of Trustees of the Long Island Power Authority (the "Board") is requested to approve a resolution authorizing the Acting Chief Executive Officer or his designee to execute the Energy Storage Build-Own-Operate-Optional Transfer Agreements ("BOOOT") with Key Capture Energy for the KCE NY 29, LLC ("KCE Kings") and KCE NY 31, LLC ("KCE Shoreham") energy storage projects, and the Agreement of Lease with KCE Shoreham, and to take such other actions as may be reasonably necessary to implement arrangements for LIPA to purchase (i) 79 MW and 316 MWh of energy storage products and services produced by KCE Kings located in Hauppauge, NY and delivered to LIPA's Kings 138 kV Substation located in close proximity to the project and (ii) 50 MW and 200 MWh of energy storage products and services produced by KCE Shoreham

located in Shoreham, NY and delivered to LIPA's Shoreham 138 kV Substation located in close proximity to the project, which resolution is attached hereto as Exhibit A.

Background

New York State ("NYS"), through the Climate Leadership and Community Protection Act ("CLCPA") enacted in 2019, has set a target that 70% of the state's electricity be procured from renewable resources by 2030, with the additional express goal of achieving a zero-emissions statewide electrical demand system by 2040. Included in the CLCPA targets is 3,000 MW of statewide energy storage by 2030. This target was preceded by a December 2018 New York Public Service Commission ("NYPSC") Order establishing a 1,500 MW energy storage target for 2025. The NYPSC changed the target date for compliance to the end of 2028 in an Order issued and effective on March 16, 2023.

In 2024, NYSPSC adopted a funding mechanism for the NYSERDA's bulk storage procurement program obligating load serving entities (LSEs) to pay their proportionate share of program costs. As a non-jurisdictional LSE, LIPA plans to participate on a voluntary basis in this program through a combination of its own contracted storage resources, including KCE Kings and KCE Shoreham,
and program payments to NYSERDA.

Discussion

On April 30, 2021, PSEGLI issued a Request for Proposals for Bulk Energy Storage ("BES RFP") on behalf of LIPA with the goal of obtaining approximately 175 MW of new bulk energy storage projects to be interconnected to the Long Island electric grid. The RFP stated that LIPA may select more or less than this goal depending on the cost-effectiveness of the Proposals.

The BES RFP was unique for LIPA in two major ways compared to past RFPs. First, LIPA offered the opportunity to lease LIPA-controlled properties for storage development, including: (i) two sites that LIPA owned and believed were suitable for energy storage development (i.e., the Shoreham Generating Site and property in close proximity to its Southold Substation) and (ii) five sites (i.e., Port Jefferson Power Station, E.F. Barrett Power Station, Far Rockaway, Glenwood Landing, and West Babylon) that were then owned by National Grid Generation LLC ("National Grid") but that LIPA has rights to acquire for purposes of generation development as a result of its acquisition of Long Island Lighting Company in 1998 under "Schedule F" to the acquisition agreement.[1]

The second unique feature of the BES RFP was the required contract. Prior RFPs would award developers long-term (typically 20-year) power purchase agreements ("PPAs") for projects that the developers would own and operate. In the BES RFP, LIPA intended to purchase, own, and operate the selected projects, either upon commercial operation through a Build-Own Transfer ("BOT") contract, or at the expiration of a seven-year term of a Build-Own-Operate-Transfer ("BOOT") contract. The BOOT contract obligates the developer to own and operate the Project for a period of seven years, at the end of which the project is transferred to LIPA. By owning the projects, LIPA can use its lower cost of capital than a typical developer, which reflects LIPA's strong credit rating

and exemption from Federal Income Taxes. For this reason, the BES RFP required that developers select either a BOT or a BOOT.

By the proposal submittal deadline on July 30, 2021, PSEGLI had received 57 proposals for 3,339 MW of capacity from 20 developers. Twenty-four of the proposals were for projects on LIPA- owned or Schedule F sites. Forty-six of the proposals used the BOOT contract form and 11 used the BOT contract form. All projects chose the BOOT contract form, meaning that LIPA would purchase the products (Capacity and Ancillary Services) from the projects for the first seven years and then KCE would sell the project to LIPA, which would own, operate, and maintain it after seven years through its remaining life. Two of the five finalists withdrew their proposals in early 2024, leaving three remaining projects proposed by KCE.

During the negotiations, the parties agreed on an optional transfer arrangement that gives LIPA the right to either purchase each project at the end of year seven or continue the agreement as a purchase of dispatch rights for an additional 13 years following the initial seven-year term. For this reason, the word "Optional" was added to the name of the agreement, making it the "Build- Own-Operate-Optional-Transfer Agreement" or the "BOOOT." (emphasis added)

<u>KCE Kings Project</u>

The KCE Kings Project will be developed on a 4-acre project site which is part of a larger parcel (6+ acres) in Hauppauge, Town of Islip, NY. There is currently a commercial building on the site with an occupying tenant that will vacate the building, and it will be demolished. If LIPA exercises its option to purchase the project in year seven, KCE will subdivide the property so that LIPA obtains ownership of the 4-acre project site.

Under state law, the KCE Kings Project was required to undergo an environmental review under New York's State Environmental Quality Review Act ("SEQRA") which requires all local, regional, and state government agencies to examine the environmental impacts along with the social and economic considerations for a jurisdictional project during their discretionary review. The Town of Islip acted as the Lead Agency for the SEQRA review of the KCE Kings Project and issued a Negative Declaration for the Project on April 13, 2023.

In April 2024, the Town of Islip enacted a six-month moratorium on the development of energy storage projects that allows for "hardship waivers". KCE is currently pursuing an application for a hardship waiver which requires a safety analysis prepared by Tesla (its intended battery vendor). The moratorium does not impact the SEQRA Negative Declaration for the Project; however, it will delay the start of construction until the moratorium is lifted.

The BOOOT agreement requires KCE to obtain all the required State and local permits and reach a key Project construction milestone by a certain date subject to "Excused Failure Days" that accommodate the moratorium, but not indefinitely. The Project would

be subject to payment of specified liquidated damages for failure to meet the construction milestones. The agreement is a pay-for-performance contract meaning that KCE is paid only when it provides capacity to LIPA. KCE has also committed to a roundtrip efficiency guarantee which is a measure of the energy lost during charging and storage. Moreover, LIPA has the right to terminate the agreement in the event of chronic underperformance.

LIPA will purchase a guaranteed 79 MW and 316 MWh of production from the Project during the first seven years of its life, and LIPA will provide the charging energy required by the Project for all contract years. To meet the guaranteed amounts of Contract Capacity and related energy storage capability, KCE will overbuild the Project at commercial operation and then augment the Project during the first seven years as necessary by adding additional battery cabinets as batteries degrade, to continue to meet the performance guarantees.

Prior to the seven-year anniversary of commercial operation, LIPA will need to decide whether to purchase the Project or to continue purchasing the energy storage products from KCE under the terms of the BOOOT for the remaining 13 years. If LIPA decides to purchase the Project, the terms and conditions of the purchase are set forth in the Asset Purchase Agreement appended to the BOOOT. If LIPA purchases the Project, KCE is required to provide training to LIPA and its contractors who would operate and maintain the Project. Under this option, LIPA would be responsible for deciding whether to augment the Project to maintain its 79 MW of capacity as it degrades over its remaining project life.

The estimated net cost of the KCE Kings Project for the first year is approximately $4.7 million or approximately $0.19 per month for the average LIPA residential ratepayer.

<u>KCE Shoreham Project</u>

The KCE Shoreham Project will be developed on a 2.34-acre project site owed by LIPA that will be leased to KCE Shoreham for the duration of the Project's life unless LIPA exercises its option to purchase the Project in year seven of the BOOOT, in which case the lease will terminate when LIPA takes ownership of the Project. The Project site is located on property that is part of the former Shoreham Nuclear Power Plant site in Shoreham, Town of Brookhaven, NY. PSEGLI currently has its Heavy Equipment Training Academy using the site. The Academy is being moved to another location to accommodate the Project. There are also abandoned sanitary piping and related septic facilities, underground cables, water mains, hydrants, and an active transformer on the site that would need to be either relocated or removed before KCE can begin Project construction on the site.

Just as with the KCE Kings Project, the KCE Shoreham Project was required under state law to undergo an environmental review under SEQRA which requires all local, regional, and state government agencies to examine the environmental impacts along with the social and economic considerations for a jurisdictional project during their

discretionary review. LIPA acted as the Lead Agency during the SEQRA review of the KCE Kings Project, in coordination with the Brookhaven IDA (an involved agency under SEQRA). LIPA reviewed the long form Environmental Assessment Form that was prepared for the KCE Shoreham Project, which was supplemented by a number of appendices containing technical analyses of specific environmental issue areas including land use and community character, natural resources, visual impacts, energy, noise, construction, traffic, community facilities, and human health. Based on a detailed review of the KCE Shoreham Project, LIPA concluded that there would be no potential significant adverse environmental impacts associated with the Project and issued a Negative Declaration for the Project.

The BOOOT agreement requires KCE to obtain all of the required State and local permits and reach a key Project construction milestone by a certain date subject to "Excused Failure Days." Unlike KCE Kings, there is no moratorium impacting the KCE Shoreham Project. Similar to KCE Kings BOOOT, the agreement for KCE Shoreham is pay-for-performance contract, includes specified liquidated damages for failure to meet construction milestones, and has a minimum roundtrip efficiency guarantee. LIPA has the right to terminate the agreement in the event of chronic underperformance.

LIPA will purchase a guaranteed 50 MW and 200 MWh of production from the Project during the first seven years and provide the charging energy. To meet the guaranteed amounts of Contract Capacity and related energy storage capability, KCE will overbuild the Project at commercial operation and then augment the Project during the first seven years as necessary by adding additional battery cabinets as the batteries degrade, to continue to meet the performance guarantees. Prior to the seven-year anniversary of commercial operation, LIPA will need to decide whether to purchase the Project or to continue purchasing the energy storage products from KCE under the terms of the BOOOT. If LIPA decides to purchase the Project, the terms and conditions of the purchase are set forth in the Asset Purchase Agreement which is an appendix in the BOOOT for the remaining 13 years. If LIPA purchases the Project, KCE is required to provide training to LIPA and its contractors who would operate and maintain the Project. Under this option, LIPA would be responsible for deciding whether to augment the Project to maintain its 50 MW of capacity as it degrades over its remaining project life.

The estimated net cost of the KCE Shoreham Project for the first year is approximately $2.9 million or approximately $0.11 per month for the average LIPA residential ratepayer.

<u>KCE Shoreham Lease</u>

LIPA will lease the project site for KCE Shoreham under a 20-year agreement that will terminate after seven years if LIPA exercises its option to purchase the Project. KCE has an option to extend the lease for five additional years following the 20-year term (if LIPA does not exercise its purchase option in year seven) and pay a 7.5% premium over the fair market value rent determined by a new independent third party appraisal performed prior to the end of the 20th year. The lease contains cross default provisions such that it terminates if LIPA terminates the BOOOT Agreement for KCE's fault. In certain other

instances of BOOOT termination, KCE has the option to continue the lease. It also requires KCE Shoreham to restore the Project site to its original condition at the end of the lease term if LIPA does not exercise its option to purchase the Project. KCE Shoreham will pay LIPA the fair market rental value which will be determined by an independent third party appraiser with this rate escalation. LIPA will reimburse this rent to KCE during the term of the BOOOT. The lease has LIPA's standard commercial terms including requirements for insurance coverage and indemnification protections from hazardous materials brought on site by KCE, fires, and personal and third-party liability. In conjunction with the KCE Shoreham Lease, LIPA will grant KCE Shoreham an easement for a cable to connect the Project to LIPA's Shoreham substation.

Recommendation

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

After questions and a discussion by the Trustees, upon a motion duly made and seconded, the following resolution was approved by the Trustees[1].

1883. AUTHORIZATION TO EXECUTE THE ENERGY STORAGE BUILD-OWN-OPERATE-OPTIONAL TRANSFER AGREEMENT WITH KCE NY 29, LLC ("KCE KINGS") AND WITH KCE NY 31, LLC ("KCE SHOREHAM") AND THE AGREEMENT OF LEASE WITH KCE SHOREHAM

WHEREAS, pursuant to the April 30, 2021 Request for Proposals for Bulk Energy Storage issued and administered by PSEG Long Island, LIPA staff selected proposals by Key Capture Energy ("KCE") to develop (i) a 79 MW /316 MWh energy storage project ("KCE Kings") in the Town of Islip, NY and (ii) a 50 MW /200 MWh energy storage project ("KCE Shoreham") in the Town of Brookhaven, NY; and

WHEREAS, each Project would be a valuable energy storage resource that will contribute to LIPA meeting the clean energy goals established by the Trustees and constitute LIPA's contribution toward the State's meeting of the clean energy goals of the Climate Leadership and Community Protection Act; and

WHEREAS, LIPA and KCE have negotiated the major terms and conditions of a separate Build- Own-Operate-Optional Agreement ("BOOOT") for each KCE Kings and KCE Shoreham under which KCE will construct, own, operate and maintain each Project and sell the Project capacity to LIPA for a term of seven years, with an option for LIPA at that time to either (i) purchase, operate, and maintain the Project under the terms of the Asset Purchase Agreement ("APA"), included as an appendix in the BOOOT, or (ii) continue to purchase Project capacity from KCE for 13 years;

[1] Chair Edwards abstained from voting on the portion of the resolution related to the contract approval for the KCE Kings.

WHEREAS, LIPA and KCE have negotiated the major terms and conditions of an Agreement of Lease ("Lease") and easement for the KCE Shoreham site under which KCE can occupy the site to develop the Project to fulfill its obligations under the BOOOT;

NOW, THEREFORE, BE IT RESOLVED, that the Acting Chief Executive Officer and his designee be and hereby are authorized to execute on behalf of the Authority and effect the BOOOT with KCE NY 29, LLC ("KCE Kings") and the BOOOT with KCE NY 31, LLC ("KCE Shoreham") and the Agreement of Lease and the easement with KCE Shoreham and other related agreements and arrangements, consistent with the terms of the accompanying memorandum, and to perform such further acts and deeds as may be necessary, convenient, or appropriate, in the judgment of the Acting Chief Executive Officer or his designee, to implement LIPA's purchase of energy storage products and services produced by KCE Kings and KCE Shoreham.

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Chair Edwards then announced that the next Board meeting is scheduled for Thursday, January 23, 2025.

Chair Edwards then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 12:56 p.m.

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