



# 2023 Year-End Report on PSEG Long Island Performance Metrics

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**Presented by:** Carolyn Scibelli, *Program Manager, Performance Management*

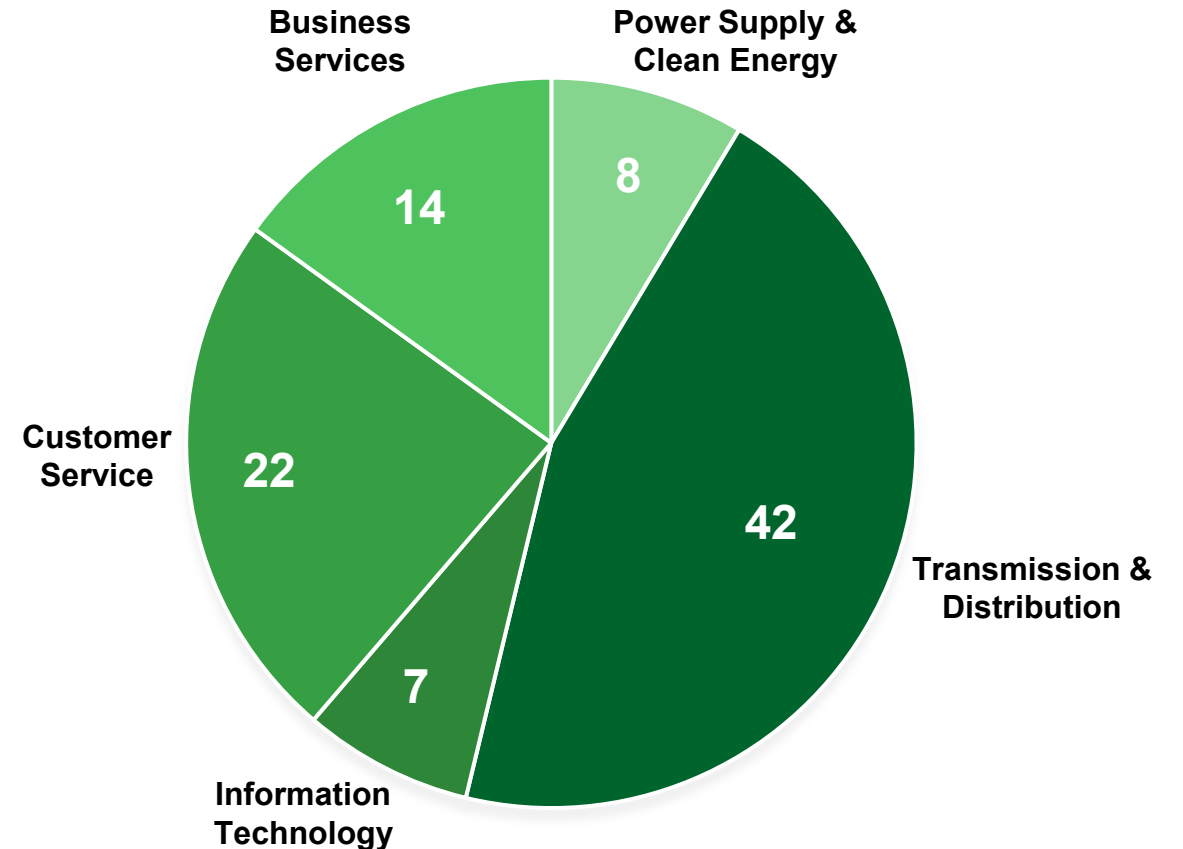
June 26, 2024



# PSEG Long Island 2023 Metrics

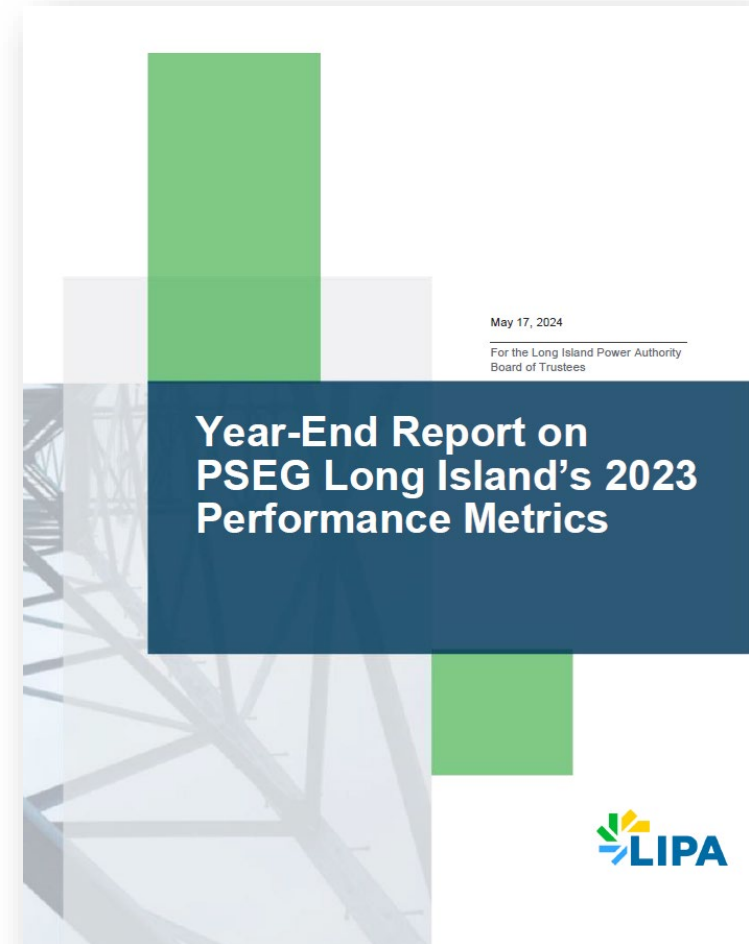
- For 2023, LIPA recommended [ninety-three \(93\) performance standards](#) distributed across all the management services provided by PSEG Long Island to LIPA and its customers.
- Metrics are designed to be achievable, objectively verifiable performance levels, with budgeted funds to achieve them.
- Based on these performance standards, \$22.3 million of Variable Compensation\* is at risk.

*\*indexed for the Consumer Price Index, as specified in the OSA.*



# Quarterly and Annual Performance Metric Reporting

- Throughout 2023, LIPA Independently Verified and Validated (IV&V) PSEG Long Island's performance for each metric.
- PSEG Long Island submitted its 2023 Incentive Compensation Claim to LIPA on March 29, 2024.
- LIPA issued a written Year-End Report on 2023 Performance Metrics on May 17, describing LIPA's evaluation of the 93 metrics and the resulting 2023 Variable Compensation to be awarded to PSEG Long Island.
- LIPA's written report is followed by an independent review of LIPA's evaluation by the Department of Public Service.



# Performance **Metric Monitoring**

**A LIPA team, including an Executive Sponsor from LIPA's senior management, a Project Manager, and Subject Matter Experts, monitors each metric.**

**All metrics fall into one of two categories:**

- **39 Quantitative Metrics** that specify **predefined numerical measurements** of performance and
- **54 Qualitative Metrics** that are **project-oriented initiatives** incorporating one or more required deliverables with defined target dates.

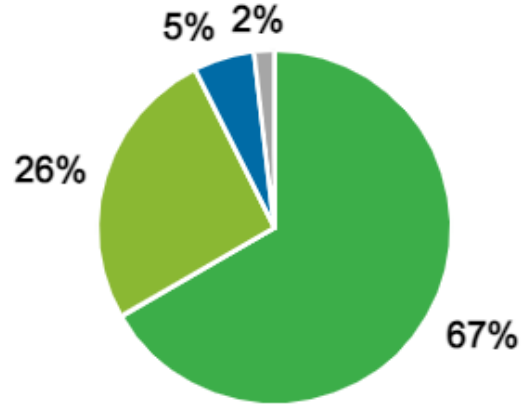
# Metric Performance Evaluation

At year-end, performance on each Qualitative and Quantitative metric is evaluated against the established standards and requirements/targets for the metric, and LIPA decides on the final status and incentive award:

- **Met Metric Standards/Target** - All metric requirements were met by the established standards; performance qualifies for the full allocated incentive compensation.
- **Partially Met Metric Standards/Target** - If allowed for by the metric's terms and per those terms, metric requirements were partially met; performance qualifies for part of the allocated incentive compensation.
- **Did Not Meet Metric Standards/Target** - Mandatory metric requirements were not met, so performance does not qualify for incentive compensation.

# Year-End Metric Performance

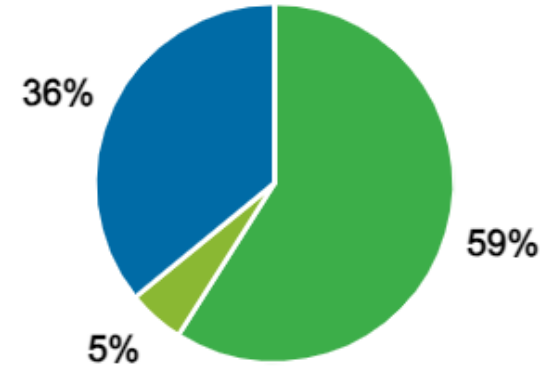
Qualitative Metric Summary  
54 Total Metrics



■ Met Metric ■ Partially Met Metric ■ Did Not Meet Metric ■ Canceled

**36 Met the Metric**  
**14 Partially Met the Metric**  
**3 Did Not Meet the Metric**  
**1 Metric was Canceled\***

Quantitative Metric Status  
39 Total Metrics



■ Met Metric ■ Partially Met Metric ■ Did Not Meet Metric

**23 Met the Metric**  
**2 Partially Met the Metric**  
**14 Did Not Meet the Metric**

*\*T&D-03 was canceled, and 100% of the incentive compensation was pro-rata allocated to the other T&D metrics.*

# Metric Performance by Scope

Overall metric performance was **63% fully met**, 17% partially met, 18% not met, and 1% canceled.

Scope	# of Metrics	Met	Partially Met	Not Met	Canceled
Transmission & Distribution	42	31	3	7	1
Business Services	14	11	2	1	0
Power Supply & Clean Energy	8	5	3	0	0
Customer Service	22	10	5	7	0
Information Technology	7	2	3	2	0
<b>Total</b>	<b>93</b>	<b>59</b>	<b>16</b>	<b>17</b>	<b>1</b>



# Incentive Compensation Awards

Based on LIPA’s evaluation, PSEG Long Island qualifies for **\$15,383,824.63** of **Variable Compensation** out of \$22,285,334.03 for 2023, or **69% of the total available compensation**, as outlined below across each scope function.

Scope	Allocated Compensation	PSEGLI Claimed Compensation	LIPA Awarded Compensation
Transmission & Distribution	\$8,914,133.61	\$7,649,290.36	\$7,513,771.43
Business Services	\$3,342,800.11	\$2,786,839.68	\$2,613,102.05
Power Supply & Clean Energy	\$2,228,533.40	\$1,989,523.22	\$1,949,966.74
Customer Service	\$4,457,066.81	\$2,511,023.58	\$2,033,536.75
Information Technology	\$3,342,800.11	\$2,117,106.74	\$1,273,447.66
<b>Grand Total</b>	<b>\$22,285,334.03</b>	<b>\$17,053,783.58</b>	<b>\$15,383,824.63</b>





## Selected Metrics: **Successes**

- **Reliability performance continues to be strong**, as PSEG Long Island successfully met the year-end targets for five (5) of the six (6) metrics in this area. Reliability performance levels were generally **at or near** the LIPA Board Policy objective of **top decile** benchmarked to industry peers.
- Strong performance in **Work Management, Storm Hardening, and Capital Projects & Construction**, with targets fully met for thirteen (13) of the fourteen (14) metrics spanning these areas.
- The **Heat Pump Strategy to Address Barriers to Customer Adoption** (PS&CE-13) metric was met, which included delivery of a customer calculator, and supply chain improvements such as simplifying whole home electrification, looking at solutions to reducing the time associated with rebate payments, etc.
- The **Beneficial Electrification – Building Electrification** (PS&CE-05) metric aimed at motivating PSEG Long Island to achieve Beneficial Electrification Targets from Utility 2.0, was achieved in 2023. This metric is a key part of LIPA’s effort to support the State’s strategy towards a clean energy future, which includes the Governor’s two million climate-friendly, electrified, or electrification-ready homes by 2030.

## Selected Metrics: **Successes**

- Both **J.D. Power – Residential** (CS-02) and **J.D. Power – Business** (CS-03) metrics were met in 2023. For residential, PSEG Long Island’s year-end performance was in the **9th position** and propelling to the **second quartile**. For business, PSEG Long Island’s year-end performance was in the **9th position** and advancing to the **third quartile**.

## Selected Metrics: Challenges

- The **System Segregation metric** (IT-07) was not met in 2023. This metric aims to ensure the successful separation of all PSEG Long Island IT systems serving LIPA from PSEG Corporate systems. This metric was carried over into 2024, with all Bundle 1 systems and parts of Bundle 2 systems scheduled to deploy in November 2024. LIPA expects System Segregation to be completed, per contractual requirements, by Q4 of 2025.
- PSEG Long Island **successfully deployed** the **Time-of-Day Rate** (PS&CE-08) functionality to default new customer accounts to the standard TOD rate (Release 2.0) by January 31, 2024. However, PSEG Long Island only partially met the metric due to **challenges with Release 1.0**.
- All three **Call Center** metrics (CS-11, CS-13, and CS-25) did not meet their targets in 2023. The three **collection** metrics (CS-14, CS-15, and CS-17) were also missed, primarily due to delays in implementing data matching resources, recovering economy, and customer pandemic conditioning. LIPA recommends additional focus on planning, data analysis, and issue focus to improve these areas prospectively.
- LIPA management canceled the Enterprise Asset Management System (EAM) Implementation (T&D-03) in late 2023 due to schedule delays and competing priorities (System Separation project, Time-of-Day (TOD) rate implementation, and cybersecurity enhancements). 100% of the incentive compensation was pro-rata allocated to the other T&D metrics.

# Conclusion

**PSEG Long Island fully met 63% of metrics and partially met 17% of metrics in 2023. The 2023 results have demonstrated strengths in many areas and provided insight into focus areas for 2024.**

- The performance metrics continue to be a valuable tool for performance management and oversight.
- The metric management process also provided much **greater visibility** into the progress, providing **valuable insights** to LIPA and PSEG Long Island management to improve performance.
- Overall, LIPA continued to see **improvements** in **responsiveness** and **engagement** from PSEG Long Island and will continue to collaborate to ensure we are meeting the customer expectations and providing value for work delivered as part of the incentive compensation pool.

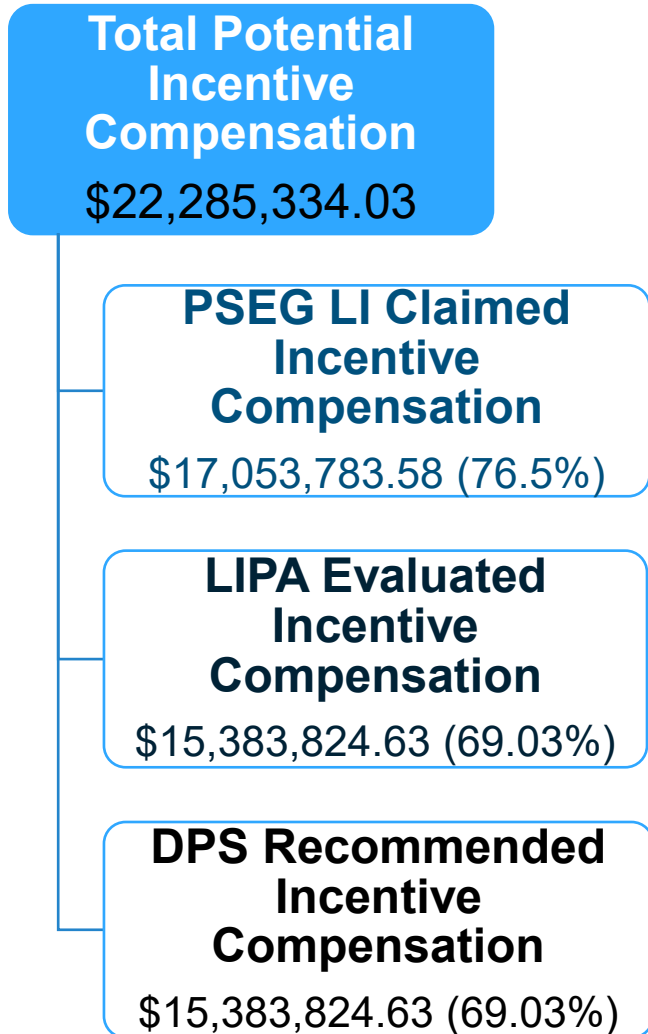


# 2023 Incentive Compensation: DPS Recommendations





# 2023 Incentive Compensation: DPS Recommendations



- DPS Staff reviewed both PSEG LI and LIPA's YE metrics reports with supporting documentation.
- DPS recommends approval of LIPA's evaluation of metrics performance and recommends LIPA award PSEG LI \$15.38 million in incentive-based compensation.
- DPS also recommends that future compensation awards should align with the compensation targets set at the beginning of the metrics process.

# Questions?

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