

November 1, 2024

Via E-mail and U.S. Mail

Honorable Tracey A. Edwards, Chairwoman
Board of Trustees
Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, New York 11553
boardoftrustees@lipower.org

Re: Matter No. 14-01299: In the Matter of PSEG LI Utility 2.0 Long Range Plan -
Recommendations Regarding PSEG LI Annual 2024 Update

Dear Chairwoman Edwards:

I am pleased to provide the recommendations of the New York State Department of Public Service (Department, DPS, or DPS Staff) regarding PSEG Long Island's (PSEG LI, or the Company) annual update to the Utility 2.0 Long Range Plan (the 2024 Utility 2.0 Plan), and 2025 Energy Efficiency Plan (2025 EE Plan).¹ Pursuant to Public Authorities Law §1020-f(ee); the Long Island Power Authority (LIPA) and its Service Provider PSEG LI submit to DPS on an annual basis any proposed plan related to implementation of distributed generation, energy efficiency (EE) measures, or advanced grid technology programs having the purpose of providing customers with tools to more efficiently and effectively manage their energy usage and utility bills; actions that collectively improve system reliability and power quality. In accordance with Public Service Law §§3-b(3)(a) and (g), DPS reviews and makes recommendations to LIPA with respect to the plans and rates and charges, including those related to energy efficiency and renewable energy programs. The Department's recommendations are hereto attached in the accompanying DPS Staff Memorandum.

On July 1, 2024, PSEG LI submitted to DPS its 2024 Utility 2.0 Plan, including its Energy Efficiency (EE) Plan for 2025, which they subsequently amended on August 15, 2024 and October 11, 2024.² In the 2024 Utility 2.0 Plan, PSEG LI organized the Company's programs to align with the five New York State strategic priorities during the transition to a green economy, as well as to reflect the current Utility 2.0 portfolio of programs. The five strategic priorities contained in the Plan include: 1) Solar Photovoltaic (PV); 2) Energy Storage; 3) EE; 4) Heat Pumps; and 5) Transportation Electrification.

¹ Matter 14-01299, In the Matter of PSEG-LI Utility 2.0 Long Range Plan, PSEG LI Utility 2.0 Long Range Plan and Energy Efficiency Plan (filed July 1, 2024, Amended & Updated August 15, 2024, and October 11, 2024) (2024 Utility 2.0 & 2025 EE Annual Update).

² 2024 Utility 2.0 & 2025 EE Annual Update.

As discussed in the Staff Memorandum, DPS Staff recommends adoption of the proposed 2024 Utility 2.0 Plan and 2025 EE Plan in accordance with the discussion and recommendations contained therein. DPS Staff also recommends that PSEG LI continue utilizing quarterly reports in 2025 to provide updates on the status of Utility 2.0 Plan projects, in accordance with prior DPS recommendations. Staff will continue to monitor the approved programs in accordance with the corresponding performance metrics and quarterly updates. Also, DPS Staff recommends that PSEG LI incorporate the EE Program portfolio into the quarterly updates in 2025.

The Company proposes a total budget of \$26.95M in 2025 for its Utility 2.0 Plan Programs. The total budget of \$26.95M is broken down into \$13.24M for capital expenditures and \$13.71M for Operations and Maintenance (O&M) expenditures.³ In addition to the funding request for the Utility 2.0 Programs, PSEG LI proposes a total budget of \$92.45M for its 2025 EE Plan Programs. Also, PSEG LI has included a \$31.09M Utility 2.0 budget projection for 2026, which includes \$10.49M for capital expenditures and \$20.60M for O&M expenditures.

The 2025 Utility 2.0 budget reflects PSEG LI's October 11, 2024, proposed amendment that removed \$600k in funding for the Residential Energy Storage System incentive, which will now be funded by the New York State Energy Research and Development Authority (NYSERDA).⁴ DPS Staff reviewed the funding requests for all programs to determine the reasonableness of such requests. For 2025, Staff recommends a total budget of \$26.95M for Utility 2.0 programs, which includes gross capital costs in the amount of \$13.24M, and gross O&M costs in the amount of \$13.71M.

DPS Staff also reviewed each program contained in the EE Plan to ensure alignment with New York State energy efficiency policies set forth by the Public Service Commission in Case 18-M-0084 as well as the Climate Leadership and Community Protection Act (CLCPA). Together with its nation-leading clean energy and climate friendly energy efficiency targets, the CLCPA mandates that the members of Disadvantaged Communities are prioritized in spending plans and receive at least 35 percent, with a goal of 40 percent, of the benefits in Clean Energy Programs.

PSEG LI stated that they expect to achieve 43 percent and 44 percent in disadvantaged community EE spending in program years 2024 and 2025, respectively.⁵ Staff supports PSEG LI's efforts to ensure that disadvantaged communities receive more than 40 percent of the benefits from spending on Clean Energy Programs.

PSEG LI's 2025 EE Plan includes seven ongoing programs which will contribute to the Company's EE savings targets in 2025. PSEG LI seeks EE funding of approximately \$92.45M for 2025 only, and projects a total energy savings of 751,412 Million British Thermal

³ 2024 Utility 2.0 & 2025 EE Annual Update, pp. xiv-xv.

⁴ Matter 14-01299, supra, Utility 2.0 Long Range Plan Amendment (filed October 11, 2024) (October U2.0 Amendment), pp. 2 and 4.

⁵ Responses to U2.0 DPS-24-047, Attachment 1 and U2.0 DPS-24-067, Attachment 1.

Units (MMBtu). The 2025 budget reflects PSEG LI's October 11, 2024, proposed amendment that removed \$1.02M from the Home Energy Management program and \$0.25M from the Community Solar program.⁶ DPS Staff recommends approval of the proposed 2025 EE Plan budget.

As DPS has stated in prior recommendations, it is critical for LIPA and PSEG LI to realistically consider resource availability within the organization when proposing projects and developing project timelines. LIPA and PSEG LI should conduct accurate cost estimating, and update project budgets and timelines as new information becomes available.

In addition to the program specific recommendations contained in Staff's Memorandum, DPS encourages LIPA and PSEG LI to actively participate with the Joint Management Committee, the Joint Utility working groups, DPS, and other stakeholders to further align LIPA and PSEG LI with the Investor-Owned Utilities (IOUs) to meet overarching state policy milestones, implement clean energy programs, and develop innovative pilot programs. LIPA's and PSEG LI's active participation with these groups is critical for aligning LIPA with IOU best practices in these areas.

DPS also recommends that PSEG LI and LIPA continue to develop and implement innovative and demonstrably beneficial programs for customers to advance the State and Commission's energy goals and policies. DPS looks forward to continuing to work with PSEG LI and LIPA to achieve these goals.

Respectfully Submitted,



Rory M. Christian
Chief Executive Officer

ATTACHMENT

CC: John Rhodes, LIPA Acting Chief Executive Officer
Bobbi O'Connor, LIPA General Counsel & Secretary to the Board of Trustees
Dave Lyons, PSEG LI Interim President and Chief Operating Officer
Michael Voltz, PSEG LI Director, Energy Efficiency and Renewables
Carrie Meek Gallagher, DPS LI Director
Nicholas Forst, DPS LI Deputy Director
Peter Hilerio, DPS LI Counsel

⁶ October U2.0 Amendment, p. 4.