Long Island Regional Planning Council
Summary Minutes

Meeting of June 21, 2017 Meeting
Suffolk County Community College
1001 Crooked Hill Road
Brentwood, NY 11717

LIPRC Members Present
John D. Cameron, Jr., Chair
Barbara Donno, Mayor
Nancy Engelhardt
Margaret Martinez Malito
Edward Romaine, Supervisor
Ralph Scordino, Mayor
Theresa Sanders
Anthony Santino, Supervisor

Staff and Guests Present
Richard V. Guardino, Jr.
Elizabeth Ridge Cole
Tatyana Golikova
Diane Myers
Jim McCaffrey
Michael Retre
Cheryl Mellon
Mohinder Taneja
Christi Kunzig
Thom A. Lupo
Sid Nathan
Joseph Schaefer
Olivia Winslow
Andy Kraus
Sarah Oral
Ian Wilder
Katherine Heaviside

Meeting Commenced:
- John D. Cameron, Jr., opened the meeting at approximately 9:30AM
- Pledge of Allegiance

Roll Call
We are one short of a quorum from Suffolk County

John Cameron: We have two important presentations today. We will start with our first presentation and then the Executive Director's report and business of the Council will take place after the two presentations and discussions. The first speaker is Tom Falcone, Chief Executive Officer of Long Island Power Authority. He will speak on Long Island's energy future. Tom appeared before the Council a little over a year ago when he presented the impending Integrated Resource Plan and said he would be back once the plan was completed. We thank him for being here.

PRESENTATION
"Long Island's Energy Future"
Thomas Falcone, Chief Executive Officer, Long Island Power Authority

Thank you for having me. I will first give a brief update on the LIPA Reform Act covered in the last meeting, then some trends in the industry, then the Integrated Resource Plan and Repowering Studies and our recommendations moving forward.

As an update, LIPA uses a contract business model. We previously used National Grid and then hired PSEG LI a few years ago and pay them a contract management fee. If they do a good job they are paid more, if they do a worse job they get paid less. Each year we agree on goals and a major emphasis is customer service and satisfaction because LIPA was previously not where it needed to be. In a study by JD Power and Associates, LIPA was named most improved utility in the country over the past three years. We are now one of the pack where other utilities are; it isn't a perfect measure but it is indicative of what we are doing for our customers. This was a customer perception survey and we have internal benchmarks as well to know how we are doing.

The second area to discuss is the investment in reliability and resiliency. When we speak to customers there are two things that are always brought up: tree trim work and reconstruction. Through the program, outages are down 80%, so progress is exceeding expectation. We put poles and wires in the air but people don't want to see them so they plant trees next to them and then the wind blows trees down causing outages (this is the number one cause). We used to have an 8 year cycle on tree trimming and now it is a 4 year cycle.

The third topic is financial. In 2015 we put together a financial plan to lower future rates. Looking forward we want to provide lower rates, customer satisfaction, and clean energy at competitive rates for the region. We benchmark ourselves by looking at other NY metropolitan areas and where our rates fall in relation to those areas. Twenty years ago we had the highest rates in the country, now we are in the middle of the pack and the goal is to be on the lower end. The way to do this is cost control, continue to provide service and watch the bottom line by raising rates less than others. The goal is to make smart investments. Our credit rating increased last year for the first time in eleven years.

Everything that I've spoken about: reliability, customer service, reducing debt is only 35% of a customer's bill. The remaining 65% of the bill is the cost to buy power and taxes and fees. The taxes are property taxes for local government services and half of those relate to municipal power plants. We can do anything we want with 35% of the bill but unless you are appropriately managing the cost for the other 65% we can't make progress. The balance of the presentation will be discussing that other 65%.

The industry is changing across the country in a variety of ways. The first is focusing on carbon reduction. This has implications for the grid. Every utility in the state is assigned goals and if every utility meets its goals then the state does as well. The second change is how customers are using electricity and self-producing electricity. Third, the rapidly declining cost of clean energy and batteries. Customers overall are using less electricity. Customers used to have 100 watt light bulbs and now use 10 watt bulbs providing the same output but using less electricity. A new AC compressor uses half the energy, there has been a change in energy efficiency in most appliances using less electricity.

The chart shows the growth rate in electricity usage since the 1960s which had an 8% growth. In the 1980s it was a 4% growth a year. In the 2000s it was growing less than 2% and now it is basically at 0. The projection for the country as a whole through 2040 is .7% a year. This is due to the changes in appliances and self-generating electricity through rooftop solar. We put in programs to encourage self-generation in 2001 and it took until 2014 for the first 10,000 systems to be installed. By 2015 we hit 20,000 and now we are at 45,000. One of the reasons for the increase is the cost of rooftop solar declined and bringing down costs to customer by leasing for those that didn't have upfront capital. If they are producing themselves they are still using the electric grid but it de-emphasizes the need for a central station power plant. In 2010 we were in a mode of building new power plants. Now we use less electric and no longer need them. Another trend over the past 20 years is the cost of clean energy. It has decreased 60% in the last 10 years.

The Integrated Resource Plan is a plan for the next 20 years and looks at what type of generation is needed to meet energy needs. The plan looks at the reliability of plants, growth, cost, environmental impact. If you turn every plant on at the same time we produce 5900 megawatts of power on Long Island. There are three legacy generation plants (PSA Steam Units) which represent 40% of LIPA's maximum electric production capability while generating 21% of its energy. An independent third party, NYISA, determines which generation units run to provide the lowest cost to consumers. We used to have 5 steam plants and now have 3. New York's 50% renewable by 2030 Clean Energy Standard (CES) requires LIPA to add 800MW of new renewable generation, enough to power 350,000 homes. Load is expected to be reduced by 950MW through 2030 as a result of energy efficiency.

NYS has also said to not only buy more energy but to buy 2400MW Off-Shore Wind by 2030. It is very established in Europe but hasn't been built in the US historically. Now we have a federal leasing process so there has been a change in the last 5 years. A portion of the State's offshore wind goal may connect to Long Island's electric grid, in excess of the amount needed to meet LIPA's own CES needs.

With flat load growth and the addition of renewable generation to meet CES, LIPA has excess generation capacity through 2035. 99% of LIPA's generation contracts are up for renewal by 2030 providing flexibility to reposition LIPA's generation fleet in response to changing conditions. Excess generation provides reliability, redundancy and resiliency to meet the needs of the electric grid.

We have old plants, we studied how much capacity and the focus was on these plants. But we also have equally old combustion turbines. As you increase renewables in the system we need faster systems. It makes no sense to repower the plants or rebuild. We need more flexible plants. The old PSA plants take 30 hours to start. If you replace it, it takes 3 hours but is still not as flexible as peaking plant. You can't run the old plant for less than 16 hours. The new peaking unit is faster. You need different types of plants. We retained the Brattle Group to provide an independent second opinion on PSEG Long Island's reliability planning criteria and analyses of proposals from Caithness II and the repowered steam plants. They said "We do not find compelling reason for LIPA to proceed with Caithness II or the repowering projects. None of the plants are needed for reliability or economic purposes. For all the options the plant costs exceed their benefits for at least the next decade."

That leads us to our plan for the next 20 years. The steps are to partner with NYSERDA in procurement and interconnection to the electric grid with regards to offshore wind, maintain energy efficiency programs to reduce load by 950 MW through 2030, monitor peak demand growth and Long Island energy. We will monitor the study, we are in the planning business and we will update all the time. This is a blueprint but it is updated all the time. We fully support fair taxes for the jurisdictions that host the power plants but it has to be fair for the other customers as well. Looking into the future, there will be fewer large baseload plants in the future. These plants are needed today, they are paid for and don't cost much to keep.

Ed Romaine: You talked about Port Jeff – the plant is being used less and less. Why not eventually close the plant? I understand there is a substantial cost to clean up the environment. They are owned by National Grid, what is the cost impact to customers?

Thomas Falcone: We operate the plants because they make sense. They are inexpensive because they are paid for and maintenance is low. As renewables are built it could change. At the end of the contract National Grid is responsible for the environmental cleanup. The sites have existing infrastructure. We could possibly build another unit in the same area and it would be a competitive site. Those sites should be able to compete and have a cost advantage.

John Cameron: An important consideration and driving force of this Council is Long Island's sustainability. We look at economy, education, environment, quality of life, etc. I am wondering in your economic assessment and evaluation whether repowering or investing billions of dollars onto LI was assessed instead of exporting billions of dollars of economic activity to the 4 surrounding states. Where does that come in to your calculations, if at all?

Thomas Falcone: Even if they self-produce you are connected to grid. We choose to put money where there is more value. We produce a clean reliable focus that is environmentally sensitive. If 65% of cost is taxes and power supply you need to look at whole pie. We have to operate on facts and some planning for uncertain future. We need to be sure we aren't putting money in yesterday's technology. We need to invest well. We have discussed with many groups within the environmental community.

John Cameron: I have had discussions with many in the environmental community. There is a strong support for renewables. My problem is turning a blind eye to the pollution impact with the present plants. They are concerned that if existing plants get repowered that the state and LIPA will back off on its renewable plan, that's the issue.

Thomas Falcone: It's a legitimate concern. There isn't enough money to go around to build everything new and build the entire system over again. We need to plan for the future.

PRESENTATION
"Long Island Equity Report"
Theresa Sanders, President and Chief Executive Officer, Urban League of Long Island

We launched this research report because we wanted an objective view of measuring equity on Long Island. We all know the geography of LI, which is Nassau and Suffolk counties, but it also reaches into Queens. For the purposes of this study it is just the two counties. What is an equitable region? When all residents, regardless of race, ethnicity, income, neighborhood are fully able to participate in the region's economic vitality, to contribute to the regions readiness for the future and to connect to the region's assets and resources. If we look at how to build as a community; we break it out: economic vitality, readiness to engage in dialogues about the health of the community, and people within the community that have to develop the skills to compete. When we look at connectivity, where do we overlap, where do we see each other each day, what are our transportation modes?

We look at overall health, economic security and being an inclusive region. We need to look at policies that are currently in place. Structural racism has been deliberately built in America, there were rules and policies that created our first segregated communities. What do we do now to undo that for our future?

A couple of important findings in the study. We are losing $24 billion a year on domestic products because of racial practices. For every undereducated black child is a young adult unable to get a summer job, that turns into a young adult that can't go to college to an adult underemployed, who can't buy a house or pay taxes, can't eat in local restaurants, go to the beach, spend money in the community. Multiply the number unprepared to live on Long Island gets us to that $24 billion. It's a huge number, so what to do about it? The last presentation said they need $2.8 billion to invest in fixing what's wrong with power system. If we solve the $24 billion we can fund all of the energy of LI.

We did comparisons. White population makes up the majority of Long Island, but communities of color have driven growth since 2000. Thirty percent of the population is black, the white population is declining a little and this may be because the aging are unable to afford to live here and are leaving. Many communities of color stay for economic reasons, families are staying together here, however, the socioeconomic conditions didn't improve. The demographic changes are happening faster on Long Island than anywhere in US. As people want to spread out and have reached the socioeconomic standards to buy a house there is a migration pattern to LI. By 2050 you can see on chart how much more diverse LI will be, so systems must be more inclusive, it impacts our workforce, food we sell, and our entire quality of life the more diverse LI becomes. It is hard to talk about a future if the people aren't generating an income. There is a higher median wage for white workers vs. black, regardless of education. So you can each have a high school diploma and the white employee will make more than anyone of color. A black male with a bachelor degree will make similar to a white male with no college degree. How do we fix this?

In terms of readiness, who is prepared to take new jobs? Long Island has changed and the jobs have changed but are we preparing our young people, particularly African Americans, to take the jobs? Are they educated? Do they have access to skills? Who will know how to build a wind turbine? Who is preparing them for engineering jobs?

Households that are in black communities have less access to public transportation, less access to things located in a community – supermarkets with fresh fruit, restaurants, entertainment. There is a lack of affordable rental housing as it pertains to young professionals even if educated. They don't stay because they can't find housing so they leave after their parents worked hard to get them here. If you are able to make employment equitable, you would see money coming into household and back into the local community.

This study is now used as a model for other suburban communities for equity. You need to look at the social issues in the country such as a riot. If you wonder why this is happening, you will see these are issues that have been going on a long time - the lack of education, overassessment of debts and fees (court and traffic fees), undereducation. It creates debt for those that can't afford it. This burden of debt is a form of slavery. How does that look for our communities and how do we share stories with those concerned about having a weak link? Equity is a regional issue, and when we created the model, it was meant to be applicable to any group. We could put in Veterans or any group and it is transferrable within your community.

Ed Romaine: You said debt is like a form of slavery. The way you resolve that problem is tighten credit. If you thought debt was something people couldn't handle, can't you tighten credit to create less debt. What would that produce?

Theresa Sanders: Restrictions or access to become indebted is based on spending patterns. If I'm making $30,000 and my credit score is 500, my interest is 25% as opposed to someone with great credit but a lower level of interest. Credit is based on the ability to pay, but there is a racial disparity when it comes to this. We have people with similar credit scores, professional backgrounds, and black people pay more for their mortgage. College age students are enslaved by the time they are out of college and are in debt already. That means they get out of college and can't qualify for car insurance or an apartment because debt is so high. This impacts a lot of populations and communities.

John Cameron: To me the greater crime is all those lost people that aren't realizing their potential, these are the sad statistics behind that number, to not be able to fulfill the American dream. What can we do to change this?

Theresa Sanders: It starts with getting leadership to talk about it and engagement. When you go back as the leader of your ship, how do you become more inclusive, how can schools get kids more prepared? We can all collectively monitor the accountability for leadership.

Maggie Malito: I believe in programs that get young people involved at an early age, put together programs that prepare them. In a lot of the forums that have been convened by educators and by regional colleges, we talk about how to prepare them from literally first grade and earlier – early childhood development is significant. I believe that these programs are important, not just in Nassau and Suffolk County, but in the country and that we engage young people, let them understand their value first and foremost and what assets they have.

John Cameron: Let's start to wrap up with business of the Council. I will pass on my Chairman's Report and let Rich Guardino go over the Executive Director's Report.

EXECUTIVE DIRECTOR'S REPORT

In the binder for the Council members there are a couple of reports that I will summarize. One of the reports is to the Suffolk County Economic Development Corporation updating them on some of the tasks of the Council. As many of you know, they are one of the funders of the Council. In that report we talk about the Tax Alternative Study which we covered at our last public meeting. PFM is in the second phase of the study which includes research and model development. Also in that report we talk about what is going on with the social media marketing services and progress we have made with Epoch 5. We are fortunate to have Andy Kraus with us today. I am pleased to report to the Council that we are working on a prototype for the web page and a new logo and we will invite the Council members to take a look at those in the near future. One of the tasks that the Suffolk County Economic Development Corporation asked us to do is an economic impact analysis for the Village of Patchogue. Many of you are familiar with the fact that the Downtown Patchogue Redevelopment was designated as a Project of Regional Significance by the Council. It has been recognized as a model for redevelopment. We are working on a draft for request for proposals where we will retain a consultant to do an economic impact analysis of the redevelopment of Patchogue over the last 10 years. We will get that to the Council in the near future.

The next part of the binder deals with the finances of the Council and we want to keep all members current on the finances. We have had the opportunity to talk with the majority of members of the Council and most of the officers in some depth with regard to the financial condition of the Council. In the binder there is a financial summary from 2016 where there is a small opening balance at the beginning of 2016 of $854. In the course of the past year we received revenues in the amount of $525,000. $250,000 of that sum came from Suffolk County Economic Development Corporation and $250,000 came from Nassau County. There is also a small balance of an Empire State Grant from 2013 which we realized. The total revenues for the year were $525,000. Our expenditures were the payroll, consultants, various equipment, and miscellaneous expenses of about $160,000. We had a closing balance at the end of 2016 of $369,000.

The challenge for the Council this year is that Nassau County contributions were suspended in the course of budget negotiations, although they originally had $250,000 budgeted for the Council's operating expenses. Looking at 2017 revenues, there is a balance of the Empire State Development Grant which will be paid in the near future of $91,000 and we received a contribution from the Long Island Board of Realtors of $10,000 for the Tax Alternatives Study. Most of the 2017 revenues will come in LINAP grant reimbursements. As the Council is aware, the total grant amount that the Council received was $2,875,000 to be paid over 5 years to do the Long Island Nitrogen Action Plan. As part of that grant, we are able to reimburse ourselves for certain items which include some of our salaries and some of our overhead. As a result, the reimbursements coming back to the Council this year is $195,000. We have total revenues for the year of approximately $666,000. Our expenses include the payroll of $294,000, miscellaneous expenses in terms of operations of about $20,000, and then various consultant fees such as Tax Alternative Study which is $98,000, website and social media update of $43,000. We will do a Suffolk County and Nassau County Economic Impact Study and have estimated $40,000 for each study. A financial audit is budgeted for $20,000. We will end the year at about $110,000. We will need the support of both counties moving forward to continue the operation of the Council. I'm glad to answer any questions. I've had a chance to meet with many of you individually to talk about it and my door is always open.

Ed Romaine: We will not see any funding from Nassau?

John Cameron: Correct. In all candor, we have not gone back to Suffolk for additional funding. It is difficult to go back to Suffolk without having funding from Nassau.

Ed Romaine: I understand the mission of the control board, but why you would select to take away bus transportation funding which helps those with modest means is beyond me in terms of importance.

John Cameron: The budget office selected to make these cuts.

Ed Romaine: NICE has a regional impact. There is no regional voice on Long Island except for this Council. And then to cut bus transportation that is so critical to those with limited means to get to their jobs, go shopping, to function daily.

John Cameron: The least advantaged in our population are being adversely affected. To your point, the two presentations today illustrate how the Council deals with regional issues. No other agency would have both of these presentations and discuss how they affect all of Long Island.

Next meeting: To be decided

Meeting adjourned at 11:30AM