

# Reimagine LIPA: Proposals for a Restructured Long Island Power Authority

The Long Island Power Authority (LIPA) needs to be reimagined. At its inception it became a public corporation and the new owner of the electric grid serving most of Nassau and Suffolk Counties and the Rockaway Peninsula in Queens. But since its creation it has outsourced its electric grid operations and management to private utilities. This public-private model is fatally flawed and must be transformed.

This is the moment to reimagine, reinvent, and restructure LIPA so that it is led by those most affected by decisions concerning our energy system: ratepayers, union workers, municipalities, community organizations, and especially low-income households and environmental justice communities. We must ensure that those who use, pay for, and work for the system have a say in how it runs.

Rather than continue the decades-long habit of investing in expensive management fees for private corporations, which diverts funds from public use, LIPA could double down on its commitment to invest in Long Island and the Rockaways. LIPA has stated “Eliminating management fees and affiliate expenses saves approx. \$100 million annually.”<sup>1</sup> This is a savings of nearly \$1 billion over the next decade by opting for operating and maintaining the grid itself. So instead of providing bonuses to unaccountable management and dividends to distant stockholders LIPA could:

- Lower utility rates, especially for low-income households, seniors, and small businesses;
- Reinvest revenues to enhance resiliency (e.g., bury lines to reduce future outages);
- Improve identification of and service to customers with special needs such as individuals requiring electricity for medical equipment (e.g. respirators, refrigerators), sewage treatment plants, and other services that would otherwise create environmental disasters;
- Support community solar, thermal energy networks, and more wide ranging conservation programs;
- Seek out public-public partnerships that improve service delivery and community resilience (e.g., partnering with public bus systems to reduce emissions, improve air quality and reliability through electrification like NYPA is doing upstate and at JFK airport);

The Reimagine LIPA campaign proposes that LIPA reclaim its accountability, control, and responsibility for all aspects of its electric grid and thus act as a self-governing public corporation accountable to the public. Its mission would be modified to include climate justice, energy democracy, equity, and greater participation by its customers. This would codify LIPA's commitment to a new paradigm of energy management in its service area.

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<sup>1</sup> LIPA, *Phase II Report: Options Analysis for the Management Of LIPA Assets*, April 28, 2021, p.14.

LIPA must be reimagined to ensure the collective management of our common energy resources. Accountable public power involves the operation, management, and policymaking of electric utilities exclusively by the public and for the public good. A democratic and autonomous public electric utility system requires the following:

1. Public ownership and control of the electric grid and all its assets, revenues, and financial instruments (e.g., issuance of bonds);
2. A multi-stakeholder Appointed Utility Governing Board with Local Input
3. An Executive Board and staff that operate and maintain all parts of the electric grid;
4. A Community Board with decision-making power and resources
5. An independent Energy Observatory;

### **Appointed Utility Governing Board with Local Input**

We need to establish an accountable and representative multi-stakeholder Board of Trustees where local voices help determine the composition by appointment. Right now all appointments to the LIPA Board are made by the governor and elected state officials with no meaningful input from local communities. It would be multi-stakeholder in terms of both constituencies and expertise. It would be composed of traditional members skilled in management, policy, law, science, engineering, technology, and cybersecurity. It would also consist of workers, customers, and community-based organizations, as well as experts in justice, resilience, and engagement.

### **Executive Board and Staff**

This Board would consist of paid executives and staff that perform the day-to-day tasks to operate and maintain the electric grid. It would be in control of maintenance of the equipment and distribution system and communication systems including the outage reporting and tracking system.

It is important to note that although LIPA owns the transmission and distribution network, it does not own most of the power plants on LI but has power purchase agreements with the private companies that own and operate them. Being powered by fossil fuels, these plants will be phased out by 2050 or earlier. However, LIPA has the right and ability to fund, build, own, and operate its own power plants via bond issuances.

Managers and staff would be in charge of building a flexible grid with more and greater range of clean energy generation to right-size the electric system to ratepayer' needs. In addition, it would expand grid capacity with more storage and multi-directional power flow and management, such as vehicle-to-grid technology. Finally, it would be responsible for customer service and billing, and the quality and accessibility of the energy efficiency and renewable energy programs.

## **Community Board**

A new Community Board must be established to replace the existing Advisory Board so that communities are centered in decision-making for the energy system and that sustained public participation is a function of the utility. LIPA has struggled to engage the public across the many different Towns, Villages, and Cities of Long Island and in the Rockaways. This has fostered disengagement and distrust while perpetuating inequities and vulnerabilities.

The Community Board should be made up of representatives from diverse sectors and backgrounds including social justice, environmental, Indigenous Nations, business, labor, local government, economic development, energy, low and fixed income, consumer, civic, and education. These representatives should include those in Disadvantaged Communities in the LIPA service territory as defined by the Climate Leadership and Community Protection Act. It should also have appropriate regional representation to account for the particular geographic scope of LIPA's service territory.

The Community Board must play a leading role in engaging communities across the LIPA service territory in determining rate structure, accessing energy programs, implementing renewable energy projects, providing support during outages and other emergencies, and developing initiatives to help the utility realize its mission. It must be resourced with research support, technical assistance, and a budget to carry out its work.

In order for the Community Board to be properly resourced, it must be supported by an independent Energy Observatory which would be funded by half of the current DPS-LI budget. This is a body, independent from both the utility and the government, that would coordinate the needs of the utility with the needs of the community. Partnered with universities and community-based organizations, it would be a place to meaningfully involve communities within the LIPA service territory and has the potential to empower ratepayers, enhance social justice, and improve the quality of decision-making.

## **The Energy Observatory**

Every self-directed public utility needs an independent partner institution to monitor and advise the utility, engage ratepayers, do independent research, and support communities in their own efforts for resilience and energy justice. The Department of Public Service-Long Island is clearly incapable of doing all these functions, as is the Public Service Commission. We instead propose an Energy Observatory.

What is an Observatory? Most people use "observatory" to mean a place to observe the heavens through telescopes. Yet there is now emerging another use of the word as a place to observe and study a community, municipality, utility, or other societal system. It is based on the recognition that close and consistent observation is essential to a holistic understanding of interactions among various factors within a system. This model has the potential to empower communities, enhance social justice and improve the quality of decisions.

Our use of the word describes a body that coordinates the needs of the utility with the needs of the community. It partners with universities and community-based organizations doing research to promote a common body of information to be used to fill these needs. It will monitor the utility, continually engage communities in utility and community related decision-making, and support relevant community projects, partnerships, and suggestions for the utility's evolution and promote the local and regional economies. This would enhance LIPA's ability to make the clean, green energy transition happen quickly, justly, and orderly.

To enhance accountability, trust and competence, the Observatory must be independent from both the utility and the government. Partnered with universities and community-based organizations, it would be financed by a ratepayer fund and both monitor the utility and provide needed services to the Board.

The Observatory would have a **Governing Board** composed of local stakeholders, including ratepayers, utility workers, researchers, experts in a variety of fields, community leaders from different sectors, youth and/or students and members of disadvantaged communities.

The Observatory would conduct community engagement to involve the public and perform research in a variety of relevant areas. Based on this it would offer recommendations to LIPA's Board on clean energy, ratepayer protections, worker issues, and climate justice to which the Board is obligated to consider and respond.

Besides its director and governing board, the observatory would have three different councils to conduct its three main functions. Each council would be overseen by a staff member with expertise in the area working with a Working Group and hold biannual assemblies to ensure public participation, transparency and accountability. The working groups leading each council could be appointed or elected by members of the Observatory. They are:

**Monitoring Council (MC).** One mission of the observatory would be to monitor the utility as a traditional independent watchdog and deliver comments and/or make recommendations to the governing board of the utility. This could supplement the DPS LI.

**Research Council (RC).** A second council would conduct and review research on the energy utility's operations in terms of reliability, affordability, climate resilience, and environmental justice. It would ensure a just transition in complying with the goals of the CLCPA.

**Local Projects Council (LC).** The third council would support communities in their own efforts to create and/or implement energy projects and partnerships independent of the utility.

### **Descriptions of the Councils**

1. **MONITORING COUNCIL (MC).** One mission of the observatory is to monitor the utility as a traditional independent watchdog and deliver comments and/or make recommendations to the governing board of the utility. This means attending LIPA Board

meetings and reviewing and commenting upon its budget, programs and services, contracts (including PILOTS), policies and plans.

The MC would be comprised of experts in the aforementioned fields as well as interested ratepayers and community advocates. The MC would also do extensive and sustained public engagement to make the diverse communities within the utility's service area aware of the issues that affect them and conversely make the utility aware of the needs, interests and desires of ratepayers.

These efforts would include:

- a. reaching out to constituencies who are rarely heard at board meetings and enabling them to attend and speak;
  - b. giving feedback to the utility about the strengths and weaknesses of existing programs (especially when it comes to affordability and debt relief) and
  - c. working with communities to enable them to understand the issues involved in long-term planning, especially as they pertain to climate change, technological transformations (e.g., smart meters and services), and renewable energy.
2. RESEARCH COUNCIL (RC). A second council would conduct and review research on the energy utility's operations in terms of reliability, affordability, climate resilience, and environmental justice. It would ensure a just green transition in complying with the goals of the CLCPA. The RC would conduct and/or review research on the needs of communities and ratepayers. The RC would also review the research already done by others (New York State, the New York Independent System Operator, NYSERDA, National Renewable Energy Laboratory, universities, consultants) that the utility already draws upon or should draw upon. The RC would also conduct its own research as needed, drawing upon its university partners and others.

Possible topics for research include:

- a. Utility performance
  - i. How effective is customer service?
  - ii. How well does the outage reporting system function?
  - iii. How long does the average outage last?
  - iv. Which communities experience the most frequent outages?
  - v. Which communities experience the longest outages?
  - vi. Which communities have the most household shutoffs?
- b. Utility program effectiveness
  - i. How effective are its programs meant to benefit ratepayers who are low income or seniors?
  - ii. What are the benefits and limitations of programs meant to spur homeowner adoption of solar and storage?
  - iii. What specific rate structures are needed to support the renewable energy transition?
- c. Safety, affordability, and effectiveness of particular technologies for the region (e.g., community solar, hydrogen generation).

- d. Feasibility of initiating increased reliability and resilience measures (e.g., how much would it cost to bury lines to make communities with frequent outages more resilient to storms?)
- e. What are other options that other utilities are doing?
- f. How could implementation of the Long Island Solar Road Map be financed so as to decrease costs, increase resilience, and speed the transition to renewables for all communities who want to participate?)

LOCAL PROJECTS COUNCIL (LC). The third council would support communities in their own efforts to create and/or implement energy projects and partnerships independent of the utility. This could include supporting disadvantaged communities' efforts to obtain community solar and homeowners' efforts to purchase solar and battery systems. It could also include county, town and village programs to install public EV charging stations and procure electric transit buses and charging stations for them. In addition, it could enable school districts to pursue purchasing or leasing electric school buses and charging stations. Finally, it could assist businesses' and residents' efforts to install air source and ground source (geothermal) heat pumps, EV chargers, solar thermal and photovoltaic systems, green and white roofs, and other HVAC related conservation technologies and measures.

The LC could also secure funding for a participatory budgeting process which would directly support ratepayer and community proposals to electrify everything. These could include getting buildings electrification-ready, retrofitting older public buildings with weatherization, increased electrical service and heat pumps. It could include green infrastructure projects to cool streets, assist small and/or minority or women-owned business enterprise (MWBE) business development in renewable energy, resilience, etc. It could fund education programs at local K-12 schools, provide fellowships for trade school and college students to promote a workforce skilled in energy efficiency, renewable energy, environmental justice, etc.

The result of this restructuring of LIPA would be a public electric utility that is self-governing, customer-focused, and ready to make a successful transition to a lean, clean, and green electric utility.