

## Business coalition seeks full study of LI's energy future

By: David Winzelberg  
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A coalition of nine Long Island business groups are pushing for an independent study of the area's energy future, as state legislation seeks recommendations to fully municipalize the Island's energy grid.

Proposed bills in the state Senate and Assembly would establish a commission to find the best way to fully municipalize Long Island's energy grid. However, the coalition of business organizations has sent a letter to the sponsors of the legislation urging them to amend the legislation so a more comprehensive study that examines all options, including public-private partnerships and privatization can be conducted.

Those groups signing onto the letter include the Association for a Better Long Island, Hauppauge Industrial Association of Long Island, Ignite Long Island, Long Island Association, Long Island Business Council, Long Island Builders Institute, the Long Island Contractors Association, Commercial Industrial Brokers Society of Long Island and the Nassau Council of Chambers of Commerce.

"This analysis should study and compare the costs to the ratepayer associated with a full municipalization plan, full privatization plan and the current public-private partnership," reads the letter sent to Sen. James Gaughran and Assemblyman Fred Thiele, who chair their respective committees on local government. "A deliberate and studied policy must ensure that Long Island ratepayers don't fall victim to incomplete analysis, costing billions and negatively impacting the region's long-term economic viability."

Several elected officials and stakeholders have expressed concern that the current management contract between LIPA and PSEG is not the way to go and want to look at alternatives.

"Our letter basically says if you want to look at alternatives, you have to compare it to other things including the current contract, including privatization if that's appropriate

and including any other options so that we're not just making a decision that municipalization is the way to go without comparing it to other options," said Mitch Pally, CEO of Long Island Builders Institute. "Energy rates on Long Island are an essential component of our ability to provide economic development and you want to make sure we have the lowest energy rates possible. If the administration of the entity that provides them is part of that discussion, you have to look at all kinds of options."

However, in another letter sent to the same elected officials, LIPA CEO Thomas Falcone pointed out that a privatization study as part of a legislative commission may prohibit LIPA from accessing the tax-exempt bond market for the duration of the study.

"A state evaluation of LIPA's sale to private entities and the possibility that such a sale might be recommended would make such representations challenging," Falcone wrote. "Of note, LIPA was unable to access the tax-exempt bond market for over a year each during the prior state privatization studies in 2005 and 2013."

LIPA's most recent 2021 review of business models estimated that privatization would raise customer bills by an estimated \$32 per month for a typical residential customer, according to Falcone.

Still, members of the coalition say they are particularly concerned about immediate and hidden costs and opposed to a narrow view that looks only at municipalization as an alternative to the current setup.

"We would like to see an independent leave-no-stone-unturned approach in determining the future of Long Island's energy grid," said Kyle Strober, executive director of the Association for a Better Long Island. "Once that comprehensive study is completed, our hope is that there will be no doubt of what the best option is for our energy future."