# 2024-2027

## Approved 2024 Budget and 2024–2027 Financial Plan

In compliance with 2 NYCRR Chapter 5, Part 203

NEW YORK STATE | NY Power Authority | Canal Corporation

# CONTENTS

## MISSION OF THE POWER AUTHORITY OF THE STATE OF NEW YORK

The mission of the Power Authority of the State of New York ("NYPA", "New York Power Authority", or the "Authority"), which was ratified by the Board of Trustees ("Board of Trustees" / "Trustees"), in its December 2020 meeting is to "Lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and the responsible supply of affordable, clean, and reliable electricity." The mission statement adheres to maintaining NYPA's core operating businesses while also moving to support the energy goals of New York State, codified primarily in the Clean Energy Standard ("CES"), New York State Climate Leadership and Community Protection Act ("CLCPA"), the Accelerated Renewable Energy Growth and Community Benefit Act, and the Power Authority Act, Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended from time to time (the "Power Authority Act"), including amendments made in 2019 and in the 2023-24 Enacted State Budget. The Authority's financial performance goal is to maintain a strong financial position in order to have the resources necessary to achieve its mission.

## BACKGROUND OF THE POWER AUTHORITY OF THE STATE OF NEW YORK

The Authority owns and operates five major generating facilities within the state, 11 small gas-fired generating units located at seven facilities, and four small hydroelectric facilities, with a total installed capacity of approximately 6,051 megawatts ("MW"), and a number of transmission lines, including major 765 kilovolt ("kV"), 345 kV, and 230 kV transmission facilities. The Authority's major generating facilities consist of two large hydroelectric facilities (the Niagara Power Project and St. Lawrence-FDR Power Project), a large pumped-storage hydroelectric facility (the Blenheim-Gilboa Pumped Storage Power Project) and two gas-and-oil-fired facilities (the Richard M. Flynn Power Plant located in Holtsville, New York and a combined-cycle electric generating plant, the Eugene W. Zeltmann Power Project, located in Queens, New York, previously known as the 500 MW Combined-Cycle Power Plant).

The Authority's customers include: municipal and rural electric cooperatives; investor-owned utilities; high load factor industrial customers; commercial/industrial and not-for-profit businesses; public entities located throughout New York State; local towns, villages, school districts, fire departments, etc. located in Southeastern New York within the metropolitan area of New York City; and certain neighboring states.

Effective January 1, 2017, the New York State Canal Corporation (the "Canal Corporation") became a subsidiary of the Authority. The Canal Corporation is responsible for a 524-mile canal system consisting of the Erie, Champlain, Oswego, and Cayuga-Seneca canals (the "Canal System"). The Board of Trustees of the Authority is the governing board of the Canal Corporation, and the Authority has assumed certain powers and duties relating to the New York State Canal System to be exercised through the Canal Corporation.

## VISION2030: 10-YEAR STRATEGIC OUTLOOK

VISION2030, NYPA's 10-year strategic outlook and plan, was developed to help realize our vision of a thriving, resilient New York State powered by clean energy. NYPA is executing **VISION2030,** the strategic plan approved by the Trustees in December 2020. VISION2030 is structured around five strategic priorities and five foundational pillars.

The five priorities are: Preserving the value of hydropower; Decarbonizing our natural gas plants; Being a leading transmission owner and operator in New York; Partnering with customers and the state to reach energy goals; and Reimagining the Canals to encourage tourism and economic development.

The five pillars are: Digitalization; Environmental, Social and Governance ("ESG"); Diversity, Equity and Inclusion ("DEI"); Enterprise Resilience; and Resource Alignment.

As NYPA considers its VISION2030 Decarbonizing priority, it is reviewing its fossil fleet with consideration to maintaining safety and reliability of the electric grid while reducing dependency on fossil fuels.

## EXPANDED AUTHORITY AND CLEAN ENERGY PROMISE

The 2023-2024 Enacted State Budget provides NYPA with new authority to develop, own, and operate renewable energy generating projects, either alone or in collaboration with other entities, to assist the state in meeting its bold clean energy targets. This includes producing 70% of the state's electricity from renewable sources by 2030 and creating a zero-emission statewide electrical system by 2040. In addition, the enactment provides that NYPA will help lead the state's effort to decarbonize its electric grid by ceasing fossil fuel-based electricity production at its power plants by 2030. The Authority is formalizing internal taskforces charged with advancing the key pillars of the new legislation.

NYPA will begin extensive work toward the publication of its first two-year strategic plan, outlining its strategies and proposed renewable projects, after collaboration with stakeholders and a public comment process that includes public hearings. The plan will be updated at least annually after public comment.

In addition, the Authority will advance the state's energy policies in the power generation sector by developing and publishing an action plan within the next two years to deliver upon its commitment to reduce dependency on electricity production from its fossil fuel power plants. NYPA will also consider the appropriateness of using the plants and the sites for renewable generation, energy storage, or electric grid support needs.

The law also empowers NYPA, in collaboration with the New York State Public Service Commission ("PSC"), to support disadvantaged communities with a new program entitled Renewable Energy Access and Community Help ("REACH") program. REACH will enable low- and moderate-income electricity consumers to receive bill credits through the production of renewable energy products developed by or for NYPA in New York, making electricity more economical for more New Yorkers while helping to decarbonize the state's electric grid. In addition, the enactment authorizes NYPA to contribute up to $25 million annually to the New York State Department of Labor ("DOL") for workforce training and retraining to prepare workers for employment in the renewable energy field.

NYPA expects to be able to access new and existing federal tax credits provided by the Inflation Reduction Act of 2022 ("IRA") to lower the costs of certain renewable energy projects undertaken under its new authority. The IRA tax credits, such as the Investment Tax Credit ("ITC") and the Production Tax Credit ("PTC"), are now directly payable to governmental and other non-taxable entities like NYPA.

NYPA also will leverage its energy service and engineering expertise for the new Decarbonization Leadership Program. Based on NYPA's action plan recommendations, this is an opportunity for five state entities to lead by example by decarbonizing 15 of their largest facilities. The action plans will identify solutions to accelerate the state's progress toward a cleaner building sector, support the creation of high-quality jobs at future decarbonization projects and move the state closer to reaching its climate goals.

## SUSTAINABILITY

Sustainability encompasses the Environmental, Social, and Governance performance of an organization that contributes to long-term value creation. The **2021-2025 Sustainability Plan** serves as a roadmap to help bring to NYPA's ESG ambition to life. The plan outlines ESG goals, strategies, and initiatives that the Authority is committed to across each of its 15 material ESG focus areas, which align with and support VISION2030 objectives. The Sustainability Plan is an integrated, cross-functional, and collaborative document that will be revisited and refreshed as NYPA's sustainability journey evolves and its targets are achieved.

In 2023, NYPA issued its first **Integrated Report**, which combines its Annual Report (with financial disclosures) and the Authority's Sustainability Report into one comprehensive publication. The 2022 Integrated Report is built around 15 material ESG matters and aligns with leading ESG frameworks and standards. It describes NYPA's progress in achieving the goals of VISION2030 and the 2021-2025 Sustainability Plan, and examines the value created for New York State, its customers, and local communities.

# DOCUMENTATION AND EXHIBITS SUPPORTING THE BUDGET AND FINANCIAL PLAN

### a. NYPA'S RELATIONSHIP WITH NEW YORK STATE GOVERNMENT

The Authority is a corporate municipal instrumentality and political subdivision of the State of New York created in 1931 by the Power Authority Act, to help provide a continuous and adequate supply of dependable electric power and energy to the people of the state.

The Authority's operations are overseen by the Board of Trustees. NYPA's Trustees are appointed by the governor with the advice and consent of the State Senate. The Authority is a fiscally independent public corporation whose generation and transmission operations are generally not supported by state tax revenues. When eligible the Authority is the recipient of federal and state monies which are used to offset non-utility activities in alignment with public policy. This funding includes Federal Emergency Management Agency ("FEMA") disaster and hazard mitigation grants, Federal Infrastructure grants, and other state funding in support of New York State's clean energy vision and the Canal Corporation. NYPA generally finances construction of new projects through internally generated funds and the sale of bonds and notes to investors, and it pays related debt service with revenues from the generation and transmission of electricity. Income of the Authority and properties acquired by it for its projects are exempt from taxation.

### b. BUDGET PROCESS

NYPA operates in a capital-intensive industry where operating revenues and expenses are significant and highly variable due to the volatility of electricity prices and fuel costs. NYPA's operations are subject to electric market price and fuel cost variability, and volatility in water flows which have a direct effect on the Authority's hydroelectric generation levels. This Approved 2024 Budget and 2024-2027 Financial Plan ("Four-Year Financial Plan") relies on data and projections developed throughout the following time frame:

- July 2023 – October 2023, develop preliminary forecasts of electric prices (energy and capacity); ancillary services revenue and expenses; fuel expenses; customer power and energy use; customer rates; corporate operating expenses; Annual Transmission Revenue Requirement ("ATRR"); generation levels at NYPA power projects reflecting scheduled outages; and purchased power and energy requirements
- October 31, 2023, Approved 2024 Budget and 2024–2027 Financial Plan will be posted for public inspection at five convenient locations and on NYPA's website
- November 2023 – December 2023, integrate updated financial data to produce the final 2024 Budget and 2024-2027 Financial Plan
- Seek authorization of NYPA's Board of Trustees to approve the final 2024 Budget and 2024-2027 Financial Plan at their meeting scheduled for December 12, 2023
- Submit the Approved 2024 Budget and 2024-2027 Financial Plan to the State Comptroller's Office; and make the approved document available for public inspection at five convenient locations and on NYPA's website upon Board of Trustees approval.

## Four-Year Projected Income Statement[1,2]
*(In $ Millions)*

| | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Generation Revenue | $909.1 | $945.5 | $950.3 | $955.3 |
| Ancillary Service Revenue | 41.9 | 42.5 | 42.7 | 42.2 |
| Transmission and Other | 351.5 | 373.3 | 364.3 | 337.0 |
| Separately Financed Projects Net Income | 42.7 | 45.2 | 76.9 | 103.8 |
| Non-Utility Revenue | 42.3 | 57.3 | 66.1 | 72.4 |
| Pass-Through Revenue | 1,862.6 | 1,962.7 | 1,993.9 | 1,940.8 |
| **Operating Revenues Total** | **3,250.1** | **3,426.5** | **3,494.2** | **3,451.5** |
| **Operating Expenses** | | | | |
| Purchased Power | (14.3) | (16.8) | (17.1) | (16.0) |
| Fuel Consumed | (36.2) | (46.5) | (49.0) | (46.6) |
| Transportation and Delivery | (161.2) | (148.7) | (138.0) | (139.3) |
| Pass-Through Expense | (1,862.6) | (1,962.7) | (1,993.9) | (1,940.8) |
| Operations and Maintenance | (661.9) | (705.6) | (700.1) | (696.2) |
| Other Expense | (82.4) | (80.4) | (80.8) | (71.9) |
| **Operating Expenses Total** | **(2,818.6)** | **(2,960.7)** | **(2,978.9)** | **(2,910.8)** |
| **EBIDA** | **431.6** | **465.8** | **515.3** | **540.8** |
| *Compounded Annual Growth Rate* | | 8% | 9% | 8% |
| **Non-Operating Income and Expenses** | | | | |
| Depreciation and Amortization | (316.8) | (337.4) | (356.5) | (374.5) |
| Investment and Other Income | 56.0 | 57.5 | 58.3 | 57.2 |
| Mark to Market Adjustments | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest and Other Expenses | (48.8) | (55.1) | (67.7) | (58.1) |
| **Non-Operating Income and Expenses Total** | **(309.6)** | **(335.0)** | **(365.9)** | **(375.4)** |
| **CONSOLIDATED NET INCOME** | **$122.0** | **$130.8** | **$149.4** | **$165.4** |

[1] NYPA and the Canal Corporation are referred to collectively in the consolidated financial statements, except where noted.
[2] Values in certain categories have been rounded.

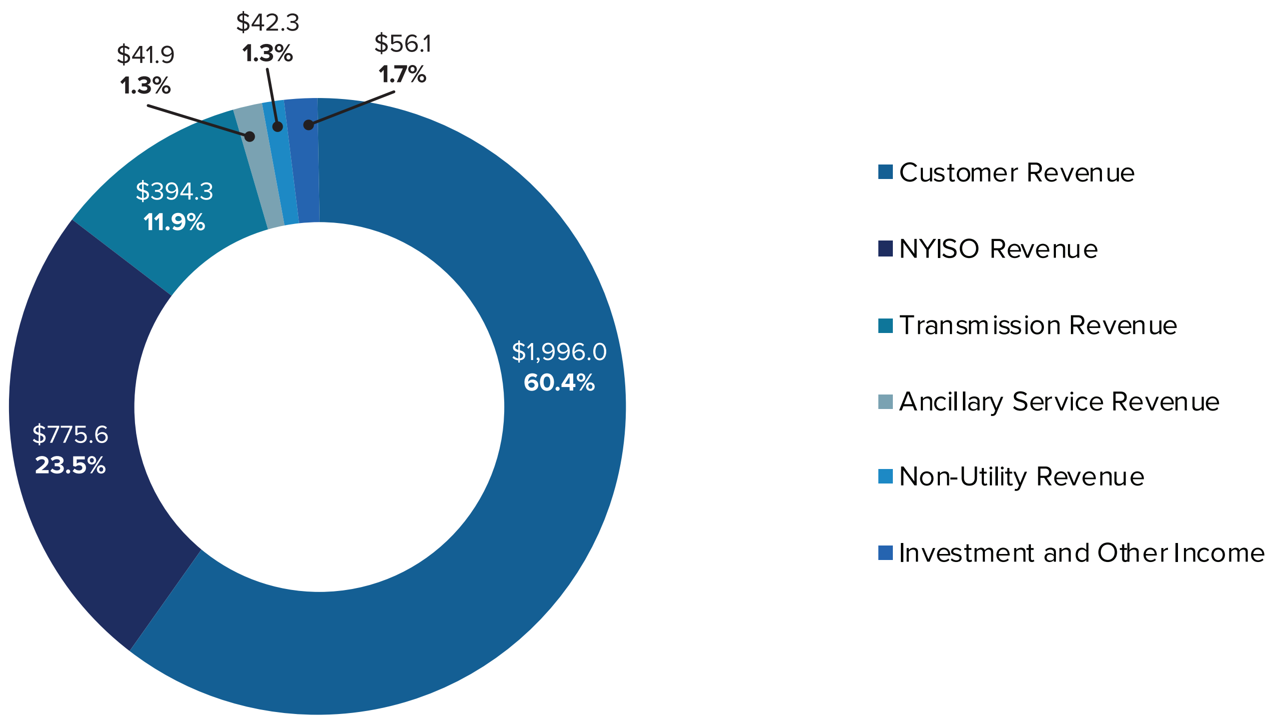
## Gross Margin Analysis[1]
*(In $ Millions)*

| | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| Generation Margin | $848.1 | $865.3 | $861.9 | $866.2 |
| Transmission Margin | 284.8 | 328.6 | 367.5 | 369.7 |
| Other Margin | 43.0 | 57.8 | 66.7 | 73.0 |
| **TOTAL MARGIN** | **1,175.9** | **1,251.7** | **1,296.1** | **1,308.9** |
| Operations and Maintenance | (661.9) | (705.6) | (700.1) | (696.2) |
| Other Expenses | (82.4) | (80.3) | (80.7) | (71.9) |
| **CONSOLIDATED EBIDA** | **$431.6** | **$465.8** | **$515.3** | **$540.8** |

[1] Values in certain categories have been rounded.

## 2024 Budget – Sources[1,2]

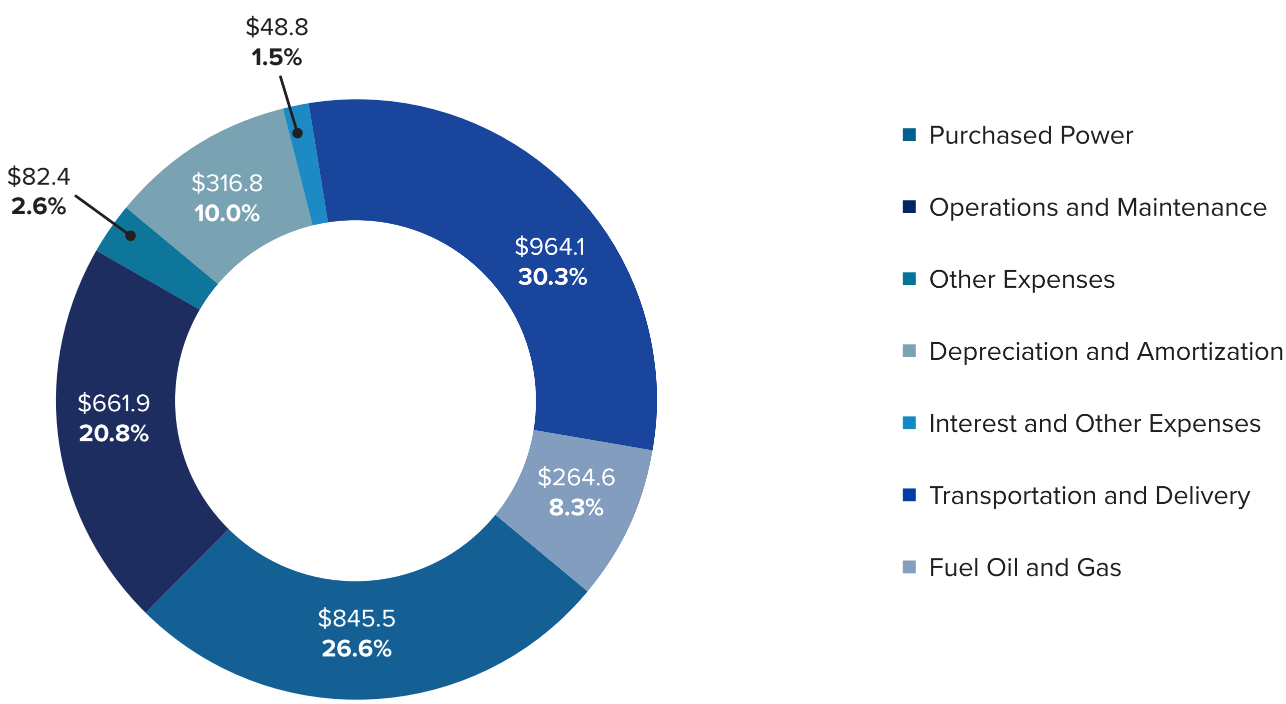
*(In $ Millions)*




[1] Values represented are inclusive of certain pass-through revenue items.
[2] Transmission Revenue is inclusive of SFP Net Income.

## 2024 Budget – Uses[1,2,3]

*(In $ Millions)*




[1] Reflects NYPA's base Operations and Maintenance expenses plus Administrative and General expenses less the Allocation to Capital.
[2] SFP is excluded from 2024 Budget -Uses. SFP Net Income is reflected in 2024 Budget- Sources.
[3] Values represented are inclusive of certain pass-through expense items.

## Statement of Cash Flows[1]

*(In $ Millions)*

| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|
| **Revenue Receipts** | | | | | | |
| Sale of Power, Use of Transmission Lines, Transportation and Delivery Charges and Other Receipts | $3,945.8 | $3,061.4 | $3,344.7 | $3,550.2 | $3,638.8 | $3,604.6 |
| Earnings on investments and Time Deposits | 11.4 | 53.3 | 68.4 | 61.6 | 58.5 | 57.5 |
| **Total Revenues** | **3,957.2** | **3,114.7** | **3,413.1** | **3,611.9** | **3,697.3** | **3,662.1** |
| **Expenses** | | | | | | |
| Operations and Maintenance, including Transmission of Electricity by Others, Purchased Power and Fuel Purchases | (3,455.0) | (2,675.5) | (2,904.2) | (3,064.8) | (3,098.3) | (3,050.5) |
| **Debt Service** | | | | | | |
| Interest on Bonds and Notes | (93.1) | (94.4) | (131.4) | (129.9) | (142.5) | (139.5) |
| Bonds and Notes Retired | (1.5) | (1.5) | (32.4) | (37.7) | (58.2) | (82.7) |
| **Total Debt Service** | **(94.7)** | **(95.9)** | **(163.8)** | **(167.6)** | **(200.7)** | **(222.2)** |
| **Total Requirements** | **(3,549.7)** | **(2,771.4)** | **(3,068.0)** | **(3,232.4)** | **(3,299.0)** | **(3,272.7)** |
| **Net Operations** | **407.6** | **343.3** | **345.1** | **379.4** | **398.4** | **389.4** |
| **Capital Receipts** | | | | | | |
| Sale of Bonds, Promissory Notes and Commercial Paper | 551.7 | 752.2 | 0.0 | 0.0 | 350.0 | 491.9 |
| Less: Repayments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings on Construction Funds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| DSM Recovery Receipts | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Temporary Asset Transfer Return from New York State | 43.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 3.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total Capital Receipts** | **597.8** | **752.2** | **0.0** | **0.0** | **350.0** | **491.9** |
| **Capital Additions and Refunds** | | | | | | |
| Additions to Electric Plant in Service and Construction Work in Progress, and Other costs | (717.9) | (801.3) | (763.5) | (734.1) | (730.3) | (893.3) |
| Construction Funds - Net Transfer | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total Capital Additions and Refunds** | **(717.9)** | **(801.3)** | **(763.5)** | **(734.1)** | **(730.3)** | **(893.3)** |
| **Net Capital** | **(120.1)** | **(49.1)** | **(763.5)** | **(734.1)** | **(380.3)** | **(401.4)** |
| **Net Increase/(Decrease)** | **$287.4** | **$294.2** | **($418.3)** | **($354.7)** | **$18.1** | **($12.0)** |

[1] This Statement of Cash Flows follows the format prescribed by §2801 of New York State Public Authorities Law and does not follow Governmental Accounting Standards Board ("GASB") financial statement standards.

## c. BUDGET ASSUMPTIONS

### NYISO REVENUE AND EXPENSES

Based on scheduled customer power needs and available electricity generated by NYPA's operating assets, the Authority buys and sells capacity and energy through markets operated by the New York Independent System Operator ("NYISO"). Various NYISO-purchased power charges, in combination with generation-related fuel expenses, comprise a large portion of NYPA's operating expenses. A significant amount of the Authority's revenues result from sales of its generation into the NYISO market. The energy and capacity revenues are projected based on published forward prices, exchanges, broker information and/or internal pricing models.

### CUSTOMER AND PROJECT REVENUE

The customers served by the Authority and the rates they pay vary within the NYPA power programs designated to serve such loads. NYPA's power supply customers are served under contracts and tariffs approved by the Board of Trustees.

### CLEAN ENERGY STANDARD

In 2016, the New York State PSC issued an order establishing a Clean Energy Standard to implement the clean energy goals of the State Energy Plan. Pursuant to the CES, load serving entities identified in the order are required to purchase Zero Emission Credits ("ZECs") from the New York State Energy Research Development Authority ("NYSERDA") to support the preservation of existing at-risk zero-emissions nuclear generation. The Authority is not subject to PSC jurisdiction for purposes of the CES but has assumed an obligation to purchase ZECs consistent with the terms of the CES and intends to seek recovery of such costs from the Authority's customers. In January 2017, the Authority's Trustees authorized (a) participation in the PSC's ZEC program and (b) execution of an agreement with NYSERDA to purchase ZECs associated with the Authority's applicable share of energy sales. The Authority and NYSERDA executed an agreement covering a two-year period from April 1, 2017, to March 31, 2019, under which the Authority committed to purchase ZECs in a quantity based on its proportional load in the New York Control Area ("NYCA"). The Authority and NYSERDA executed an additional agreement covering a nine-year period from April 1, 2020, to April 1, 2029, under which the Authority committed to purchase ZECs in a quantity based on its proportional load in the New York Control Area, subject to certain adjustments.

As of June 30, 2023, the Authority estimates it will incur costs associated with participation in the ZEC program of approximately $364 million in aggregate over the 2024-2027 period, of which approximately $2.8 million is not expected to be recovered under customer contracts that predate the adoption of the CES. As of August 31, 2023, the Authority has paid $390 million in ZEC purchase costs.

The CLCPA and NYPA's VISION2030 establish the goal to meet 70% of electricity demand from renewable resources by 2030. NYPA is collaborating with its customers to achieve the renewable energy goals in the ways that best meet their needs. As one component of its renewable supply, NYPA executed an agreement with NYSERDA on August 30, 2021 to start purchasing Tier 1 Renewable Energy Credits ("REC(s)") in 2024. On April 20, 2023 the PSC issued an order modifying the way in which NYSERDA administers the Tier 1 REC program starting in 2025. NYPA has engaged with NYSERDA on amending the Tier 1 REC contract in response to the program modifications and commencing REC purchases starting in 2025.

### ST. LAWRENCE-FDR AND NIAGARA CUSTOMERS

Energy from the St. Lawrence-FDR and Niagara projects ("the Projects") is sold under contract to municipal electric systems, rural electric cooperatives, commercial and industrial and other business customers, nonprofit corporations, certain public bodies, investor-owned utilities, and out-of-state customers. The remaining available energy is sold into the NYISO market.

The charges for firm power, firm peaking power and associated energy sold by the Authority, as applicable to the 51 municipal electric systems and rural electric cooperatives in New York State, two public transportation agencies, three investor-owned utilities for the benefit of rural and domestic customers, and seven out-of-state public customers have been established based on the cost to serve these loads. This Four-Year Plan models Board of Trustee-approved rate changes and prospective rate changes for these customers.

Niagara and St. Lawrence-FDR's Expansion and Replacement Power ("Western New York"), ReCharge New York, and Preservation Power customers are allocated over 30% of the average generation capacity of the Projects. Sale of Expansion and Replacement Power historically had been handled on a sale-for-resale basis through National Grid and New York State Electric and Gas. However, the direct sale of low-cost hydropower to these customers commenced July 1, 2013. As a result, NYPA is now the load-serving entity for these transactions. Legislation enacted in March 2011, effective July 2012, created a new economic development power program, the ReCharge New York Power Program ("RNYPP"), to replace two economic development programs, Power For Jobs and Energy Cost Savings Benefit. RNYPP is a permanent power program administered by the Authority and the Economic Development Power Allocation Board ("EDPAB"). RNYPP utilizes up to 455 MW of hydropower from the Authority's Niagara and St. Lawrence-FDR projects combined with up to 455 MW of other power procured by the Authority from other sources. The 910 MW of power is available for allocations to eligible new and existing businesses and not-for-profit corporations under contracts of up to seven years.

Legislation creating the RNYPP also created a Residential Consumer Discount Program ("RCDP") and authorized the Authority, as deemed feasible and advisable by the Board of Trustees, to provide annual funding of up to $30 million to fund electricity discounts for residential and agricultural electricity consumers who previously received the benefits of hydropower that was redeployed to support the RNYPP.

The Board of Trustees has authorized the release of $654 million from August 2011 to December 2023 in support of RCDP. The Authority supplemented the market revenues used to fund the RCDP with internal funds, totaling cumulatively $23 million from August 2011 through June 2023.

Pursuant to the 2023-24 Enacted State Budget, the residential component of RCDP, which had been valued at $25 million annually, has been discontinued effective August 1, 2023. RCDP continues the discount for agricultural growers at an annual amount of up to $8 million through August 2024, after which time the discount available for agricultural growers will be reduced to an annual amount of no more than $5 million.

Recent amendments to the PAA repealed a residential discount program created when the RNYPP was enacted, and authorizes the Authority, as deemed feasible and advisable by the Board of Trustees, to provide annual funding in an amount of up to $5 million to continue for a Residential Consumer Discount Program to support for those customers that had previously received an agricultural consumer electricity cost discount program for this hydropower. Revenues earned from the sale of unused RNYPP power into the wholesale market may be used to offset the cost of these residential discounts or revenues from the sale of hydroelectric power will be utilized to fund monthly payments to benefit electricity consumers that once benefited from authority hydroelectric power that was withdrawn pursuant to RNYPP legislation.

In March 2019, the Board of Trustees approved a seven-year extension of an agreement for the sale of firm hydroelectric power and energy from the St. Lawrence-FDR Power Project to the Aluminum Company of America ("Alcoa") at its West Plant facilities. The existing contract with Alcoa, for an aggregate of 240 MW, has been executed effective April 1, 2019, through March 31, 2026, replacing prior long-term contracts. The contract extension provides for monthly base energy rate adjustments, based off the price of aluminum on the London Metal Exchange and the midwest U.S. Premium price published by Platts, and contains provisions for employment (450 jobs) and capital commitments ($14 million).

Changes from the previous contract include: a reduced allocation of 240 MW, with the additional 5 MW being allocated to Arconic, a business independent of Alcoa, sold under a separate Preservation Power sale agreement; a monthly CES charge relating to ZEC and REC that NYPA purchases which are attributable to Alcoa's load. The contract specifies a sharing mechanism for the CES charges between Alcoa, New York State and NYPA, whereby Alcoa's share increases as the aluminum price increases.

The Authority has entered into aluminum contracts to mitigate potential downside risk in that market and intends to continue to do so based upon prevailing economic conditions as appropriate.

The Authority estimates that the total costs associated with the relicensing of the St. Lawrence-FDR Project in 2003 for a period of 50 years will be an approximate total of $227 million, of which approximately $219 million has already been accrued as of June 30, 2023. The Authority collects the amounts necessary to fund such relicensing costs through its rates from the sale of St. Lawrence-FDR power.

The Authority has also executed the relicensing of the Niagara project in 2007 for a period of 50 years. The total approximate cost of $520 million, of which approximately $489 million has already been accrued as of June 30, 2023. The Authority collects the amounts necessary to fund such relicensing costs through its rates from the sale of Niagara power.

Total costs could increase in the future due to prescriptive measures required through reserved authority of the Federal Energy Regulatory Commission ("FERC") and other federal agencies in the license for the St. Lawrence-FDR Project and Niagara Power Project.

Chapter 545 of the Laws of 2014 enacted the "Northern New York Power Proceeds Act" ("NNYPPA"). NNYPPA authorizes the Authority, as deemed feasible and advisable by the Board of Trustees, to deposit net earnings from the sale of unallocated St. Lawrence County Economic Development Power ("SLCEDP") by the Authority in the wholesale energy market into an account known as the Northern New York Economic Development Fund ("NNYED Fund") administered by the Authority. The funds are awarded to eligible applicants that propose projects that satisfy applicable criteria. NNYPPA established a five-member allocation board appointed by the governor to review applications seeking NNYED Fund benefits and to make recommendations to the Authority concerning benefits awards.

SLCEDP consists of up to 20 MW of hydropower from the St. Lawrence-FDR Power Project which the Authority has made available for sale to the Town of Massena Electric Department ("MED") for MED to sub-allocate for economic development purposes in accordance with a contract between the parties entered into in 2012 (the "Authority-MED Contract").

NNYPPA defines “net earnings” as the aggregate excess of revenues received by the Authority from the sale of energy associated with SLCEDP sold by the Authority in the wholesale energy market over what revenues would have been received had such energy been sold to MED on a firm basis under the terms of the Authority-MED Contract. For the first five years after enactment, the amount of SLCEDP the Authority could use to generate net earnings may not exceed the lesser of 20 MW or the amount of SLCEDP that has not been allocated by the Authority pursuant to the Authority-MED contract. Thereafter, the amount of SLCEDP that the Authority could use for such purpose may not exceed the lesser of 10 MW or the amount of SLCEDP that has not been allocated. The Authority’s estimates of payments from the Authority to the NNYED Fund have been incorporated into this Approved 2024 Budget and 2024-2027 Financial Plan.

The Western New York Power Proceeds Act (“WNYPPA”), which was enacted on March 30, 2012, authorizes the Authority to deposit net earnings from the sale of unused Expansion Power and Replacement Power from the Authority’s Niagara project into the Western New York Economic Development Fund (“WNY Fund”) as deemed feasible and advisable by the Board of Trustees.

WNYPPA defines “net earnings” as any excess revenue earned from such power sold into the wholesale market over the revenue that would have been received had the power been sold at the Expansion Power and Replacement Power rates. Proceeds from the WNY Fund may be used to support eligible projects undertaken within a 30-mile radius of the Niagara project that qualify under the applicable criteria. WNYPPA established a five-member allocation board appointed by the governor. NYPA’s estimates of payments from the Authority to the WNY Fund have been incorporated into this Approved 2024 Budget and 2024-2027 Financial Plan.

The 2023-24 Enacted State Budget authorizes NYPA, beginning in state fiscal year 2024-25, as deemed feasible and advisable by the NYPA trustees, to make available up to $25 million annually to the State DOL to fund programs for workforce training and retraining to prepare workers for employment in the renewable energy field.

NYPA is working on a framework with DOL and other state entities that will provide a roadmap for how NYPA plans to support the renewable workforce of the future through its annual contributions for workforce development in the renewable energy sector.

## SOUTHEASTERN NEW YORK (“SENY”) CUSTOMERS

Various municipalities, school districts and public agencies in New York City are served by the Authority’s Eugene W. Zeltmann Power Project (“Zeltmann”), the contracted output of the Astoria Energy II plant ("AEII") and capacity and energy purchased by the Authority in the NYISO markets.

In 2017 and 2018, the Authority executed new supplemental long-term electricity supply agreements (“Supplemental LTAs”) with its 11 New York City (“NYC”) Governmental Customers, the largest of these customers include: Metropolitan Transportation Authority, the City of New York, the Port Authority of New York and New Jersey, the New York City Housing Authority, and the New York State Office of General Services. Under these Supplemental LTAs, the NYC Governmental Customers agreed to purchase their electricity from the Authority through December 31, 2027, with the NYC Governmental Customers having the right to terminate at any time upon at least 12 months’ notice during the first five years of the agreement (December 31, 2022). Thereafter, both the Authority and the NYC Governmental Customers may terminate the agreement upon at least six months’ notice. Under the Supplemental LTAs, fixed costs were contractually set for each customer. Variable costs, including fuel, purchased power and NYISO related costs, are to be set on a pro-forma cost of service basis and reconciled to actuals as a pass-through to each customer via an energy charge adjustment. For years 2023-2025, NYPA also provided an energy hedge with an annual pricing option to the NYC Governmental Customers to provide better price certainty. The NYC Governmental Customers will also have the option to extend the energy hedge for years 2026-2027.

In 2008, NYPA entered into a long-term power purchase agreement with Astoria Energy II LLC for the purchase of the output of Astoria Energy II, a 550 MW plant, which commenced commercial operations on July 1, 2011, in Astoria, Queens, for the sole benefit of the NYC Governmental Customers. Although the Astoria Energy II power purchase contract goes through 2031 and is beyond the electricity supply agreement under the Supplemental LTAs, the Authority’s contract with the NYC Governmental Customers served by the output of Astoria Energy II is coterminous with the power purchase agreement with Astoria Energy II LLC.

The energy generated by the Zeltmann and Astoria Energy II plants is sold into the NYISO market and the proceeds are used to offset the cost associated with the production of energy and capacity from the plants. All net costs and benefits to the Authority for both facilities are directly passed through to the NYC Governmental Customers. The economic value of the Zeltmann and Astoria Energy II plants helps to support the NYC Governmental Customers. Additionally, NYPA retains rights to grandfathered and historic fixed priced transmission congestion contracts on behalf of the SENY customers, which helps to offset the cost of the energy purchased.

The Authority adopted GASB No. 87 on January 1, 2022. The agreement with AEII was initially considered as a lease for substantial part of the year. During the latter part of the year, the arrangement with AEII no longer met the definition of a lease under accounting rule GASB No. 87; as a result, AEII, previously recorded as a lease asset and liability, is not reflected as asset and liability on the Authority's financials as of December 31, 2022. All net costs of the Authority under the power purchase agreement with Astoria Energy are billed monthly to the New York City Governmental Customers. An equal amount of revenue is recognized during the period related to reimbursements from the New York City Governmental Customers.

The Authority's other SENY customers are Westchester County and numerous municipalities, school districts and other public agencies located in Westchester County (collectively, the "Westchester Governmental Customers"). NYPA has entered into an evergreen supplemental electricity supply agreement with all 103 Westchester Governmental Customers. Among other things provided by the agreement, customers can partially terminate service from the Authority with at least two months' notice prior to the start of the NYISO capability periods. Full termination is allowed with at least one year's notice, effective no sooner than January 1 following the one-year notice. Westchester Governmental Customers are partially served by NYPA's four small hydroelectric plants. The remainder of the Westchester Governmental Customers' load requirements are supplied through energy and capacity purchased from the NYISO markets. Sales of energy generated by the small hydroelectric resources into the NYISO markets, as well as grandfathered and historic fixed priced transmission congestion contracts, all help to offset the cost of the energy purchased, with an energy charge adjustment mechanism in place for cost reconciliation.

### BLENHEIM-GILBOA POWER PROJECT

The Blenheim-Gilboa project operates as a merchant plant, with energy and ancillary services offered in the NYISO markets generally at the market-clearing price. Capacity is offered to other users via bilateral arrangements and/or sold into the NYISO capacity auctions. This forecast assumes Blenheim-Gilboa will operate as a merchant plant for the upcoming years.

### SMALL CLEAN POWER PLANTS ("SCPPs")

To meet capacity deficiencies and ongoing load requirements in the New York City metropolitan area in the year 2000 and later, the Authority placed into operation 11 natural-gas-fueled SCPPs, ten units in New York City and one unit on Long Island, with a total nameplate rating of 460 MW. These units were put into operation to address a potential local reliability deficiency in the New York City metropolitan area and its potential impact on statewide reliability.

The Power Authority entered a Stipulation settling claims regarding the SCPP located at Vernon Boulevard in 2001. The Agreement provides for a "Put", meaning that if the operations of the Vernon Boulevard Turbines do not cease by October 31, 2004, and certain other terms are satisfied, Silvercup Studios can exercise a "Put" on the Power Authority, obligating it to purchase the Terra Cotta parcel at Fair Market Value. To date, no formal "Put" notice has been received.

For this Approved 2024 Budget and 2024-2027 Four-Year Financial Plan, it is assumed that the output of the SCPPs will be sold into the NYISO markets.

## FLYNN POWER PLANT

The Flynn plant operates as a merchant plant, with energy output and ancillary services sold into the NYISO market and offered to authorized counterparties. Through an agreement with the Long Island Power Authority, NYPA is compensated for all capacity provided through December 31, 2026.

## TRANSMISSION PROJECTS

The Authority owns approximately 1,400 circuit-miles of high-voltage transmission lines and associated substations operating at voltages of 115 kV, 230 kV, 345 kV, and 765 kV. The Authority's Transmission Backbone System consists of a large subset of these transmission facilities, with major circuits such as:

### 765 KV

- MSU1 (Marcy-Massena)
- MSC-7040 (Massena-Chateauguay)

### 345 KV

- UE1-7 (Marcy-Edic)
- UNS-18 (Marcy-New Scotland)
- VU19 (Volney-Marcy)
- NR-2 (Niagara-Rochester)
- NS-1 (Niagara-Somerset)
- Y-49 (Long Island Sound Cable)
- Q-35L&M (Queens-Manhattan)

### 230 KV

- MA-1/MA-2 (Moses-Adirondack)
- MMS-1/MMS-2 (Moses-Massena)
- MW-1/MW-2 (Moses-Willis)

## COST RECOVERY FOR NYPA'S BACKBONE TRANSMISSION SYSTEM

Since the formation of the NYISO in November 1999, cost recovery for the Authority's provision of transmission service over its facilities has been governed by the NYISO tariff, which included an ATRR for NYPA of $165.5 million. The Authority receives cost recovery through the NYISO tariff mechanism known as the NYPA Transmission Adjustment Charge ("NTAC"). NTAC recovers NYPA's Backbone Transmission System costs on a statewide basis, after accounting for NYPA's revenues received from pre-existing customer transmission service contracts, Transmission Service Charge ("TSC") assessed on customers in NYPA's upstate load zone, and other sources.

In July 2012, the Authority filed for its first ATRR increase with FERC. The Authority's filing resulted in an uncontested settlement approved by FERC for a new, $175.5 million ATRR applicable to the Authority, effective August 1, 2012.

The increased ATRR was necessary to cover increased operating and maintenance expenses of NYPA's bulk transmission system, and to make necessary capital improvements.

In January 2016, the Authority filed for an ATRR formula rate with FERC. In March 2016, FERC accepted the filing and made it effective April 1, 2016, as requested, subject to hearing and settlement judge procedures. The Authority requested a formula rate to more efficiently recover its increased capital and operating expenditures needed to maintain the reliability of its transmission system.

The Authority filed an unopposed Offer of Settlement on September 30, 2016, that fully resolved the issues raised by interested parties in settlement negotiations concerning the formula rate. Separately, the ATRR under the formula rate of $190 million initially made effective April 1 was updated on July 1, 2016, to $198.2 million pursuant to the formula rate annual update process.

Effective July 1, 2023, the ATRR is $371.0 million, which includes the revenue requirements for the Marcy South Series Compensation and Central East Energy Connect ("CEEC", formerly known as AC Segment A Transmission) projects. Annual updates commensurate with projected costs are assumed to continue throughout the forecast period.

## MOSES-ADIRONDACK SMART PATH RELIABILITY PROJECT ("SMART PATH")

NYPA has completed the replacement of a major section of the Moses-Adirondack transmission line, one of the Authority's Backbone Transmission System lines. This project, known as the Moses-Adirondack Smart Path Reliability Project, includes the replacement of 78 miles of 230kV transmission lines from Massena to the Town of Croghan in Lewis County. The project includes the replacement of obsolete wood pole structures with higher, steel pole structures, and the installation of new conductor and associated hardware. The line will initially operate at its current 230kV level, but will accommodate future 345 kV operation.

In July 2017, the Authority received authorization under the NYISO tariff to include the costs of this replacement project in its NTAC mechanism for cost recovery.

Construction commenced in 2020 and the last segment of Smart Path was completed and placed in-service in May 2023. Project closeout and site restoration are ongoing with an expected completion in 2024.

The Authority estimates a total project cost of $484 million. This Four-Year Financial Plan includes revenues and costs associated with this project.

## SMART PATH CONNECT

In October 2020, the PSC adopted criteria for identifying urgently needed transmission projects to meet the renewable energy goals of the CLCPA. NYPA identified the multi-pronged Smart Path Connect project as work that is urgently needed to help unbottle existing renewable energy in the region. The project is estimated to result in a reduction of more than 1.2 million tons of carbon dioxide emissions annually on a statewide basis, and an annual reduction of approximately 160 tons of nitrogen oxide emissions from downstate emissions sources. NYPA estimates that this project will result in more than $447 million in annual congestion savings in Northern New York and it is estimated to create hundreds of jobs in the North Country during construction.

In October 2020, the PSC identified the Authority's proposed Smart Path Connect project formerly known as the Northern New York Project as a high-priority project and referred it to NYPA for development and construction in accordance with the Accelerated Renewable Energy Growth and Community Benefit Act.

Smart Path Connect is being executed jointly by the Authority and National Grid. The project includes completion of the remaining six miles of the Moses-Adirondack Transmission Lines, rebuilding approximately 45 circuit-miles of transmission eastward from Massena to the Town of Clinton, rebuilding approximately 55 circuit-miles of transmission southward from Croghan to Marcy, and rebuilding and expanding several substations along the impacted transmission corridor.

The Authority authorized to spend up to $830 million for its portion of Smart Path Connect project. Construction is ongoing with expected completion in 2025. The Authority has placed $130 million of assets in service. This Four-Year Financial Plan includes revenues and costs associated with the Authority's portion of this project.

## CENTRAL EAST ENERGY CONNECT

On August 1, 2014, the Public Policy Transmission Planning Process administered by the NYISO invited solicitations to address the AC Transmission Public Policy need for new transmission lines to relieve the congested Central East and upstate New York/SENY transmission interfaces. In June 2018, the Authority and North America Transmission ("NAT") entered into a Participation Agreement which granted the Authority the option to secure an ownership interest of up to 37.5% in the projects that they jointly proposed.

In April 2019, the NYISO board selected the project proposed by LS Power Grid New York, LLC ("LS Power", formerly known as NAT) to increase transfer capability from central to eastern New York. The project, known as CEEC, proposed by NYPA and LS Power includes the construction of more than 90 circuit-miles of new 345 kV and 115 kV transmission lines, two new substations and several modifications to existing substations along the impacted transmission corridor.

NYPA originally funded 33% of the CEEC development costs and exercised its 37.5% purchase option in July 2021, bringing the Authority's total authorized project costs to $240 million.

FERC authorized NYPA's recovery of a facility charge for CEEC project costs, adopted per a NYISO filling made on behalf of NYPA. The Authority is recovering its costs associated with the project through its FERC approved cost recovery mechanisms in its ATRR formula rate, which include an incentive rate of return applied to the Authority's "Construction Work in Progress" balances for the project. Construction is ongoing with expected energization by the end of 2023. This Four-Year Financial Plan models estimated revenues and costs associated with the project.

## Y-49 TRANSMISSION LINE

NYPA completed the Y-49 Transmission Line ("Long Island Sound Cable") Nassau segment reconductoring project, authorized by the NYPA Board of Trustees in October 2021.

The Long Island Sound Cable traverses Westchester County, the Long Island Sound, and Nassau County, delivering 600 MW of power from upstate regions to Long Island communities. The circuit was commissioned in 1991 and throughout its near 30-year operating history has seen minimal investment outside of normal operational, maintenance, and emergent expenditures. Given the history of cable faults seen within the past few years, reconductoring of the Nassau section was required.

The Reconductoring Project consists of replacing approximately 10 circuit-miles of the Long Island Sound Cable from Port Washington to East Garden City in Nassau County. In addition to the reconductoring, the project includes enhancement of the cable system's ancillary cable components and substation equipment, including upgrades to steel-pipe protection, fiber-optic replacements, new manhole installation and existing manhole refurbishment, and refurbishment of the oil-pump plants at two substation locations on the Nassau segment.

Reconductoring commenced in the fall of 2022 and was completed on schedule, with the feeder successfully returned to service in May 2023.

The Authority estimates a total project cost of $85 million, which will be recovered through NYPA's Transmission Revenue Requirement. This Four-Year Financial Plan includes revenues and costs associated with this project.

## PROPEL NY ENERGY

In response to the August 2021 NYISO's Long Island Offshore Wind Export Public Policy Transmission Need ("LI PPTN") competitive project solicitation, NYPA and New York Transco collaborated and proposed Propel New York Energy ("Propel NY"), a suite of seven transmission solutions, addressing the Long Island offshore wind export needs. On June 13, 2023, the NYISO Board of Directors selected one of the Propel New York Energy transmission solutions as the most efficient and cost-effective transmission solution. The project proposed by NYPA and New York Transco includes the construction of approximately 90 miles of new underground 345 kV and 138 kV Alternating Current ("AC") transmission lines, including three new 345 kV AC transmission tie lines out of Long Island, construction of several new substations, and the modification of several existing substations.

Propel NY will benefit energy consumers by providing transmission capability to deliver at least 3,000 MW from offshore wind projects – advancing the state closer to its goal of 9,000 MW of offshore wind energy by 2035, and will provide effective flexibility under a wide range of operating conditions.

The total estimated cost for Propel NY is approximately $3.2 billion including upgrades. NYPA has committed to invest a minimum of $500 million with an option to increase the investment, subject to the Board of Trustees approval.

The targeted in-service date for Propel NY is mid-2030.

## EAST GARDEN CITY SUBSTATION UPGRADE

NYPA, as incumbent transmission owner, has exercised its Right of First Refusal ("ROFR") to perform the identified Designated Public Policy Project ("DPPP") at the East Garden City Substation in Garden City, New York. The East Garden City Upgrade ("EGC Upgrade") will allow for the intertie of three new lines proposed by Propel NY to the 345 kV system at an expanded substation featuring new electrical bus arrangement, voltage control equipment, and protection systems made to a modern standard.

The total estimated cost for the EGC Upgrade is approximately $200 million. The costs for the EGC Upgrade will be recovered through NYPA's existing formula rate.

The targeted in-service date for the EGC Upgrade is mid-2029.

## HUDSON TRANSMISSION PROJECT

In 2011, the Board of Trustees authorized NYPA to enter into an agreement with Hudson Transmission Partners, LLC ("HTP"). The agreement, known as the Firm Transmission Capacity Purchase Agreement ("FTCPA"), was entered into for the purchase of capacity to meet the long-term requirements of the Authority's NYC Governmental Customers and to improve the transmission infrastructure serving New York City. The agreement addresses this need through the provision of transmission capacity on the HTP transmission line. The line extends from Ridgefield, New Jersey (connected at Public Service Electric and Gas Company's Bergen substation) on the PJM Interconnection, LLC ("PJM") transmission system, to the Consolidated Edison Company of New York, Inc.'s ("Con Edison") West 49th Street substation. Under the FTCPA, the Authority received entitlement to 75% of the line's 660 MW capacity for 20 years while reimbursing HTP for the cost of interconnection and transmission upgrades in New York and New Jersey associated with the line. These upgrades have been completed at a total cost to the Authority of $335 million. NYPA's obligations under the FTCPA also include payment of the Regional Transmission Expansion Plan ("RTEP") charges allocated to HTP, which are significant.

On March 31, 2017, the Authority and HTP amended the FTCPA to, among other changes, create a mechanism for HTP to relinquish its Firm Transmission Withdrawal Rights ("FTWRs") and increase the Authority's leased portion of the line's capacity from 75% (495 MW) to 87% (575 MW) at a monthly capacity charge rate that represents a decrease in the unit price (on a $/MW-month basis) paid to HTP in the original FTCPA.

PJM's RTEP cost allocation methodology for certain upgrades was challenged at FERC in numerous proceedings by Con Edison, the Authority, HTP and other New York parties. These challenges to FERC were elevated to the District of Columbia Circuit of the U.S. Court of Appeals. In August 2022, the Court of Appeals determined that PJM's methodology was flawed, which may result in refunds to NYPA; however, FERC has not yet acted on the court's remand. A separate challenge is still pending before the Court of Appeals. It is estimated that the revenues derived from NYPA's rights under the FTCPA will not be sufficient to cover the Authority's costs during the 20-year term of the FTCPA. The Authority estimates HTP to be approximately $100 million per year, net cost.

## GRANTS

Legislation at the federal and state levels have provided potential additional competitive sources of funding for NYPA and Canal Corporation capital programs. To access the additional funding, each organization must apply for consideration to the relevant federal or state entity. Funding will only be pursued to offset the costs of approved capital projects that are aligned with the Authority's core mission, VISION2030, and/or CLCPA. In 2023, NYPA and Canal Corporation submitted 11 applications seeking a total of $355.7 million in funding for transmission, revitalization of hydropower facilities, and hazard mitigation projects.

NYPA and the Canal Corporation also continue to pursue recovery funds tied to previous extreme weather events and the COVID-19 pandemic though the FEMA. The Canal Corporation has recovered $1.8 million in funding for weather events dating back to 2019 and continues to work with FEMA and the New York State Department of Homeland Security and Emergency Services ("NYSDHSES") to finance projects to rehabilitate and dredge portions of the Canal System affected by storms. In addition, NYPA continues to work closely with the New York State Division of Budget and NYSDHSES to recoup the over $21 million of costs related to the response to COVID-19. To date, nearly $4.1 million has been obligated by NYSDHSES and FEMA for these expenses.

### PURCHASED POWER EXPENSES

Energy, capacity, and ancillary service purchases made on behalf of customers (except for those made through previously approved power purchase agreements) are assumed to be transacted at the market clearing price in the wholesale market. For purposes of developing this Four-Year Financial Plan, projected energy rates are based on published forward price curves, while capacity rates are based on internally developed capacity curves using external pricing sources such as broker quotes and trading platforms.

### FUEL EXPENSES

Fossil-fuel purchases in this Four-Year Financial Plan are based on expected net generation levels determined with an economic dispatch model for the Authority's plants and on available forward fuel price curves. Fuel expenses also include the costs associated with emission credit requirements under the Regional Greenhouse Gas Initiative ("RGGI"). RGGI requires the Authority to buy emission credits for its fossil-fuel plants, and the Authority also purchases such credits for the contracted Astoria Energy II plant. The projections for RGGI costs are based on projected emission rates and forecasted consumption of natural gas and oil, with such costs recovered either through specific customer contract pass-through provisions or from the wholesale market.

### TRANSPORTATION AND DELIVERY EXPENSES

Transportation and Delivery (i.e., the transmission and/or delivery of power and energy to customers over the lines of a third party) expenses are based on contractual and/or tariff rates of the service provider and are recovered through customer rates or pass-through provisions in customer contracts.

### CANAL CORPORATION

Effective January 1, 2017, the Canal Corporation became a subsidiary of the Authority, and the Authority assumed certain powers and duties relating to the Canal System to be exercised through the Canal Corporation. The Canal Corporation operates at a loss and is expected to require substantial operating and maintenance support and capital investment. The Canal Corporation's expenses are expected to be funded by transfers of funds from the Authority. Any transfer of funds would be subject to approval by the Authority's Board of Trustees and in compliance with the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented. Certain expenses eligible for reimbursement are expected to be reimbursed to the Authority by moneys held in the Canal Development Fund maintained by the State Comptroller and the Commissioner of Taxation and Finance.

On January 29, 2020, the Board of Trustees authorized an investment of up to $300 million over five years for the Reimagine the Canals initiative ("Reimagine the Canals") and approved $30 million to fund Reimagine the Canals in 2020. Reimagine the Canals encompasses three prongs: (1) funding for economic development projects in communities along the Canal System, (2) funding for projects that will help prevent ice jams and related flooding, and (3) funding for projects related to mitigation of drought impacts on agriculture, expansion of fishing opportunities, flood mitigation, invasive species prevention, and ecosystem restoration.

Given the age of the Canal System, the Authority expects significant maintenance and capital investments will be required to assure the Canal System's continuing operation. The Authority's budget and financial plan for the Canal System and the Reimagine the Canals initiative combined, for 2024-2027 includes operating and capital expenditures necessary to operate, maintain, and repair the system. The Authority will continue to evaluate the condition of the Canal System and expects to allocate additional funding if deemed necessary through its annual budgeting process or reduce funding if efficiencies are found. The Authority is also exploring additional funding opportunities through state and federal programs.

### ELECTRIC VEHICLE ACCELERATION INITIATIVE

As of August 31, 2023, approximately $39 million of an allocated $100.3 million has been spent for an electric vehicle acceleration initiative called EVolve New York. The Authority will own and operate a charging network of 400 Direct Current Fast Chargers across the state, the first of which became operational in September 2020.

### ECONOMIC OUTLOOK AND VIEW ON ENERGY MARKETS

The near-term economic outlook in New York State and the United States is uncertain. In 2022, as the economy emerged from the pandemic, inflation surged, necessitating drastic action by the Federal Reserve, which has raised short term interest rates to their highest level in decades. The economy has shown remarkable resilience in response to the restrictive monetary policy, maintaining high levels of employment and demonstrating continued Gross Domestic

Product ("GDP") growth. Over the course of 2023, inflation has eased; however, it remains well above target, raising the question whether the Federal Reserve will continue raising rates or maintain rates at current levels for an extended period. In addition to the fight against inflation, there are a number of other potential headwinds that could tip the economy into recession, the most significant of which is the geopolitical turmoil in the Middle East, which could impact oil prices, energy markets, and the economy more broadly. At the same time, the New York State and U.S. economies will enjoy a tailwind from fiscal policy, particularly the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and the CHIPS Act, which will spur investment and continued economic growth. The continued strength of the labor market is an encouraging sign for avoiding recession in the near term, but it could portend a demographic drag on the economy longer term, with retirements and low population growth decreasing the ratio of workers to retirees.

As it relates to NYPA's financial plan, it is worth noting that the correlation between economic growth (measured in terms of GDP) and electricity consumption has been diminishing over the past decade. Moreso than macro-economic conditions, the Authority's financial outlook is driven by New York's electricity market, which is evolving due to the CLCPA. In contrast to New York's 7% drop in electricity consumption over the past decade, the NYISO is now projecting 1% annual load growth over the coming decade and 3% annual growth over the subsequent decade, due largely to New York's efforts to electrify transportation and building heating. Despite healthy load growth, prices in New York's wholesale electricity market are expected to decline in the longer term, due to the expected influx of low marginal cost renewable resources to achieve the CLCPA's 70% by 2030 renewable energy goal.

Energy prices in New York State continue to experience volatility. Beginning in early 2023, energy pricing turned bearish as the natural gas market returned to an oversupplied situation, particularly in the northeast U.S. Northeast natural gas prices decreased by roughly 70% compared to a year ago. S&P Global Platt's gas forwards show the outer years to be near current levels. Domestic gas storage tops the five-year average by 5%, whereas one year ago it was trailing behind by 12-15%. 2023 began with a record warm winter, which reduced the nation's heating demand. Along with natural gas pricing, NYISO zonal prices have decreased precipitously, reaching levels 50-70% lower than 2022 actuals. However, there are still ongoing factors that can drive prices higher in the future, such as increased liquified natural gas demand, inflation, fewer coal and nuclear power plants, and seasonal weather events. Energy prices will continue to correlate with natural gas prices in the near term. The expectation for future energy pricing is mixed, and forward curves generally show prices fluctuating around recently observed levels, as New York State continues to transition away from traditional generators to renewables and new technology.

Pricing for market-based Ancillary Services increased in 2022 to historical levels and, while they have eased off, are still elevated above historical prices, and are expected to remain elevated over the next few years. As the market share of intermittent generation increases, the need for system flexibility is also likely to increase. As a case in point, in June 2023, the NYISO increased the daily requirement for the regulation market for various hours of the day.

Capacity prices are at historic highs for New York City and New York Rest of State ("ROS"). In 2023, the increase in the in-city Locational Capacity Requirement and peak load forecast provided support for NYC prices. Likewise, the increase in the Installed Reserve Margin ("IRM") and NYISO peak load forecast provided support for ROS prices. The current expectation for 2024-2025 is that NYC and ROS prices will likely show significant near-term strength, due to expected asset retirements and anticipated higher IRM.

The RGGI is a mature program at this point. Recent trends indicate that CO2 allowance pricing will continue to move higher in the future, whether through RGGI and/or supported by a future state-level program, which could apply further upward pressure on wholesale power prices in the coming years. This represents an opportunity for renewable generators and providers of energy efficiency and energy management services.

*The financial information and projections contained under this section are included solely for informational purposes. NYPA has prepared this information based on information available to it, including information derived from public sources that NYPA believes are reliable but has not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions expressed therein. Although NYPA believes the market data and other information is reliable, it is not warranted as to completeness or accuracy, is subject to change without notice, and NYPA accepts no responsibility to update such information after its date.*

### INVESTMENT INCOME

Investment of the Authority's funds is administered in accordance with the applicable provisions of the Bond Resolution and within the Authority's investment guidelines. These guidelines comply with the New York State Comptroller's investment guidelines for public authorities and were adopted pursuant to Section 2925 of the New York Public Authorities Law.

The Authority's investments include (a) collateralized certificates of deposit, Certificate of Deposit Account Registry Service ("CDARS") or similar Federal Deposit Insurance Corporation ("FDIC"-insured), products, time deposits and money market funds, (b) direct obligations of or obligations guaranteed by the United States of

America or the State of New York, (c) obligations issued or guaranteed by certain specified federal agencies and any agency controlled by or supervised by and acting as an instrumentality of the United States government, (d) obligations of any state or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which is rated in any of the three highest long-term rating categories, or the highest short-term rating category, by nationally recognized rating agencies, (e) repurchase and reverse repurchase agreements ("Repurchase Agreements"), including "gestation" repurchase agreements of treasury or agency-backed collateral with a physical trust certificate from a Federal Industry Regulatory Authority ("FINRA") licensed broker dealer, and (f) Guaranteed Investment Contracts or GIC Funds issued by creditworthy insurance companies and collateralized by issuer's general or separate account assets, with no more than $50 million invested in any one contract or fund.

## INTEREST RATES

In response to a tight labor market and rising inflation from an overheated economy, the Federal Open Market Committee has so far raised the target range of the federal funds rate by 100 basis points in 2023, with more hikes expected into 2024, according to committee member projections. Since 2022, the Federal Reserve has raised the federal funds rate by more than 500 basis points.

### U.S. Treasury Yield Curve Forecast

| | 2-Year | 5-Year | 10-Year | 30-Year |
|---|---|---|---|---|
| 4Q '23 | 5.00 | 4.70 | 4.75 | 4.90 |
| 1Q '24 | 5.00 | 4.70 | 4.75 | 4.90 |
| 2Q '24 | 4.90 | 4.60 | 4.65 | 4.85 |
| 3Q '24 | 4.80 | 4.55 | 4.60 | 4.80 |
| 4Q '24 | 4.60 | 4.50 | 4.55 | 4.75 |
| 1Q '25 | 4.45 | 4.40 | 4.50 | 4.70 |

Source: Goldman Sachs Global Investment Research, Bloomberg.

## OPERATIONS AND MAINTENANCE EXPENSES

### Operations and Maintenance Forecast by Cost Element
*(In $ Millions)*

| | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| **Payroll** | | | | |
| Regular Pay | $304.4 | $312.6 | $321.0 | $329.7 |
| Overtime | 14.6 | 15.0 | 15.4 | 15.9 |
| Other Payroll | 8.7 | 8.8 | 8.9 | 9.0 |
| **Total Payroll** | **327.7** | **336.4** | **345.4** | **354.6** |
| **Other Operations and Maintenance** | | | | |
| Benefits | 147.1 | 152.3 | 157.7 | 163.2 |
| Materials/Supplies | 32.4 | 33.2 | 34.0 | 34.9 |
| Fees | 13.3 | 13.7 | 14.1 | 14.6 |
| Office and Stationery | 30.2 | 31.0 | 31.8 | 32.6 |
| Maintenance Repair, Service Contracts and Consultants | 253.9 | 286.4 | 286.0 | 292.1 |
| **Total Other** | **476.9** | **516.5** | **523.6** | **537.5** |
| **Charges to** | | | | |
| Outside Agencies | (2.1) | (2.1) | (2.2) | (2.2) |
| Capital Programs | (69.3) | (71.2) | (73.1) | (75.2) |
| **Total Charges** | **(71.4)** | **(73.3)** | **(75.3)** | **(77.4)** |
| Research and Development | 15.2 | 13.2 | 13.2 | 13.2 |
| **Total Operations and Maintenance** | **$748.5** | **$792.9** | **$806.9** | **$827.9** |

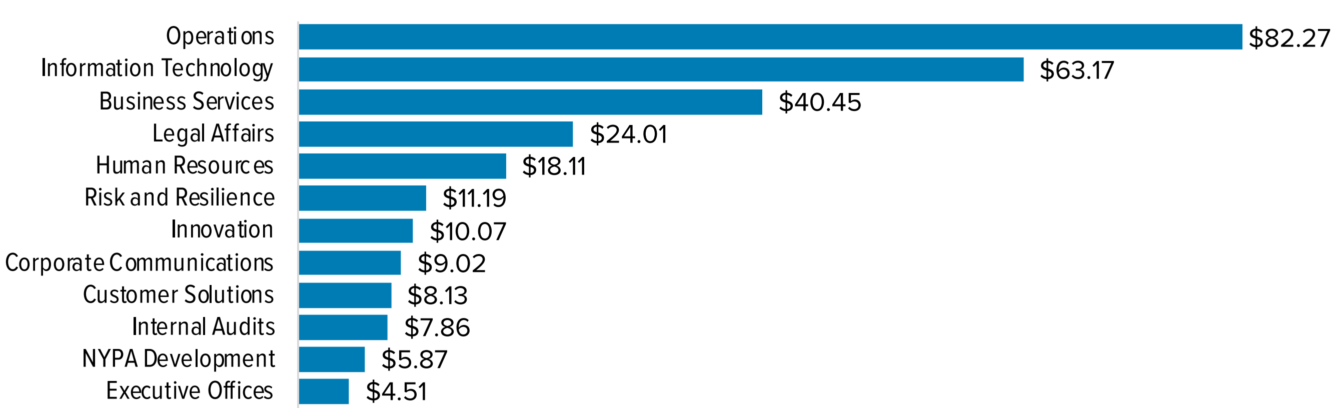
## Detailed Breakout of 2024 Operations and Maintenance by Facility
*(In $ Millions)*

| Profit Center | Site Operations and Maintenance | HQ | Research and Development | Total |
|---|---|---|---|---|
| Niagara | $70.6 | $83.9 | $4.1 | $158.5 |
| St. Lawrence | 38.3 | 33.3 | 2.5 | 74.1 |
| Blenheim-Gilboa | 25.2 | 16.3 | 0.5 | 42.0 |
| Small Clean Power Plant | 26.5 | 11.8 | 0.4 | 38.6 |
| Flynn | 9.2 | 8.4 | 0.3 | 17.9 |
| Small Hydro | 8.4 | 5.3 | 0.2 | 13.9 |
| Zeltmann | 39.0 | 19.8 | 0.6 | 59.3 |
| Recharge NY | 1.8 | 1.3 | 0.0 | 3.2 |
| SENY | 3.1 | 3.2 | 0.1 | 6.3 |
| Transmission | 51.0 | 101.4 | 6.5 | 158.9 |
| **Total Sites, HQ and Research and Development** | **$273.1** | **$284.7** | **$15.1** | **$572.9** |

| Non-Utility Profit Centers ($) | |
|---|---|
| CES | $24.0 |
| DER | 3.4 |
| NYEM Platform | 2.9 |
| Green Power Supply Products | 1.5 |
| eMobility | 3.1 |
| EV Charging | 5.4 |
| Large Energy Storage | 0.3 |
| **Total NYPA Operations and Maintenance** | **$613.3** |
| **Total Canals Operations and Maintenance** | **$107.8** |
| **Total SFP** | **$27.3** |

## Further Breakout of NYPA 2024 Headquarters Expenses
*(In $ Millions)*

### NYPA Corporate and Operations Headquarters $284.66M



### DEPRECIATION AND AMORTIZATION EXPENSES

The provisions for depreciation for utility plants result from the application of straight-line rates determined by age life studies of assets in service. The rates are applied to groups of depreciable capital assets. The related depreciation provisions on December 31, 2022, expressed as a percentage of average depreciable capital assets was 2.9%.

### OTHER EXPENSES

The Other Expenses category largely reflects various accruals and other miscellaneous expenses (e.g., payments to the NNYED and WNY funds) some of which require Board of Trustees authorization on a case-by-case basis.

### CAPTIVE

Legislation enacted in May 2022 (Chapter 193 of the Laws of 2022) amended the State insurance law to provide the Authority with the legal authority to form a pure captive insurance company enabling the Authority to effectively provide coverage for risks that are not currently insured, not insurable on the traditional commercial markets, or prohibitively expensive to insure through the commercial markets and to provide the Authority with related tax exemptions.

On September 29, 2022, the Authority's Board of Trustees approved the formation of a subsidiary corporation to be called the NYPA Captive Insurance Company (the "Captive") and the Authority has since filed its application for a license with the New York State Department of Financial Services (the "DFS"). On May 2, 2023, the DFS issued the Certificate of Incorporation for the Captive, and the Captive's Board of Directors held an organization meeting on May 25, 2023. The DFS issued the requisite license to operate to the Captive on July 25, 2023. The Captive has initially underwritten a TRIA ("Terrorism Risk Insurance Act") Certified NBCR ("Nuclear, Biological, Chemical, Radiological and Cyberterrorism") Terrorism policy with aggregate limit of $500, which policy has a federal backstop, as well as a property deductible reimbursement line in the amount of $5 million per occurrence. It is anticipated that the existence of the Captive will result in cost savings to the Authority by reducing the need for commercial insurance and creating an efficient and effective claims handling process which will further enable the Authority to manage its overall risk more effectively and economically.

### SEPARATELY FINANCED PROJECTS ("SFP")

In January 2022, the Authority's Trustees authorized the issuance of Green Transmission Project Revenue Bonds. Series 2022A (the "Transmission Revenue Bonds"), under a new Transmission Bond Resolution, separate and apart from the Authority's General Bond Resolution. The Transmission Revenue Bonds were issued on a tax-exempt basis, in an aggregate principal amount of approximately $608 million, during April 2022.

The proceeds from the issuance of the Transmission Revenue Bonds will be used to fund all capital expenditures related to the on-going Smart Path and CEEC transmission construction projects (the "2022A SFP Transmission Projects"); reimburse expenses related to Transmission Revenue Bonds project costs; and to pay financing and other costs relating to the issuance of the Transmission Revenue Bonds.

In September 2023, the Authority's Trustees authorized the issuance of Green Transmission Project Revenue Bonds, Series 2023A, under the Transmission Bond Resolution established in 2021, which is separate and apart from the Authority's General Bond Resolution. In November 2023, Transmission Revenue Bonds will be issued on a tax-exempt basis, in an aggregate principal amount of approximately $734 million.

The proceeds from the issuance of the Transmission Revenue Bonds will be used to fund all capital expenditures related to the on-going Smart Path Connect Project (the "2023A SFP Transmission Project"); reimburse expenses related to 2023A SPF Transmission Project costs; and to pay financing and other costs relating to the issuance of the Transmission Revenue Bonds. The Transmission Revenue Bonds are neither payable from, nor secured by, revenues pledged directly or indirectly under the Authority's General Bond Resolution. The Transmission Revenue Bonds are limited obligations of the Authority, payable solely from and secured by the SFP Transmission Trust Estate pledged under the Transmission Bond Resolution. This resolution includes, but is not limited to, the revenues (net of operating costs) allocable to the 2023A SFP Transmission Projects. The SFP Transmission Trust Estate does not include any real property, structures, facilities, or equipment owned by the Authority.

## d. SELF-ASSESSMENT OF BUDGETARY RISKS

Set forth below is a summary of key risks associated with the Authority's assets and operations. The following discussion of risks is intended only as a summary and does not purport to identify all the risk factors that may affect the Authority's assets and operations. Any one or more of the factors discussed and others could adversely affect the Authority's operations, assets, revenues, and expenses to an extent that cannot be determined at this time.

NYPA's business units represent the first line of defense in identifying and mitigating risk within each of their verticals. This is complemented by a robust, ongoing assessment process, overseen by the Authority's Risk and Resilience group and through legal review.

During the annual budgeting process, the Financial Planning and Analysis team is responsible for consolidating information received from various departments at NYPA that are input into the financial forecast. The team actively engages and challenges all assumptions while working towards representing the most likely future financial outcome for the Authority. Additionally, the Board of Trustees authorized an enterprise-wide risk management program through an established Risk Management group that supports the business with the identification, assessment, mitigation, and monitoring of risks.

NYPA's enterprise risk and resilience efforts are guided by the principles of ISO-31000 Risk Management and COSO Enterprise Risk Management and support risk-informed decision-making across the organization. NYPA Risk Management utilizes a five-step risk lifecycle for managing risks: identify, assess, respond, monitor, and report. Risks and opportunities can be identified from various sources. Examples of possible internal and external sources for risk identification include employees, benchmarking, contractors, industry-relevant reports, and professional networks. Methods to identify risks include assessments, surveys, workshops, audits, business planning/brainstorming, and incident response.

NYPA Risk Management maintains a Risk Register and an Enterprise Governance, Risk and Compliance system. Risk assessments are typically performed using a 5X5 risk rating matrix which maps impact and likelihood across several risk impact types and likelihood ranges.

Enterprise risks are reported by the Risk Management department to the Executive Risk and Resilience Management Committee and are included in an annual report to the Board of Trustees.

## ENTERPRISE LEVEL RISKS

### REGULATORY ENVIRONMENT RISKS

Congressional, state, and regulatory action for the increased regulation of air, water and contaminants is periodically considered, and there are potential legislative and regulatory proposals which may affect the electric utility industry, including the Authority. It is not possible to predict whether any of such bills or other bills of a similar type which may be introduced will be enacted. In addition, from time to time, legislation is enacted into New York State law that purports to impose financial and other obligations on the Authority, either individually or along with other public authorities or governmental entities. The applicability of such provisions to NYPA would depend upon, among other things, the Authority's operations of any such proposals is not predictable or quantifiable.

On July 18, 2019, the state enacted the CLCPA as Chapter 106 of the Laws of 2019 ("Chapter 106"). The date upon which most provisions of Chapter 106 will become effective are dependent on the date that related legislation becomes effective.

Several provisions of Chapter 106 could potentially impact the Authority's business and operations, such as the following: (1) provisions authorizing the state Department of Environmental Conservation to promulgate regulations establishing limits on statewide greenhouse gas ("GHG") emissions and to ensure

compliance with such limits; (2) a requirement that specified state entities, including the Authority, adopt regulations to contribute to achieving statewide GHG emissions; (3) a requirement that state entities, including the Authority, assess and implement strategies to reduce GHG emissions; (4) consideration of whether actions that the Authority would undertake in the course of its operations are consistent with state GHG emission limits that will be established pursuant the enactment; and (5) potential allocation or realignment of resources to support the state's clean energy and energy efficiency goals for disadvantaged communities.

Many of the provisions of Chapter 106 that could impact the Authority are not likely to be implemented for several years, based on deadlines established in the enactment. Therefore, the Authority cannot evaluate the impact of any particular provision of Chapter 106 on the Authority's business and operations at this point.

### LEGISLATIVE ENVIRONMENT RISKS

Section 1011 of the Act constitutes a pledge of the state to owners of Authority obligations not to limit or alter the rights vested in the Authority by the Act until such obligations together with the interest thereon are fully met and discharged or unless adequate provision is made by law for the protection of the owners thereof. Bills are periodically introduced into the State Legislature which propose to limit or restrict the powers, rights and exemption from regulation which the Authority currently possesses under the Power Authority Act and other applicable law or otherwise would affect the Authority's financial condition or its ability to conduct its business, activities, or operations, in the manner presently conducted or contemplated hereby. It is not possible to predict whether any such bills or other bills of a similar type which may be introduced in the future will be enacted.

### HYDROPOWER GENERATION RISK

The Authority's net income is highly dependent upon generation levels at its Niagara and St. Lawrence-FDR power projects. The generation levels are a function of the hydrological conditions prevailing on the Great Lakes – primarily, Lake Erie (Niagara Power Project) and Lake Ontario (St. Lawrence-FDR Power Project). The long-term generation level at the two projects is approximately 20.3 terawatt-hours ("TWH") annually. NYPA's hydroelectric generation forecasts are as follows, 22.0 TWH in 2024, 22.4 TWH in 2025, 22.8 TWH in 2026, and 23.1 TWH in 2027.

Environmental or external factors (e.g., climate change, precipitation, flooding, and ice conditions) can cause hydrological conditions to vary considerably from year to year. Hydropower generation may also face risks due to transmission line constraints within the region impacting the ability to generate energy and increased competitiveness of other types of renewable generation. Since the establishment of the power projects, the average standard deviation is approximately 2 TWH. For every half a TWH movement, the estimated net income impact is $15 million based on market prices.

### SUSTAINED MARGIN REDUCTION AND COMMODITY MARKET PRICE VOLATILITY RISK

Through its participation in the NYISO and other commodity markets, NYPA is subject to energy price, fuel price, and capacity price risks that impact the revenue and purchased power streams of its facilities and customer market areas. Volatility can have both a detrimental and advantageous effect on NYPA's financial condition.

To moderate cost impacts to its customers and itself, NYPA, at times, hedges market risks via the use of financial instruments and physical contracts. Commodities hedged include natural gas, natural gas basis, aluminum, energy, capacity, and congestion costs associated with the transmission of electricity. Hedges mitigate the cost of energy or related products, uncertainty in the price of energy and related products sold by NYPA, risk related to electric margins from electric sales versus fuel use where NYPA owns generation or other capacity, and geographic cost differentials of energy procured or sold for transmission or transportation to an ultimate location. Hedges effectuated on behalf of NYPA's customers are passed through, at cost, as provided for in customer contracts. On July 21, 2010, President Barack Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") which addresses, among other things, interest rate and energy-related commodity swap transactions of the type in which NYPA engages. The requirements and processes are set forth in regulations promulgated by the Commodities Futures Trading Commission ("CFTC"). Pursuant to CFTC rules, the swaps solely to manage its risk, is exempt from posting collateral beyond that of any existing credit support annexes in support of its open over-the-counter hedge positions.

These CFTC rules are not anticipated to have significant impact on NYPA's liquidity and/or future risk mitigation activities. CFTC and Dodd-Frank rules are still being promulgated, and the Authority will continue to monitor their potential impact on its liquidity and/or future risk mitigation activities.

### DISRUPTIVE INNOVATION AND CUSTOMER ENERGY CHOICES

Transformative technologies and customer empowerment create uncertainty for the Authority and the electric utility industry that can produce new business opportunities or reduced demand for electric energy. Through its Strategic Planning and Risk Management processes, NYPA regularly evaluates its mission, objectives, and customer needs, and seeks to appropriately position itself to effectively meet the challenges of the transforming electric industry. This is done through the use of a long-term asset management strategy and a suite of customer solutions, including new/modified product offerings. The impact on NYPA's operations of any such industry transformation is not predictable or quantifiable.

### ATTRACT, DEVELOP, AND RETAIN A DIVERSE AND QUALIFIED WORKFORCE

Like many other industries, the power and utility sectors are seeing increased competition for, and a general shortage of, talent in high-skilled areas. This is expected to continue and be further impacted by transformations in the industry where new technologies are being developed and deployed. The Authority recognizes the uncertainty with being able to attract and retain the skills and competencies needed to meet objectives. NYPA regularly evaluates and positions its recruiting, talent development and benefits programs accordingly, through its workforce planning strategic initiative and other ongoing efforts.

### CYBER AND PHYSICAL SECURITY

The federal government recognizes the electric utility industry as critical infrastructure and works closely with the industry to ensure awareness of ongoing threats and that appropriate protections are in place against physical and cyber-attacks. NYPA constantly assesses the nature of these risks and adjusts its resources to best anticipate and respond to any threats.

Investments to harden physical and cyber assets, and their related infrastructure, are continually assessed to minimize potential adverse impacts to the Bulk Electric System, detect and deter sabotage attempts, and protect the Authority and its customer information. NYPA maintains a comprehensive cyber security program consisting of preventive and detective controls that are fully integrated into its digital ecosystem. The program includes extensive external partnerships with industry organizations and government agencies to share best practices as well as classified and unclassified threat intelligence to keep pace with the threat landscape. The program is continually re-evaluated to ensure the effectiveness of the controls. NYPA engages a third-party to conduct an annual independent assessment of program maturity against the National Institute of Standards and Technology ("NIST") Cybersecurity Framework. NYPA further mitigates the financial impact resulting from a cyber event through the purchase of cyber insurance. Any cyber acts considered terrorism would be covered through NYPA's property policy and/or TRIA.

### DATA MANAGEMENT

NYPA leverages its connectivity, analytics, and digital infrastructure to optimize physical and data assets, enable its workforce and empower customers. Collecting, managing, evaluating, and protecting the increased data associated with enhanced digitization efforts introduces additional risk exposure. NYPA has classified its data based on risk tiers and utilizes an information architecture map to visualize the systems in use. Cyber security solutions, as well as resiliency risk management planning tools support the management of data at NYPA.

### BUSINESS CONTINUITY

A catastrophic natural event, such as severe weather, flooding, or an earthquake, can negatively affect the operations of the Authority's assets and the bulk electric system. NYPA regularly evaluates the resiliency of its assets. In addition, the Authority has implemented disaster planning programs relating to Emergency Management, Disaster Recovery and Business Continuity. These plans utilize an all-hazards approach to ensure the Authority's operating facilities and corporate offices are prepared to respond to any natural or man-made threat.

The Authority regularly conducts drills and exercises to ensure advance preparation for these types of events. NYPA maintains close working relationships with local first responders and government agencies to ensure its ongoing preparedness. An outbreak of disease or similar public health threat, such as a pandemic, or fear of such an event, could have an adverse impact on the Authority's financial condition and operating results.

### FRAUD AND INSIDER THREAT

The Authority recognizes the potential of insider activities perpetrated by personnel who have or had authorized access to NYPA facilities, information, or systems that could negatively impact the organization. Several functions across the Authority (e.g., Ethics and Compliance, Legal, Cyber Security, Physical Security, etc.) have controls in place that deter, detect, and mitigate discreet threats caused by insiders such as monitoring privileged users, managing remote access, limiting end points, enforcing separation of duties, and maintaining least privilege rights.

### ENVIRONMENTAL, SOCIAL, AND GOVERNANCE, AND DIVERSITY, EQUITY, AND INCLUSION

The Authority is accountable to its stakeholders to effectively manage ESG, and DEI risks as evidenced by the prominent inclusion in its VISION2030 strategic plan. Ineffective management of NYPA's ESG and DEI efforts may result in financial, reputational, or operational impacts.

The Authority relies on a robust and inclusive approach to ESG and DEI governance and uses a strategic governance framework to elevate concerns across all levels of leadership and key business units. This promotes the effective oversight, implementation, and disclosure of ESG and DEI goals, commitments, and initiatives.

### THIRD-PARTY RISK

The Authority recognizes the potential risk exposure of its third-party portfolio. A limited supply base, supply chain disruption, geopolitical tensions, and changes in supplier laws and regulations can increase third-party risk exposure to NYPA if not managed adequately.

The Authority has a dedicated Strategic Supply Management team that works in conjunction with other business units and third parties to understand their plans for local/domestic sourcing, instead of relying on manufacturing equipment from overseas to identify readily available alternatives and increase business resiliency.

NYPA maintains focus on key partners and vendors to ensure quality products and services are delivered and are aligned with ESG/DEI goals.

### CANAL CORPORATION

The Authority has identified key risk areas relating to the Canal Corporation and continues to employ and assess risk mitigation options across multiple enterprise risk fronts to manage or reduce potential exposures. As part of the ongoing Canals management strategy, the Authority will adjust and allocate resources accordingly.

### COVID-19

The COVID-19 pandemic changed societal and business operation norms and impacted the risk profiles of organizations globally. Despite ongoing advancements in vaccine development and deployment, treatment alternatives, or the identification of additional COVID-19 variants, NYPA continues to mitigate its risk through proactive and robust pandemic responses plans. The Authority is well positioned to address future pandemic and business concerns by employing mitigation strategies such as an Incident Command System, Business Continuity Plans, and Return to Work procedural and physical modifications.

### CRITICAL INFRASTRUCTURE

NYPA is exposed to potential critical infrastructure failure that may lead to service disruption, injury and/or degradation of system reliability, all of which could impact financial results. The Authority engages in several activities to mitigate these risks, including ISO 55001 Asset Management certification, the purchase of insurance, redundancy of major equipment, capital investments, and a robust operations maintenance program.

Furthermore, the rigor of NYPA's Asset Management best practices has improved consistent use of data to understand asset health and enhanced monitoring of asset conditions to allow NYPA to prioritize investment based on risk. This has ensured that NYPA is prepared for energy industry transformations that are imminent to support meeting New York State's environmental goals.

### WORKFORCE HEALTH AND SAFETY

NYPA is exposed to a variety of health and safety risks. The health and safety of NYPA's workforce, customers, contractors, and the citizens of New York State are of the highest priority to the Authority. NYPA has multiple levels of controls, policies, procedures, and training programs in place to reduce and/or eliminate health and safety risks to the public and its workforce.

## LITIGATION RISK

### ST. REGIS LITIGATION

In 1982 and 1989, several groups of Mohawk Indians, including a Canadian Mohawk tribe, filed lawsuits (the St. Regis litigation) against the state, its governor, St. Lawrence, and Franklin counties, the St. Lawrence Seaway Development Corporation, the Authority, and others. The plaintiffs claimed ownership of certain lands in St. Lawrence and Franklin counties, in addition to Barnhart, Long Sault, and Croil islands. These islands are within NYPA's St. Lawrence-FDR Power Project and Barnhart Island is the location of significant NYPA facilities. Settlement discussions were held periodically between 1992 and 1998. In 1998, the Federal government intervened on behalf of all Mohawk plaintiffs.

The parties agreed to a land claim settlement, dated February 1, 2005, which, if implemented, would have included the payment by the Authority of $2 million a year for 35 years to the tribal plaintiffs and the provision of up to 9 MW of low-cost NYPA power for use on the reservation. The legislation required to effectuate the settlement was not enacted and the litigation continued.

In 2013, all claims against NYPA were dismissed at the District Court level. On May 28, 2014, New York State, the St. Regis Mohawk Tribe, St. Lawrence County, and the Authority executed a Memorandum of Understanding ("St. Regis MOU") that outlined a framework for the possible settlement of all the St. Regis land claims.

In the St. Regis MOU, the Authority endorses a negotiated settlement that, among other terms and conditions, would require NYPA to pay the tribe $2 million a year for 35 years and provide up to 9 MW of its hydropower at preference power rates to serve the needs of the tribe's reservation. The St. Regis MOU would require an Act of Congress to forever extinguish all Mohawk land claims prior to such a settlement becoming effective. In recent months, the various parties have made significant progress in resolving their lingering issues. In addition, the New York State Legislature passed, and Gov. Kathy Hochul signed into law legislation which will permit the governor to sign a final settlement agreement in this case. A federal law will be needed to effectuate the settlement. Also, the various parties will need to reduce the newer agreements in writing and incorporate the 2014 Memorandum of Understanding into the new final framework of agreements.

## MISCELLANEOUS

Additional actions or claims against the Authority are pending for the taking of property in connection with its projects, for negligence, for personal injury (including asbestos-related injuries), in contract, and for environmental, employment and other matters. All such other actions or claims will, in NYPA's opinion, be disposed of within the amounts of the Authority's insurance coverage, where applicable, or the amount which NYPA has available therefore and without any material adverse effect on its business.

### e. REVISED FORECAST OF 2023 BUDGET

**Revised Forecast of 2023 Budget**
*(In $ Millions)*

| | Original Budget 2023 | Revised Forecast 2023 | Variance Favorable / (Unfavorable) 2023 |
|---|---|---|---|
| **Operating Revenues** | | | |
| Generation Revenue | $957.4 | $865.9 | ($91.5) |
| Ancillary Service Revenue | 28.6 | 49.7 | 21.1 |
| Transmission and Other | 423.0 | 342.1 | (80.8) |
| SFP Net Income | 42.7 | 49.7 | 7.0 |
| Non-Utility Revenue | 34.4 | 32.1 | (2.4) |
| Pass-Through Revenue | 2,353.5 | 1,674.5 | (679.0) |
| **Total Operating Revenues** | **3,839.6** | **3,014.1** | **(825.5)** |
| **Operating Expenses** | | | |
| Purchased Power | (22.9) | (18.2) | 4.7 |
| Fuel Consumed - Oil and Gas | (76.9) | (32.4) | 44.5 |
| Transportation and Delivery | (249.9) | (167.9) | 82.0 |
| Pass-Through Expense | (2,353.5) | (1,674.5) | 679.0 |
| Operations and Maintenance | (640.1) | (619.6) | 20.4 |
| Other Expenses | (87.7) | (86.9) | 0.8 |
| **Total Operating Expenses** | **(3,430.9)** | **(2,599.4)** | **831.5** |
| **NET OPERATING INCOME** | **408.7** | **414.7** | **6.0** |
| **Non-Operating Income and Expenses** | | | |
| Depreciation and Amortization | (288.7) | (285.1) | 3.6 |
| Investment and Other Income | 26.7 | 46.5 | 19.8 |
| Interest and Other Expenses | (50.9) | (44.8) | 6.2 |
| **Total Non-Operating Income and Expenses** | **(312.9)** | **(283.4)** | **29.5** |
| **CONSOLIDATED NET INCOME** | **$95.8** | **$131.3** | **$35.5** |

### f. RECONCILIATION OF 2023 BUDGET AND 2023 REVISED FORECAST

As of September 2023, year-end net income is forecast to be $131 million, which is $35 million above budget. This variance is primarily due to lower-than-budgeted non-operating expenses, favorable ancillary service revenues, lower-than-budgeted fuel transactions associated with NYPA's fossil fleet, which are partially offset by diminished power prices.

## g. STATEMENT OF 2022 FINANCIAL PERFORMANCE

### Net Income - Actual vs. Budgeted for the Year Ended December 31, 2022
*(In $ Millions)*

| | Budget 2022 | Actual 2022 | Variance Favorable / (Unfavorable) 2022 |
|---|---|---|---|
| **Operating Revenues** | | | |
| Generation Revenue | $999.5 | $994.6 | ($4.9) |
| Ancillary Service Revenue | 28.9 | 52.1 | 23.2 |
| Transmission and Other | 191.6 | 530.9 | 339.3 |
| SFP Net Income | 35.3 | 13.0 | (22.3) |
| Non-Utility Revenue | 33.0 | 33.6 | 0.7 |
| Pass-Through Revenue | 1,633.4 | 2,357.9 | 724.5 |
| **Total Operating Revenues** | **2,921.6** | **3,982.2** | **1,060.6** |
| **Operating Expenses** | | | |
| Purchased Power | (22.9) | (66.5) | (43.5) |
| Fuel Consumed - Oil and Gas | (44.0) | (99.6) | (55.7) |
| Transportation and Delivery | (92.7) | (90.3) | 2.4 |
| Pass-Through Expense | (1,633.4) | (2,357.9) | (724.5) |
| Operations and Maintenance | (584.7) | (526.7) | 58.0 |
| Other Expense | (83.8) | (227.4) | (143.6) |
| **Total Operating Expenses** | **(2,461.5)** | **(3,368.4)** | **(906.9)** |
| **NET OPERATING INCOME** | **460.1** | **613.7** | **153.6** |
| **Non-Operating Income and Expenses** | | | |
| Depreciation and Amortization | (318.8) | (408.6) | (89.8) |
| Investment and Other Income | 18.0 | (10.3) | (28.4) |
| Interest and Other Expenses | (97.6) | (64.6) | 33.0 |
| **Total Non-Operating Income and Expenses** | **(398.3)** | **(483.5)** | **(85.2)** |
| **CONSOLIDATED NET INCOME** | **$61.8** | **$130.2** | **$68.4** |

The Authority had a net income of $130 million for the year ended December 31, 2022, compared to budgeted net income of $62 million, an increase of $68 million. The 2022 variance is primarily due to favorable power prices, increased fossil generation, and higher customer revenue, which are partially offset by unfavorable hedge settlements and above-average natural gas cost. In addition, higher than budgeted ATRR revenue of $37 million effective with the new rate year beginning in July 2022, higher than budgeted Flexible Alternating Current Transmission Systems revenue resulting from higher congestion pricing, and an increase to HTP revenue. These favorable variances are partially offset by higher operating costs and additional other expense.

### h. EMPLOYEE DATA – NUMBER OF EMPLOYEES, FULL TIME, FTEs, AND FUNCTIONAL CLASSIFICATION

#### Headcount Projections 2024-2027

| NYPA | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| Headquarters | 753 | 764 | 774 | 785 |
| Power Generation | 1,348 | 1,367 | 1,386 | 1,405 |
| Transmission | 272 | 276 | 280 | 284 |
| Research and Development | 11 | 11 | 11 | 11 |
| **Total NYPA[1]** | **2,384** | **2,418** | **2,452** | **2,485** |
| Canal Corporation | 537 | 537 | 537 | 537 |
| **Total NYPA and Canal Corporation** | **2,921** | **2,955** | **2,989** | **3,022** |

[1] Estimated positions including vacancies subject to authorization.

### i. GAP-CLOSING INITIATIVES – REVENUE ENHANCEMENT OR COST – REDUCTION INITIATIVES

When building a multi-year operating plan, NYPA has developed a series of contingency plans to adapt to unforeseen changes in its financial results. The Authority projects positive net income for the 2024-2027 period, constructed upon a level of expenses outlined within this Four-Year Financial Plan. If that net income projection materially changes during the forecast period, NYPA will take actions if deemed appropriate.

### j. MATERIAL NON-RECURRING RESOURCES – SOURCE AND AMOUNT

Except as discussed elsewhere in this report, there are no material non-recurring resources expected in the 2024-2027 period.

### k. SHIFT IN MATERIAL RESOURCES

There are no anticipated shifts in material resources from one year to another.

## I. DEBT SERVICE

### New York Power Authority Projected Debt Outstanding (FYE)
*(In $ Thousands)*

| NYPA | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| General Resolution Revenue Bonds[1] | $1,547,350 | $1,531,605 | $1,858,855 | $1,834,950 |
| Subordinated Notes | $35,440 | $33,825 | $32,155 | $30,435 |
| Commercial Paper Notes | $150,000 | $150,000 | $150,000 | $150,000 |
| **Grand Total** | **$1,732,790** | **$1,715,430** | **$2,041,010** | **$2,015,385** |

[1] 2026 Includes $350 million in new tax exempt and taxable bonds.

### Separately Financed Projects Projected Debt Outstanding (FYE)
*(In $ Thousands)*

| SFP | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| Transmission Resolution Revenue Bonds[1,2] | $1,324,080 | $1,303,695 | $1,269,635 | $1,706,395 |
| **Grand Total** | **$1,324,080** | **$1,303,695** | **$1,269,635** | **$1,706,395** |

[1] 2024 includes $731.67 million in new tax exempt bonds for Separately Financed Projects.
[2] 2027 includes $491.92 million in new tax exempt bonds for Propel NY.

### NYPA Debt Service as Percentage of Pledged Revenues (Accrual Based)
*(In $ Thousands)*

| NYPA | 2024 | | 2025 | | 2026 | | 2027 | |
|---|---|---|---|---|---|---|---|---|
| | Debt Service | % of Revenue | Debt Service | % of Revenue | Debt Service | % of Revenue | Debt Service | % of Revenue |
| Revenue Bonds | $81,359 | 3% | $84,346 | 2% | $102,036 | 3% | $102,025 | 3% |
| Subordinated Notes | $2,999 | 0% | $2,996 | 0% | $2,999 | 0% | $2,996 | 0% |
| Commercial Paper Notes | $8,084 | 0% | $8,162 | 0% | $8,337 | 0% | $8,241 | 0% |
| **Grand Total Debt Service** | **$92,442** | **3%** | **$95,504** | **3%** | **$113,373** | **3%** | **$113,263** | **3%** |
| **Debt Service Coverage Ratio[1,2]** | | **5.5X** | | **5.8X** | | **5.2X** | | **5.2X** |

[1] 2024 - 2027 excludes capitalized interest expense.
[2] Includes Long-Term Debt Only, Excluding Separately Financed Projects.

### SFP Debt Service as Percentage of Pledged Revenues (Accrual Based)[1]
*(In $ Thousands)*

| SFP | 2024 | | 2025 | | 2026 | | 2027 | |
|---|---|---|---|---|---|---|---|---|
| | Debt Service | % of Revenue | Debt Service | % of Revenue | Debt Service | % of Revenue | Debt Service | % of Revenue |
| Transmission Resolution Revenue Bonds | $79,934 | 60% | $84,826 | 52% | $98,390 | 45% | $119,922 | 48% |
| **Grand Total Debt Service** | **$79,934** | **60%** | **$84,826** | **52%** | **$98,390** | **45%** | **$119,922** | **48%** |
| **Debt Service Coverage Ratio** | | **1.5X** | | **1.6X** | | **1.7X** | | **1.6X** |

[1] 2024 - 2027 excludes capitalized interest expense.

### NYPA Scheduled Debt Service Payments (Accrual Basis) Outstanding (Issued) Debt[1]

*(In $ Thousands)*

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $16,575 | $75,867 | $92,442 |
| 2025 | $17,829 | $75,034 | $92,863 |
| 2026 | $18,466 | $74,246 | $92,711 |
| 2027 | $19,487 | $73,131 | $92,618 |

### Proposed Debt

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $0 | $0 | $0 |
| 2025 | $777 | $1,863 | $2,640 |
| 2026 | $6,112 | $14,549 | $20,661 |
| 2027 | $6,363 | $14,281 | $20,644 |

### Total Debt

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $16,575 | $75,867 | $92,442 |
| 2025 | $18,606 | $76,898 | $95,504 |
| 2026 | $24,578 | $88,795 | $113,373 |
| 2027 | $25,850 | $87,412 | $113,263 |

[1] 2024 - 2027 excludes capitalized interest expense.

### SFP Scheduled Debt Service Payments (Accrual Basis) Outstanding (Issued) Debt[1]

*(In $ Thousands)*

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $16,473 | $63,461 | $79,934 |
| 2025 | $22,099 | $62,728 | $84,826 |
| 2026 | $36,768 | $61,623 | $98,390 |
| 2027 | $56,995 | $59,784 | $116,779 |

### Proposed Debt

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $0 | $0 | $0 |
| 2025 | $0 | $0 | $0 |
| 2026 | $0 | $0 | $0 |
| 2027 | $0 | $3,143 | $3,143 |

### Total Debt

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $16,473 | $63,461 | $79,934 |
| 2025 | $22,099 | $62,728 | $84,826 |
| 2026 | $36,768 | $61,623 | $98,390 |
| 2027 | $56,995 | $62,927 | $119,922 |

[1] 2024 - 2027 excludes capitalized interest expense.

## NYPA Planned Use of Debt Issuances
*(In $ Thousands)*

| NYPA | Amount | Interest Rate | Project / Description |
|---|---|---|---|
| **Period January 1, 2024 – December 31, 2024** | | | |
| Tax Exempt Commercial Paper | $0 | 0% | |
| Taxable Commercial Paper | $0 | 0% | |
| Tax Exempt Revenue Bonds | $0 | 0% | |
| Taxable Revenue Bonds | $0 | 0% | |
| Total Issued 2024 | $0 | | |
| **Period January 1, 2025 – December 31, 2025** | | | |
| Tax Exempt Commercial Paper | $0 | 0% | |
| Taxable Commercial Paper | $0 | 0% | |
| Tax Exempt Revenue Bonds | $0 | 0% | |
| Taxable Revenue Bonds | $0 | 0% | |
| Total Issued 2025 | $0 | | |
| **Period January 1, 2026 – December 31, 2026** | | | |
| Tax Exempt Commercial Paper | $0 | 0% | |
| Taxable Commercial Paper | $0 | 0% | |
| Tax-Exempt Revenue Bonds | $293 | 4% | Transmission, Headquarters |
| Taxable Revenue Bonds | $57 | 5% | Robert Moses Power Plant |
| Total Issued 2026 | $350 | | |
| **Period January 1, 2027 – December 31, 2027** | | | |
| Tax Exempt Commercial Paper | $0 | 0% | |
| Taxable Commercial Paper | $0 | 0% | |
| Tax-Exempt Revenue Bonds | $0 | 0% | |
| Taxable Revenue Bonds | $0 | 0% | |
| Total Issued 2027 | $0 | | |

## SFP Planned Use of Debt Issuances[1]

*(In $ Thousands)*

| SFP | Amount | Interest Rate | Project / Description |
|---|---|---|---|
| **Period January 1, 2024 – December 31, 2024** | | | |
| Tax Exempt Commercial Paper | $0 | 0% | |
| Taxable Commercial Paper | $0 | 0% | |
| Tax Exempt Revenue Bonds | $0 | 0% | |
| Taxable Revenue Bonds | $0 | 0% | |
| Total Issued 2024 | $0 | | |
| **Period January 1, 2025 – December 31, 2025** | | | |
| Tax Exempt Commercial Paper | $0 | 0% | |
| Taxable Commercial Paper | $0 | 0% | |
| Tax Exempt Revenue Bonds | $0 | 0% | |
| Taxable Revenue Bonds | $0 | 0% | |
| Total Issued 2025 | $0 | | |
| **Period January 1, 2026 – December 31, 2026** | | | |
| Tax Exempt Commercial Paper | $0 | 0% | |
| Taxable Commercial Paper | $0 | 0% | |
| Tax-Exempt Revenue Bonds | $0 | 0% | |
| Taxable Revenue Bonds | $0 | 0% | |
| Total Issued 2026 | $0 | 0% | |
| **Period January 1, 2027 – December 31, 2027** | | | |
| Tax Exempt Commercial Paper | $0 | 0% | |
| Taxable Commercial Paper | $0 | 0% | |
| Tax-Exempt Revenue Bonds | $492 | 5% | Propel NY |
| Taxable Revenue Bonds | $0 | 0% | |
| Total Issued 2027 | $492 | | |

[1] Note: The full faith and credit of the Authority are pledged for the payment of bonds and notes in accordance with their terms and provisions of their respective resolutions. The Authority has no taxing power, and its obligations are not debts of New York State or any political subdivision of the state other than the Authority. The Authority's debt does not constitute a pledge of the faith and credit of the state or of any political subdivision thereof, other than the Authority.

## m. CAPITAL COMMITMENTS AND SOURCES OF FUNDING

The Authority's commitments for various capital improvements are approximately $3.1 billion over the financial period 2024-2027. NYPA anticipates these improvements will be funded with existing construction funds, internally generated funds, and additional borrowings. Additionally, the Authority is projecting to spend approximately $1.3 billion in Energy Efficiency Services projects for its customers, which will be separately financed. Of these amounts, the Authority reasonably expects to fund up to $4.4 billion, including, to the extent allowable, by reimbursing costs originally paid from Authority revenues, with the proceeds of future borrowings. Projected capital commitments during this period include those listed in the table below:

### 2024-2027 Capital Commitments by Function[1]

*(In $ Millions)*

| NYPA | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| **Generation** | | | | |
| Next Generation Niagara | $63.6 | $82.0 | $84.5 | $73.8 |
| Niagara and St. Lawrence Crane Replacement Program | 2.8 | 7.9 | 13.5 | 23.6 |
| Relicensing and Implementation (All Facilities) | 13.9 | 3.6 | 4.0 | 2.4 |
| Robert Moses Cooling Water System Upgrades | 0.5 | 6.7 | 6.7 | 6.7 |
| Long Sault Dam Capital Program | 1.0 | 5.0 | 5.0 | 5.6 |
| JW Massena Canal Dam | 7.9 | 6.3 | 2.4 | 0.0 |
| Lewiston Pump Generating Plant Lifetime Extension and Modernization ("LEM") | 11.6 | 0.0 | 0.0 | 0.0 |
| Long Sault Dam Gate Hoist Automation | 3.1 | 4.3 | 1.2 | 0.0 |
| Other Generation | 41.7 | 32.5 | 37.4 | 50.4 |
| **Transmission** | | | | |
| Smart Path Connect | 224.0 | 106.5 | 14.0 | 0.0 |
| Propel NY Energy | 6.1 | 15.4 | 56.4 | 139.4 |
| Transmission LEM | 36.8 | 28.2 | 38.7 | 47.3 |
| East Garden City Substation Upgrade | 6.1 | 43.7 | 45.4 | 44.9 |
| Transmission Business Development | 14.0 | 24.7 | 40.6 | 54.4 |
| Communications Backbone | 13.7 | 0.0 | 0.0 | 0.0 |
| Frederick R. Clark Energy Center Spare 765kV Auto-bank Transformer | 0.1 | 3.6 | 5.6 | 2.8 |
| AGILe Phase II | 6.8 | 1.1 | 0.6 | 0.3 |
| Other Transmission | 42.9 | 24.7 | 22.9 | 16.9 |
| **Headquarters** | | | | |
| White Plains Office Infrastructure | 35.6 | 57.2 | 105.0 | 140.0 |
| IT Programs | 40.8 | 38.0 | 40.1 | 42.4 |
| Digitalization and Advanced Analytics | 53.2 | 36.4 | 34.0 | 23.9 |
| Serve Customers and Decarbonize New York State | 31.9 | 45.6 | 2.5 | 3.4 |
| Enterprise Resilience | 18.4 | 20.0 | 18.3 | 17.1 |
| **Canal[2] and Reimagine the Canals** | | | | |
| Canal[2] and Reimagine the Canals | 86.9 | 140.6 | 151.3 | 197.9 |
| **Total NYPA and Canal Corporation** | **$763.5** | **$734.1** | **$730.3** | **$893.3** |
| **Energy Efficiency Services** | **$315.3** | **$327.3** | **$339.8** | **$320.9** |

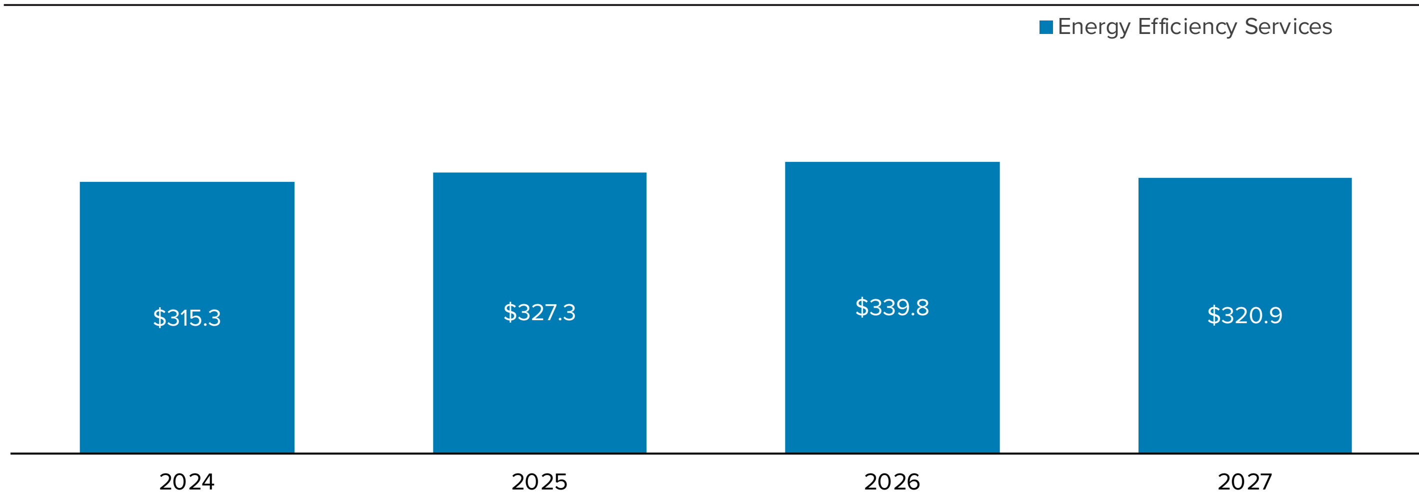
[1] The 2024 NYPA Capital budget includes ~$226M of SFP Capital.

[2] Canal plan includes an assumed level of elevated funding ~$300M (external contributions are anticipated) to assist in significant infrastructure restoration efforts.

### 2024-2027 Capital Commitments by Function[1]
*(In $ Millions)*


[1] The 2024 NYPA Capital budget includes ~$226M of SFP Capital.

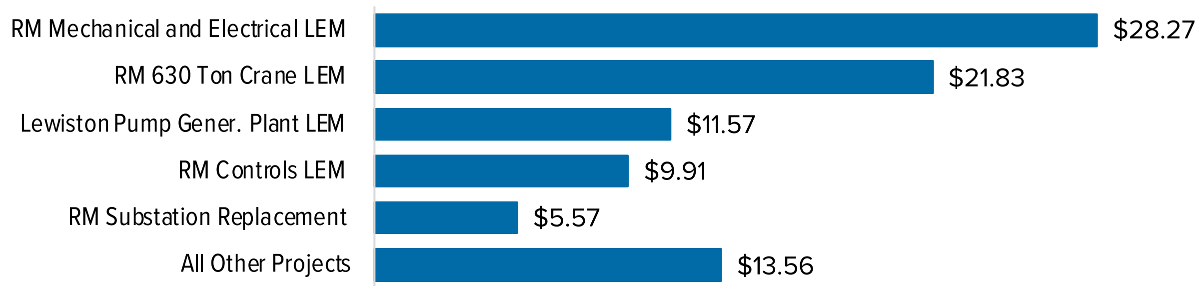
### 2024-2027 Energy Efficiency Services Capital Commitments
*(In $ Millions)*



## Niagara Capital Projects

*(In $ Millions)*

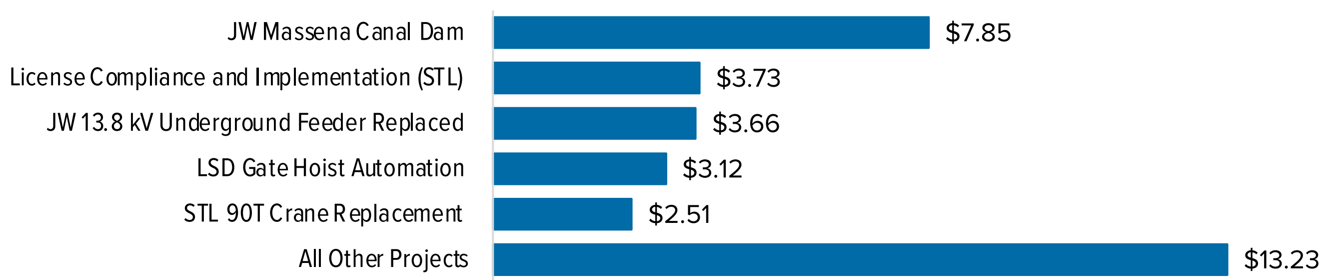
### Niagara Capital Projects: $90.70M




## St. Lawrence Capital Projects

*(In $ Millions)*

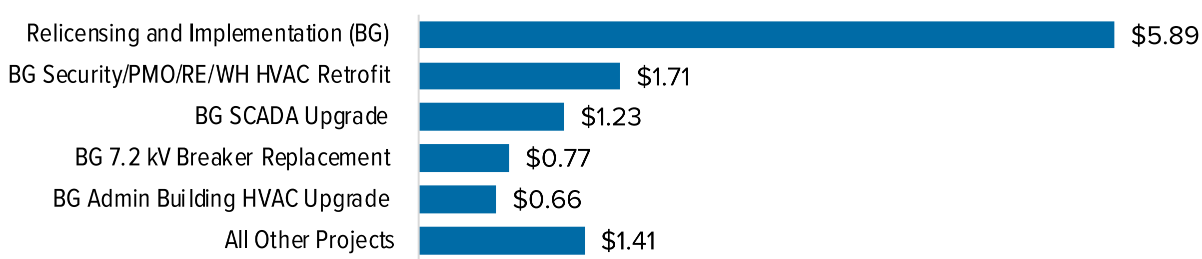
### St. Lawrence Capital Projects: $34.10M




## Blenheim-Gilboa Capital Projects

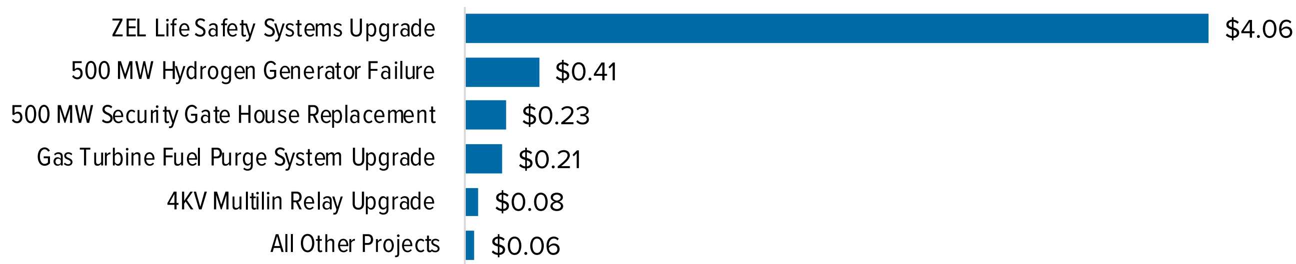
*(In $ Millions)*

### Blenheim-Gilboa Capital Projects: $11.66M



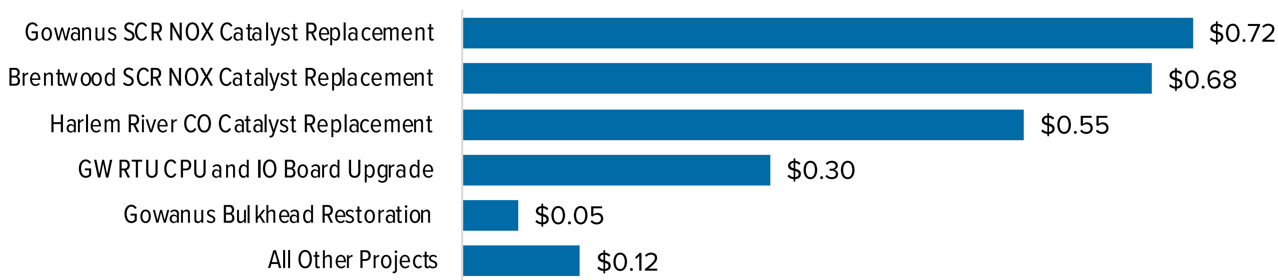
### Zeltmann Capital Projects
*(In $ Millions)*

**Zeltmann Capital Projects: $5.03M**



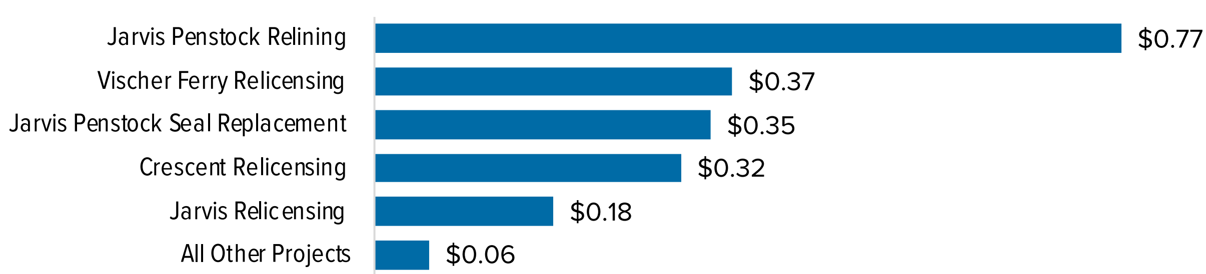

### SCPP Capital Projects
*(In $ Millions)*

**SCPP Capital Projects: $2.41M**



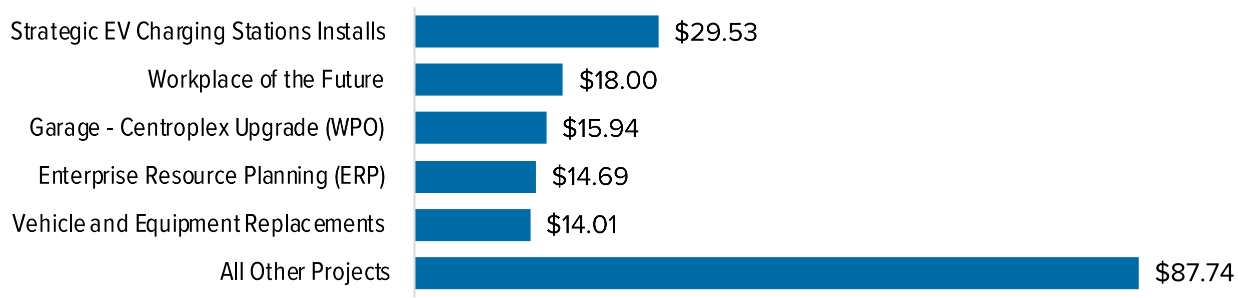

### Small Hydro Capital Projects
*(In $ Millions)*

**Small Hydro Capital Projects: $2.04M**



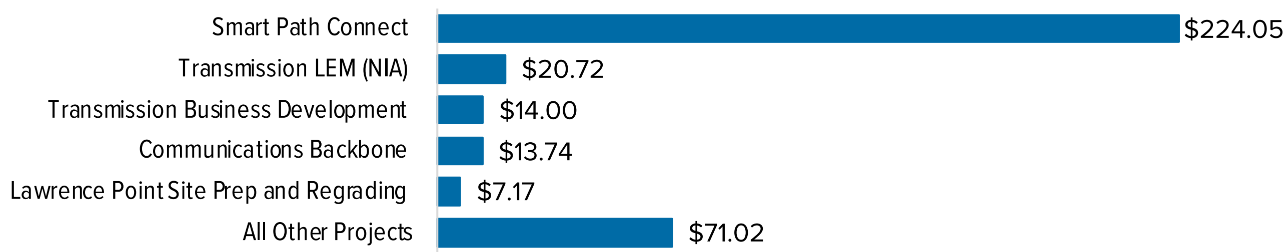
## Headquarters Capital Projects
*(In $ Millions)*

### Headquarters Capital Projects: $179.91M



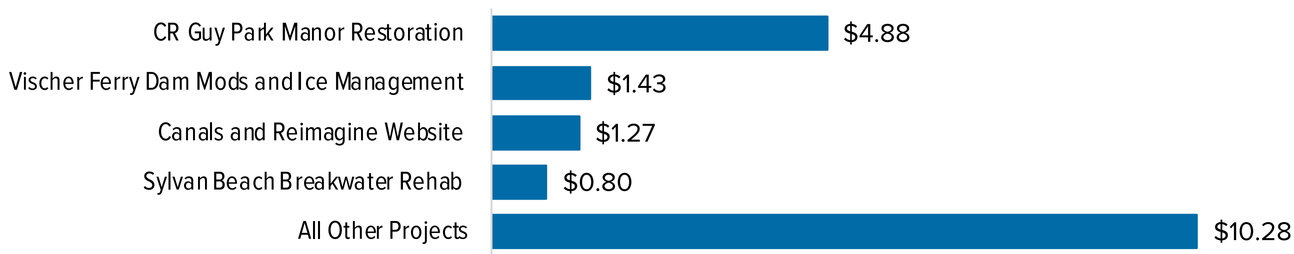

## Transmission Capital Projects
*(In $ Millions)*

### Transmission Capital Projects: $350.70M




## Reimagine Canals Capital Projects
*(In $ Millions)*

### Reimagine Canals Capital Projects: $18.67M



## n. CREDIT AGENCY RATING DISCUSSION

Maintaining a strong relationship with the capital markets is critical to how NYPA operates. In 2023, Fitch Ratings and S&P Global Ratings affirmed the Authority's General Bond Resolution 'AA' long-term rating with a stable outlook. Moody's Investor Services affirmed the 'Aa2' rating and revised the outlook to positive from stable. In 2023, the Authority added Kroll Bond Rating Agency ("KBRA") to the list of credit ratings. KBRA assigned an 'AA' rating to the General Bond Resolution long-term bonds with a stable outlook. The ratings are among the highest ratings given to public electric utilities. This allows us to borrow money for capital projects at competitive rates. The Authority's long-term bonds are issued pursuant the "General Resolution Authorizing Revenue Obligations" (as amended and supplemented up to the present time, the "General Bond Resolution"). The General Bond Resolution covers all of NYPA's projects, which it defines as any project, facility, system, equipment or material related to or necessary or desirable in connection with the generation, production, transportation, transmission, distribution, delivery, storage, conservation, purchase or use of energy or fuel, whether owned jointly or singly by the Authority, including any output in which NYPA has an interest authorized by the Act or by other applicable state statutory provisions, provided, however, that the term "Project" shall not include any Separately Financed Project as that term is defined in the General Bond Resolution.

NYPA has covenanted with bondholders under the General Bond Resolution that at all times the Authority shall maintain rates, fees, or charges, and any contracts entered into by the Authority for the sale, transmission, or distribution of power shall contain rates, fees, or charges sufficient together with other monies available therefore (including the anticipated receipt of proceeds of sale of Obligations, as defined in the General Bond Resolution, issued under the General Bond Resolution or other bonds, notes or other obligations or evidences of indebtedness of the Authority that will be used to pay the principal of Obligations issued under the General Bond Resolution in anticipation of such receipt, but not including any anticipated or actual proceeds from the sale of any Project), to meet the financial requirements of the General Bond Resolution.

NYPA's revenues (excluding revenues attributable directly or indirectly to the ownership or operation for Separately Financed Projects and after deductions for operating expenses and reserves, including reserves for working capital, grants, operating expenses or compliance purposes) are applied first to the payment of, or accumulation as a reserve for payment of, interest on and the principal or redemption price of Obligations issued under the General Bond Resolution and the payment of Parity Debt issued under the General Bond Resolution.

The General Bond Resolution also provides, subject to Board of Trustees approval, for withdrawal for any lawful corporate purpose as determined by NYPA, including but not limited to the retirement of Obligations issued under the General Bond Resolution, from amounts in the Operating Fund in excess of the operating expenses, debt service on Obligations and Parity Debt issued under the General Bond Resolution, and subordinated debt service requirements.

To support the Aa2/AA/AA/AA bond ratings and all of the advantages it offers the Authority and its customers, NYPA sets certain targets which are consistent with other peer-rated organizations. In May 2011, the Authority's Board of Trustees adopted a policy statement (Policy Statement) which relates to, among other things, voluntary contributions, transfers, or other payments to the State by the Authority after that date.

The Policy Statement provides, among other things, that in deciding whether to make such contributions, transfers, or payments, NYPA shall use as a reference point the maintenance of a debt service coverage ratio of at least 2.0X (this reference point should not be interpreted as a covenant to maintain any particular coverage ratio), in addition to making the other determinations required by the General Bond Resolution. The Policy Statement may at any time be modified or eliminated at the discretion of the Board of Trustees.

In 2022, the Authority adopted the Transmission Bond Resolution (a bond resolution separate from the General Resolution) to finance the costs of any project, facility, system, equipment, or material related to or necessary or desirable in connection with the transmission or distribution of electric energy, whether owned or leased jointly or singly by the Authority, including any transmission capacity in which the Authority has an interest or which it has a contractual right to use, which has been designated by the Authority as both a "Separately Financed Project" under the General Resolution and an "SFP Transmission Project" under the Transmission Bond Resolution (an "SFP Transmission Project").

In 2023, Fitch Ratings affirmed the 'AA-' underlying rating to the Authority's SFP Transmission Project Revenue Bonds with a stable outlook, while Moody's Investors Services upgraded the SFP Transmission Project Revenue Bonds to 'A1' from 'A2' and changed the outlook to positive from stable. KBRA assigned a 'AA-' rating with a stable outlook.

## Certification of Assumptions and Method of Estimation for Approved 2024 Budget and 2024-2027 Financial Plan in accordance with the Comptroller's Regulation § 203.9 Certification

December 12, 2023

To the Board of Trustees
Power Authority of the State of New York

To the best of my knowledge and belief after reasonable inquiry, I, the undersigned, certify that the Approved 2024 Budget and 2024-2027 Financial Plan" is based on reasonable assumptions and methods of estimation and that the regulations enumerated in Part 203, "Budget and Financial Plan Format, Supporting Documentation and Monitoring - Public Authorities" have been satisfied.

Joseph Kessler
Chief Operating Officer

Adam Barsky

Adam Barsky
Chief Financial Officer

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White Plains, NY 10601-3170

nypa.gov

NEW YORK STATE | NY Power Authority | Canal Corporation