NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026
(Unaudited)

The accompanying Consolidated Financial Statements for six months ending June 30, 2026, are the responsibility of the Authority's management and reflect all appropriate estimates and all known liabilities. These unaudited consolidated financial statements and accompanying notes to the consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements contained in the Authority's December 31, 2025, and 2024 audited Financial Report.

Sundeep Thakur
Controller

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Consolidated Financial Statements

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NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Consolidated Statements of Net Position (Unaudited) (In millions)

Authority's Consolidated Statements of Net Position

	June 30, 2026	December 31, 2025
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents		
Unrestricted	$ 349	$ 281
Restricted	163	105
Capital Funds	15	37
Total Cash and cash equivalents	527	423
Investment in securities		
Unrestricted	837	773
Restricted	167	164
Capital Funds	121	304
Total Investment in securities	1,125	1,241
Receivables - customers	483	485
Materials and supplies:		
Plant and general	88	85
Fuel	37	42
Miscellaneous and other receivables	149	185
Total current assets	2,409	2,461
Noncurrent assets:		
Capital assets:		
Non-depreciable capital assets	1,583	1,483
Depreciable capital assets, net of accumulated depreciation*	6,619	6,442
Total capital assets	8,202	7,925
Other long-term assets	1,124	1,048
Total noncurrent assets	9,326	8,973
Total assets	11,735	11,434
Deferred outflows of resources:		
Asset retirement obligation	23	26
Decrease in fair value of derivatives	33	41
Pensions	103	103
Postemployment benefits and others	113	113
Total deferred outflows of resources	272	283
Total assets and deferred outflows of resources	$ 12,007	$ 11,717

See accompanying notes to the consolidated financial statements.

Continued

*For information regarding interconnections deferred inflows of resources, see Note 7 – Capital Assets.

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Consolidated Statements of Net Position (Unaudited) (In millions)

Liabilities, Deferred Inflows and Net Position	June 30, 2026	December 31, 2025
Current liabilities:		
Accounts Payable and accrued liabilities	$ 1,074	$ 1,095
Short-term debt	206	256
Long-term debt due within one year	34	34
Total current liabilities	1,314	1,385
Noncurrent liabilities:		
Long-term debt:		
General Resolution:		
Senior Revenue bonds	1,795	1,799
Separate Revenue Bond Obligation:		
SFP Bonds 2022	590	591
SFP Bonds 2023	738	738
Total long-term debt	3,123	3,128
Other noncurrent liabilities:		
Disposal of spent nuclear fuel	274	269
Relicensing	218	218
Other long-term liabilities	426	422
Total other noncurrent liabilities	918	909
Total noncurrent liabilities	4,041	4,037
Total liabilities	5,355	5,422
Deferred inflows of resources:		
Unearned revenue	16	24
Cost of removal obligations	551	525
Pensions	5	5
Interconnections*	243	45
Lease revenue	42	44
Postemployment benefits and others	141	136
Total deferred inflows of resources	998	779
Net Position:		
Net investment in capital assets	3,992	3,957
Restricted	614	550
Unrestricted	1,048	1,009
Total net position	5,654	5,516
Total liabilities, deferred inflows of resources and net position	$ 12,007	$ 11,717

See accompanying notes to the consolidated financial statements.

*For information regarding interconnections deferred inflows of resources, see Note 7 – Capital Assets.

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Consolidated Statements of Revenues, Expenses and Changes in Net Position (Unaudited) (In millions)

Authority's Consolidated Statements of Revenues, Expenses and Changes in Net Position

	Six Months Ended June 30th	
	2026	**2025**
Operating revenues:		
Power sales	$ 1,442	$ 1,280
Transmission	330	268
Transportation and delivery	438	394
Other	43	37
Total operating revenues	2,253	1,979
Operating expenses:		
Purchased power	596	476
Fuel oil and gas	173	155
Transportation and delivery	650	596
Operations and maintenance	470	468
Depreciation and amortization	203	178
Total operating expenses	2,092	1,873
Operating income	161	106
Nonoperating revenues, gains (losses) and (expenses):		
Investment income	27	59
Interest on long-term debt	(71)	(71)
Interest - other	(14)	(16)
Interest capitalized	27	36
Amortization of debt premium	4	4
Other	4	8
Total nonoperating income / (expenses)	(23)	20
Net income and change in net position	138	126
Net position, January 1	5,516	5,234
Net position, June 30	$ 5,654	$ 5,360

See accompanying notes to the consolidated financial statements.

NEW YORK POWER AUTHORITY

(*A Component Unit of the State of New York*)

Consolidated Statements of Cash Flows (Unaudited) (In millions)

Authority's Consolidated Statements of Cash Flows

	Six Months Ended June 30th	
	2026	**2025**
Cash flows from operating activities:		
Customer sales	$ 2,220	$ 1,875
Disbursements for:		
Purchased power	(598)	(473)
Fuel oil and gas	(183)	(160)
Transportation and delivery	(617)	(571)
Operations and maintenance	(455)	(466)
Net cash provided by operating activities	367	205
Cash flows from capital and related financing activities:		
Gross additions to capital assets	(321)	(407)
Interest paid, net	(65)	(68)
Net cash (used in) capital and related financing activities	(386)	(475)
Cash flows from noncapital-related financing activities:		
Energy conservation program payments received from participants	232	202
Energy conservation program costs	(192)	(220)
Issuance of commercial paper	50	-
Repayment of commercial paper	(100)	(38)
Interest paid on commercial paper	(4)	(5)
Margin Deposits with Brokers	-	2
Net cash (used in)/provided by noncapital-related financing activities	(14)	(59)
Cash flows from investing activities:		
Earnings received on investments	30	44
Purchase of investment securities	(938)	(936)
Maturities/sale of investment securities	1,045	1,140
Net cash provided by investing activities	137	248
Net (decrease) in cash	104	(81)
Cash and cash equivalents, Beginning of period	423	425
Cash and cash equivalents, End of period	527	344
Reconciliation to net cash provided by operating activities:		
Operating income	161	106
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets, deferred outflows, liabilities, and deferred inflows:		
Provision for depreciation and amortization	203	178
Net decrease in miscellaneous prepayments and other	22	32
Net (increase) in receivables and materials and supplies	1	(136)
Net increase (decrease) in accounts payable/accrued liabilities and other	(20)	25
Net cash provided by operating activities	$ 367	$ 205

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

(1) General

The Power Authority of the State of New York (”NYPA”) is considered a special-purpose government entity engaged in business-type activities. In 1931, NYPA was created by 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” or the “Act”), and has its principal office located at 30 South Pearl Street, Albany, New York 12207-3425. NYPA has three subsidiaries: the New York State Canal Corporation (“Canal Corporation”), NYPA Captive Insurance Company (“Captive”) and New York Renewable Energy Development Holdings Corporation (“NYREDHC”). NYPA, the Canal Corporation, Captive and NYREDHC are collectively referred to as the “Authority”. Except as otherwise noted, references to NYPA’s financial information reflect NYPA and the Canal Corporation’s financial information. Financial information relating to the Separately Financed Projects (“SFP”), Captive and NYREDHC has been disclosed separately in relevant notes to the Consolidated Financial Statements, and such notes should be read together with other financial information disclosed in the notes.

NYPA’s mission 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.

NYPA generates, transmits, purchases, and sells electric power and energy as authorized by law. NYPA owns and operates five major generating facilities, seven small natural gas power plants (“SNGPPs”), including four dual units, and four small hydropower facilities with a total installed capacity of approximately 6,000 megawatts (MW), and approximately 1,565 circuit-miles of transmission lines, including major 765 kilovolt (kV) and 345 kV transmission facilities. NYPA also owns and operates one utility-scale 20 MW battery energy storage system.

NYPA’s five major generating facilities consist of two large hydropower facilities (Niagara and St. Lawrence-FDR), a large pumped-storage hydropower facility (Blenheim-Gilboa), the Eugene W. Zeltmann (Zeltmann or 500-MW Plant) combined cycle electric generating plant in Queens, and the Richard M. Flynn combined cycle plant located in Holtsville.

NYPA’s customers include municipal and rural electric cooperatives located throughout the State, local governments, investor-owned utilities, high load factor industrial customers, commercial/industrial and not-for-profit businesses, various public corporations in the metropolitan area of the City of New York (the “City”), including the City, and entities in certain neighboring states.

NYPA is a transmission-owning member of the New York Independent System Operator, Inc. (“NYISO”), a not-for-profit corporation that operates the State’s bulk electricity grid, administers the State’s wholesale electricity markets and provides comprehensive reliability planning for the State’s bulk electricity system. In addition, NYPA sells and purchases capacity, energy, and ancillary services in the NYISO wholesale energy markets.

Effective January 1, 2017, the Canal Corporation became a subsidiary of NYPA. 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 Canal Corporation has jurisdiction over the Canal System and related assets, equipment and property in connection with the planning, development, construction, reconstruction, maintenance, and operation of the Canal System, which NYPA is authorized to exercise through the Canal Corporation. The NYPA Board of Trustees is the governing board of both the Canal Corporation and NYPA.

In May 2023, NYPA established Captive as a wholly owned subsidiary of NYPA. The Captive was created for purposes of cost savings for NYPA and its subsidiaries by reducing the need for commercial insurance and creating an efficient and effective claims handling process which will further enable NYPA and its subsidiaries to manage its overall risk more effectively and economically. Refer to Note 16 for further information on Captive.

The 2023-2024 Enacted State Budget amended the Act to, among other things, expand NYPA's authority to plan, design, develop, finance, construct, own, operate, maintain, and improve renewable energy generation projects ("renewable development authority"). On November 21, 2024, NYPA incorporated NYREDHC under the State Business Corporation Law as a wholly owned subsidiary to carry out NYPA's renewable energy business and strategy as provided under the renewable development authority. NYREDHC is authorized to pursue any project identified in the NYPA Renewables Strategic Plan. Additional information on the funding of NYREDHC and renewable project development efforts can be found in Note 17 – Renewables.

(2) NYPA (includes Canals), SFP, Captive and NYREDHC Financial Information

(a) *Statements of Net Position (In millions)*

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25
Current assets	$ 1,951	$ 2,030	$ 198	$ 161	$ 149	$ 145	$ 111	$ 125	$ 2,409	$ 2,461
Capital assets	6,568	6,315	1,620	1,599	-	-	14	11	8,202	7,925
Other noncurrent assets	1,094	1,020	19	23	1	-	10	5	1,124	1,048
Total assets	9,613	9,365	1,837	1,783	150	145	135	141	11,735	11,434
Deferred outflows of resources	272	283	-	-	-	-	-	-	272	283
Total assets and deferred outflows of resources	$ 9,885	$ 9,648	$ 1,837	$ 1,783	$ 150	$ 145	$ 135	$ 141	$ 12,007	$11,717
Current liabilities	$ 1,242	$ 1,304	$ 42	$ 42	$ 3	$ 7	$ 27	$ 32	1,314	1,385
Noncurrent liabilities	2,708	2,702	1,328	1,330	-	-	5	5	4,041	4,037
Total liabilities	3,950	4,006	1,370	1,372	3	7	32	37	5,355	5,422
Deferred inflows of resources	998	779	-	-	-	-	-	-	998	779
Net position	4,937	4,863	467	411	147	138	103	104	5,654	5,516
Total liabilities, deferred inflows of resources and net position	$ 9,885	$ 9,648	$ 1,837	$ 1,783	$ 150	$ 145	$ 135	$ 141	$ 12,007	$11,717

(b) *Statements of Revenues, Expenses and Changes in Net Position for six months ended (In millions)*

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25
Operating revenues	$ 2,116	$ 1,893	$ 130	$ 80	$ 7	$ 6	$ -	$ -	$ 2,253	$ 1,979
Operating expenses:										
Purchased power	596	476	-	-	-	-	-	-	596	476
Fuel oil and gas	173	155	-	-	-	-	-	-	173	155
Transportation and delivery	650	596	-	-	-	-	-	-	650	596
Operations and maintenance	436	451	32	17	-	-	2	-	470	468
Depreciation and amortization	188	170	15	8	-	-	-	-	203	178
Total operating expenses	2,043	1,848	47	25	-	-	2	-	2,092	1,873
Operating income	73	45	83	55	7	6	(2)	-	161	106
Nonoperating revenues/(expenses)	2	37	(28)	(26)	2	5	1	4	(23)	20
Net income	$ 75	$ 82	$ 55	$ 29	$ 9	$ 11	$ (1)	$ 4	$ 138	$ 126

(c) *Statements of Cash Flow for six months ended (In millions)*

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25
Net cash provided by operating activities	$ 257	$ 145	$ 98	$ 60	$ 14	$ -	$ (2)	$ -	$ 367	$ 205
Net cash (used in) capital and related financing activities	(305)	(377)	(60)	(95)	-	-	(21)	(3)	(386)	(475)
Net cash (used in)/provided by non-capital related activities	(14)	(59)	-	-	-	-	-	-	(14)	(59)
Net cash provided by/(used in) investing activities	142	162	2	60	(13)	(5)	6	31	137	248
Net increase/(decrease) in cash	80	(129)	40	25	1	(5)	(17)	28	104	(81)
Cash and cash equivalents, Opening Balance	264	360	96	51	4	10	59	4	423	425
Cash and cash equivalents, Ending Balance	$ 344	$ 231	$ 136	$ 76	$ 5	$ 5	$ 42	$ 32	$ 527	$ 344

(3) Separately Financed Projects ("SFP")

Overview

NYPA's General Resolution Authorizing Revenue Obligations, dated February 28, 1998, as amended and supplemented, (the "General Bond Resolution") provides for authorization to the Authority to issue separately financed project bonds through a separate bond resolution.

On December 7, 2021, NYPA adopted its "General Resolution Authorizing Transmission Project Revenue Obligations" (as amended and supplemented, the "Transmission Bond Resolution"). The Transmission Bond Resolution authorizes the issuance of Obligations to finance the costs of certain projects, facilities, systems, equipment, and/or materials related to or necessary or desirable in connection with the transmission or distribution of energy, whether owned or leased jointly or singly by NYPA, including any transmission capacity in which NYPA has an interest or which it has a contractual right to use, as authorized by the Act or by other applicable state statutory provisions which have been designated by NYPA pursuant to a supplemental resolution as a Separately Financed Project under the General Bond Resolution and a transmission project for purposes of the Transmission Bond Resolution.

In January 2022, the Authority's Trustees authorized the issuance of Green Transmission Project Revenue Bonds, Series 2022A (the "2022A Bonds") which were issued pursuant to the Transmission Bond Resolution

in an aggregate principal amount of approximately $608 million during April 2022. The proceeds from the issuance of the 2022A Bonds were used to fund capital and other expenditures related to the Smart Path and Central East Energy Connect ("CEEC") transmission construction projects; reimburse expenses related to such projects and pay financing and other costs relating to the issuance of the 2022A Bonds.

On November 16, 2023, NYPA issued $734 million of Green Transmission Project Revenue Bonds, Series 2023A (the "2023A Bonds") at a premium. Proceeds of the 2023A Bonds, together with other funds being provided by NYPA, are being used to (i) pay for capital expenditures related to the Smart Path Connect Project ("SPC Project"), including reimbursement for prior capital spending, (ii) fund the 2023A debt service reserve fund, (iii) pay capitalized interest on the 2023A Bonds through November 15, 2025, (iv) fund an operating reserve account and (v) pay the costs of issuance. The CEEC, Smart Path, and Smart Path Connect projects are collectively referred to as "Separately Financed Projects" or "SFP".

(4) Summary of Significant Accounting Policies

Reference is made to "Summary of Significant Accounting Policies" in Note (4) of notes to the consolidated financial statements in the Authority's December 31, 2025, and 2024, Financial Report (the 2025 audited financial report can be accessed at Document Library).

(a) *Basis of Reporting*

The operations of NYPA and its subsidiaries, the Canal Corporation, Captive, and NYREDHC, all blended component units, are presented as an enterprise fund following the accrual basis of accounting to recognize the flow of economic resources. Accordingly, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred. The accounts and transactions of the Canal Corporation, the Captive and NYREDHC are included in the consolidated financial statements and notes to the Consolidated Financial Statements. All significant transactions between NYPA, the Canal Corporation, the Captive and NYREDHC have been eliminated. NYREDHC's financial statement, as included in the consolidated financial statements, and corresponding footnotes, incorporates the financials of Somers Solar.

The Authority complies with applicable pronouncements of the Governmental Accounting Standards Board ("GASB"). In accordance with Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB, and AICPA Pronouncements*, ("GASB No. 62") the Authority applies all authoritative pronouncements applicable to nongovernmental entities (i.e., Accounting Standards Codification ("ASC") of the Financial Accounting Standards Board) that do not conflict with GASB pronouncements.

(b) *Regulatory Accounting*

The Authority's Trustees have broad rate-setting authority for its power sales agreements with customers. The sale of transmission service over NYPA's facilities is provided pursuant to NYISO tariffs and under contracts that pre-dated the existence of the NYISO. NYPA files its transmission system revenue requirement with the Federal Energy Regulatory Commission ("FERC") for inclusion in the NYISO's open access tariff.

The Authority accounts for its regulated operations under the provisions of GASB No. 62. These provisions recognize the economic ability of regulators, through the ratemaking process, to create future economic benefits and obligations affecting rate-regulated entities. Accordingly, the Authority records these future economic benefits and obligations as regulatory assets and regulatory liabilities, respectively. Regulatory assets represent probable future revenues associated with previously incurred costs that are expected to be recovered from customers. Regulatory liabilities represent amounts that are collected from customers through the ratemaking process associated with costs to be incurred in future periods. Based on the action of the Authority's Trustees, the Authority believes the future collection of the costs held over through regulatory assets is probable. For regulatory assets, see Note 4(l) Other Long-Term Assets below.

(c) ***Estimates***

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) ***Capital Assets***

Capital assets are recorded at original cost and consist of amounts expended for labor, materials, services, and indirect costs to license, construct, acquire, complete and place in operation the projects of the Authority and allowance for funds provided for construction of the Authority's projects charged to the project prior to completion is recorded as a regulatory asset. The costs of current repairs are charged to operating expenses and betterments are capitalized. The cost of capital assets retired less salvage is charged to accumulated depreciation. Depreciation of capital assets is generally provided on a straight-line basis over the estimated lives of the various classes of capital assets.

The related depreciation provisions on June 30, 2026, and December 31, 2025, expressed as a percentage of average depreciable capital assets on an annual basis are:

	2026	2025
Type of plant:		
Production		
Hydro	2.5 %	2.3 %
Gas turbine/combined cycle	2.5	2.3
Transmission	2.3	2.3
General	6.1	5.6
Energy Storage	10.0	10.0
Canal system	4.3	4.0

(e) ***Asset Retirement and Cost of Removal Obligations***

The Authority has recorded a liability at fair value to recognize legal obligations for asset retirements in the period incurred and to capitalize the cost by increasing the carrying amount of the related long-lived asset. The Authority determined that it had legal liabilities for the retirement of certain SNGPPs in New York City and, accordingly, has recorded a liability for the retirement of these assets. In connection with these legal obligations, the Authority has also recognized a liability for the remediation of certain contaminated soil discovered during the construction process. The Authority records asset retirement obligations ("ARO") in accordance with GASB Statement No. 83 ("GASB No. 83"), *Accounting for Certain Asset Retirement Obligations*.

The Authority also applies GASB Statement No. 49 ("GASB No. 49") *Accounting and Financial Reporting for Pollution Remediation Obligations*, to ARO involving pollution remediation obligations, which upon the occurrence of any one of five obligating events as stated in GASB No. 49, requires an entity to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

ARO amounts included in deferred outflows and cost of removal obligation amounts included in deferred inflows are as follows:

	ARO Amounts (deferred outflow)	Cost of removal obligation (deferred inflow)
	(in millions)	
Balance - December 31, 2025	$ 26	$ 525
Other Expense	(3)	26
Balance - June 30, 2026	$ 23	$ 551

(f) ***Long-Lived Assets***

The Authority applies GASB Statement No. 42 ("GASB No. 42"), *Accounting and Financial Reporting for Impairment of Capital Assets*, and for Insurance Recoveries, which states that asset impairments are generally recognized only when the service utility of an asset is reduced or physically impaired. NYPA evaluated and accounted for the impairment of general assets in 2026.

GASB No. 42 states that asset impairment is a significant, unexpected decline in the service utility of a capital asset. The service utility of a capital asset is the usable capacity that at acquisition was expected to be used to provide service, as distinguished from the level of utilization which is the portion of the usable capacity currently being used. Decreases in utilization and the existence of or increases in surplus capacity that are not associated with a decline in service utility are not considered to be impairments.

(g) ***Leases***

The Authority applies GASB Statement No. 87 ("GASB No. 87"), *Leases,* which establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Refer to Note 18(c) on Leases.

(h) ***Subscription-based information Technology Arrangements ("SBITA")***

The Authority adopted GASB Statement No. 96 ("GASB No. 96"), *Subscription-Based Information Technology Arrangements ("SBITA")* which requires recognition of certain subscription assets and liabilities for SBITA which were previously either capitalized or expensed. It establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability. Refer to Note 18(d) on SBITA.

(i) ***Cash, Cash Equivalents, and Investments***

Cash includes cash and cash equivalents and short-term investments with maturity, when purchased, of three months or less. The Authority accounts for investments at their fair value. Fair value is determined using quoted market prices. Investment income includes changes in the fair value of these investments. Realized and unrealized gains and losses on investments are recognized as investment income in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

(j) ***Derivative Instruments***

The Authority uses financial derivative instruments to manage the impact of energy and capacity prices, fuel cost changes, non-energy commodities, and interest rates when applicable, on its earnings and cash flows. The Authority recognizes the fair value of all financial derivative instruments as either an asset or liability on its consolidated statement of net position with the offsetting gains or losses recognized in earnings or deferred charges. The Authority applies GASB Statement No. 53,

Accounting and Financial Reporting for Derivative Instruments, which establishes accounting and reporting requirements for derivative instruments (see Note 10 “Risk Management of Commodity Hedging Activities” of the Notes to the Consolidated Financial Statements).

(k) *Debt Refinancing Charges*

Debt refinancing charges, representing the difference between the reacquisition price and the net carrying value of the debt refinanced, are amortized using the interest method over the life of the new debt or the old debt, whichever is shorter, in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refunding’s of Debt Reported by Proprietary Activities.* See Note 8 “Long-Term and Short-Term Debt” of the notes to the consolidated financial statements.

(l) *Other Long-Term Assets*

Other long-term assets, as of June 30, 2026, and December 31, 2025, consist of the following:

	June 30, 2026	December 31 2025
	(in millions)	
Other long-term assets:		
Regulatory assets (a):		
Allowance for funds used during construction (b)	$280	$255
Other regulatory assets	16	41
Total regulatory assets	296	296
Energy efficiency program costs (c)	313	276
Other long-term receivables	74	83
Transmission line interconnection costs	123	132
Other postemployment employee benefits	200	200
Lease receivable	51	51
Other	67	10
Total other long-term assets	$1,124	$1,048

(a) Regulatory assets reflect previously incurred costs that are expected to be recovered from customers through the ratemaking process.

(b) This amount includes interest capitalized net of depreciation. As of June 30, 2026, and June 30, 2025, $27 million and $36 million, respectively, of interest was capitalized.

(c) The Authority offers energy efficiency services to New York State public and other statutorily eligible entities to reduce energy consumption and cut energy costs. Energy efficiency program costs will be recovered from certain customers through the terms of contracts.

(m) *Other Long-Term Liabilities*

As of June 30, 2026, the Authority has other long-term liabilities of $426 million which include pension liability of $159 million, compensated absences accrual of $81 million, ARO of $63 million and others of $123 million.

As of December 31, 2025, the Authority had other long-term liabilities of $422 million which include pension liability of $143 million, compensated absences accrual of $81 million, ARO of $63 million and others of $135 million.

(n) ***Net Position***

Net Position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is classified into three components:

a. Net investment in capital assets – This consists of capital assets (including right to use lease assets and right to use subscription assets), net of depreciation reduced by related outstanding debt and accounts. This indicates that these assets are not accessible for other purposes.

b. Restricted – This represents restricted assets reduced by related liabilities and deferred inflows of resources that are not accessible for general use because their use is subject to restrictions enforceable by third parties.

c. Unrestricted – This represents the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the components noted above and that are available for general use.

(o) ***Investment and Net Position classification***

Investments

Investments as of June 30, 2026, and December 31, 2025, were $1,125 million and $1,241 million, respectively, and were in various securities considered as current assets.

Net position

Net Position as of June 30, 2026, and for December 31, 2025, were $5,654 million and $5,516 million, respectively. These amounts included Net Investments in capital assets of $3,992 million, as of June 30, 2026, and $3,957 million, as of December 31, 2025. Unrestricted assets were $1,048 million, as of June 30, 2026, and $1,009 million, as of December 31, 2025. Restricted assets amounted to $614 million, as of June 30,2026 and $550 million, as of December 31, 2025, as the SFP and Captive net position is considered restricted on a consolidated basis.

(p) ***Operating Revenues***

The customers served by NYPA, and the rates paid by such customers, vary with NYPA's facilities designated to serve such loads. These customers are served under contracts and tariffs approved by the Authority's Trustees.

The principal operating revenues are generated from the sale, transmission, transportation and delivery of power. Revenues are recorded when power is delivered, or service is provided. Customers' meters are read, and bills are rendered monthly. Transportation and delivery of power charges are for costs the Authority incurred for the transmission and/or delivery of power and energy to customers over transmission lines owned by other utilities. No one customer represents more than 10% of revenue from own generation revenue.

In addition to contractual sales to customers, NYPA also sells power into an electricity market operated by NYISO. These sales are affected by market prices and are not subject to rate regulation by the Authority's Trustees.

New York Independent System Operator ("NYISO")

NYPA is a member and a customer of the NYISO. NYISO schedules the use of the bulk transmission system in the State, which normally includes all of NYPA's transmission facilities, and collects ancillary services, losses and congestion fees from customers. In addition, NYPA schedules power from its generating facilities in conjunction with the NYISO. NYISO coordinates the reliable dispatch of power and operates a market for the sale of electricity and ancillary services within the State.

Based upon NYPA's scheduled customer power needs and available electricity generated by NYPA's operating assets, the Authority buys and sells energy in an electricity market operated by NYISO. A significant amount of NYPA's energy and capacity revenues result from sales of NYPA's generation into the NYISO market. A significant amount of NYPA's operating expenses consists of various NYISO-purchased power charges in combination with generation-related fuel expenses.

(q) ***Operating Expenses***

The Authority's operating expenses include fuel, operations and maintenance including wages and benefits, depreciation, purchased power costs and other expenses related to the sale of power. Energy costs are charged to expenses as incurred.

Purchased power costs include capacity, energy and ancillary service purchases made in the wholesale market on behalf of its customers (except for those made through previously approved purchased power agreements). Transportation and delivery expenses are based on contractual and/or tariff rates of the service provider and are recovered through pass-through provisions in customer contracts.

Right-to-use lease assets and leasehold improvements recognized on account of the implementation of GASB No. 87 are being amortized over the lesser of the life of the assets or the term of the lease, using the straight-line method.

Right-to-use subscription assets recognized on account of the implementation of GASB No. 96 are being amortized over the subscription term, using the straight-line method.

(r) ***Accounting Pronouncements***

GASB issued GASB Statement No. 102 ("GASB No. 102"), *Certain Risk Disclosures*, which is effective for reporting periods beginning after June 15, 2024. The objective of this Statement is to ensure that users of government financial statements are informed about risks related to concentrations and constraints that could adversely affect the level of services provided or the ability to meet financial obligations. This objective is achieved by introducing new financial reporting requirements to improve transparency around risks arising from significant concentrations and constraints. As a public Authority, the Authority operates in accordance with applicable legislation and regulations. The Authority evaluated the requirements of GASB No. 102 and determined that no additional disclosures are required beyond those presented in these consolidated financial statements. Accordingly, GASB No. 102 has no material impact on its consolidated financial statements.

GASB issued GASB Statement No. 103 ("GASB No. 103"), *Financial Reporting Model Improvements*, which is effective for reporting periods beginning after June 15, 2025. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement refines the financial reporting model for state and local governments established by GASB Statement No. 34 by amending the reporting requirements primarily related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the statement of revenues, expenses, and changes in fund net position and information about major component units in basic financial statements. The Authority will adopt and appropriately reflect the reporting requirements of GASB No. 103 in its consolidated financial statements for year ending December 31, 2026, and onwards.

In September 2024, GASB issued GASB Statement No. 104 ("GASB No. 104"), *Disclosure of Certain Capital Assets*, which is effective for reporting periods beginning after June 15, 2025. The objective of this Statement is to enhance the usefulness and transparency of information related to specific categories of capital assets by requiring more detailed disclosures. GASB No. 104 requires separate disclosures of capital assets associated with leases and other intangible assets and capital assets classified as held for sale. These enhanced disclosures are intended to provide financial statement users with clearer insight into the nature, use, and disposition plans of these asset categories. The Authority will adopt and appropriately reflect the reporting requirements of GASB No. 104 in its consolidated financial statements for the year ending December 31, 2026, and thereafter.

GASB Statement No. 105 ("GASB No. 105"), Subsequent Events, was issued in December 2025 and is effective for reporting periods beginning after June 15, 2026. The objective of this Statement is to improve the financial reporting requirements for subsequent events. GASB No. 105 defines subsequent events as transactions or other events that occur after the date of the financial statement but before the date the financial statements are available to be issued. The Authority will adopt and appropriately reflect the reporting requirements of GASB No. 105 in its consolidated financial statements for the year ending December 31, 2027, and onwards.

(s) ***Authority's General Resolution Fund Reserves***

The Operating Fund, included within the Cash and Cash Equivalents and Investments on the Authority's Statement of Net Position, was created by the General Bond Resolution. A number of internal reserves has been established within the Operating Fund, as follows:

The Operating Reserve, established at $175 million by the Authority's Trustees, includes a reserve for working capital and emergency repairs to the Authority's projects, and the Authority maintains at least the established amount or higher as necessary.

The Debt Service Reserve is funded at maximum annual debt service (principal and interest payments) to ensure that sufficient amounts are available to pay debt service obligations when due. On June 30, 2026, the Debt Service Reserve balance was $105 million. On December 31, 2025, the Debt Service Reserve balance was $126 million.

The Energy Hedging Reserve was established at $90 million to have funds available for use as collateral that may be required to support the Authority's authorized fuel and energy hedging transactions. On June 30, 2026, the Energy Hedging Reserve balance was $91 million. On December 31, 2025, the Energy Hedging Reserve balance was $90 million.

The Spent Fuel Reserve was created to maintain funds to match the U.S. Department of Energy's ("DOE") obligation to pay for the processing and final disposition of spent nuclear fuel burned by the Authority when it owned the Indian Point #3 and James A. FitzPatrick nuclear plants. On June 30, 2026, the Spent Fuel Reserve balance was $274 million. On December 31, 2025, the Spent Fuel Reserve balance was $269 million.

The Capital Project Reserve is utilized to partially fund major new investments by the Authority in its energy infrastructure. The Authority funds major investments with debt and equity. This reserve has been established to provide the equity portion. On June 30, 2026, the Capital Project Reserve balance was $216 million. On December 31, 2025, the Capital Project Reserve balance was $216 million.

In addition, the Authority holds committed funds in separate portfolios that have been earmarked for economic development and relicensing programs ("Committed Funds", see Note 18). On June 30, 2026, the Authority held $137 million in Committed Funds in the Operating Fund. On December 31, 2025, the Authority held $111 million in Committed Funds in the Operating Fund.

(5) NYPA's Bond Resolutions and Related Matters

On February 24, 1998, NYPA adopted its "General Resolution Authorizing Revenue Obligations" (as amended and supplemented, 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 NYPA, 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 NYPA shall maintain rates, fees, or charges, and any contracts entered into by NYPA 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 NYPA 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.

The General Bond Resolution also provides 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.

Collateral - Under NYPA's General Bond Resolution, a Trust Estate was created and pledged for the payment of the principal and redemption price of, and interest on, NYPA's Obligations issued under the General Bond Resolution, and, on a parity basis, other Parity Debt as defined in the General Bond Resolution. NYPA's subordinated debt, including the Commercial Paper Notes, loans issued under the 2019 Revolving Credit Agreement and 2020 Hybrid Credit Agreement described below, the Extendible Municipal Commercial Paper Notes, are not Obligations under the General Bond Resolution but share a subordinated lien in the Trust Estate. The Trust Estate means, collectively: (i) all Revenues (as defined in the General Bond Resolution, which excludes revenues from Separately Financed Projects) of NYPA; (ii) the proceeds of the sale of Obligations until expended for the purposes authorized in the supplemental resolution authorizing the issuance of such Obligations; (iii) all funds, accounts, and subaccounts established by the General Bond Resolution, including investment earnings thereon; and (iv) all funds, money, and securities and any and all other rights and interests in property, whether tangible or intangible, conveyed as and for additional security pursuant to the General Bond Resolution by NYPA, or by anyone on its behalf, or with its written consent, to the Trustee.

Events of Default/Termination - Pursuant to the General Bond Resolution, upon an Event of Default so long as such Event of Default shall not have been remedied, either the Trustee or the owners of 25% in principal amount of the Obligations then outstanding may declare the principal and accrued interest on all Obligations due and payable immediately.

Under the 2019 Revolving Credit Agreement ("2019 RCA") supporting NYPA's Commercial Paper Series 1, Series 2 and Series 3A, in the case of an Event of Default (as defined in the 2019 RCA), the lenders holding 66 2/3% of the commitments thereunder will be able to: terminate their commitments; direct NYPA to cease issuing Commercial Paper Notes; and declare the principal and accrued interest on obligations under the 2019 RCA due and immediately payable.

Under the 2020 Revolving Credit Agreement and 2020 Note Purchase Agreement (together, the "2020 Hybrid Credit Agreement") supporting NYPA's Commercial Paper Notes Series 3B and 4 and/or Direct Purchase Note(s), in the case of an Event of Default (as defined in the 2020 Hybrid Credit Agreement), the sole lender

under the 2020 Hybrid Credit Agreement holding 100% of the commitment thereunder will be able to: terminate its commitment; direct NYPA to cease issuing Commercial Paper Notes; and declare the principal and accrued interest on obligations under the 2020 Hybrid Credit Agreement due and immediately payable. There were no events of default during 2025 and 2024.

Transmission Bond Resolution Related Matters (SFP)

Collateral - Under NYPA's Transmission Bond Resolution, a Trust Estate was created and pledged for the payment of the principal and redemption price of, and interest on, the SFP Obligations issued under the Transmission Bond Resolution, and on a parity basis, other Parity Debt as defined in the Transmission Bond Resolution. The Trust Estate means, collectively: (i) all SFP Transmission Revenues; (ii) the proceeds of the sale of SFP Transmission Obligations until expended for the purposes authorized by Supplemental Resolution authorizing such SFP Transmission Obligations; (iii) all funds, accounts, and subaccounts established by the Resolution, including investment earnings thereon; and (iv) all funds, money, and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned, or transferred as and for additional security hereunder for the SFP Transmission Obligations by NYPA, or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times, and to hold and apply the same subject to the terms hereof.

(6) Cash and Investments

Investment of the Authority's funds is administered in accordance with the applicable provisions of the General Bond Resolution and 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.

Investment of the Authority's Separately Financed Project ("SFP") and Captive funds is administered in accordance with the applicable provisions of the Transmission Bond Resolution and the Captive Insurance Investment Policy Statement, respectively.

Investment of NYREDHC and its 100% wholly owned subsidiary Somers Solar, LLC is administered in accordance with the applicable provisions of NYREDHC's Guidelines for the Investment of Funds.

(a) *Investment Credit Risk*

The Authority's investments under the General Bond Resolution and Guidelines for the Investment of Funds are restricted to (a) authorized collateralized certificates of deposit, Certificate of Deposit Account Registry Service ("CDARS", 100% FDIC insured) program or similar FDIC-insured, reciprocal products, time deposits and money market funds (money market funds shall not exceed 40% of the Authority's invested funds and no more than $100 million invested in any one fund), (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, and (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 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. The Authority's investments in senior debt securities of the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB) Federal Agricultural

Mortgage Corporation (FAMC) and Federal Home Loan Mortgage Corporation (FHLMC) were rated Aa1 by Moody's Investors Services (Moody's), AA+ by Fitch Ratings (Fitch) and AA+ by Standard & Poor's (S&P).

Permitted investments under Transmission Bond Resolution are similar to those investment types stated for the Authority.

Permitted investments for Captive under the NYPA Captive Insurance Investment Policy Statement are similar to those types stated for the Authority with the additional inclusion of Collateralized Loan Obligations ("CLOS") with a rating of AA or higher; Corporate equity investments in domestic common and preferred stocks and publicly traded REIT funds; and Mortgage-backed securities and Collateralized Mortgage Obligations with a rating of AA or higher.

Permitted investments for the NYREDHC are identical to those investment types stated for the Authority.

Investments are reported in the consolidated statements of net position at fair value, using quoted market prices. Realized and unrealized gains and losses on investments are recorded as investment income in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

(b) ***Interest Rate Risk***

Securities involved in repurchase or reverse repurchase agreements must maintain a market value at or above the investment cost. These agreements are restricted to a maximum fixed term of 30 days and are capped at $250 million overall, with a limit of $50 million per individual dealer or bank. Funds will not be invested for durations exceeding the anticipated need for those funds. As of June 30, 2026, the Authority has $20 million invested in repurchase agreements. As of December 31, 2025, the Authority had $22 million invested in the repurchase agreements.

Provisions applicable to the Authority apply to the SFP, Captive and NYREDHC for interest rate risk coverage.

(c) ***Concentration of Investment Credit Risk***

On June 30, 2026, there is no limit on the amount that the Authority may invest in any one issuer; however, investments in authorized certificates of deposit shall not exceed 40% of the Authority's invested funds and shall not exceed $50 million from any one bank. On June 30, 2026, the Authority's (excluding SFP, Captive and NYREDHC) total investment portfolio of $903 million, excluding cash and cash equivalents, includes investments of $469 million (52%), $213 million (24%), $143 million (16%), $20 million (2%), and $58 million (6%) in government Agency securities, U.S. Treasuries, Guaranteed Investment Contracts, Reverse Repurchase Agreements and other various deposits, and Municipal securities, respectively. 82% of the total investments are in securities guaranteed by the U.S. Government.

On December 31, 2025, there is no limit on the amount that the Authority may invest in any one issuer; however, investments in authorized certificates of deposit shall not exceed 40% of the Authority's invested funds and shall not exceed $50 million from any one bank. On December 31, 2025, the Authority's (excluding SFP, Captive and NYREDHC) total investment portfolio of $1,029 million, excluding cash and cash equivalents, included investments of $476 million (46%), $342 million (33%), $137 million (14%), $22 million (2%), and $52 million (5%) in government Agency securities, U.S. Treasuries, Guaranteed Investment Contracts, Gestation Repurchase Agreements and other various deposits, and Municipal securities, respectively. 80% of the total investments are in securities guaranteed by the U.S. Government.

On June 30, 2026, SFP's total investment portfolio of $24 million, excluding cash and cash equivalents, includes investments of $24 million (100%) in government Agency securities. 100% of the total investments are in securities guaranteed by the U.S. Government. On December 31, 2025, SFP's total investment portfolio of $24 million, excluding cash and cash equivalents, included investments of $24 million (100%), in government Agency securities, 100% of the total investments are securities guaranteed by the U.S. Government.

On June 30, 2026, Captive's total investment portfolio of $143 million, excluding cash and cash equivalents, includes investments of $75 million (53%), $3 million (2%), $48 million (33%), and $17 million (12%) in government Agency securities, Treasuries, taxable Municipal bonds, and Guaranteed Investment Contracts, respectively. 88% of the total investments are in securities guaranteed by the U.S. Government. On December 31, 2025, Captive's total investment portfolio of $127 million, excluding cash and cash equivalents, included investments of $62 million (49%), $4 million (3%), $44 million (35%) and $17 million (13%) in government Agency securities, Treasuries, taxable Municipal bonds and Guaranteed Investment Contracts, respectively. 52% of the total investments are in securities guaranteed by the U.S. Government.

On June 30, 2026, NYREDHC's total investment portfolio of $55 million, excluding cash and cash equivalents, includes investments of $50 million (90%) and $5 million (10%) in government Agency securities and taxable Municipal bonds, respectively. 100% of the total investments are in securities guaranteed by the U.S. Government. On December 31, 2025, NYREDHC's total investment portfolio of $61 million, excluding cash and cash equivalents, included investments of $56 million (91%) and $5 million (9%) in government Agency securities and taxable Municipal bonds, respectively. 92% of the total investments are in securities guaranteed by the U.S. Government.

(d) ***Cash and Cash Equivalents***

All investments are held by designated custodians in the name of the Authority (which includes NYPA, Canal Corporation, SFP, Captive and NYREDHC, as applicable). On June 30, 2026, the Authority (excluding SFP, Captive and NYREDHC) had $277 million invested in money market funds and $17 million invested in CDAR. On December 31, 2025, the Authority (excluding SFP, Captive and NYREDHC) had $207 million invested in money market funds and $22 million invested in CDAR.

On June 30, 2026, and December 31, 2025, SFP had $21 million and $81 million invested in money market funds, respectively.

On June 30, 2026, and December 31, 2025, Captive had $5 million and $4 million invested in money market funds, respectively.

On June 30, 2026, and December 31, 2025, NYREDHC had $21 million and $59 million invested in money market funds, respectively.

On June 30, 2026, and December 31, 2025, Somers Solar LLC, a subsidiary of NYREDHC, had $21 million and $25 million invested in money market funds, respectively.

Total Cash and Investments of the Authority on a consolidated basis are $1.7 billion and $1.7 billion on June 30, 2026, and December 31, 2025, respectively.

Investments (NYPA and Canals)

	Total		Restricted		Capital funds*		Unrestricted	
	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25
				(in millions)				
Cash and investments:								
Cash and cash equivalents	$ 344	$ 264	$ 22	$ 5	$ 15	$ 37	$ 307	$ 222
U.S. government:								
U.S. Treasury bills	89	132	-	13	1	2	88	117
U.S. Treasury notes	116	210	-	-	97	191	19	19
U.S. Treasury strips	8	-	-	-	8	-	-	-
	213	342	-	13	106	193	107	136
Other debt securities:								
FFCB	70	86	-	-	10	61	60	25
FNMA	133	104	-	-	5	28	128	76
FHLMC	80	84	-	-	-	-	80	84
FHLB	103	100	-	-	-	-	103	100
GNMA	83	102	-	-	-	-	83	102
All other	221	211	-	-	-	22	221	189
	690	687	-	-	15	111	675	576
Total investments	903	1,029	-	13	121	304	782	712
Total cash and investments	$ 1,247	$ 1,293	$ 22	$ 18	$ 136	$ 341	$ 1,089	$ 934
Summary of maturities (years):								
0 - 1	428	414	-	13	113	168	315	233
1 - 5	253	369	-	-	8	116	245	253
5 - 10	113	113	-	-	-	-	113	113
10+	109	133	-	-	-	20	109	113
	$ 903	$ 1,029	$ -	$ 13	$ 121	$ 304	$ 782	$ 712

*All committed

I. The Authority's General Bond Resolution authorized the establishment of an Operating Reserve in an amount necessary to support the Authority's operations. The Trustees established the Operating Reserve level and Debt Service Reserve by resolution. As of June 30, 2026, NYPA's total cash and investments of $1.2 billion and as of December 31, 2025, NYPA's total cash and investments of $1.3 billion included Operating Reserve for working capital and emergency repairs, Debt Service Reserve to pay debt service on General Bond Resolution obligations and various other reserves. See the section "Authority's General Resolution Fund Requirements" in Note 4(s) for detailed note on the Authority's Fund Requirements.

II. As of June 30, 2026, restricted funds include the Petroleum Overcharge Restitution ("POCR") fund ($3 million), and Others ($10 million). Further, restricted Cash and cash equivalents includes the remaining balance amount of $9 million appropriated for Canals by the 2024-2025 Capital Projects Budget of New York State. As of December 31, 2025, restricted funds included primarily the POCR fund ($6 million), and Others ($7 million). Further, restricted Cash and cash equivalents included the remaining balance amount of $4 million appropriated for Canals by the 2024-2025 Capital Projects Budget of New York State.

Investments (SFP)

	Total		Restricted		Capital funds		Unrestricted	
	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25
	(in millions)							
Cash and investments:								
Cash and cash equivalents	$ 136	$ 96	$ 136	$ 96	$ -	$ -	$ -	$ -
U.S. government:								
U.S. Treasury bills	-	-	-	-	-	-	-	-
U.S. Treasury notes	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Other debt securities:								
FNMA	15	15	15	15	-	-	-	-
FHLMC	9	9	9	9	-	-	-	-
FHLB	-	-	-	-	-	-	-	-
GNMA	-	-	-	-	-	-	-	-
All other	-	-	-	-	-	-	-	-
	24	24	24	24	-	-	-	-
Total investments	24	24	24	24	-	-	-	-
Total cash and investments	$ 160	$ 120	$ 160	$ 120	$ -	$ -	$ -	$ -
Summary of maturities (years):								
0 - 1	-	-	-	-	-	-	-	-
1 - 5	16	16	16	16	-	-	-	-
5 - 10	8	8	8	8	-	-	-	-
10+	-	-	-	-	-	-	-	-
	$ 24	$ 24	$ 24	$ 24	$ -	$ -	$ -	$ -

Investments (Captive)

	Total		Restricted		Capital funds		Unrestricted	
	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25
	(in millions)							
Cash and investments:								
Cash and cash equivalents	$ 5	$ 4	$ 5	$ 4	$ -	$ -	$ -	$ -
U.S. government:								
U.S. Treasury bills	-	-	-	-	-	-	-	-
U.S. Treasury notes	4	4	4	4	-	-	-	-
	4	4	4	4	-	-	-	-
Other debt securities:								
FFCB	5	5	5	5	-	-	-	-
FNMA	16	12	16	12	-	-	-	-
FHLMC	27	28	27	28	-	-	-	-
FHLB	10	10	10	10	-	-	-	-
GNMA	17	7	17	7	-	-	-	-
All other	64	61	64	61	-	-	-	-
	139	123	139	123	-	-	-	-
Total investments	143	127	143	127	-	-	-	-
Total cash and investments	$ 148	$ 131	$ 148	$ 131	$ -	$ -	$ -	$ -
Summary of maturities (years):								
0 - 1	-	-	-	-	-	-	-	-
1 - 5	48	26	48	26	-	-	-	-
5 - 10	58	82	58	82	-	-	-	-
10+	37	19	37	19	-	-	-	-
	$ 143	$ 127	$ 143	$ 127	$ -	$ -	$ -	$ -

Investments (NYREDHC)

	Total		Restricted		Capital funds		Unrestricted	
	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25
	(in millions)							
Cash and investments:								
Cash and cash equivalents	$ 42	$ 59	$ -	$ -	$ -	$ -	$ 42	$ 59
U.S. government:								
U.S. Treasury bills	-	-	-	-	-	-	-	-
U.S. Treasury notes	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Other debt securities:								
FNMA	6	6	-	-	-	-	6	6
FHLMC	19	22	-	-	-	-	19	22
FHLB	-	-	-	-	-	-	-	-
GNMA	25	28	-	-	-	-	25	28
All other	5	5	-	-	-	-	5	5
	55	61	-	-	-	-	55	61
Total investments	55	61	-	-	-	-	55	61
Total cash and investments	$ 97	$ 120	$ -	$ -	$ -	$ -	$ 97	$ 120
Summary of maturities (years):								
0 - 1	-	-	-	-	-	-	-	-
1 - 5	3	4	-	-	-	-	3	4
5 - 10	15	16	-	-	-	-	15	16
10+	37	41	-	-	-	-	37	41
	$ 55	$ 61	$ -	$ -	$ -	$ -	$ 55	$ 61

(7) Capital Assets

Capital assets are stated at original cost and consist of amounts expended for labor, materials, services and indirect costs to license, construct, acquire, complete and place the projects of the Authority in operation. Depreciation of capital assets is based on approved rates for each of the various classes of capital assets. Capital assets, net of accumulated depreciation on June 30, 2026, and December 31, 2025, were:

Capital Assets (NYPA, Canals & NYREDHC)

	June 30, 2026	December 31, 2025
	(in millions)	
Non-depreciable capital assets:		
Land	$ 434	$ 434
Construction in progress	1,119	978
Total Non-depreciable capital assets	1,553	1,412
Depreciable capital assets:		
Production - Hydro	2,585	2,583
Production - Gas turbine/combined cycle	1,281	1,276
Transmission*	3,164	2,972
General	1,800	1,741
Energy Storage	35	35
Renewable	4	4
Canal System	1,149	1,124
Total Depreciable capital assets	10,018	9,735
Less accumulated depreciation for:		
Production - Hydro	1,208	1,179
Production - Gas turbine/combined cycle	1,008	992
Transmission	1,506	1,482
General	798	727
Energy Storage	13	11
Renewable	-	-
Canal System	456	430
Total accumulated depreciation	4,989	4,821
Net value of Depreciable capital assets	5,029	4,914
Net value of all assets	$ 6,582	$ 6,326

*In 2025, the Authority received contributed transmission assets valued at $45M from the Champlain Hudson Power Express (“CHPE”) project related to required interconnection upgrades at the Astoria Annex substation. In 2026, the Authority received an additional $176M of assets related to CHPE along with another $22M for substation equipment for “Excelsior Energy Center” located in Bryon, NY. Under NYISO tariff

provisions, the Authority is required to assume ownership, operation, and ongoing maintenance of these facilities, including obtaining insurance and performing future capital replacements. In accordance with GASB Statement No. 33, the contributed assets were recognized at installed cost, with a corresponding deferred inflow of resources. The deferred inflow will be amortized over the useful life of the assets, offsetting related depreciation expense, and resulting in no net impact on the Authority's statement of revenues, expenses, and changes in net position.

Capital Assets (SFP)

	June 30, 2026	December 31, 2025
	(in millions)	
Non-depreciable capital assets:		
Land:		
CEEC	$ 27	$ 27
Smart Path Connect	2	2
Construction in progress:		
CEEC	-	-
Smart Path	-	-
Smart Path Connect	-	42
Total Non-depreciable capital assets	29	71
Depreciable capital assets:		
CEEC	218	210
Smart Path	482	482
Smart Path Connect	945	879
Total Depreciable capital assets	1,645	1,571
Less accumulated depreciation for:		
CEEC	10	8
Smart Path	21	20
Smart Path Connect	23	15
Total accumulated depreciation	54	43
Net value of Depreciable capital assets	1,591	1,528
Net value of all assets	$ 1,620	$ 1,599

(8) Long-Term and Short-Term Debt

General Resolution Long-Term and Short-Term Debt (NYPA)

	Amount June 30 2026	Amount December 31 2025	Interest Rate (a)	Maturity		Earliest redemption date prior to maturity
	(in millions)					
General Resolution Senior debt:						
Revenue Bonds (Tax-Exempt):						
Series 2020A Revenue Bonds:						
Term Bonds	$ 1,121	$ 1,121	3.25% to 4.00%	11/15/2045 - 2060	**	5/15/2030
Series 2024 A Revenue Bonds:						
Serial Bonds	382	382	5.00%	11/15/2030 - 2044	**	11/15/2034
Term Bonds	68	68	4.00%	11/15/2049 - 2054	**	11/15/2034
Revenue Bonds (Taxable):*						
Series 2020B Revenue Bonds:						
Term Bonds	114	114	2.818%	11/15/2039	**	Any date
	1,685	1,685				
Add: unamortized premium and discount	110	114				
Long-term senior debt	1,795	1,799				
Less: due within one year	-	-				
Long-term senior debt, net of due within one year	$ 1,795	$ 1,799				

(a) interest rate at issuance
* All outstanding taxable term bonds are subject to Make-Whole Call provisions
** Bonds are subject to sinking fund provisions

Note: Interest on Series 2020B Revenue Bonds is not excluded from gross income for bondholders' Federal income tax purposes.

In October 2024, the Authority issued $450 million in Revenue Bonds, Series 2024 A (Green Bonds) ("2024 A Bonds"), marking its second green bond issuance under the General Bond Resolution. These bonds are referred to as Green Bonds as the proceeds are intended to be used to support environmentally beneficial projects. On issuance of the 2024 A Bonds, NYPA raised $62 million for interest payments related to these bonds. $35 million of which was used for interest expense as of June 30, 2026.

The General Resolution Revenue Bonds outstanding as of June 30, 2026, and December 31, 2025, have an average coupon rate of 4.10% and mature through 2060.

As indicated in Note 5 "NYPA's Bond Resolutions and Related Matters" of the notes to the consolidated financial statements in the Authority's December 31, 2025, and 2024, Financial Report, NYPA has pledged future revenues to service the Obligations and Parity Debt (Revenue Bonds) issued under the General Bond Resolution. The total principal and interest remaining to be paid on the General Resolution Revenue Bonds is $3.1 billion as of June 30, 2026. The interest expense for the six months ending June 30, 2026, was $35 million, and for the six months ending June 30, 2025, it was $35 million.

General Resolution Revenue Bonds are subject to redemption prior to maturity in whole or in part as provided in the supplemental resolutions authorizing the issuance of each series of bonds, beginning for each series on the date indicated in the table above, at principal amount or at various redemption prices according to the date of redemption, together with accrued interest to the redemption date.

Maturities and Interest Expense:

Revenue bonds
(in millions)

	Principal	Interest	Total
Years ending December 31:			
2026	$ -	$ 69	$ 69
2027	-	69	69
2028	-	69	69
2029	-	69	69
2030 - 2034	171	330	501
2035 - 2039	225	287	512
2040 - 2044	276	236	512
2045 - 2049	313	175	488
2050 - 2054	340	109	449
2055 - 2059	296	45	341
2060 - 2064	64	2	66
	1,685	1,460	3,145
Plus: unamortized bond premium/discount	110	-	110
Total	$ 1,795	$ 1,460	$ 3,255

The total principal and interest payments on the General Resolution Revenue Bonds for the year 2025 was $71 million.

Transmission Resolution Long-Term Debt (Separately Financed Projects)

	Amount June 30 2026	Amount December 31 2025	Interest Rate (a)	Maturity	Earliest redemption date prior to maturity
	(in millions)				
Series 2022A Transmission Revenue Bonds:					
Serial bonds	$ 301	$ 301	4.000% to 5.000%	11/15/2026 to 11/15/2042	11/15/2031
Term bonds	271	271	3.875% to 4.000%	11/15/2047 to 11/15/2061*	11/15/2031
Principal amount outstanding	572	572			
Series 2023A Transmission Revenue Bonds:					
Serial bonds	367	367	5.000% to 5.250%	11/15/2026 to 11/15/2043	11/15/2033
Term bonds	367	367	5.000% to 5.125%	11/15/2048 to 11/15/2063*	11/15/2033
Principal amount outstanding	734	734			
Add: unamortized premium and discount	$56	$57			
Long-term SFP debt	1,362	1,363			
Less: due within one year 2022A	23	34			
Less: due within one year 2022B	11	-			
	34	34			
Long-term SFP debt, net of due within one year	$ 1,328	$ 1,329			

(a) interest rate at issuance
* Bonds are subject to sinking fund provisions

The Transmission Resolution Revenue Bonds outstanding as of June 30, 2026, and December 31, 2025, have an average coupon rate of 4.74% and mature through 2063. As indicated in the "Transmission Bond Resolution Related Matters" section in Note 5 of the notes to the consolidated financial statements in the Authority's December 31, 2025, and 2024 Financial Report, NYPA has pledged future revenues generated by the assets that are funded by the bond proceeds to service the Obligations issued under the Transmission Bond Resolution. The total principal and interest remaining to be paid on the Transmission Resolution Revenue Bonds is $2.4 billion as of June 30, 2026. The interest expense for the six months ending June 30, 2026, and the six months ending June 30, 2025, was $31 million each.

On the issuance of the Series 2023A Bonds, NYPA raised $42 million for interest expense payments related to these bonds, which has been fully depleted as of June 30, 2026.

See Note 3 for additional information relating to Transmission Resolution Revenue Bonds.

Maturities and Interest Expense:

Transmission Resolution Revenue Bonds
(in millions)

	Principal	Interest	Total
Years ending December 31:			
2026	$ 34	$ 62	$ 96
2027	57	60	117
2028	57	57	114
2029	41	55	96
2030 - 2034	178	244	422
2035 - 2039	177	201	378
2040 - 2044	174	160	334
2045 - 2049	170	120	290
2050 - 2054	163	83	246
2055 - 2059	156	46	202
2060 - 2064	99	10	109
	1,306	1,098	2,404
Plus: unamortized bond premium/discount	56	-	56
Total	$ 1,362	$ 1,098	$ 2,460

The total principal and interest payments on the Transmission Resolution Revenue Bonds for 2025 was $83 million.

Long-Term Debt Cost

The total cost of the Authority's debt was $69 million for the six months ended June 30, 2026, with a weighted average interest rate of 4.4%. This includes General Resolution debt of $1.8 billion at 4.1% for six months and Transmission Resolution debt of $1.4 billion at 4.7% for six months.

For comparison, the total cost of the Authority's debt for the six months ended June 30, 2025, was $69 million, with a weighted average interest rate of 4.4%. This included General Resolution debt of $1.8 billion at 4.1% for six months and Transmission Resolution debt of $1.4 billion at 4.7% for six months.

General Resolution Subordinate Debt:

(a) Subordinate Notes- There were no outstanding subordinated notes as of June 30, 2026, and December 31, 2025.

(b) Commercial Paper– Under the Extendible Municipal Commercial Paper ("EMCP") Note Resolution, adopted December 17, 2002, and as subsequently amended and restated, NYPA may issue a series of notes, designated EMCP Notes, Series 1, maturing not more than 270 days from the date of issue, up to a maximum amount outstanding at any time of $200 million ("EMCP" Notes). There are no outstanding notes under the EMCP program as of June 30, 2026, and December 31, 2025.

Under the provisions of the Second Amended and Restated Resolution Authorizing Commercial Paper Notes, adopted by NYPA on March 30, 2021, and the Certificate of Determination dated August 28, 2025, NYPA may issue from time to time a separate series of notes ("CP Notes") maturing not more than 270 days from the date of issue, up to a maximum amount outstanding at any time of $450 million (Series 1 CP Notes), $250 million (Series 2 CP Notes), $150 million (Series 3B CP Notes), $100 million (Series 4 Green CP Notes). Series 3A have zero allocated. There were no Series 2, Series 3A, and Series 3B Notes outstanding as of June 30, 2026, and December 31, 2025. NYPA intends to use the proceeds of Series 1, certain Series 2, and Series 3A and 3B CP Notes to finance the Authority's current and future energy efficiency programs and for other corporate purposes. NYPA used the proceeds of Series 4 Green CP Notes to fund internal loans to NYREDHC for renewable energy projects.

Market access risk – NYPA remarkets its CP Notes on a continuous basis. Should the market experience a disruption or dislocation, NYPA may be unable to remarket its Notes for a period of time. To mitigate this risk, NYPA has entered into two liquidity facilities with highly rated banks to provide loans to support the CP Note programs.

NYPA has a line of credit under a 2019 Revolving Credit Agreement (the "2019 RCA"), with a syndicate of banks, to provide liquidity support for the Series 1, Series 2, and Series 3A CP Notes, under which NYPA may borrow up to $700 million in aggregate principal amount outstanding at any time for certain purposes, including the repayment of the Series 1, Series 2, and Series 3A CP Notes. The 2019 RCA was extended by amendment and is effective through June 23, 2028. As of June 30, 2026, and December 31, 2025, there were no outstanding borrowings under the 2019 RCA.

NYPA has a Revolving Credit Agreement (the "2020 RCA") and Note Purchase Agreement (the "Note Purchase Agreement") effective April 22, 2020, each between NYPA, and a single bank as Administrative Agent and sole lender thereunder (collectively the "Hybrid Credit Agreement"). NYPA is able to borrow up to $250 million in aggregate principal amount outstanding at any time under the Hybrid Credit Agreement. NYPA is able to borrow amounts under the 2020 RCA for the repayment of the Series 3B and Series 4 CP Notes. Under the Note Purchase Agreement, NYPA may issue Direct Purchase Notes to the lender thereunder or request the issuance of Letters of Credit. As of June 30, 2026, and December 31, 2025, the Authority had a Letter of credit outstanding in the amount of $1 million under the Hybrid Credit Agreement on behalf of NYREDHC for the benefit of Somers Solar. NYPA and JPMorgan have executed an amendment to extend the Hybrid Credit Agreements for an additional three-year period. The Revolving Credit Agreement and Note Purchase Agreement are effective through June 23, 2028, with all key covenants unchanged.

As of June 30, 2026, and December 31, 2025, NYPA had no outstanding balance on account of Direct Purchase Note under its Note Purchase Agreement.

The CP Notes, EMCP Notes, and Direct Purchase Notes are subordinate to the Revenue Bonds Series 2024 A, 2020A, and 2020B.

Interest on the Series 3A and 3B CP Notes is subject to taxation for federal income tax purposes.

CP Notes (short-term portion) outstanding were as follows:

	June 30, 2026		December 31, 2025	
Authorized	**Allocated**	**Outstanding**	**Allocated**	**Outstanding**
	(in millions)		(in millions)	
CP Notes (Series 1)	$450	$181	$450	$231
CP Notes (Series 2)	250	-	250	-
CP Notes (Series 3A)	-	-	-	-
CP Notes (Series 3B)	150	-	150	-
CP Notes (Series 4)	100	25	100	25

Short-term debt decreased by $50 million as shown below:

	Beginning Balance	Increases	Decreases	Ending Balance
		(in millions)		
Year:				
Twelve months endded December 31, 2025	$ 438	$ 25	$ 207	$ 256
Six months ended June 30, 2026	$ 256	$ 50	$ 100	$ 206

(9) Changes in Noncurrent Liabilities

Changes in the Authority's noncurrent liabilities for the six-month period ended June 30, 2026, are comprised of the following:

	Beginning balance	Additions	Maturities/ refundings and other	Ending balance	Due within one year
			(in millions)		
General Resolution :					
Senior debt:					
Revenue bonds	$ 1,685	$ -	$ -	$ 1,685	$ -
Subtotal	1,685	-	-	1,685	-
Net unamortized discounts/premiums and deferred losses	114	-	4	110	-
Total debt, net of unamortized discounts/premiums and deferred losses	1,799	-	4	1,795	-
Other noncurrent liabilities:					
Disposal of nuclear fuel	269	5	-	274	-
Relicensing	218	-	-	218	-
Other	422	4	-	426	-
Total other noncurrent liabilities	909	9	-	918	-
Total noncurrent liabilities (excluding SFP)	2,708	9	4	2,713	-
Separate Revenue Bonds (SFP)					
Series 2022A Transmission Revenue Bonds	549	-	-	549	23
Series 2023A Transmission Revenue Bonds	723	-	-	723	11
Subtotal	1,272	-	-	1,272	34
Net unamortized discounts/premiums and deferred losses	57	-	1	56	-
Total debt, net of unamortized discounts/premiums and deferred losses	1,329	-	1	1,328	34
Total noncurrent liabilities (including SFP)	$ 4,037	$ 9	$ 5	$ 4,041	$ 34

Changes in the Authority's noncurrent liabilities for the year ended December 31, 2025, are comprised of the following:

	Beginning balance	Additions	Maturities/ refundings and other	Ending balance	Due within one year
			(in millions)		
General Resolution :					
Senior debt:					
Revenue bonds	$ 1,685	$ -	$ -	$ 1,685	$ -
Subtotal	1,685	-	-	1,685	-
Net unamortized discounts/premiums and deferred losses	120	-	6	114	-
Total debt, net of unamortized discounts/premiums and deferred losses	1,805	-	6	1,799	-
Other noncurrent liabilities:					
Disposal of nuclear fuel	258	11	-	269	-
Relicensing	223	-	5	218	-
Other	357	69	4	422	-
Total other noncurrent liabilities	838	80	9	909	-
Total noncurrent liabilities (excluding SFP)	2,643	80	15	2,708	-
Separate Revenue Bonds (SFP)					
Series 2022A Transmission Revenue Bonds	572	-	23	549	23
Series 2023A Transmission Revenue Bonds	734	-	11	723	11
Subtotal	1,306	-	34	1,272	34
Net unamortized discounts/premiums and deferred losses	61	-	4	57	-
Total debt, net of unamortized discounts/premiums and deferred losses	1,367	-	38	1,329	34
Total noncurrent liabilities (including SFP)	$ 4,010	$ 80	$ 53	$ 4,037	$ 34

(10) Risk Management of Commodity Hedging Activities

Overview

The Authority's risk management program aims to address commercial risks and cash flow volatility from energy, fuel, capacity, and certain non-energy commodity prices. Participation in NYISO and commodity markets exposes the Authority to price uncertainties that affect revenue and customer costs. To limit financial impact, the Authority uses financial derivatives and physical forward contracts to stabilize costs and margins, hedge geographic price differences, and manage risks related to energy, capacity, congestion, natural gas, and non-energy commodities.

To achieve the risk management program objectives, the Authority's Trustees have authorized the use of various instruments for hedging purposes that are considered derivatives under GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB No. 53").

The fair values of all Authority derivative instruments are reported in current and noncurrent assets or liabilities on the consolidated statement of net position as risk management activities to manage commercial risk. For designated derivative instruments, changes in the fair values are deferred and classified as deferred outflows or inflows on the consolidated statement of net position. The fair value for over the counter and

exchange traded energy, fuel, capacity, and non-energy commodity derivative instruments is determined by prices published by S&P Global Platt's ("Platts"), market sources and/or pricing models.

Derivative Instruments

The following table shows the fair value of outstanding financial derivative instruments as of December 31, 2025, and June 30, 2026, and changes in fair value during the six months ended June 30, 2026.

Derivative instrument description	Fair value balance December 31, 2025	Net change in fair value (in millions)	Fair value balance June 30, 2026	Type of hedge or transaction	Financial statement classification for changes in fair value	Notional amount June 30, 2026	Unit of measure
Energy swaps/futures (sales)	$ (39)	$ 5	$ (34)	Cash flow	Deferred outflow	(2,437,760)	MWh
Energy swaps (purchases)	1	-	$ 1	Cash flow	Deferred inflow	193,169	MWh
Energy capacity futures	-	-	$ -	Cash flow	Deferred outflow	(300,000)	KWm
Non-energy commodity swaps	-	5	$ 5	Cash flow	Deferred outlow	(36,000)	MT
Non-energy options	2	(2)	$ -	Cash flow	Deferred inflow	(15,000)	MT
Totals	$ (36)	$ 8	$ (28)				

Energy swaps and futures – The Authority transacts energy swaps and futures to manage the revenue stream from forecasted generation. Net settlement payments were $20 million through June 30, 2026, and were $31 million at December 31, 2025.

Energy capacity futures – The Authority transacts capacity swaps and futures intended to mitigate the volatility of market prices for transactions in NYISO markets. Net settlement receipts were $37 million through June 30, 2026, and were $92 million at December 31, 2025.

Non-energy commodities swaps – The Authority transacts certain non-energy commodities swaps to mitigate the volatility of specific commodity markets affecting revenues received from certain customers' energy supply contracts. No settlement payments were made through June 30, 2026, and net settlement payments were $28 million at December 31, 2025.

Non-energy commodities options – The Authority transacts certain non-energy options to mitigate the volatility of specific commodity markets affecting revenues received from certain customers' energy supply contracts. Premium payments were $2 million through June 30, 2026, and were $4 million at December 31, 2025. Premium receipts were $5 million through June 30, 2026, and were $0 at December 31, 2025. Settlement payments were $4 million through June 20, 2026, and Settlement receipts were $1 million at December 31, 2025.

Other – Over the lifetime of each outstanding energy derivative instrument it is possible for the instrument to become ineffective due to changes in the hedged item. The change in fair market value of ineffective derivative instruments would be recognized as other nonoperating charges or credits in the statements of revenues, expenses, and changes in net position.

Counterparty Credit Risk

The Authority imposes thresholds, based upon agency-published credit ratings and/or analysis, for unsecured credit that can be extended to counterparties in support of the Authority's commodity derivative transactions. The thresholds are established in credit support agreements with counterparties and require collateralization of mark-to-market values in excess of the thresholds.

Based upon the fair values as of December 31, 2025, and June 30, 2026, the Authority's individual or aggregate exposure to derivative instrument counterparty credit risk is not significant.

Other Considerations

The Authority at certain times, may be exposed to any of the following risks:

Basis risk – The Authority is exposed to basis risk through a portion of its electrical commodity-based swaps where the electrical commodity swap payments received are based upon a reference price in a NYISO Market Zone that differs from the zone in which the hedged electric energy load is forecasted. If the correlation between these zones' prices should change, the Authority may be exposed as a result of the inability of the electrical commodity swaps to offset the delivery price of the related energy. Positions are monitored and re-balanced as needed, to manage basis risk.

Termination risk – The Authority or its counterparties may terminate a derivative instrument if either party fails to perform under the terms of the agreement. The risk that such termination may occur at a time which may be disadvantageous to the Authority has been mitigated by including certain terms in these agreements by which the counterparty has the right to terminate only as a result of certain events, which includes a payment default by the Authority; other Authority defaults which remain uncured within a defined time-frame after notice; bankruptcy or insolvency of the Authority (or similar events); or a downgrade of the Authority's credit rating below investment grade. If at the time of termination, the Authority has a liability position related to its hedging derivative instruments, the Authority would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

(11) Pension Plans

General Information

The Authority is a cost-sharing employer that participates in the New York State and Local Employees Retirement System ("NYSLERS"), which is a cost-sharing multiple-employer plan in which the participating government employers pool their assets and their obligations to provide defined benefit pensions. The plan assets of this type of plan can be used to pay the pensions of the retirees of any participating employer. The amounts reported by the Authority for its proportionate share of the net pension liability, pension expense, and deferred outflows and deferred inflows have been provided by the New York State and Local Employees Retirement System to employers participating in the NYSLERS in accordance with Statement No. 68, Accounting and Financial Reporting for Pensions, and have been determined on the same basis as reported by the NYSLERS.

Substantially all of the Authority's employees participate in the New York State and Local Employees Retirement System ("NYSLERS") and the Public Employees' Group Life Insurance Plan ("the Plan"). These are cost-sharing multiple-employer defined benefit retirement plans. The NYSLERS is contributory except for employees who joined on or prior to July 27, 1976.

Members become vested in the plan after five years of service and generally are eligible to receive benefits at age 55. The benefit is generally 1.67% of final average salary ("FAS") times the number of years of service, for members who retire with less than 20 years of service, and 2% of FAS for members who retire with 20 or more years of service. NYSLERS provides an annual automatic cost-of-living adjustment to members or surviving spouses based on certain eligibility criteria.

The NYSLERS and the Plan provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller") serves as sole trustee and administrative head of NYSLERS and the Plan. The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of NYSLERS and the Plan, and for the custody and control of their funds. Under the authority of NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers.

The required contributions to NYSLERS were $45 million and $39 million for the NYSLERS fiscal years ended March 31, 2026, and 2025. The Authority's contributions to the NYSLERS were equal to 100% of the required contributions for each year. The Authority's pension contribution to NYSLERS for fiscal year ended March 31, 2027, based on salary projection as of the NYSLERS fiscal year ended March 31, 2026, is expected to be approximately $51 million. The average contribution rates relative to payroll for NYSLERS's fiscal years ended March 31, 2026, and 2027 have been set at approximately 16.5% and 17.6%, respectively.

At June 30, 2026, and December 31, 2025, the Authority reported a liability of $159 million and $142 million, respectively, for its proportionate share of the net pension liability within other long-term liabilities.

For the six months ended June 30, 2026, and the six months ended June 30, 2025, the Authority recognized pension expenses of $17 million and $10 million, respectively.

(12) Postemployment Benefits (OPEB)

NYPA provides certain health care and life insurance benefits for eligible retired employees and their dependents under a single employer noncontributory (except for certain optional life insurance coverage) health care plan ("NYPA OPEB Plan"). Employees and/or their dependents become eligible for these benefits when the employee has reached 55 years of age and has at least 10 years of service and retires or dies while working at NYPA. Salaried employees hired after December 31, 2015, IBEW employees hired after May 19, 2015, and UWUA employees hired after September 23, 2016, become eligible after 15 years of service. In addition, they will be required to contribute 50% of the active plan contribution; no contributions will be required for those enrolled in the Medicare advantage plan. Additionally, NYPA reimburses retirees, and in certain cases covered dependents, for some or all of their Medicare Part B Premiums.

NYPA has an established trust for OPEB obligations ("OPEB Trust"), with the trust to be held by an independent custodian. Plan members are not required to contribute to the OPEB Trust. The OPEB Trust is set up to pay for the exclusive benefit of the OPEB Trust plan participants. The funding of NYPA's OPEB Trust is at the discretion of management. Changes to NYPA's OPEB Plan or OPEB Trust agreement are approved by the Authority's Trustees. NYPA made contributions on a pay-as-you-go basis in 2025 and 2024 and did not contribute any amount beyond these contributions to the OPEB Trust.

The Canal Corporation provides health care and death benefits for eligible retired employees. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Canal Corporation. The Canal Corporation participates, pursuant to the provision of Section 163(4) of the New York State Civil Service Law, in the New York State Health Insurance Program ("NYSHIP"). NYSHIP does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

The Authority recognized consolidated OPEB expenses of $10 million for each of the six-month periods ended June 30, 2026 and 2025. The Authority's net OPEB liability (asset) was measured as of June 30, 2025, based on valuation results as of December 31, 2023, for NYPA's plan and May 1, 2024, for the Canal plan, projected to the measurement date on a no gain/loss basis and resulted in total OPEB liability of $723 million and plan fiduciary net position of $923 million, a 128% plan fiduciary net position as a percentage of the total OPEB liability as of June 30, 2025. Plan fiduciary net position increased to $1,065 million as of June 30, 2026. The discount rate used to measure the total OPEB liability was 6% as of June 30, 2025. The discount rate is based on the long-term expected rate of return on OPEB Trust assets, which is used in the projection of cash flows for purposes of measuring the total OPEB liability.

(13) Nuclear Plant Divestiture and Related Matters

On November 21, 2000, NYPA sold the James A. Fitzpatrick nuclear plant ("JAF") and the Indian Point 3 nuclear plant ("IP3") to two subsidiaries of Entergy Corporation (collectively, Entergy or the Entergy Subsidiaries). On March 31, 2017, Entergy transferred JAF to Exelon Generation Company, LLC (Exelon).

In accordance with the Nuclear Waste Policy Act of 1982, in June 1983, NYPA entered into a contract with the DOE under which DOE, commencing not later than January 31, 1998, would accept and dispose of spent nuclear fuel. In conjunction with the sale of the nuclear plants, NYPA's contract with the DOE was assigned to Entergy. Entergy assigned the portion of the pre-1983 spent fuel obligation applicable to JAF to Exelon in connection with the sale of JAF to Exelon. NYPA remains liable for the pre-1983 spent fuel obligation to Exelon for JAF and to Entergy for IP3, which as of June 30, 2026 and December 31, 2025, were $274 million and $269 million, respectively.

(14) Power Purchase Agreements ("PPA's")

The Authority does not have any Power Purchase Agreements ("PPAs") that have a fixed charge provision or fixed cost. As and when such PPA's are executed, they will be reflected in the Notes to the Authority's Consolidated Financial Statements.

The Authority executed nine PPAs for solar photovoltaic ("PV") projects with Ameresco, Inc. on June 28, 2023, and an additional six PPAs for solar PV projects with Ameresco, Inc on July 7, 2023, requiring the Authority to pay Ameresco, Inc. for electricity received from the sixty renewable facilities to be constructed under those PPAs and recover the payments from the City of New York, acting through its Department of Citywide Administrative Services ("DCAS") via a Power Sales Contract (the "PSC"). The Authority also executed four PPAs with Ameresco, Inc. for battery energy storage systems ("BESS") in 2024, requiring the Authority to pay Ameresco, Inc. for electricity received from the renewable facilities and recover the payments from the Purchaser via the PSC.

In the case of non-payment from DCAS, there is a cure period of one year, in which the Authority will cover the payments to Ameresco, Inc. If there is no cure, Ameresco, Inc. has no claim to the Authority so long as the Authority or Ameresco, Inc. is pursuing recovery from DCAS under the terms of the PSC. The total value of the PPAs with Ameresco, Inc. is $320 million over 20 years, the annualized amount being $16 million.

The first four of these nineteen PPAs have entered commercial operation, and more are expected to enter commercial operation through 2028.

The Authority also entered into a PPA for solar PV and BESS with Siemens Industry Inc. on December 23, 2020, requiring the Authority to pay Siemens Industry Inc. for electricity and services received from the renewable facilities constructed at the Jacob K. Javits Convention Center, and recover the payments from the New York Convention Center Operating Corporation ("NYCCOC") via a PSC. The annualized amount for the PPA entered on behalf of NYCCOC is $2.7 million over 25 years. Additionally, the Authority executed a PPA for solar PV and BESS with Solar Star Big Apple BTM, LLC, a wholly-owned subsidiary of SunPower Corporation, on May 7, 2021, requiring the Authority to pay Solar Star Big Apple BTM, LLC for the electricity received from the renewable facilities to be constructed at the John F. Kennedy International Airport and recover payments from the Port Authority of New York and New Jersey ("PANYNJ") via a PSC. The annualized amount for the PPA entered on behalf of PANYNJ is $1 million over 25 years. The total value of these PPAs is approximately $100 million over 25 years. The NYCCOC PPA has entered commercial operation and is producing energy through which the Authority is paying for and recovering for that energy under that PPA and Power Sales Contract respectively.

All other projects are in the design or construction phase, and the Authority is not paying for or recovering for energy under those agreements that are cost-neutral to the Authority.

In July 2025, NYPA entered into a take-and-pay Power Supply Contract with New York Energy Finance Development Corporation ("NYEFDC") which issued $944 million in Energy Supply Revenue Bonds to prepay for 30 years of electricity with NYPA as the sole offtaker. Any debt or liability incurred by NYEFDC on behalf of NYPA to prepay for energy is not a debt or liability of NYPA. Under the Power Supply Contract, NYEFDC will sell and deliver to NYPA and NYPA will purchase specified quantities of market-based energy, less a specified discount. The initial energy delivery period (during which NYPA is committed to purchase

approximately 876,000 MWh of electricity each year) began in January 2026 and will end in October 2033. This agreement does not qualify as a lease and the agreement does not have minimum payment terms. NYPA will only pay for energy when delivered and the Power Supply Contract represents an offset to NYPA's existing market-based power purchases.

In 2008, the Authority entered into a long-term power supply contract with Astoria Energy II LLC for the purchase of all the output of AEII, a 550-MW plant, which entered commercial operation on July 1, 2011, in Astoria, Queens. The delivery period under the contract is through 2031. At the same time, the Authority entered a separate contract with its' New York City Governmental Customers, which is coterminous with the PPA with Astoria Energy II LLC, to sell the output of AEII. All net costs of the Authority under the PPA with Astoria Energy II LLC 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.

(15) Purchased Power Cost

The Authority purchased power for $596 million and $476 million for the six months ended June 30, 2026, and 2025, respectively, in the open market, including $157 million and $84 million of purchases made under PPAs during the six months ended June 30, 2026, and 2025, respectively (See Note 14 for PPAs), with the entire cost passed through to its customers. The Authority is under no obligation to purchase power unless customer demands require such purchases, in which case the entire cost is recovered.

(16) Captive Insurance

On September 29, 2022, the Authority's Trustees approved the formation of a subsidiary corporation called the NYPA Captive Insurance Company ("Captive"), and on May 2, 2023, New York State Department of Financial Services ("DFS") issued the Certificate of Incorporation for Captive. On May 25, 2023, the Authority contributed $250,000 as its initial capital contribution to Captive. An additional $99,750,000 of capital contribution was made on August 8, 2023, bringing the total contribution to $100 million. DFS issued Captive the requisite license to operate on July 25, 2023.

On September 1, 2023, Captive initially underwrote a TRIA Certified NBCR (Nuclear, Biological, Chemical, Radiological & Cyberterrorism) Terrorism policy with an aggregate limit of $500 million. The policy has a federal backstop and a property deductible reimbursement line in the amount of $5 million per occurrence. On November 1, 2023, the coverage limit for the property deductible reimbursement line was increased to $10 million per occurrence. On January 1, 2024, Captive also underwrote a cyber deductible reimbursement line in the amount of $5 million per occurrence. On June 15, 2024, Captive underwrote a general liability deductible reimbursement line in the amount of $5 million per occurrence with a $200,000 deductible. On January 1, 2025, Captive underwrote a Canal Corporation property deductible reimbursement line in the amount of $20 million per occurrence with a $200,000 deductible. Those policies have since been renewed on an annual basis.

(17) Renewables

The Power Authority Act was amended in 2023 to, among other things, provide NYPA with the power to create one or more subsidiaries for the purpose of financing, developing and operating renewable energy generating projects in support of the State's renewable energy goals established in the New York State Climate Leadership and Community Protection Act, Chapter 106 of the Laws of 2019 (the "CLCPA"). Pursuant to such authority ("renewable development authority"), NYPA formed a subsidiary under the New York Business Corporation Law.

On November 21, 2024, NYPA incorporated NYREDHC. NYREDHC is authorized to carry out NYPA's renewable energy business and strategy as provided under the renewable development authority. NYREDHC is authorized to pursue any project identified in the NYPA Renewables Strategic Plan as explained in detail

in “Legislation Expanding NYPA’s Development Authority” section in MD&A of the Authority’s December 31, 2025, and 2024 Financial Report.

On December 31, 2024, NYPA funded NYREDHC with $100 million from amounts released from the lien of the Trust Estate created by the General Resolution. On February 28, 2025, NYREDHC purchased a 100% equity stake in Somers Solar from an affiliate of CS Energy, LLC. Somers Solar is a 20-MW project in Fort Edward, NY and was awarded a NYSERDA Tier 1 Index REC under the 2024 RES Solicitation (“Somers Solar Project”).

On May 1, 2025, NYPA executed a shared services agreement with NYREDHC under which NYREDHC will be required to reimburse NYPA for costs of providing services. The shared services agreement was approved by the Authority’s Trustees and the NYREDHC Board of Directors.

In September 2025, the Authority’s Trustees and NYREDHC’s Board of Directors each approved an intercompany loan facility which allows for borrowings of up to $100 million in aggregate, with NYPA as lender and NYREDHC as borrower to fund ongoing investments by NYREDHC in renewable energy projects. In December 2025, NYREDHC borrowed $25 million under this facility to fund a portion of construction costs of the Somers Solar Project. NYPA funded this loan with the issuance of tax-exempt commercial paper. NYREDHC board of directors in September also approved Somers Solar, LLC to execute an Engineering, Procurement, and Construction contract, along with other related project contracts, for up to $50 million, a portion of which will be funded by the intercompany loan facility. In the fall, NYPA also executed, through NYREDHC, two exclusivity agreements to purchase or partner on two additional projects identified in the Strategic Plan, with the transactions expected to close in 2026.

On March 25, 2026, NYREDHC entered into an agreement to support the development of Hannacroix Solar, a 5-megawatt solar (MW) project located in Greene County. Under the terms of the deal, NYREDHC will provide initial financing to advance Hannacroix Solar through its remaining pre-construction development activities. Pending final due diligence and customary closing conditions, the Power Authority will finance the project’s construction later this year, fully acquiring it in 2027. The agreement was negotiated with Teichos Energy, the project’s developer.

(18) Commitments and Contingencies

(a) *Power Program*

ReCharge New York Power Program

Chapter 60 (Part CC) of the Laws of 2011 (Chapter 60) established the “ReCharge New York Power Program” (“RNYPP”), administered by the Authority, which has as its central benefit up to 910 MW of low-cost power comprised of up to 455 MW of hydropower from the Niagara and St. Lawrence-FDR power projects and up to 455 MW of other power procured by the Authority from other sources. 910 MW of power is available for allocation as provided by Chapter 60 to eligible new and existing businesses and not-for-profit corporations under contracts of up to seven years. RNYPP was effective beginning July 1, 2012.

The hydropower used for the RNYPP was power formerly used to provide low-cost electricity to domestic and rural customers of the three private utilities that serve upstate New York. To mitigate the impacts from the redeployment of this hydropower for the RNYPP, Chapter 60 created a “Residential Consumer Discount Program” (“RCDP”).

Part QQ of Chapter 56 of the Laws of 2023 (“Chapter 56”), which is part of the 2023-24 Enacted State Budget, made the following changes to the RCDP: (1) sunsets the residential consumer electricity

discount component of the RCDP as of August 1, 2023; (2) authorizes NYPA to continue to fund the agricultural consumer electricity discount component for one additional program year (August 1, 2023-July 31, 2024) at the current annual level of up to $8 million; and (3) authorizes NYPA, for program years thereafter, to fund the agricultural consumer electricity discount up to an annual amount of $5 million.

Niagara's Preference Power and Expansion & Replacement Power, St. Lawrence-FDR's Preservation Power, as well as ReCharge New York's customers are legislatively assigned 90% of the current capability recognized by the NYISO for the Projects. As of June 30, 2026, the program allocations from the projects were approximately 50% for the Preference power and Preservation power customers, approximately 30% for Recharge Customers and Expansion & Replacement Power and the balance approximately 20% merchant customers. The generation from the projects will vary seasonally according to the weather and hydrological conditions and as such the allocation percentage could potentially change.

Western New York Power Proceeds Allocation Act

The Western New York Power Proceeds Act ("WNYPPA") was created with an effective date of March 30, 2012. WNYPPA authorizes the Authority, as deemed feasible and advisable by the Authority's Trustees, to deposit net earnings from the sale of unallocated Expansion Power and Replacement Power from the Authority's Niagara Power Project into an account administered by the Authority known as the Western New York Economic Development Fund ("WNYED Fund"). Net earnings are defined as any excess revenues earned from such power sold into the wholesale market over the revenues that would have been received had the power been sold at the Expansion Power and Replacement Power rates. Proceeds from the Fund may be used to support eligible projects undertaken within a 30-mile radius of the Niagara Power Project that satisfy applicable criteria. Chapter 58 also establishes a five-member Western New York Power Allocations Board, which is appointed by the governor.

The Authority's Trustees approved the release of up to $168.3 million in net earnings calculated for the period August 30, 2010, through June 30, 2026, as provided in the legislation, for deposit into the WNYED Fund. As of June 30, 2026, approximately $143 million has been deposited into the Fund. The Authority has approved awards of approximately $76 million to businesses and made payments of approximately $41 million as of June 30, 2026. Payment of these awards is contingent upon the execution of acceptable contracts between the Authority and individual awardees.

Northern New York Power Proceeds Allocation Act

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 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 the Authority would administer known as the Northern New York Economic Development Fund ("NNYED Fund"), and to make awards to eligible applicants that propose eligible projects that satisfy applicable criteria. NNYPPA also establishes a five-member Northern New York Power Allocations 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 Authority's 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 ("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 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. The amount of SLCEDP that the Authority could use to generate net earnings may not exceed the lesser of 10 MW or the amount of SLCEDP that has not been allocated.

As of June 30, 2026 the Authority's Trustees approved the release of funds, of up to $18.5 million, into the NNYED Fund representing "net earnings" from the sale of unallocated SLCEDP into the wholesale energy market for the period December 29, 2014, through June 30, 2026. As of June 30, 2026, approximately $13.8 million has been deposited into the Fund. As of June 30, 2026, the Authority has approved awards of NNYED Fund money totaling approximately $8.76 million to businesses that have proposed eligible projects and made payments totaling approximately $1.75 million to such businesses. Payment of approved awards of the NNYED Fund money is contingent upon the execution of acceptable contracts between the Authority and individual awardees.

HTP Transmission Line

In 2011 the Authority's Trustees authorized the Authority to enter into a 20-year Firm Transmission Capacity Agreement ("FTCPA") with Hudson Transmission Partners, LLC ("HTP") for the purchase of transmission capability on a newly constructed line between New Jersey and New York City to meet the long-term energy requirements of the city and to improve its transmission infrastructure.

The Authority's payment obligations under the FTCPA include capacity payments, interconnection and transmission upgrades, and Regional Transmission Expansion Plan ("RTEP")/Transmission Enhancement Charges (TECs), allocated to HTP in accordance with the PJM tariff. The RTEP/TECs imposed upon HTP, which are still subject to legal challenge, are discussed in more detail below.

Regarding the RTEP/TECs charges, the Authority was able to avoid such assessments starting in 2018 due to HTP's relinquishment of its Firm Transmission Withdrawal Rights ("FTWRs") on the PJM system. For RTEP/TECs assessed prior to 2018, the Authority and HTP and other New York parties contested the FERC-approved PJM RTEP/TEC allocations as unjust and unreasonable before the D.C. Circuit Court of Appeals. On August 9, 2022, the court agreed that PJM's RTEP/TEC cost allocation methodology was unduly discriminatory and departed from cost causation principles. The court remanded the case to FERC for further action. On March 6, 2026, FERC issued its remand order directing PJM to recalculate the challenged RTEP/TEC allocations using a replacement rate effective June 2015 that eliminates the flaws identified in the 2022 court opinion and provide refunds with interest within 90 days. Second, FERC directed further procedures to determine whether the PJM's cost allocation methodology can be used *at all* to allocate the costs of RTEP facilities whose purpose is to address "short circuit" issues. The Authority can expect refunds from FERC's order for PJM to recalculate RTEP/TEC allocations effective June 2015. FERC's ultimate determination on the use of PJM's methodology for facilities that address short circuit issues could result in additional refunds or additional charges, but the dollar impacts would be small in comparison to the refunds discussed above. Note that FERC's order on remand is subject to challenge.

In 2020, FERC determined that a portion of the RTEP/TECs assignable to the HTP facility dating back to 2018 had to be reinstated as they were unrelated to whether HTP had retained FTWRs. These reinstated RTEP/TECs were for project costs allocated under a methodology different from the one addressed in the 2022 D.C. Circuit Court opinion discussed above. FERC authorized PJM to begin collection for the back periods starting in August 2020. The Authority is accruing approximately $1 million per month, RTEP/TECs, through the term of the agreement which ends in 2033. The Authority contested the 2020 FERC order and appealed it to the D.C. Circuit Court of Appeals. However, the Authority's appeal was rejected by the D.C. Circuit on July 26, 2024, and the Authority determined it would not be successful on rehearing or further appeal, therefore these RTEP/TEC allocations remain in place.

Historically, the revenues derived from the monetization of the Authority's capacity rights under the FTCPA have not been sufficient to fully cover the Authority's costs under the FTCPA. As of June 30, 2026, the Authority estimates that costs for the Line under the FTCPA including estimated RTEP charges, will be approximately $100 million per year over the period from 2026-2029. The annual cost of the line is anticipated to be partially offset by revenues received under a Transmission Capacity Resale Agreement entered into in July 2026 as more fully described below.

In 2024, the Authority initiated a Request for Proposals (RFP) process, seeking opportunities to enhance the financial performance of the HTP cable while also providing clean emissions-free energy into New York City. Following a review of submittals and a period of negotiation with the selected bidder, in July 2026, the Authority executed a Transmission Capacity Resale Agreement (TCRA) of its share of the HTP line for a term up to 7 Years through June 2033. The TCRA provides for a combination of both fixed base fees and variable compensation based on asset performance, payable to NYPA over the agreement term. While subject to market and other risks, it is anticipated that this arrangement will provide for increased revenues and greater predictability of financial results than the prior contract for management of the line which was simultaneously terminated.

(b) ***Legal and Related Matters***

St. Regis Litigation

In 1982 and again in 1989, several groups of Mohawk Indians, including a Canadian Mohawk tribe, filed lawsuits ("the St. Regis litigation") against the State, the Governor of the State, St. Lawrence and Franklin counties, the St. Lawrence Seaway Development Corporation, the Authority, and others (the "Defendants"), claiming ownership to certain lands in St. Lawrence and Franklin counties and to Barnhart, Long Sault and Croil islands. These islands are within the boundary of the Authority's St. Lawrence-FDR Project and Barnhart Island is the location of significant Project 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, among other things, 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 Authority power at the preference rate for use on the reservation. The legislation required to effectuate the settlement was never enacted and the litigation continued.

In 2013, all claims against the Authority were dismissed and the lawsuit against the Authority was concluded. A Notice of Appeal was filed but the appeal was stayed and never perfected. On May 28, 2014, the State of New York, representing various defendants including St. Lawrence County and the Authority, outlined a framework for a potential settlement of all the St. Regis land claims, formalized in a Memorandum of Understanding ("St. Regis MOU") with the plaintiff, St. Regis Mohawk Tribe. After various discussions, the defendants agreed to a negotiated settlement in the St. Regis MOU that would require the Authority to pay the plaintiff $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 State Legislation and an Act of Congress to become effective.

In June 2023, the Governor signed legislation (S.7566/A.7759) authorizing the State to execute a land claims settlement agreement consistent with the St. Regis MOU. Subsequently, the remaining parties informed the Court that they had resolved their differences and agreed on a settlement framework. This framework has been formalized into a written final land claim settlement agreement, which was agreed to and signed by the plaintiff, St. Regis Mohawk Tribal Council on December 12, 2024. Given that the plaintiff accepted the offer made by the defendants, the Authority accrued a $26 million liability in 2024 based on the net present value of future payments to reflect its commitment to the payments outlined in the agreement.

In September 2025, the governor announced that the State reached a settlement agreement with the St. Regis Mohawk Tribe that is consistent with the St. Regis MOU. The settlement agreement requires, among other things, that the Authority make annual payments of $2 million for 35 years, totaling $70 million, and provide up to 9 MW of its lowest cost power to the St. Regis Mohawk Tribe. The St. Regis MOU will require an Act of Congress to forever extinguish all Mohawk land claims prior to such a settlement becoming effective. The U.S. House of Representatives passed a bill in December 2025 ratifying the terms of the MOU. The bill was introduced into the U.S. Senate, sponsored by Sen. Gillibrand, also in December but has not yet been signed into law.

Helicopter Incident Near the Authority's Transmission Lines in Beekmantown, New York

The Authority contracted with Northline Utilities, LLC ("Northline") to install fiber optic ground wire along the Authority's transmission system. Thereafter, Northline entered into a contract with Catalyst Aviation, LLC ("Catalyst") for helicopter services. In 2018, a Catalyst helicopter was destroyed when it collided with a wooden utility pole and power lines near Beekmantown, New York. Members of the helicopter crew were injured, and two members of that crew died as a result of their injuries. The Authority has received two notices of claim arising out of this incident. The Authority has pursued insurance coverage under Northline's insurance policies that name the Authority as an additional insured. The Authority tendered its defense of these Notices of Claim to Northline's insurer, and the insurer has accepted the Authority's tender. The Authority believes that there exists sufficient insurance coverage to cover these claims. In any event, to the extent that the insurance coverage limitations are insufficient, Northline is responsible under the defense and indemnification provisions of its contract with the Authority.

The Authority's outside counsel moved for Summary Judgment in New York State Supreme Court, which was granted in full. The plaintiffs then appealed to the Appellate Division, Second Department. The Second Department issued its decision in March 2026 reversing the lower court in part and sending the case back to the Trial Court for further proceedings. The Second Department upheld the lower court's dismissal of the Labor Law claims. Plaintiff's are seeking to appeal the Second Department's decision to the New York State Court of Appeals.

Small Natural Gas Power Plants (SNGPP)

Due to the settlement of litigation relating to one SNGPP site (the "Site"), NYPA has agreed under the settlement agreement to cease operations at the Site, which houses two units, under certain conditions and if the mayor of New York City directs such cessation. No such cessation has occurred. Regarding the Site, the settlement agreement also allows an adjacent landowner to put its real property to NYPA under certain conditions. No formal put notice has been received. Also, regarding the Site, NYPA and an adjacent landowner may enter into buy, sell or other types of agreements outside the terms of the settlement agreement.

Other Actions or Claims

In addition to the matters described above, other 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 the opinion of the Authority, be disposed of within the amount of the Authority's insurance coverage, where applicable, or the amount which the Authority has available therefore and without any material adverse effect on the business of the Authority. While the Authority cannot presently predict the outcome of the matters described above or any related litigation, the Authority believes that it has meritorious defenses and positions with respect thereto. However, adverse decisions of a certain type in the matters discussed above could adversely affect Authority operations and revenues.

(c) *Leases*

Lessee Arrangements

Under the provisions of GASB No. 87, the lease obligations represent the net present value of various contracts including property leases. The value of the asset and the obligation is reduced each month to properly reflect the remaining net present value of the asset and obligation.

Below is a description of these lease arrangements:

Property Leases

The Authority leases properties throughout New York State to serve its customers. These sites include offices, EV charging sites and warehouses. While terms vary by lease, each lease provides for a monthly lease payment subject to a fixed escalation on the anniversary date of each agreement. None of the leases contain provisions for variable payments or residual value guarantees. Additionally, there are no other payments such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability reflected as outflows of resources in 2025 and 2024. On June 30, 2026, the right-to-use lease asset for property leases amounted to approximately $36 million, net of $11 million of accumulated amortization, with a corresponding lease liability of $17 million. On December 31, 2025, the right-to-use lease asset for property leases amounted to approximately $34 million, net of $10 million of accumulated amortization, with a corresponding lease liability of $18 million.

The Authority has $18 million of principal and $4 million of interest requirements to maturity for the Authority's leases from 2026-2050.

Lessor Arrangements

The Authority receives contractually determined revenue related to leasing agreements. While terms vary by lease, each lease provides for lease receipts subject to a fixed escalation on the anniversary date of each agreement. These arrangements do not provide for any variable payments. There were no additional payments received other than the rental payments. The total amount of lease revenue and interest revenue in six months ended June 30, 2026 was $2 million and $1 million, respectively. On June 30, 2026, the lease asset receivable and the corresponding deferred inflow of resources were approximately $52 million and $42 million, respectively. The total amount of lease revenue and interest revenue in 2025 was $3 million and $1 million, respectively. On December 31, 2025, the lease asset receivable and the corresponding deferred inflow of resources were approximately $53 million and $44 million, respectively.

Presented below is a summary of future receipts that are included in the measurement of the lease receivable, showing principal and interest separately, for each of the five subsequent fiscal years and in five-year increments thereafter:

Year	Principal	Interest	Total
		(in millions)	
2026	$ 1	$ 1	$ 2
2027	2	1	3
2028	2	1	3
2029	2	1	3
2030	2	1	3
2031-35	11	5	16
2036-40	14	3	17
2041-45	18	1	19
Total	$ 52	$ 14	$ 66

(d) ***Subscription-based information Technology Arrangements ("SBITA")***

On June 30, 2026, the right-to-use subscription assets amounted to approximately $104 million, net of $46 million of accumulated amortization, included in capital assets, with a corresponding subscription liability of $43 million on the Consolidated Statements of Net Position. On December 31, 2025, the right-to-use subscription assets amounted to approximately $96 million, net of $34 million of accumulated amortization, included in capital assets, with a corresponding subscription liability of $47 million on the Consolidated Statements of Net Position.

Year	Principal	Interest	Total
		(in millions)	
2026	$ 12	$ 1	$ 13
2027	13	1	14
2028	11	1	12
2029	5	-	5
2030	1	-	1
2031-35	1	-	1
Total	$ 43	$ 3	$ 46

(e) ***New York State Budget / Other Matters***

Chapter 58 of the Laws of 2026, part of the 2026-2027 Enacted State Budget, provides that notwithstanding any provision of law to the contrary, as deemed feasible and advisable by the Authority's Trustees, the Authority is authorized and directed to transfer to the State Treasury to the credit of the general fund up to $10 million for the state fiscal year commencing April 1, 2026, to support energy related State activities.

Chapter 58 of the Laws of 2026, part of 2026-2027 Enacted State Budget, provides that notwithstanding any provision of law to the contrary, as deemed feasible and advisable by the Authority's trustees, Authority is authorized to transfer to the state treasury to the credit of the general fund up to $25 million for the state fiscal year commencing April 1, 2026, to support programs established or implemented by or within the Department of Labor, including but not limited to the Office of Just Energy Transition and programs for workforce training and retraining, to prepare workers for employment for work in the renewable energy field. Refer to the Authority's December 31, 2025, and 2024 Financial Report for the information pertaining prior to 2026.

The Authority cannot predict what additional contributions to the State may be authorized in the future. These authorized transfers are not expected to materially impact Operating Fund liquidity or reserves.

(f) ***Relicensing of Niagara - New York State Office of Parks, Recreation and Historic Preservation***

FERC issued the Authority a new 50-year license for the Niagara Power Project effective September 1, 2007. In doing so, FERC approved six relicensing settlement agreements entered by the Authority with various public and private entities. The Authority estimated that the capital cost associated with the relicensing of the Niagara project would be approximately $495 million of which approximately $486 million has been disbursed. This estimate does not include the value of the power allocations and operation and maintenance expenses associated with several habitat and recreational elements of the settlement agreements. As of June 30, 2026, the balance in the recorded liability associated with Niagara relicensing on the consolidated statement of net position is $185 million ($10 million in current and $175 million in other noncurrent liabilities). In addition to internally generated funds, the Authority had issued additional debt obligations to fund, among other things, Niagara relicensing costs. The costs associated with the relicensing of the Niagara project, including the debt issued, therefore, were incorporated into the cost-based rates of the project.

The Authority executed the Relicensing Settlement Agreement Addressing New License Terms and Conditions ("Settlement Agreement") entered into by several parties to the relicensing of the Niagara Project, including The New York State Office of Parks, Recreation and Historic Preservation ("OPRHP"). The Settlement Agreement provides, among other things, for the establishment of a Relicensing Settlement Agreement State Parks Greenway Fund, which is to be funded by the Authority in the amount of $3 million per year to OPRHP for the term of the 50-year License. In 2012 and 2017, OPRHP requested that the Authority accelerate such payments by making two lump sum payments of approximately $25 million each to pay for authorized projects. To make the lump sum payments, the Authority issued (a) $25 million in Subordinated Notes, Series 2012 and (b) $25 million in Subordinated Notes, Series 2017. The proceeds of those subordinated note issuances were made available to OPRHP. On May 22, 2024, the Authority defeased $15 million Subordinated Notes, Series 2012, and $20 million Subordinated Notes Series 2017. As of June 30, 2026 and December 31, 2025, there were no Subordinated Notes outstanding. The defeasance of subordinate notes does not change remaining relicensing obligations, which continues to be amortized as scheduled. In addition to the funds that were accelerated with the proceeds from the Subordinate Notes, the Authority made a $2 million payment to the OPRHP State Parks Greenway Fund in 2024.

(g) ***St. Lawrence-FDR Project Relicensing – Local Task Force Agreement***

In 2003, FERC approved a Comprehensive Relicensing Settlement Agreement ("Relicensing Agreement") reached by the Authority and numerous parties and issued the Authority a new 50-year license for the St. Lawrence-FDR Project ("St. Lawrence-FDR License").

The St. Lawrence-FDR Power Project No. 2000 Relicensing Agreement ("LGTFSA") between the Authority and the Local Government Task Force ("LGTF") provided for a review of the LGTFSA every 10 years to discuss issues not contemplated at the time of relicensing in 2003. The first such review

commenced in December 2013. The Authority and the LGTF entered into an agreement in 2015 in which the Authority agreed to commit and the Authority's Trustees authorized up to $45 million over 10 years for certain actions, including to: (1) fund an economic development strategic marketing study (the "Marketing Study"); (2) temporarily reduce electricity costs for certain farms and businesses (the "Discount Program"); (3) initiate an energy efficiency and renewable energy program for the LGTF communities; and (4) enhance certain recreational facilities in the LGTF communities.

In 2016, the Authority's Trustees approved a proposal to terminate the Discount Program early and repurpose funding to be used to support a collaborative marketing effort between the Authority and North Country communities through the St. Lawrence County Economic Development Study Advisory Board created in connection with the Marketing Study at the rate of $2 million/year for five years ($10 million total) commencing in 2017. In 2017, the Authority's Trustees approved: (1) a new temporary business incentive program consisting of a monetary discount or rebate that would be payable to eligible private business applicants who agree to establish new business operations in certain North Country counties ("Business Incentive Discount Program"); and (2) the repurposing of funds previously approved for the marketing effort to include funding for the Business Incentive Discount Program. Funding repurposed for the marketing effort, including the Business Incentive Discount Program, would not exceed a total of $10 million.

In 2024, the Authority and LGTF negotiated the second 10-Year review consistent with the settlement agreement. The Trustees approved the second 10-Year review agreement with the local communities in March 2025. Minimal dollars have been spent as yet to implement the new agreement as much of the work requires design and engineering efforts. The funds will support recreation improvements, including trails enhancements, electric vehicle chargers, energy efficiency projects and boat launch improvements**.** The expected cost of the agreement is $20 million. Additionally, the Trustees approved new funds to address new work for Habitat Improvement Projects, Shoreline Stabilization projects and support for State Parks Recreation Facilities. Approximately $1.7 million has been expended for these efforts.

As of June 30, 2026, the Authority has spent approximately $42 million of the $45 million authorized by the Trustees for the purpose of implementing the commitments in the first LGTF 10-Year Review Agreement. As of June 30, 2026, the balance in the recorded liability associated with the St. Lawrence-FDR Project relicensing on the consolidated statement of net position is $31 million ($3 million in current and $28 million in other noncurrent liabilities).

(h) *Relicensing of Blenheim-Gilboa Pumped Storage Power Project*

FERC issued a new 50-year operating license, effective May 1, 2019, to NYPA for the Blenheim-Gilboa Pumped Storage Power Project (Blenheim-Gilboa). In 2019, the Authority's Trustees accepted the new license and approved the settlement package with state and federal resource agencies, the towns of Gilboa and Blenheim, and Schoharie County. The Authority's Trustees also authorized $37 million in capital expenditures for the period 2019-2069 for all compliance, implementation, and settlement activities. The Authority has spent $12.3 million through June 30, 2026. The Authority has established a Recreation Fund in the amount of $6 million of which the entire amount has been disbursed and an Ecological Fund in the amount of $2 million (total commitment under the settlement package is $4 million), of which $2 million has been disbursed. As of June 30, 2026, the balance in the recorded liability associated with the Blenheim-Gilboa Pumped Storage Power Project relicensing on the consolidated statement of net position is $17million ($3 million in current and $14 million in other noncurrent liabilities).

(i) *Small Natural Gas Power Plants (SNGPP)*

To meet capacity deficiencies and ongoing load requirements in the New York City metropolitan area in the year 2001 and later, NYPA placed into operation the Small Natural Gas Power Plants

("SNGPPs"), consisting of seven facilities located at six sites in New York City and one site in the service region of Long Island Power Authority. Three of the units have a single natural-gas-fueled combustion turbine electric generation units, while four of the sites have two units.

On May 3, 2023, Chapter 56 of the Laws of 2023 was enacted as a part of the 2023-2024 Enacted State Budget. Among other things, the law directed NYPA to publish, within two years of enactment, a plan to deactivate NYPA's SNGPPs. The enactment requires NYPA to deactivate the SNGPPs by the end of 2030 subject to the plants not being needed for emergency power or power system reliability and providing that NYPA may retain plants if emissions for other generation would cause more than a de minimis increase in emissions of carbon dioxide or other criteria air pollutants within a disadvantaged community.

As part of the NYPA's strategy to meet the legislative mandate, NYPA published a plan in May 2025, to stop generating electricity with fossil fuel combustion at the SNGPPs by the end of 2030, if conditions allow. The plan identifies air emission and power system reliability challenges as NYPA plans to deactivate as many of its SNGPPs as possible by the end of 2030. The plan concluded that NYPA must conduct additional studies with NYISO and expert consultants to determine the impact to air quality in disadvantaged communities across New York State, including in New York City and Long Island, when the SNGPPs are shuttered. Findings from more in-depth air quality analysis will equip NYPA with input from the impacted communities, the NYISO and the Department of Public Service, to identify which power plants it can deactivate by 2030 or sooner without making air quality worse. As part of NYPA's strategy to meet the legislative mandate, NYPA is in negotiations with battery developers for five SNGPP sites.

(19) Other Developments

Central East Energy Connect ("CEEC") (Marcy to New Scotland Upgrade Project)

In April 2019, the NYISO board approved a project proposed by LS Power Grid New York, LLC (then called NAT) and NYPA through NYISO's Public Policy Transmission Planning Process. The project, Segment A, also known as Central East Energy Connect (CEEC), aims to boost transmission capacity from central to eastern New York. Its main component is a new double-circuit 345 kV transmission line connecting the Edic and New Scotland substations. The Authority's Trustees authorized NYPA's 37.5% purchase option in July 2020. On January 27, 2020, LS Power Grid New York, LLC transferred project assets and assigned the participation agreement to LS Power Grid New York Corporation I (LS Corp.). The parties, NYISO, LS Corp., and NYPA executed a development agreement for Segment A on February 3, 2020, submitted it to FERC on March 4, 2020, and received FERC's acceptance on April 16, 2020.

The upgraded transmission lines and new substations, as part of the Segment A project, were energized as part of the New York electrical system in December 2023.

As of June 30, 2026, NYPA had capital spend of $245 million for CEEC. The project was funded with proceeds from the 2022A Bonds as mentioned above. CEEC is 100% placed in service with minor closeout and restoration items being completed and is part of the Authority's Annual Transmission Revenue Requirement ("ATRR"). National Grid is upgrading their substation at NYPA's request to support the CEEC line. NYPA will commit up to $41 million towards the interconnection enhancements. See Note 3 on Separately Financed Projects for further information.

Smart Path (Moses Adirondack Smart Path Reliability Project)

NYPA has completed all major construction of the Moses Adirondack line ("Smart Path") project, one of NYPA's backbone transmission facilities. The project covers 78 miles of 230 kV transmission line from Massena to the town of Croghan in Lewis County. In July 2017, NYPA received authorization under the New NYISO tariff to include the costs of this project in its NYPA Transmission Adjustment Charge ("NTAC")

mechanism for cost recovery of the Authority's transmission system costs, which means the costs will be allocated to all ratepayers in the State. The project included the update of obsolete wood pole structures with higher steel pole structures, and the update of failing conductor with new conductor and insulation. The line will operate at its current 230 kV level, but the conductor and insulation design will accommodate future 345 kV operation when Smart Path Connect (as referred to in the section below) is complete. NYPA anticipates that the Moses Adirondack line will support the transmission of growing levels of renewable generation located in upstate New York and Canada, such as wind and hydroelectricity, and assist in meeting the State's renewable energy goals. The rebuilt line, in line with NYISO's initiative, will enhance grid reliability.

As of June 30, 2026, NYPA had a capital spend of $458 million (excluding capitalized interest) for Smart Path, and the remaining amount to close out the project which is not expected to exceed $484 million will be accounted for as incurred. Construction commenced in 2020 and as of December 31, 2023, all six segments for Smart Path have been placed into Electric Plant In Service ("EPIS") and are part of the Authority's Annual Transmission Revenue Requirement ("ATRR").

The Smart Path project was funded with proceeds from the 2022A Bonds as mentioned above. See Note 3 on Separately Financed Projects for further information.

Smart Path Connect

To meet the advancement of the State's energy goals and to support the Authority's VISION2030 goals, in 2020 the NYSPSC approved the Smart Path Connect Project ("SPC Project") as a Priority Transmission Project. The project was substantially placed in service by the end of 2025 with a small portion to be placed in service in 2026. The SPC Project was developed in cooperation with National Grid.

The SPC Project consists of rebuilding approximately 110 linear miles of existing 230 kV transmission lines in northern and central New York to 345 kV, along with associated substation construction and upgrades, to address existing congestion and curtailment issues by establishing, together with other projects currently under development by NYPA, a continuous 345 kV transmission path from areas of planned renewable generation to New York's load centers.

The SPC Project includes rebuilding all or parts of the following transmission lines: the remaining section of the Authority's Moses-Adirondack 1&2, the Authority's Moses-Willis 1&2, the Authority's Willis-Patnode and the Authority's Willis-Ryan; and National Grid's Adirondack to Porter (Chases Lake-Porter Line 11, Adirondack-Porter Line 12, and Adirondack-Chases Lake Line 13), as well as connecting to the Authority's Moses-Adirondack 1&2 transmission facilities.

The SPC Project was built primarily within existing rights-of-way. The goal of the SPC Project is to allow for renewable generation from northern New York regions to be transmitted downstate, improving the State's renewable energy consumption, as well as the efficiency of energy pricing throughout the State. As of June 30, 2026, 45 miles of transmission line upgrades have been completed, all new greenfield substations (Willis Annex, Haverstock and Adirondack) have been energized, and the breakers at the Ryan and Patnode substations have been energized. A majority of the project has been placed in service and is part of the Authority's Annual Transmission Revenue Requirement ("ATRR").

As of June 30, 2026, NYPA had a capital spend of $871 million (excluding capitalized interest) for the SPC Project. In 2023, NYPA issued $734 million of 2023A bonds (net proceeds totaling $751 million, which includes $17 million of premium) to support the SPC Project. The project is approved by the Authority's Trustees for $920 million.

Transmission LEM Program

In 2012, the Authority's Trustees approved a $726 million Transmission Life Extension and Modernization Program ("Transmission LEM Program") on the Authority's Transmission system. As of June 30, 2026, the

Authority has spent approximately $606 million: $547 million in capital and $59 million in non-recurring O&M Investment. As of December 31, 2025, the Authority has spent approximately $597 million: $538 million in capital and $59 million in non-recurring O&M Investment.

The Transmission LEM Program encompasses transmission assets in the Central, Northern and Western regions of New York and will include work to be done such as upgrades, refurbishments and replacements associated with switchyards and substations, transmission line structures or towers and associated hardware and replacement of the submarine cable on the PV-20 line. The Transmission LEM Program will be financed with internal funds and proceeds from debt obligations issued by the Authority. The work on the Transmission LEM Program is underway and is expected to continue through 2033.

Lewiston Pump-Generating Plant Life Extension and Modernization (LPGP LEM) Program

The Authority's Trustees approved a $460 million Life Extension and Modernization Program at the Niagara Power Project's Lewiston Pump-Generating Plant, ("Lewiston LEM Program"), of which approximately $402 million has been spent as of June 30, 2026, and $402 million has been spent as of December 31, 2025. The work includes a major overhaul of the plant's 12 pump turbine generator units. The Lewiston LEM Program will increase pump and turbine efficiency, operating efficiency, and the peaking capacity of the Niagara project. The Lewiston LEM Program will be financed with internal funds and proceeds from debt obligations issued by the Authority. The unit work began in late 2012 and is ongoing, with the final unit expected to be completed in 2028.

Next Generation Niagara

The Next Generation Niagara ("NGN") program is NYPA's multiyear $1.1 billion life extension and modernization plan at the Niagara powerplant facility. The NGN program includes an overhaul of Unit 6, one of the 13 generating units, which was completed in December 2025. NYPA is evaluating eligibility requirements for Production Tax Credits under the Inflation Reduction Act. The program is comprised of four main projects: Controls Upgrade, Mechanical/Electrical Overhauls, Penstock Platform, and 630-ton Gantry Crane Replacement. As of June 30, 2026 and December 31, 2025, the Authority has spent approximately $235 million and $228 million, respectively.

Workplace of the Future

In December 2024, the Authority's Trustees approved a $280 million initiative, to develop a new 300,000+ square foot office building at Hamilton Green Property in White Plains, NY, along with associated project costs. This new facility will replace the Authority's current location at 123 Main St. and is expected to be completed by the end of the fourth quarter of 2027.

Clean Energy Standard

In 2016, the NYSPSC issued an order establishing a Clean Energy Standard (the "CES Order") to implement the clean energy goals of the State Energy Plan. Pursuant to the CES Order, load-serving entities identified in the order are required to purchase Zero Emission Credits ("ZECs") from NYSERDA to support the preservation of existing at-risk zero emissions nuclear generation. The Authority is not manadated under NYSPSC jurisdiction for purposes of the CES Order but has assumed an obligation to purchase ZECs consistent with the terms of the CES Order 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 NYSPSC'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. The Authority and NYSERDA executed an additional agreement covering 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, 2026, the Authority estimates that it will incur costs associated with participation in the ZEC program of $188 million in aggregate over the 2026 - 2029 period, of which approximately $1 million is not expected to be recovered under customer contracts that predate the adoption of the CES. As of June 30, 2026, the Authority has paid $548 million in ZEC purchase costs, and as of December 31, 2025, it paid $527 million.

Electric Vehicle Acceleration Initiative

In 2018, the Authority's Trustees approved an overall allocation of $250 million for an electric vehicle charging acceleration initiative called EVolve NY of which, to date, $152 million was authorized for capital expenditure. The Authority will operate a charging network of up to 400 Direct Current fast chargers across the State. As of June 30, 2026, 330 fast chargers were in operation across 73 sites, and $109 million had been spent. As of December 31, 2025, 286 fast chargers were in operation, and approximately $96 million had been spent.

Clean Path Transmission Project

On December 23, 2024, the Authority filed a petition with the NYSPSC seeking a Priority Transmission Project ("PTP") designation in Case 20-E-0197 related to the Clean Path Transmission Project.

On December 20, 2024, the co-applicants (NYPA and Clean Path NY), DPS Staff and intervening parties to the NYS Public Service Law (PSL) Article VII settlement paused the settlement proceedings and effectively commenced a tolling of the 12-month decisional requirement set forth in PSL Section 123. Settlement remains on pause at this time.

On August 14, 2025, the NYSPSC issued an Order in Case 20-E-0197 denying the Authority's petition to implement the Clean Path Transmission Project under a PTP designation.

Nuclear Development Project

In June 2025, Governor Kathy Hochul requested NYPA to facilitate the development of at least 1 gigawatt of nuclear energy in Upstate New York. While NYPA has no intention of owning a nuclear facility outright on its Balance Sheet, it may consider a potential minority investment and potential to become a future off-taker.

Governor Kathy Hochul announced in her State of the State address on January 13, 2026, that the State will target development of 5 GW of new nuclear power. The Nuclear Reliability Backbone will be developed by a new Department of Public Service ("DPS") process to consider, review, and facilitate a cost-effective pathway to four gigawatts of new nuclear energy that will combine with NYPA's previously announced one gigawatt project.

NYPA did not spend any material amount on this project in 2026. As of the date of this report, NYPA has no material contractual obligations relating to this announcement. In the ensuing years, NYPA may or may not commit substantial funds to the development of the nuclear project. Any substantial amount of resources allocated or obligations undertaken relating to this announcement will be subject to the approval of the Authority's Trustees as deemed feasible and advisable.

In support of the Governor's Nuclear Reliability Backbone initiative, the Authority issued a Request for Qualifications for Developers aimed at identifying developers capable of delivering an advanced nuclear generation project and a Request for Applications to identify New York-based training providers eligible to access up to $40 million over the next four years for workforce development related to future nuclear operations. This initiative is part of the State's plan to develop at least one gigawatt of advanced nuclear power in Upstate New York, intended to enhance long-term grid reliability, affordability, and support the State's clean energy transition. In 2025, the Trustees approved $40 million in funding for the Nuclear Reliability Backbone workforce development program.

Propel New York Energy Project

On June 20, 2023, the NYISO announced the selection of Propel NY Alternative Solution 5 ("Propel Project") as the project that will meet the identified Long Island Public Policy Transmission need to strengthen the Long Island Extra High Voltage Grid and its connections to rest of the State.

The Propel Project is being collaboratively developed by NYPA and New York Transco ("NYT") pursuant to the Development Agreement and will meet the transmission need through new electric transmission lines, new substations, and existing substation upgrades. On May 3, 2024, NYT, NYPA and NYISO signed a Development Agreement to deliver the project consistent with NYISO's Open Access Transmission Tariff. The Development Agreement includes a required in-service date for the project of May 31, 2030.

The Propel Project will establish a continuous 345kV path that greatly expands the reliability of the Long Island Extra High Voltage Grid. The Propel Project consists of the following electric transmission facilities: (i) East Garden City – Tremont 345 kV PAR-controlled line; (ii) Shore Road – Sprain Brook two (2) 345 kV PAR-controlled lines; (iii) Barrett – East Garden City 345 kV PAR-controlled line; (iv) Ruland Road – Shore Road 345 kV line; (v) Ruland Road – East Garden City 345 kV PAR-controlled line; (vi) Shore Road – East Garden City 345 kV line; and (vii) Syosset – Shore Road 138 kV PAR-controlled line.

The Propel Project is estimated to cost between $3.8 billion and $4.5 billion including contingencies to be funded by the Propel Project sponsors, NYPA, and NYT. Pursuant to terms of an agreement with NYPA's co-developer, NYPA's initial investment in the project is $500 million, with several options to increase that investment up to 30% of the total project costs.

NYPA's portion of the Propel Project is expected to be financed as a Separately Financed Project. NYPA expects to receive the Public Service Law Article 7 Certificate of Environmental Compatibility and Public Need by the end of 2026.

NYPA requested and has been awarded FERC incentives applicable to its investment in the Propel Project. On August 28, 2023, NYPA filed a petition for declaratory order seeking authorization to recover 100% of its prudently incurred costs pertaining to the Propel Project, in the event the project is cancelled or abandoned for reasons beyond NYPA's control ("Abandonment Incentive"). FERC granted NYPA's Abandonment Incentive request on November 6, 2023. On April 25, 2024, NYPA filed a petition for declaratory order seeking incentive rate treatment in the form of a 75-basis point return on equity adder ("ROE Risk Incentive") to recognize the significant risks and challenges associated with NYPA's investment in the Propel Project. On December 6, 2024, FERC accepted in full NYPA's compliance filing for Propel NY. In conjunction with the rate increase, the expected return on equity associated with the Propel Project has increased to 11%.

The One Big Beautiful Bill Act ("OBBBA"), enacted in July 2025, rescinded all unobligated balances of several Inflation Reduction Act 2022 ("IRA") programs including the Transmission Siting and Economic Development Grants Program under which the Authority had been awarded a $44 million grant by the U.S. Department of Energy to conduct community benefit projects for communities impacted by the Propel NY transmission line. The Authority does not anticipate receiving these funds and has not commenced the work associated with this grant award.

Uniondale Hub Substation Upgrade (formerly known as the East Garden City Substation Upgrade)

The New York Power Authority (NYPA), as the incumbent Transmission Owner of the Uniondale Hub Substation located in Nassau County (formerly known as the East Garden City 345 kV Substation), has exercised its *Right of First Refusal* to advance critical system upgrades identified by the New York Independent System Operator (NYISO). These upgrades were deemed a required Designated Public Policy Project, necessary to support the broader Propel Project.

To date, NYPA has executed a development agreement with NYISO, placed orders for long-lead power equipment, and continues work on permitting, environmental site investigations, engineering design and overall planning for implementation of the substation upgrades.

In September 2025, NYPA amended the development agreement with NYISO for a change in the substation design from an air insulated substation ("AIS") to a gas insulated substation ("GIS"). Additionally, in December 2025, the NYSPSC approved NYPA's application to amend its Article VII Certificate to make the necessary upgrades for this project. The substation upgrade is estimated to cost $341 million. The substation upgrade project is expected to be financed as a Separately Finance Project.

At their March 31, 2026 meeting, NYPA's Board of Trustees authorized NYPA to acquire easement rights over approximately ~2.62 acres of real property owned by the Long Island Lighting Company (d/b/a Long Island Power Authority) to serve as the site of the substation. The easement documents were executed in June 2026.

The targeted in-service date for the Uniondale Hub upgrade is mid-2029.

Robotics and Drone Program

NYPA's five-year Robotics Program entered its third year with significant expansion of advanced robotic technologies to enhance asset inspection, monitoring, and operational safety. In 2026, Robotics systems grew to include long-range VTOL aircraft, submersible and aquatic vehicles, confined-space platforms, and robotic crawlers, supported by FAA approvals for Beyond Visual Line of Sight and Remote Operations. With more than 140 trained pilots and operators, the program completed more than 3,300 missions and over 470 flight hours by June 30, 2026.

As of June 30, 2026, program investment totaled approximately $21 million, compared with $15 million at year-end 2025, within the Trustees' approved $37 million five-year implementation plan. These investments position NYPA to safely scale robotic operations, enhance infrastructure reliability, and accelerate innovation across the Authority.

(20) Canal Corporation

The Canal Transfer Legislation enacted on April 4, 2016, authorized, but does not require, the Authority, to the extent that the Authority's Trustees deem it feasible and advisable, to transfer money, property, and personnel to the Canal Corporation.

For the six-month period ended June 30, 2026, the Canal Corporation recognized $1 million in operating revenues, $54 million in operations and maintenance expenses, and $26 million in depreciation expenses. For the year ended December 31, 2025, the Canal Corporation recognized $2 million in operating revenues, $98 million in operations and maintenance expenses, and $44 million in depreciation expenses.

By resolution adopted on December 9, 2025, the Canal Corporation's Board of Directors adopted a budget for 2026-2029 that consisted of expenditures for operations and maintenance expenses and capital expenses. The Authority's budget and financial plan for 2026-2029 includes Canal-related operating expenditures averaging approximately $111 million per year and capital expenditures of approximately $74 million per year to Revitalize the Canals (with a primary focus on maintaining and improving Canal infrastructure) and $3 million per year for Canal Development Fund expenses.

The 2024-2025 Enacted State Budget appropriated $50 million to the Authority for services, expenses, and indirect costs related to maintenance, repair, construction, reconstruction, development, and preservation of the Canal System. Of the $50 million appropriated, $10 million was received in both 2024 and 2026 and has been accounted for in accordance with GAAP guidelines.

Both the 2025-2026 and 2026-2027 Enacted State Budgets each appropriated $50 million to the Authority for services, expenses, and indirect costs related to maintenance, repair, construction, reconstruction, development, and preservation of the Canal System.

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Supplemntary Information (Unaudited) (In millions)

Detailed Financials

(a) *Statement of Net Position (In millions)*

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25
Assets and Deferred Outflows										
Current assets:										
Cash and cash equivalents										
Unrestricted	$ 307	$ 222	$ -	$ -	-	-	$ 42	$ 59	$ 349	$ 281
Restricted	22	5	136	96	5	4	-	-	163	105
Capital Fund	15	37	-	-	-	-	-	-	15	37
Total Cash and cash equivalents	344	264	136	96	5	4	42	59	527	423
Investment in securities										
Unrestricted	782	712	-	24	-	127	55	61	837	924
Restricted	-	13	24	-	143	-	-	-	167	13
Commited	121	304	-	-	-	-	-	-	121	304
Total Investment in securities	903	1,029	24	24	143	127	55	61	1,125	1,241
Receivables - customers	480	474	3	4	-	7	-	-	483	485
Materials and supplies:										
Plant and general	88	85	-	-	-	-	-	-	88	85
Fuel	37	42	-	-	-	-	-	-	37	42
Miscellaneous receivables and other	99	136	35	37	1	7	14	5	149	185
Total current assets	1,951	2,030	198	161	149	145	111	125	2,409	2,461
Capital assets:										
Assets, not depreciated	1,544	1,405	29	71	-	-	10	7	1,583	1,483
Assets, net of accumulated depreciation	5,024	4,910	1,591	1,528	-	-	4	4	6,619	6,442
Total capital assets	6,568	6,315	1,620	1,599	-	-	14	11	8,202	7,925
Other long-term assets	1,094	1,020	19	23	1	-	10	5	1,124	1,048
Total noncurrent assets	7,662	7,335	1,639	1,622	1	-	24	16	9,326	8,973
Total assets	9,613	9,365	1,837	1,783	150	145	135	141	11,735	11,434
Deferred outflows of resources:										
Asset retirement obligation	23	26	-	-	-	-	-	-	23	26
Accumulated decrease in fair value of derivatives	33	41	-	-	-	-	-	-	33	41
Pensions	103	103	-	-	-	-	-	-	103	103
Postemployment benefits other than pensions	113	113	-	-	-	-	-	-	113	113
Total deferred outflows of resources	272	283	-	-	-	-	-	-	272	283
Total assets and deferred outflows of resources	$ 9,885	$ 9,648	$ 1,837	$ 1,783	$ 150	$ 145	$ 135	$ 141	$ 12,007	$ 11,717

See accompanying notes to the consolidated financial statements.

Continued

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Supplemntary Information (Unaudited) (In millions)

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25	Jun-26	Dec-25
Liabilities, Deferred Inflows and Net Position										
Current liabilities:										
Accounts Payable and accrued liabilities	$ 1,036	$ 1,048	$ 8	$ 8	$ 3	$ 7	$ 27	$ 32	$ 1,074	$ 1,095
Short-term debt	206	256	-	-	-	-	-	-	206	256
Long-term debt due within one year	-	-	34	34	-	-	-	-	34	34
Total current liabilities	1,242	1,304	42	42	3	7	27	32	1,314	1,385
Noncurrent liabilities:										
Long-term debt:										
Senior:										
Revenue bonds	1,795	1,799	-	-	-	-	-	-	1,795	1,799
Separate Revenue Bond Obligation:										
SFP Bonds 2022	-	-	590	591	-	-	-	-	590	591
SFP Bonds 2023	-	-	738	738	-	-	-	-	738	738
Total long-term debt	1,795	1,799	1,328	1,329	-	-	-	-	3,123	3,128
Other noncurrent liabilities:										
Nuclear fuel disposal	274	269	-	-	-	-	-	-	274	269
Relicensing	218	218	-	-	-	-	-	-	218	218
Other long-term liabilities	421	416	-	1	-	-	5	5	426	422
Total other noncurrent liabilities	913	903	-	1	-	-	5	5	918	909
Total noncurrent liabilities	2,708	2,702	1,328	1,330	-	-	5	5	4,041	4,037
Total liabilities	3,950	4,006	1,370	1,372	3	7	32	37	5,355	5,422
Deferred inflows of resources:										
Unearned revenue	16	24	-	-	-	-	-	-	16	24
Cost of removal obligations	551	525	-	-	-	-	-	-	551	525
Interconnection	243	45	-	-	-	-	-	-	243	45
Pensions	5	5	-	-	-	-	-	-	5	5
Lease revenue	42	44	-	-	-	-	-	-	42	44
Postemployment benefits and others	141	136	-	-	-	-	-	-	141	136
Total deferred inflows of resources	998	779	-	-	-	-	-	-	998	779
Net Position:										
Net investment in capital assets	3,978	3,951	-	-	-	-	14	6	3,992	3,957
Unrestricted	959	912	467	411	147	138	89	98	1,662	1,559
Restricted	-	-	-	-	-	-	-	-	-	-
Total net position	4,937	4,863	467	411	147	138	103	104	5,654	5,516
Total liabilities, deferred inflows of resources and net position	$ 9,885	$ 9,648	$ 1,837	$ 1,783	$ 150	$ 145	$ 135	$ 141	$ 12,007	$ 11,717

See accompanying notes to the consolidated financial statements.

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Supplemntary Information (Unaudited) (In millions)

(b) *Statement of Revenues, Expenses and Changes in Net Position (In millions)*

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25
Operating revenues:										
Power sales	$ 1,442	$ 1,280	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,442	$ 1,280
Transmission	200	188	130	80	-	-	-	-	330	268
Transportation and delivery	438	394	-	-	-	-	-	-	438	394
Other	36	31	-	-	7	6	-	-	43	37
Total operating revenues	2,116	1,893	130	80	7	6	-	-	2,253	1,979
Operating expenses:										
Purchased power	596	476	-	-	-	-	-	-	596	476
Fuel oil and gas	173	155	-	-	-	-	-	-	173	155
Transportation and delivery	650	596	-	-	-	-	-	-	650	596
Operations and maintenance	436	451	32	17	-	-	2	-	470	468
Depreciation and amortization	188	170	15	8	-	-	-	-	203	178
Total operating expenses	2,043	1,848	47	25	-	-	2	-	2,092	1,873
Operating income	73	45	83	55	7	6	(2)	-	161	106
Nonoperating revenues, gains (losses) and (expenses):										
Investment income	22	46	2	4	2	5	1	4	27	59
Interest on long-term debt	(40)	(40)	(31)	(31)	-	-	-	-	(71)	(71)
Interest - other	(14)	(16)	-	-	-	-	-	-	(14)	(16)
Interest capitalized	27	36	-	-	-	-	-	-	27	36
Amortization of debt premium	3	3	1	1	-	-	-	-	4	4
Other	4	8	-	-	-	-	-	-	4	8
Total nonoperating losses and expenses	2	37	(28)	(26)	2	5	1	4	(23)	20
Net income and change in net position	$ 75	$ 82	$ 55	$ 29	$ 9	$ 11	$ (1)	$ 4	$ 138	$ 126

See accompanying notes to the consolidated financial statements.

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Supplemntary Information (Unaudited) (In millions)

(c) *Statement of Cash Flows (In millions)*

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25	Jun-26	Jun-25
Cash flows from operating activities:										
Customer sales	$ 2,076	$ 1,790	$ 130	$ 85	$ 14	$ -	$ -	$ -	$ 2,220	$ 1,875
Disbursements for:										
Purchased power	(598)	(473)	-	-	-	-	-	-	(598)	(473)
Fuel oil and gas	(183)	(160)	-	-	-	-	-	-	(183)	(160)
Transportation and delivery	(617)	(571)	-	-	-	-	-	-	(617)	(571)
Operations and maintenance	(421)	(441)	(32)	(25)	-	-	(2)	-	(455)	(466)
Net cash provided by operating activities	257	145	98	60	14	-	(2)	-	367	205
Cash flows from capital and related financing activities:										
Gross additions to capital assets	(271)	(340)	(29)	(64)	-	-	(5)	(3)	(305)	(407)
Interest paid, net	(34)	(37)	(31)	(31)	-	-	-	-	(65)	(68)
Investment of Subsidiary/Other Assets	-	-	-	-	-	-	(16)	-	(16)	-
Net cash (used in) capital and related financing activities	(305)	(377)	(60)	(95)	-	-	(21)	(3)	(386)	(475)
Cash flows from noncapital-related financing activities:										
Energy conservation program payments received from participants	232	202	-	-	-	-	-	-	232	202
Energy conservation program costs	(192)	(220)	-	-	-	-	-	-	(192)	(220)
Issuance of commercial paper	50	-	-	-	-	-	-	-	50	-
Repayment of commercial paper	(100)	(38)	-	-	-	-	-	-	(100)	(38)
Interest paid on commercial paper	(4)	(5)	-	-	-	-	-	-	(4)	(5)
Margin Deposits with Brokers	-	2	-	-	-	-	-	-	-	2
Net cash (used in)/provided by noncapital-related financing activities	(14)	(59)	-	-	-	-	-	-	(14)	(59)
Cash flows from investing activities:										
Earnings received on investments	23	35	2	4	4	3	1	2	30	44
Purchase of investment securities	(915)	(915)	-	(8)	(23)	(10)	-	(3)	(938)	(936)
Maturities/sale of investment securities	1,034	1,042	-	64	6	2	5	32	1,045	1,140
Net cash provided by/(used in) investing activities	142	162	2	60	(13)	(5)	6	31	137	248
Net (decrease) increase in cash	80	(129)	40	25	1	(5)	(17)	28	104	(81)
Cash and cash equivalents, Opening Balance	264	360	96	51	4	10	59	4	423	425
Cash and cash equivalents, Ending Balance	344	231	136	76	5	5	42	32	527	344
Reconciliation to net cash provided by operating activities:										
Operating income	73	45	83	55	7	6	(2)	-	161	106
Adjustments to reconcile operating income to net cash provided by operating activities:										
Change in assets, deferred outflows, liabilities, and deferred inflows:										
Provision for depreciation and amortization	188	170	15	8	-	-	-	-	203	178
Net decrease in miscellaneous prepayments and other	22	32	-	-	-	-	-	-	22	32
Net (increase) decrease in receivables and materials and supplies	(6)	(127)	-	(3)	7	(6)	-	-	1	(136)
Net increase (decrease) in accounts payable/accrued liabilities and other	(20)	25	-	-	-	-	-	-	(20)	25
Net cash provided by operating activities	$ 257	$ 145	$ 98	$ 60	$ 14	$ -	$ (2)	$ -	$ 367	$ 205

See accompanying notes to the consolidated financial statements.