

2025-2028

Approved 2025 Budget and 2025–2028 Financial Plan

In compliance with 2 NYCRR Chapter 5, Part 203



**NY Power
Authority**

**Canal
Corporation**

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MISSION OF THE POWER AUTHORITY OF THE STATE OF NEW YORK

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

BACKGROUND OF THE POWER AUTHORITY OF THE STATE OF NEW YORK

The Authority is a corporate municipal instrumentality and political subdivision of the State of New York (the “State”) created in 1931 by the Act. The Authority owns and/or operates five major generating facilities, seven small natural gas power plants (“SNGPPs”), including four dual units, and four small hydroelectric facilities with a total installed capacity of approximately 6,000 megawatts (“MW”), and approximately 1,550 circuit miles of transmission lines, including major 765 kV and 345 kV transmission facilities. The Authority also owns and operates one utility-scale 20 MW battery energy storage system. The Authority’s five major generating facilities consist of two large hydroelectric facilities (Niagara and St. Lawrence-Franklin D. Roosevelt), a large pumped-storage hydroelectric facility (Blenheim-Gilboa), the Eugene W. Zeltmann (“Zeltmann” or “500-MW” Plant) combined cycle electric generating plant located in Queens, New York and the Richard M. Flynn combined cycle plant located in Holtsville, in Long Island, New York.

The Authority'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, and various public corporations located within the metropolitan area of The City of New York (the "City"), including the City, and entities in certain neighboring states.

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

In May 2023, the Authority established the NYPA Captive Insurance Company (the "Captive") as a wholly owned subsidiary of the Authority to reduce the Authority's and its subsidiaries' need for commercial insurance and to enable the Authority to manage its overall risk more effectively and economically.

The Authority's Act was amended in 2023 to, among other things, provide the Authority 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 "Climate Act"). Pursuant to such authority, the Authority expects, subject to approval by the Board of Trustees, to cause the formation of a subsidiary under the New York Business Corporations Law (the "Renewables Corporation") the shares of which will be wholly-owned by the Authority.

In October 2024, the Authority issued \$450 million in Revenue Bonds, Series 2024 A (Green Bonds), marking its second Green Bond issuance under the General Bond Resolution. This issuance underscores the Authority's commitment to strong governance practices by supporting its capital plan, maintaining asset integrity, and investing in infrastructure projects. The Authority entered the market with positive momentum, bolstered by two ratings upgrades and attracted significant investor interest. The Series 2024 A Bonds achieved one of the lowest All-In True Interest Costs compared to other bond transactions priced in the same week.

VISION2030: 10-YEAR STRATEGIC OUTLOOK

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

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

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

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

The Authority is currently working on a refresh of VISION2030 ("VISION2030 Renewed") that is expected to be announced in 2025, subject to Board of Trustees approval.

EXPANDED AUTHORITY AND CLEAN ENERGY PROMISE

The 2023 - 2024 Enacted State Budget amended the Act to, among other things, expand the Authority's authority to plan, design, develop, finance, construct, own, operate, maintain, and improve renewable energy generating projects ("Expanded Authority") in support of the State's renewable energy goals established in the CLCPA. The Expanded Authority grants the Authority the power to create one or more subsidiaries for the purpose of financing, developing, and operating such renewable energy generating projects. The Authority has evaluated opportunities to pursue projects under the Expanded Authority and expects, as approved by the Board of Trustees on October 8, 2024, to cause the formation of New York Renewable Energy Development Holdings Corporation, a subsidiary under the Renewables Corporation. The Renewables Corporation would be expected to utilize the Expanded Authority to carry out the Authority's renewable energy business and strategy.

The Authority expects that the activities of the Renewables Corporation, as a separate legal entity from the Authority, will be conducted in a manner such that the Authority is not expected to be responsible for the financial or other obligations of the Renewables Corporation; provided, that the Authority expects to (i) initially fund the Renewables Corporation with \$100 million from amounts available to be released from the lien on the Trust Estate created by the General Resolution, subject to the satisfaction of certain conditions, and used by the Authority for any lawful corporate purposes, and (ii) provide certain services to the Renewables Corporation pursuant to a shared services agreement under which the Renewables Corporation will be required to reimburse the Authority for costs of providing services.

The Expanded Authority allows the Authority to pursue renewable generation projects like solar, wind, geothermal, and battery storage, either on its own or with third parties, and created a mechanism to develop clean energy workforce training programs and a bill credit program for low- and medium-income residential electricity ratepayers that will be funded by new renewable generation projects. As part of Expanded Authority, the Authority plans to end fossil fuel-based electricity generation at its small natural gas power plants by 2030. The Authority will also consider, as appropriate, opportunities to use these sites to host renewable energy assets, including energy storage.

The 2023 - 2024 Enacted State Budget also amended the Act to (a) authorize the Authority to develop and implement, with the New York Public Service Commission (the "PSC"), the Renewable Energy Access and Community Help or "REACH" Program, that will enable low-income or moderate-income end-use electricity consumers in disadvantaged communities to receive bill credits derived from a portion of the revenues generated from new renewable energy generation projects developed or contracted for by the Authority to support the REACH Program; (b) direct the Authority to prepare a plan for ceasing electricity production at its SNGPPs by December 31, 2030, and to cease electricity production by such date if certain conditions are satisfied; and (c) authorize the Authority to make available up to \$25 million annually to the New York State Department of Labor ("DOL") to fund programs established or implemented by or within the DOL, 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. The enactment also sunsets, as of August 1, 2023, the residential component of a residential/agricultural grower consumer electricity discount program created in 2012 in connection with the Recharge New York Power Program ("RNYPP"), which was valued at \$25 million annually. Based on the above legislative changes, there will be no material financial impact to the Authority from its contribution to the workforce training program. Changes made by these amendments do not affect the Authority's previously existing statutory authority.

BUILDSMART 2025

BuildSmart 2025 is New York State's program for aggressively pursuing energy efficiency savings in New York State-owned and occupied buildings of 11 trillion British thermal units ("TBtu") by December 31, 2025, while advancing economic growth, environmental protection, and energy security in New York State. BuildSmart 2025 expands and continues the requirements of BuildSmart NY to assist State entities in meeting statutory requirements established by the CLCPA and Executive Order 22, that "all state agencies shall assess and implement strategies to reduce their greenhouse gas emissions." The Authority manages the BuildSmart 2025 program and monitors New York State agency performance. Since the baseline of state fiscal year 2014 - 2015, the program has achieved 9 TBtu towards the 11 TBtu goal. This progress puts New York State on track to meet the 11 TBtu goal by the end of the year 2025.

Article 4-D of the Public Buildings Law, added by Part RR of Chapter 56 of the Laws of 2023, authorizes the Authority to establish decarbonization action plans for fifteen state-owned facilities that are among the highest producers of greenhouse gas ("GHG") emissions and collectively account for at least 30% of the GHG emissions as recorded by the Authority's Build Smart NY program. The plans are intended to serve as a basis for development of construction plans to decarbonize the state-owned facilities. The Authority is authorized to allocate up to \$30 million to prepare the decarbonization action plans. The above actions, as described in the enactment, are executable as deemed advisable and feasible by the Authority's Trustees.

SUSTAINABILITY

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

In 2023, the Authority issued for the first time an integrated report for the 2022 calendar year that strove to apply global Integrated Reporting Framework principles and describe the progress made in achieving the priorities set by the Authority in VISION2030 and the goals outlined in the 2021 - 2025 Sustainability Plan. In 2024, the Authority published its second annual Integrated Report (the "[2023 Integrated Report](#)").



DOCUMENTATION AND EXHIBITS SUPPORTING THE BUDGET AND FINANCIAL PLAN

a. NYPA'S RELATIONSHIP WITH NEW YORK STATE GOVERNMENT

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

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

b. BUDGET PROCESS

NYPA operates in a capital-intensive industry where operating revenues and expenses are significant and highly variable due to the volatility of electricity prices and fuel costs. NYPA's operations are subject to electric market price and fuel cost variability, and volatility in water flows which have a direct effect on the Authority's hydroelectric generation levels. This Approved 2025 Budget and 2025 - 2028 Financial Plan ("Four-Year Financial Plan") relies on data and projections developed throughout the following time frame:

- July 2024 – October 2024, developed preliminary forecasts of electric prices (energy and capacity); ancillary services revenue and expenses; fuel expenses; customer power and energy use; customer rates; corporate operating expenses; Annual Transmission Revenue Requirement ("ATRR"); generation levels at NYPA power projects reflecting scheduled outages; and purchased power and energy requirements

- October 31, 2024, Proposed 2025 Budget and 2025 – 2028 Financial Plan was posted for public inspection at five convenient locations and on NYPA’s website
- November 2024 – December 2024, incorporated new financial data to produce the final 2025 Budget and 2025 - 2028 Financial Plan
- Seek authorization of NYPA’s Board of Trustees to approve the final 2025 Budget and 2025 – 2028 Financial Plan at their meeting scheduled for December 10, 2024
- Submit the Approved 2025 Budget and 2025 – 2028 Financial Plan to the State Comptroller’s Office; and make the approved document available for public inspection at five convenient locations and on NYPA’s website upon Board of Trustees approval.



Four-Year Projected Income Statement

(In \$ Millions)

	2025	2026	2027	2028
Operating Revenues				
Generation Revenue	\$1,478.0	\$1,531.9	\$1,585.5	\$1,636.7
Ancillary Service Revenue	36.9	37.5	37.6	38.6
Transmission and Other	321.6	318.3	312.1	311.2
Separately Financed Projects Net Income	78.7	99.9	134.6	131.4
Non-Utility Revenue	60.6	57.7	60.8	63.2
Pass-Through Revenue	1,360.8	1,424.2	1,473.5	1,459.2
Operating Revenues Total	3,336.6	3,469.5	3,604.1	3,640.3
Operating Expenses				
Purchased Power	(292.5)	(304.9)	(320.4)	(349.5)
Fuel Consumed	(244.6)	(265.6)	(290.1)	(279.8)
Transportation and Delivery	(159.1)	(167.3)	(174.4)	(182.3)
Pass-Through Expense	(1,360.8)	(1,424.2)	(1,473.5)	(1,459.2)
Operations and Maintenance	(743.3)	(765.1)	(767.6)	(771.1)
Other Expenses	(108.4)	(86.1)	(83.3)	(80.2)
Allocation to Capital	52.6	58.3	63.3	62.1
Operating Expenses Total	(2,856.1)	(2,954.9)	(3,046.0)	(3,060.0)
EBIDA	480.5	514.6	558.1	580.3
<i>Compounded Annual Growth Rate</i>		7%	8%	6%
Non-Operating Income and Expenses				
Depreciation and Amortization	(357.3)	(376.4)	(404.0)	(409.4)
Investment and Other Income	77.9	70.5	68.1	85.3
Mark to Market Adjustments	0.0	0.0	0.0	0.0
Interest and Other Expenses	(35.2)	(37.0)	(46.3)	(74.4)
Non-Operating Income and Expenses Total	(314.6)	(342.9)	(382.2)	(398.5)
CONSOLIDATED NET INCOME	\$165.9	\$171.7	\$175.9	\$181.8

Note: NYPA and the Canal Corporation are referred to collectively in the consolidated financial statements, except where noted.

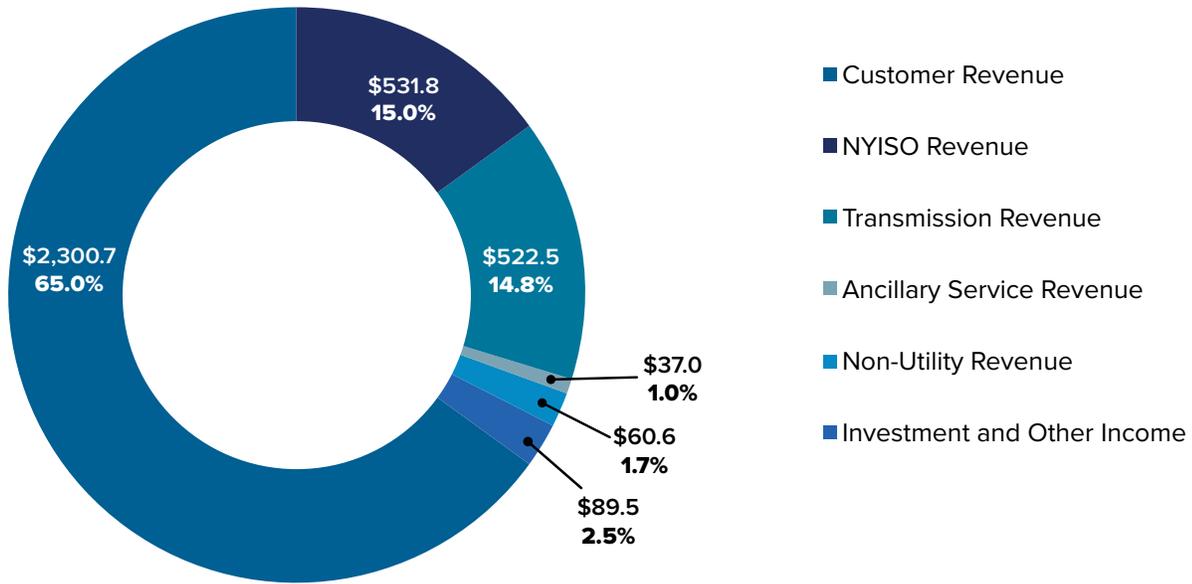
Gross Margin Analysis¹

(In \$ Millions)

	2025	2026	2027	2028
Generation Margin	\$847.8	\$862.3	\$866.3	\$891.4
Transmission Margin	370.6	387.0	418.0	414.2
Other Margin	61.2	58.3	61.4	63.9
TOTAL MARGIN	1,279.6	1,307.6	1,345.7	1,369.5
Other Operating Expenses	(799.1)	(793.0)	(787.6)	(789.2)
CONSOLIDATED EBIDA	\$480.5	\$514.6	\$558.1	\$580.3

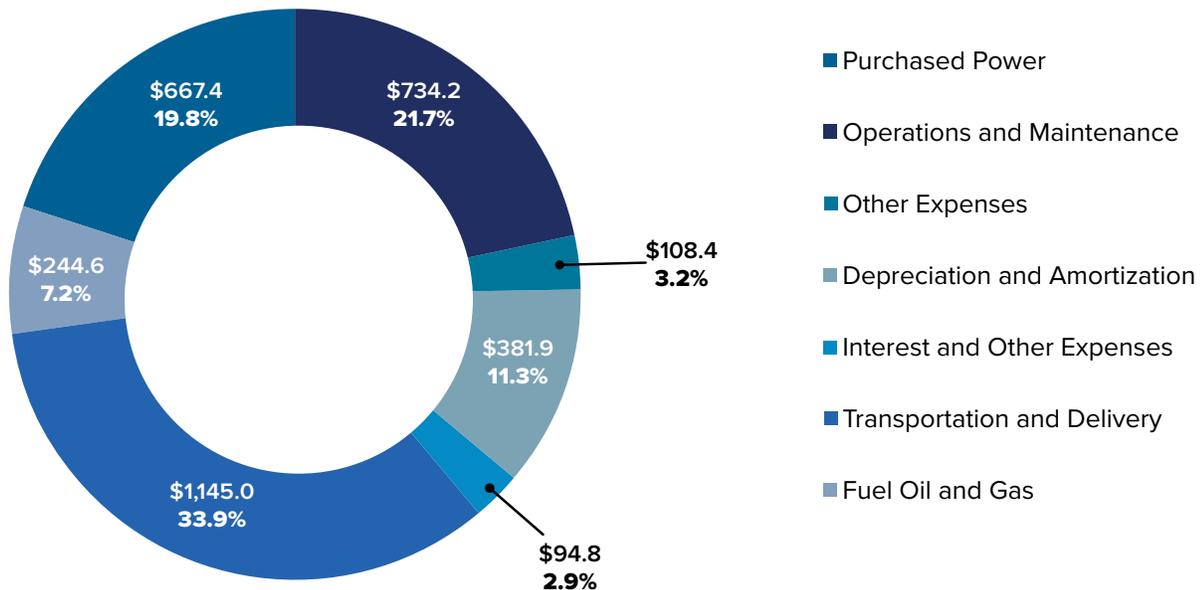
¹Values in certain categories have been rounded.

2025 Budget – Sources¹
(In \$ Millions)



¹Values represented are inclusive of certain pass-through revenue items.

2025 Budget – Uses^{1,2}
(In \$ Millions)



¹Reflects the Authority's base Operations and Maintenance expenses plus Administrative and General expenses less the Allocation to Capital.

²Values represented are inclusive of certain pass-through expense items.

Statement of Cash Flows^{1,2}

(In \$ Millions)

	2023	2024	2025	2026	2027	2028
Revenue Receipts						
Sale of Power, Use of Transmission Lines, Transportation and Delivery Charges and Other Receipts	\$3,045.0	\$3,300.2	\$3,449.1	\$3,606.8	\$3,767.8	\$3,837.7
Earnings on Investments and Time Deposits	53.0	69.1	87.8	79.3	80.2	83.0
Total Revenues	3,098.0	3,369.3	3,536.9	3,686.1	3,848.0	3,920.7
Expenses						
Operations and Maintenance, including Transmission of Electricity by Others, Purchased Power and Fuel Purchases	(2,624.0)	(2,834.6)	(2,952.0)	(3,071.0)	(3,180.7)	(3,211.2)
Debt Service						
Interest on Bonds and Notes	(101.0)	(89.9)	(110.1)	(109.1)	(120.2)	(168.9)
Bonds and Notes Retired	(110.0)	(24.3)	(20.4)	(33.8)	(57.1)	(73.2)
Total Debt Service	(211.0)	(114.2)	(130.5)	(142.9)	(177.2)	(242.1)
Total Requirements	(2,835.0)	(2,948.9)	(3,082.6)	(3,213.9)	(3,358.0)	(3,453.4)
Net Operations	263.0	420.4	454.3	472.2	490.0	467.3
Capital Receipts						
Sale of Bonds, Promissory Notes and Commercial Paper	741.0	450.0	0.0	0.0	850.0	0.0
Less: Repayments	0.0	0.0	0.0	0.0	0.0	0.0
Earnings on Construction Funds	0.0	0.0	0.0	0.0	0.0	0.0
DSM Recovery Receipts	0.0	0.0	0.0	0.0	0.0	0.0
Temporary Asset Transfer Return from New York State	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital Receipts	741.0	450.0	0.0	0.0	850.0	0.0
Capital Additions and Refunds						
Additions to Electric Plant in Service and Construction Work in Progress, and Other Costs	(662.0)	(763.5)	(1,018.9)	(971.0)	(963.6)	(982.7)
Construction Funds - Net Transfer	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital Additions and Refunds	(662.0)	(763.5)	(1,018.9)	(971.0)	(963.6)	(982.7)
Net Capital	79.0	(313.5)	(1,018.9)	(971.0)	(113.6)	(982.7)
Net Increase/(Decrease)	\$342.0	\$106.9	(\$564.6)	(\$498.8)	\$376.4	(\$515.4)

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

² Values in certain categories have been rounded.

c. BUDGET ASSUMPTIONS

NYISO REVENUE AND EXPENSES

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

CUSTOMER AND PROJECT REVENUE

The customers served by the Authority and the rates paid by such customers vary by the customer or customer class and the source of the power and energy used to serve the customer. The Authority's power supply customers are served under contracts and tariffs approved by the Board of Trustees. The Authority currently serves approximately 1,150 customers.

CLEAN ENERGY STANDARD

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

As of June 30, 2024, the Authority estimates that it will incur costs associated with participation in the ZEC program of \$380 million in aggregate over the 2025 - 2028 period, of which approximately \$1.5 million is not expected to be recovered under customer contracts that predate the adoption of the CES. As of June 30, 2024, the Authority has paid \$440 million in ZEC purchase costs. The CLCPA and the Authority's VISION2030 establish the goal to meet 70% of electricity demand from renewable resources by 2030. The Authority is collaborating with its customers to achieve the renewable energy goals in the ways that best meet their needs. As one component of its future renewable supply, the Authority executed an agreement with NYSEDA on August 30, 2021 to start purchasing Tier 1 Renewable Energy Credits ("REC(s)") in 2024. On April 20, 2023 the PSC issued an order modifying the way in which NYSEDA administers the Tier 1 REC program starting in 2025. The Authority has engaged with NYSEDA on amending the Tier 1 REC contract in response to the program modifications. The Authority is exploring opportunities to further support its customers achieve these renewable energy goals under its new Expanded Authority.

ST. LAWRENCE-FDR AND NIAGARA POWER PROJECT CUSTOMERS

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

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

Niagara and St. Lawrence-FDR's Expansion and Replacement Power ("Western New York"), ReCharge New York, and Preservation Power customers are allocated over 35% of the average generation capacity of the Projects. Sale of Expansion and Replacement Power historically had been handled on a sale-for-resale basis through National Grid and New York State Electric and Gas. The direct sale of low-cost hydropower to these customers commenced July 1, 2013. As a result, the Authority is now the load-serving entity for these transactions. Legislation enacted in March 2011, effective July 2012, created a new economic development power program, the RNYPP, to replace two economic development programs, Power for Jobs and Energy Cost Savings Benefit. RNYPP is a permanent power program administered by the Authority and the Economic Development Power Allocation Board. RNYPP utilizes up to 455 MW of hydropower from the Authority's Niagara and St. Lawrence-FDR projects combined with up to 455 MW of market power procured by the Authority from other sources. The 910 MW of power is available for allocations to eligible new and existing businesses and nonprofit corporations under contracts of up to seven years.

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

The Board of Trustees authorized the release of \$660 million from August 2011 to June 2024 in support of RCDP, of which the Authority has paid out \$631 million.

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

In March 2019, the Board of Trustees approved a seven-year extension of an agreement for the sale of firm hydroelectric power and energy from the St. Lawrence-FDR Power Project to the Aluminum Company of America ("Alcoa") at its West Plant facilities. The existing contract with Alcoa has been executed effective April 1, 2019, through March 31, 2026, replacing prior long-term contracts. The contract extension provides for monthly base energy rate adjustments, based

off the price of aluminum on the London Metal Exchange and the Midwest U.S. Premium price published by Platts, and contains provisions for employment (450 jobs) and capital commitments (\$14 million).

The current contract provides for: an allocation of 240 MW, with an additional 5 MW being allocated to Arconic, a business independent of Alcoa, sold under a separate Preservation Power sale agreement; a monthly CES charge relating to ZECs and RECs, which are attributable to Alcoa's load. The contract specifies a sharing mechanism for the CES charges between Alcoa, New York State and the Authority, whereby Alcoa's share increases as the aluminum price increases. The Authority has entered into aluminum contracts to mitigate potential downside risk in that market and intends to continue to do so based upon prevailing economic conditions as appropriate.

Contract extension is in progress, but is subject to the Board of Trustees approval.

The Authority estimates that the total costs associated with the relicensing of the St. Lawrence-FDR Power Project in 2003 for a period of 50 years will be an approximate total of \$227 million, of which approximately \$223 million has already been disbursed. NYPA, as a result of a settlement term with the local communities, has entered into an additional settlement addressing unanticipated issues at the time of the original agreement. This review occurs every 10 years. The first 10-Year Review added approximately \$45.1 million to settlement, of which \$42.2 million has been disbursed, the second 10-Year Review has not been finalized as of today. The Authority collects the amounts necessary to fund such relicensing costs through its rates from the sale of St. Lawrence-FDR power.

The Authority also relicensed the Niagara Power Project in 2007 for a period of 50 years. The total approximate cost will be \$495 million, of which approximately \$464 million has been disbursed as of June 30, 2024. The Authority collects the amounts necessary to fund such relicensing costs through its rates from the sale of Niagara power.

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

Chapter 545 of the Laws of 2014 enacted the Northern New York Power Proceeds Act ("NNYPPA"). NNYPPA authorizes the Authority, as deemed feasible and advisable by the Board of Trustees, to deposit net earnings from the sale of unallocated St. Lawrence County Economic Development Power ("SLCEDP") by the Authority in the wholesale energy market into an account known as the Northern New York Economic Development Fund ("NNYED Fund") administered by the Authority. The funds are awarded to eligible applicants that propose projects that satisfy applicable

criteria. NNYPPA established a five-member allocation board appointed by the governor to review applications seeking NNYED Fund benefits and to make recommendations to the Authority concerning benefits awards.

SLCEDP consists of up to 20 MW of hydropower from the St. Lawrence-FDR Power Project which the Authority has made available for sale to the Town of Massena Electric Department (“MED”) for MED to sub-allocate for economic development purposes in accordance with a contract between the parties entered in 2012 (the “Authority-MED Contract”). NNYPPA defines “net earnings” as the aggregate excess of revenues received by the Authority from the sale of energy associated with SLCEDP sold by the Authority in the wholesale energy market over what revenues would have been received had such energy been sold to MED on a firm basis under the terms of the Authority-MED Contract. For the first five years after enactment, the amount of SLCEDP the Authority could use to generate net earnings may not exceed the lesser of 20 MW or the amount of SLCEDP that has not been allocated by the Authority pursuant to the Authority-MED contract. Thereafter, the amount of SLCEDP that the Authority could use for such purpose may not exceed the lesser of 10 MW or the amount of SLCEDP that has not been allocated. The Authority’s estimates of payments from the Authority to the NNYED Fund have been incorporated into this Approved 2025 Budget and 2025 - 2028 Financial Plan.

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

WNYPPA defines “net earnings” as any excess revenue earned from such power sold into the wholesale market

over the revenue that would have been received had the power been sold at the Expansion Power and Replacement Power rates. Proceeds from the WNY Fund may be used to support eligible projects undertaken within a 30-mile radius of the Niagara project that qualify under the applicable criteria. WNYPPA established a five-member allocation board appointed by the governor. The Authority’s estimates of payments from the Authority to the WNY Fund have been incorporated into this Approved 2025 Budget and 2025 - 2028 Financial Plan.

SOUTHEASTERN NEW YORK (“SENY”) CUSTOMERS

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

In 2017 and 2018, the Authority executed new supplemental long-term electricity supply agreements (“Supplemental LTAs”) with its 11 New York City (“NYC”) Governmental Customers, the largest of these customers include: Metropolitan Transportation Authority, the City of New York, the Port Authority of New York and New Jersey (“Port Authority”), the New York City Housing Authority, and the New York State Office of General Services. Under these Supplemental LTAs, the NYC Governmental Customers agreed to purchase their electricity from the Authority through December 31, 2027, with the NYC Governmental Customers having the right to terminate at any time upon at least 12 months’ notice during the first five years of the agreement (December 31, 2022). Thereafter, both the Authority and the NYC Governmental Customers may terminate the agreement upon at least six months’ notice. The contract is expected to continue, but with no guarantee. Under the Supplemental LTAs, fixed costs were contractually set for each customer. Variable costs, including fuel, purchased power, and NYISO related costs, are to be



set on a pro-forma cost of service basis and reconciled to actuals as a pass-through to each customer via an energy charge adjustment. For years 2023 - 2027, to provide better price certainty, the Authority is offering an annual fixed price energy purchase option to the NYC Governmental Customers.

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

The energy generated by the Zeltmann and AEII plants is sold into the NYISO market and the proceeds are used to offset the cost associated with the production of energy and capacity from the plants. All net costs and benefits to the Authority for both facilities are directly passed through to the NYC Governmental Customers. The economic value of the Zeltmann and AEII plants helps to support the NYC Governmental Customers. Additionally, the Authority retains rights to grandfathered and historic fixed priced transmission congestion contracts on behalf of the SENY customers, which helps to hedge against the fluctuating energy purchase power costs. All net costs of the Authority under the power purchase agreement with Astoria Energy are billed monthly to the New York City Governmental Customers. An equal amount of revenue is recognized during the period related to reimbursements from the New York City Governmental Customers.

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

BLenheim-GILBOA POWER PROJECT

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

SMALL NATURAL GAS POWER PLANTS

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

The Authority entered a stipulation settling claims regarding the SNGPP located at Vernon Boulevard in 2001. The Agreement provides for a "Put", meaning that if the operations of the Vernon Boulevard turbines do not cease by October 31, 2004, and certain other terms are satisfied, Silvercup Studios can exercise a "Put" on the Authority, obligating it to purchase the Terra Cotta parcel at Fair Market Value. To date, no formal "Put" notice has been received. In addition, the Authority has agreed under a settlement agreement to cease operations at Vernon Boulevard, under certain conditions including if the Mayor of the City directs such cessation. No such cessation has occurred. 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 the Authority to publish, within two years of enactment, a plan to deactivate the Authority's SNGPPs. The enactment requires the Authority to deactivate the SNGPPs by the end of 2030 subject to the plants not being needed for emergency power, power system reliability as determined by NYISO, and providing that the Authority may retain plants if emissions for other generation would cause more than a de minimis increase in emissions of carbon dioxide or other air pollutants.

As part of the Authority's strategy to meet the legislative mandate, the Authority is in negotiations with battery developers for three SNGPP sites. Furthermore, the Authority recently issued a request for information for the Kent Avenue SNGPP site, to explore opportunities for best use of this site in alignment with the Authority's strategic objectives.

For this Approved 2025 Budget and 2025 - 2028 Four-Year Financial Plan, it is assumed that the output of the SNGPPs will be sold into the NYISO markets.

FLYNN POWER PLANT

The Flynn plant operates as a merchant plant, with energy output and ancillary services sold into the NYISO market and offered to authorized counterparties. Through an agreement with the Long Island Power Authority, the Authority is compensated for all capacity provided through December 31, 2026. To date, there is no meeting or extension in the works.

TRANSMISSION PROJECTS

The Authority owns approximately 1,550 circuit-miles of high-voltage transmission lines and associated substations operating at voltages of 115 kV, 230 kV, 345 kV, and 765 kV. The Authority's Transmission Backbone System consists of a large subset of these transmission facilities, with major circuits such as (but not limited to):

765 KV

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

345 KV

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

230 KV

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



COST RECOVERY FOR NYPA'S BACKBONE TRANSMISSION SYSTEM

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

In July 2012, the Authority filed for its first ATRR increase with FERC. The Authority's filing resulted in an uncontested settlement approved by FERC for a new, \$175.5 million ATRR applicable to the Authority, effective August 1, 2012. The increased ATRR was necessary to cover increased operating and maintenance expenses of the Authority's bulk transmission system, and to make necessary capital improvements.

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

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

Effective July 1, 2024, the ATRR is \$527.3 million, which includes the revenue requirements for the Marcy South Series Compensation ("MSSC") and Central East Energy Connect ("CEEC", formerly known as AC Segment A Transmission) projects. Annual updates commensurate with projected costs are assumed to continue throughout the forecast period.

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

The Authority has completed the replacement of the Moses-Adirondack transmission line, one of the Authority's Backbone Transmission System lines. This project, known as the Moses-Adirondack Smart Path Reliability Project, includes the replacement of 78 miles of 230 kV transmission lines from Massena to the Town of Croghan in Lewis County. The project replaced obsolete wood pole structures with higher, steel pole structures, and the installation of new

conductor and associated hardware. The lines currently operate at 230 kV level, but will accommodate future 345 kV operation.

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

Construction commenced in 2020 and the last segment of Smart Path was completed and placed in-service in May 2023. Project closeout and site restoration are ongoing with an expected completion in 2025. As of June 30, 2024, the total assets for Smart Path placed-in-service is \$480 million.

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

SMART PATH CONNECT

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

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

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

The Authority is authorized to spend up to \$830 million for its portion of Smart Path Connect Project. Construction is ongoing with expected completion in 2026. The Authority has placed \$216 million of assets in service as of June 30, 2024. This Four-Year Financial Plan includes revenues and costs associated with the Authority's portion of this project.

CENTRAL EAST ENERGY CONNECT

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

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

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

FERC authorized the Authority's recovery of a facility charge for CEEC project costs, adopted per a NYISO filing made on behalf of the Authority. The Authority is recovering its costs associated with the project through its FERC approved cost recovery mechanisms in its ATRR formula rate, which include an incentive rate of return applied to the Authority's "Construction Work in Progress" balances for the project. The CEEC Project was placed in service in December 2023. The project is currently in the closeout phase and site restoration is ongoing. This Four-Year Financial Plan models estimated revenues and costs associated with the project.

LONG ISLAND SOUND CABLE

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

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

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

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

The Authority completed the project at a total cost of \$72 million, which is recovered through NYPA's ATRR. This Four-Year Financial Plan includes revenues and costs associated with this project.

PROPEL NY ENERGY

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

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

The NYISO cost estimate for Propel NY is approximately \$3.28 billion including upgrades. The Authority has committed to invest a minimum of \$500 million with an option to increase the investment up to 30%, subject to the Board of Trustees approval.

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

STEWART AVENUE-UNIONDALE HUB SUBSTATION UPGRADE

The Authority, as incumbent transmission owner, has exercised its right of first refusal to perform the identified Designated Public Policy Project at the Stewart Avenue-Uniondale Hub substation in Nassau County, NY. The Stewart Avenue-Uniondale Hub upgrade will allow for the intertie of three new lines proposed by Propel NY to the 345 kV system at an expanded substation featuring new electrical bus arrangement, voltage control equipment, and protection systems made to a modern standard.

The total estimated cost for the Stewart Avenue-Uniondale Hub upgrade is approximately \$341 million. The costs for the Stewart Avenue-Uniondale Hub upgrade will be recovered through the Authority's ATRR.

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

HUDSON TRANSMISSION PROJECT

In 2011, the Board of Trustees authorized NYPA to enter into an agreement with Hudson Transmission Partners, LLC ("HTP"). The agreement, known as the Firm Transmission Capacity Purchase Agreement ("FTCPA"), was entered into for the purchase of capacity to meet the long-term requirements of the Authority's NYC Governmental Customers and to improve the transmission infrastructure serving New York City. The agreement addresses this need through the provision of transmission capacity on the HTP transmission line. The line extends from Ridgefield, New Jersey (connected at Public Service Electric and Gas Company's Bergen substation) on the PJM Interconnection, LLC ("PJM") transmission system, to the Consolidated Edison Company of New York, Inc.'s ("Con Edison") West 49th Street substation. Under the FTCPA, the Authority received entitlement to 75% or 495 MW of the line's 660 MW capacity for 20 years while reimbursing HTP for the cost of interconnection and transmission upgrades in New York and New Jersey associated with the line. These upgrades were completed at a total cost to the Authority of \$335 million. In addition, NYPA's obligations under the FTCPA include payment of the PJM-approved Regional Transmission Expansion Plan ("RTEP")/Transmission Enhancement Charges ("TECs") allocated to HTP, the most significant of which related to the Bergen Linden Corridor ("BLC") project located in northern New Jersey.

It is estimated that the revenues derived from the Authority's rights under the FTCPA will not be sufficient to cover the Authority's costs during the 20-year term of the FTCPA. The Authority's estimated losses for HTP to be in the range of approximately \$80 million to \$90 million annually.

In 2015 and 2016, PJM's RTEP cost allocation methodology associated with the BLC project upgrades was challenged at FERC in numerous proceedings by Con Edison, the Authority, HTP and other New York parties.

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

Because of the FTWR relinquishment, PJM determined that the Authority had no RTEP/TEC cost allocation starting in 2018. In 2020, FERC partially reversed PJM's determination over the Authority's objections, and held that a portion of the RTEP charges 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 projects other than the BLC project, primarily for the Northeast Grid Reliability Project. FERC authorized PJM to begin collection for the back periods starting in August 2020.

For the BLC project-related RTEP/TECs assessed prior to 2018, the challenges to FERC were elevated to the District of Columbia Circuit of the U.S. Court of Appeals. In August 2022, the Court of Appeals determined that PJM's cost allocation methodology was flawed, which may result in refunds to the Authority; however, FERC has not yet acted on the court's remand.

The Authority now accrues approximately \$900,000 per month in RTEP/TECs, but this amount will trend downward as these facilities are depreciated. Overall, these RTEP/TECs, all of which arose from charges reinstated by FERC in 2020, are estimated to cost \$130 million over 40 years.

With respect to the reinstated RTEP/TECs upgrade costs, the Authority contested the 2020 FERC order and appealed it to the D.C. Circuit Court of Appeals. The Authority's appeal was rejected by the D.C. Circuit on July 26, 2024. The Authority determined that it would not seek rehearing or appeal of the D.C. Circuit decision, thus closing the matter. Accordingly, the Authority's ongoing RTEP/TECs payment obligations remain in place for the term of FTCPA and would continue if the Authority were to take ownership of the HTP facility after FTCPA term. These payment obligations would cease if the Authority chose not to exercise any rights over the HTP facility after the FTCPA term ends in June 2033.

NYPA, through its Strategic Supply Management ("SSM") and Market Issues Group ("MIG") initiated a segmented RFP process whereby the initial RFP, ("RFP1") is to secure an energy manager for scheduling and trading of NYPA's access rights for the HTP resource, while RFP2, deals with

engaging the regional marketplace regarding renewable energy prospects and post 2033 options. Each RFP offers NYPA the opportunity to enhance the operational and market dynamics of the HTP cable.

POWER PURCHASE AGREEMENTS

The Authority executed Power Purchase Agreements ("PPAs") with Ameresco, Inc. (the "Developer"), requiring the Authority to pay the Developer for electricity received from at least 50 photovoltaic solar electric generating facilities, including electric battery energy storage and recover the payments from The City of New York (the "Purchaser"), acting through its Department of Citywide Administrative Services ("DCAS") via a power sales contract as an addendum to the Supplemental Long Term Power Supply Agreement. In the case of non-payment from DCAS, there is a cure period of one year, during which the Authority will make the payments to the Developer. If there is no cure, the Developer has no claim to the Authority so long as the Authority or Developer is pursuing recovery from DCAS under the terms of the power sales contract. The total value of the PPAs with the Developer is \$320 million with an initial term of 20 years from Commercial Operation Date for each facility. It is expected there will be a limited assignment of the Authority's obligations to purchase the power under the PPAs' to a third party to facilitate an electric prepayment transaction. The Authority has also entered into various other PPAs with developers that require the Authority to pay the developers for the electricity received from renewable facilities and recover the payments from the New York Convention Center Operating Corporation, the County of Westchester, and the Port Authority via power sales contracts. The annualized amount for the PPA executed on behalf of New York Convention Center Operating Corporation is \$2.7 million with a 25-year term, on behalf of Port Authority is \$1 million with a 25-year term and on behalf of County of Westchester is \$400,000 with a 20-year term.

All projects are in the design or construction phase and the Authority is not paying for or recovering for energy under the PPAs. When each of the projects reach commercial operation, they are expected to be cost-neutral to the Authority.

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 NYC 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 NYC Governmental Customers. An equal amount of revenue is recognized during the period related to reimbursements from the NYC Governmental Customers.

PURCHASED POWER EXPENSES

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

FUEL EXPENSES

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

TRANSPORTATION AND DELIVERY EXPENSES

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

CLEAN ENERGY SOLUTIONS

The Authority, through its Clean Energy Solutions programs, provides customers with wide-ranging on-site energy solutions including energy data analytics, planning, development, implementation and operation of capital projects such as energy efficiency, distributed generation, advanced technologies and renewables. The Authority was also responsible for implementation of the Governor's Executive Order ("EO") No. 88 (2012) (to improve energy efficiency at State-owned and managed buildings), and is responsible for the Five Cities Energy Efficiency Implementation Plans (for the cities of Albany, Buffalo, Rochester, Syracuse and Yonkers to reduce overall energy costs and consumption, strengthen the reliability of energy infrastructure, create jobs in local clean energy industries and contribute to a cleaner environment), and the K-Solar program (to reduce energy costs of certain schools through the use of solar power). EO No. 88 was revoked and superseded by EO No. 22, issued by Governor

Hochul on September 20, 2022, which among other things requires State entities, including the Authority, to adopt a sustainability and decarbonization program. The Authority is a member of the Green NY Council created by EO No. 22 that helps to implement EO No. 22.

The 2022 - 2023 Enacted State Budget, Section 59 of Part FFF of Chapter 56 of the Laws of 2022, authorizes the Dormitory Authority of the State of New York, the New York State Urban Development Corporation, and the New York State Thruway Authority to issue bonds in one or more series under either Article 5-C or Article 5-F of the State Finance Law for the purpose of refunding obligations of the Authority to fund energy efficiency projects at State agencies including, but not limited to, the State University of New York, the City University of New York, the New York State Office of General Services, the New York State Office of Mental Health, the State Education Department, and the New York State Department of Agriculture and Markets. The aggregate principal amount of bonds authorized to be issued may not exceed \$475 million. Such bonds will not be a debt of the State, and the State shall not be liable thereon, nor shall they be payable out of any funds other than those appropriated by the State under Article 5-C or Article 5-F of the State Finance Law, as applicable. As of December 31, 2023, the State has reimbursed the Authority an aggregate amount of \$202 million with an agreed remaining list of \$273 million of approved projects which will continue to be reimbursed as costs are incurred.

The Authority currently implements energy services programs primarily aimed at two groups of entities, its SENY Governmental Customers and various other public entities throughout the State. The Authority is also authorized to provide and finance energy services to eligible business customers and to issue bonds and notes for such purpose; provide energy services to public and non-public elementary and secondary schools and specified military establishments in the State; and supply certain market power and energy and renewable energy products to any Authority customer, public entity, or community choice aggregation ("CCA") community in the State.

Over the period from 2025 - 2028, the Authority has designated approximately \$1.4 billion in expenditures on Clean Energy Solutions. Except for certain limited costs, the Authority expects to recover its expenditures on these programs, including its financing costs, over periods not exceeding ten years. Except as described below, such expenditures are generally recovered from the benefitted customer or entity. In addition, the Authority implements other energy services programs financed by other sources, such as the State and the City. The Authority's energy services programs generally provide funding for, among other things, high efficiency lighting technology conversions, high efficiency heating, ventilating and air conditioning systems and controls, boiler conversions, replacement

of inefficient refrigerators with energy efficient units in public housing projects, electric vehicles and charging stations, distributed generation technologies and clean energy technologies, and installation of non-electric energy saving measures. Participants in these programs include departments, agencies or other instrumentalities of the State, the Authority's SENY Governmental Customers, certain public authorities, public school districts or boards and community colleges located throughout the State, county and municipal entities with facilities located throughout the State, certain not-for-profit entities, and the Authority's municipal and rural electric cooperative customers.

The Authority is authorized to provide and finance energy services, including through the issuance of bonds for that purpose, and also may provide energy services to virtually all of its commercial and industrial customers and to independent not-for-profit institutions of higher education in the State. The Authority is also authorized to provide energy services to public and non-public elementary and secondary schools and specified military establishments in the State and to finance and administer programs to replace inefficient refrigerators with energy efficient units in certain public and private multiple dwelling buildings.

MEMORANDUM OF UNDERSTANDING ("MOU") WITH U.S. ARMY

The Authority recently announced a first-of-its-kind agreement with the United States Army. The signed MOU allows the Authority and the U.S. Army to collaborate on new opportunities that advance the Army's decarbonization initiatives at military facilities in NYS.

Under the MOU, the Authority is authorized to provide low-cost energy, energy efficiency and conservation services and facilities that could assist the U.S. Army in future decarbonization and resiliency initiatives. These efforts could lead to the development of on-site clean energy facilities at U.S. Army installations statewide and help the surrounding communities reduce their carbon footprint and improve energy efficiency.

This MOU will also create opportunities for local collaborations between military and civilian entities, including veteran-owned businesses, and streamline development of an energy efficient defense corridor that could cross from Watertown to Syracuse to Rome and beyond.

ELECTRIC VEHICLE ACCELERATION INITIATIVE

As of August 31, 2024, approximately \$51 million of an authorized \$100 million has been spent for an electric vehicle acceleration initiative called EVolve NY. The Authority will own and operate a charging network of 400 Direct Current Fast Chargers across the State, the first of which became operational in September 2020.

GRANTS

Legislation at the federal and state levels have provided potential additional competitive sources of funding for NYPA and Canal Corporation capital programs. To access the additional funding, each organization must apply for consideration to the relevant federal or state entity. Funding will only be pursued to offset the costs of approved capital projects that are aligned with the Authority's core mission, VISION2030, and/or CLCPA. Through the Infrastructure Investment and Jobs Act, NYPA has been awarded six grants totaling \$84 million in Department of Energy grants through the Transmission Siting and Economic Development, Grid Resilience and Innovation Partnerships and Maintaining and Enhancing Hydroelectricity Incentives programs.

NYPA and the Canal Corporation also continue to pursue recovery funds tied to previous extreme weather events and the COVID-19 pandemic through FEMA. The Canal Corporation has recovered approximately \$4 million in funding for weather events dating back to 2019 and continues to work with FEMA and the New York State Department of Homeland Security and Emergency Services ("NYS DHSES") to finance projects to rehabilitate and dredge portions of the Canal System affected by storms. In addition, NYPA continues to work closely with the New York State Division of Budget and NYSDHSES to recoup the over \$21 million of costs related to the response to COVID-19. To date, nearly \$8 million has been obligated by NYSDHSES and FEMA for these expenses.

With a new presidential administration empowered by unified party control of Congress taking office in 2025, recently obtained grant awards may be pared back or possibly eliminated based on shifting policy objectives by Federal grantor agencies.

INFLATION REDUCTION ACT

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law which aims to reduce U.S. carbon emissions and promote economic development through investments in clean and renewable energy projects. The clean energy tax credits created or expanded by the IRA are intended to drive rapid adoption of energy efficiency, electric transportation, and solar energy. The Authority has undertaken initiatives, as listed below, to take advantage of clean energy tax credits by investing in clean energy such as battery storage, and solar, transitioning our fleet to electric vehicles ("EV"), and placement of EV infrastructure in non-urban, low-income areas. The Authority expects to monetize IRA tax credits via a direct pay option which allows tax-exempted entities to receive cash payments equal to the tax credits. IRS requires pre-filing registration of the projects on which the entity expects to claim tax credits in its tax return. The Authority has completed its pre-filing registration for all its eligible projects and expects to file tax return by November 2024.

North Country Energy Storage – The Authority developed and built a 20 MW battery to be the first of its kind in the North Country. The battery participates in the NYISO wholesale market as a merchant plant. By strategically siting the storage system at the Willis substation, the project will maximize wholesale market revenue, demonstrate storage integration in a renewable rich area of the State, and position the Authority as a leader in battery storage.

The other projects include 175 kilowatt AC rooftop solar installation at the Authority’s Zeltmann facility, development and operation of Direct Current Fast Charger stations, and fleet electrification of light duty assets (Sedans, SUV’s, and light-duty pickups).

With a new presidential administration empowered by unified party control of Congress taking office in 2025, portions of the Inflation Reduction Act, including many tax credits that may benefit NYPA, may be pared back or possibly eliminated.

ECONOMIC OUTLOOK AND VIEW ON ENERGY MARKETS

The near-term economic outlook in New York State and the United States as a whole is trending positive, although risks to the economy remain. Over the course of 2024, the Federal Reserve maintained a restrictive monetary policy, successfully lowering inflation to near the Federal Reserve target of 2%. At their September 2024 meeting, the Federal Reserve adjusted their course and lowered the federal funds rate by 50 basis points, which was the first downward move in rates by the Fed for the first time in four years. In doing so, they noted a slowing labor market, but reiterated that economic growth remains solid.

At present, economic indicators appear to show that the Fed is in the process of achieving a “soft landing,” by simultaneously reigning in inflation and not causing significant harm to the labor market or economic growth. However, should the Federal Reserve decrease interest rates too quickly, the possibility exists for a resurgence in inflation which could lead to significantly negative economic disruption pressure. Conversely, if the Federal Reserve lowers interest rates too slowly, the labor market may continue to soften, slowing the economy and increasing the likelihood of moving into a recession.

In addition to the future course of interest rates, there are a number of other factors that could affect economic growth, the most significant of which is the geopolitical turmoil in the Middle East, which has negative implications for impact oil prices, energy markets, and the broader economy. On the positive side, we should enjoy a tailwind from recently enacted legislation, including the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and the CHIPS Act, all of which provide the engine to spur investment and continued economic growth.

Energy pricing for 2024 has continued at persistently low levels, with electricity trading at similar levels to 2023 due to lower natural gas prices, continued high natural gas storage levels, and another mild winter. Electricity prices have historically had a high correlation to natural gas prices, which is expected to continue. In the near term, S&P Global Platt’s forwards show prices moving up along the curve, driven by increased liquified natural gas demand, fewer coal and nuclear power plants in operation, seasonal weather events, and the direction of inflation. Longer term, despite the healthy projected load growth, prices in New York’s wholesale electricity market are expected to decline due to the influx of low, marginal cost renewable resources being brought on line to achieve the CLCPA’s 70% by 2030 renewable energy goal. Of further note, in the NYISO market we have observed a convergence of upstate and downstate pricing, due to reduced congestion associated with transmission upgrades. S&P Global Platt’s forward curves capture that convergence.

Pricing for market-based Ancillary Services decreased from 2023 to 2024 as the energy market experienced a weakening in prices for all energy market products. In addition, there was ample supply from market participants to meet NYISO system needs. Prices for ancillaries are expected to remain flat, as there is adequate product supply available to support the NYISO requirements. It is still expected that as the market share of intermittent generation increases, the need for system flexibility is likely to increase.

Capacity prices have diminished from the historic highs for New York City and the New York Rest of State (“ROS”) market in 2023. In 2024, the downward adjustment to the in-city Locational Capacity Requirement resulted in prices moderating. While the Installed Reserve Margin (“IRM”) did increase for ROS, prices declined from the highs of 2023. The current expectation for 2025 - 2028 is that NYC and ROS prices will weaken with news from the quadrennial demand curve reset process taking place for 2025 - 2029, wherein, for the first time, NYISO staff is recommending a 2-hour battery facility as the proxy unit instead of a gas turbine. An additional factor affecting the capacity market is the new Champlain Hudson Power Express (“CHPE”) project, which is expected to start delivering power to New York City in mid-2026. The effect could be muted as the existence of the line will enable the retirement of the fossil fueled generators that the NYISO designated to remain in operation temporarily, after the DEC Peaker Rule compliance date.

RGGI participating states launched their Third Program Review in Fall 2021, and to date have released multiple potential future CO2 emissions cap trajectories, including a no-changes scenario, a scenario extending the current regional cap reduction trajectory beyond 2030, scenarios to achieve a zero-emissions cap by either 2035 or 2040, and most recently a scenario that has a zero-by-2035 rate of

decline until 2033 but then a zero-by-2040 rate of decline thereafter. The most recent scenario also increases the size of the Cost Containment Reserve (“CCR”) by roughly 40% and adds a second CCR at a higher price. The most recent scenario would nearly triple the number of allowances available if necessary to constrain price increases beyond the 7% trigger price escalation rate. Upon release of the most recent scenario, the RGGI market adjusted downward noticeably, however the outcome of the Third Program Review remains to be seen.

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

INVESTMENT INCOME

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

The Authority’s investments include (a) collateralized certificates of deposit, Certificate of Deposit Account Registry Service or similar Federal Deposit Insurance Corporation, products, time deposits and money market funds, (b) direct obligations of or obligations guaranteed by the United States of America or the State of New York, (c) obligations issued or guaranteed by certain specified federal agencies and any agency controlled by or supervised

by and acting as an instrumentality of the United States government, (d) obligations of any state or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which is rated in any of the three highest long-term rating categories, or the highest short-term rating category, by nationally recognized rating agencies, (e) repurchase and reverse repurchase agreements (“Repurchase Agreements”), including “gestation” repurchase agreements of treasury or agency-backed collateral with a physical trust certificate from a Federal Industry Regulatory Authority 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.

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 with a rating of AA or higher; Corporate equity investments in domestic common and preferred stocks and publicly traded Real Estate Investment Trust funds; and Mortgage-backed securities and Collateralized Mortgage Obligations with a rating of AA or higher. Investments are reported in the consolidated statements of net position at fair value, using quoted market prices.

INTEREST RATES

The Federal Open Market Committee initiated a series of interest rate cuts in September 2024, reducing the federal funds rate by 50 basis points to a range of 4.75% - 5.00%. This marked the first-rate reduction since March 2020 and was larger than many had anticipated. The decision reflects the Federal Reserve Board’s (“Fed”) response to slowing inflation and rising unemployment, as it aims for a “soft landing” of the economy. The Fed is expected to implement additional cuts in 2025 and 2026, bringing the federal funds rate to a target range of 2.75% - 3.00% by the end of 2026.

Bloomberg U.S. Treasury Yield Consensus Forecast (%)

	Fed Funds Rate – Upper Bound	Fed Funds Rate – Lower Bound	US 10-Year	US 30-Year	US 3-Month Term Secured Overnight Financing Rate
Q4 24	4.50	4.24	3.89	4.15	4.35
Q1 25	4.05	3.82	3.81	4.10	3.95
Q2 25	3.70	3.46	3.76	4.05	3.59
Q3 25	3.45	3.21	3.74	4.03	3.37
Q4 25	3.30	3.06	3.73	3.99	3.20
Q1 26	3.20	2.93	3.66	4.00	3.14
Q2 26	3.15	2.90	3.64	4.00	3.09
Q3 26	3.15	2.88	3.63	3.99	3.05
Q4 26	3.10	2.85	3.70	4.01	3.04
Q1 27	3.10	2.86	3.76	4.03	3.06

Source: Bloomberg weighted average treasury and benchmark yield forecast survey results (BYFC) as of October 28, 2024.
Survey reflects averages of results from 23-40 surveyed firms.

Bloomberg Muni AAA Forward Yield Curve (%)

Tenor	Spot Q4 24	Q4 25	Q4 26	Q4 27	Q4 28
1 Yr	2.85	2.46	2.54	2.77	2.88
5 Yr	2.70	2.74	2.91	3.10	3.21
10 Yr	3.01	3.06	3.18	3.32	3.45
15 Yr	3.24	3.32	3.45	3.60	3.75
20 Yr	3.52	3.62	3.74	3.89	4.00
30 Yr	3.85	3.93	4.03	4.14	4.23
50 Yr	4.09	4.15	4.24	4.32	4.40

Source: Bloomberg Muni AAA Forward Yield Curve as of October 28, 2024.



OPERATIONS AND MAINTENANCE EXPENSES

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

	2025	2026	2027	2028
Payroll				
Regular Pay	\$328.4	\$341.4	\$355.1	\$369.4
Overtime	15.0	15.7	16.3	17.0
Other Payroll	9.9	10.1	10.3	10.5
Total Payroll	353.3	367.2	381.7	397.0
Other Operations and Maintenance				
Benefits	147.9	154.3	160.9	167.8
Materials/Supplies	37.0	38.2	39.5	40.8
Fees	14.0	14.5	15.1	15.7
Office and Stationery	37.1	38.4	39.8	41.2
Maintenance Repair, Service Contracts and Consultants	279.1	302.0	298.5	292.3
Total Other	515.2	547.5	553.8	557.8
Charges to				
Outside Agencies	(1.0)	(1.0)	(1.0)	(1.1)
Capital Programs	(70.7)	(73.3)	(76.0)	(78.8)
Total Charges	(71.7)	(74.3)	(77.0)	(79.9)
Total Operations and Maintenance	\$796.8	\$840.4	\$858.5	\$874.9

Detailed Breakout of 2025 Operations and Maintenance by Facility

(In \$ Millions)

Profit Center	Site Operations and Maintenance	Enterprise	Total
Niagara	\$72.3	\$87.2	\$159.4
St. Lawrence	39.1	38.8	77.9
Blenheim-Gilboa	27.1	16.9	44.0
Small Natural Gas Power Plants	27.9	12.1	40.0
Flynn	10.2	7.0	17.2
Small Hydro	10.2	5.0	15.2
Zeltmann	35.9	18.6	54.6
Recharge NY	2.4	1.6	4.0
SENY	3.1	6.9	10.0
Transmission	38.8	127.0	165.8
TOTAL SITES AND ENTERPRISE	\$266.9	\$321.4	\$588.3

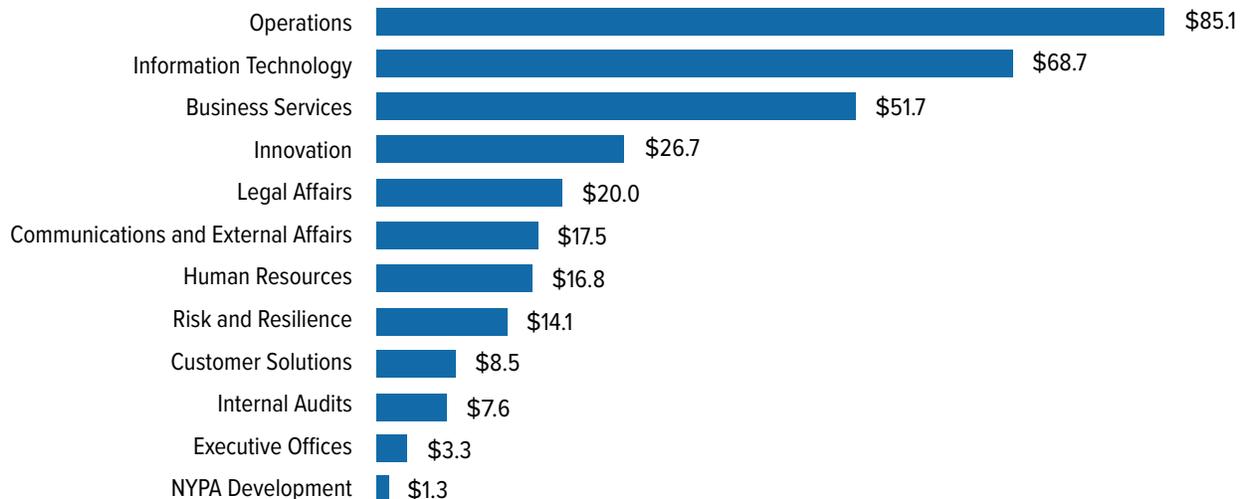
Non-Utility Profit Centers (\$)

CES	\$28.6
DER	4.1
NYEM Platform	3.0
Green Power Supply Products	2.0
eMobility	2.7
EV Charging	11.2
Large Energy Storage	0.7
Large Scale Renewables	5.0
Total NYPA Operations and Maintenance	\$645.5
Total Canals Operations and Maintenance	\$107.9
Total SFP	\$43.4

Further Breakout of NYPA 2025 Enterprise Expenses

(In \$ Millions)

Enterprise \$321.4M



DEPRECIATION AND AMORTIZATION EXPENSES

The provisions for depreciation for utility plants result from the application of straight-line rates determined by age life studies of assets in service. The rates are applied to groups of depreciable capital assets. The related depreciation provisions on December 31, 2023, expressed as a percentage of average depreciable capital assets was 4.2%.

OTHER EXPENSES

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

CANAL CORPORATION

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

On January 29, 2020, the Board of Trustees authorized an investment of up to \$300 million over five years for the Revitalize the Canals initiative ("Revitalize the Canals") and approved \$30 million to fund Revitalize the Canals in 2020. Revitalize the Canals is comprised of programming, like the On the Canals initiative that has supported over 30,000 participants taking part in recreational opportunities in partnership with more than 35 small businesses, and discrete capital projects. Completed projects include the installation of lighting applications on five historic structures and habitat enhancement and improved flood control in the Montezuma Wildlife Refuge. Construction is underway on the Brockport Pedestrian Bridge and on the historic restoration of Guy Park Manor in Amsterdam. Several other capital projects are in various stages of design and permitting while others have been paused to redirect resources to the most pressing infrastructure needs on the Canal System.

Given the age of the Canal System, the Authority expects significant maintenance and capital investments will be required to assure the Canal System's continuing operation. The Authority's budget and financial plan for the

Canal System and the Revitalize the Canals initiative combined, for 2025 - 2028 includes operating and capital expenditures necessary to operate, maintain, and repair the system. The 2024 - 2025 Capital Projects Budget Appropriations bill (S.8304-D/A.8804-D) authorized the allocation of \$50 million for services, expenses, and indirect costs related to maintenance, repair, construction, reconstruction, development and preservation of the New York State Canal System. The Authority will continue to evaluate the condition of the Canal System and expects to allocate additional funding if deemed necessary through its annual budgeting process or reduce funding if efficiencies are found. The Authority is also exploring additional funding opportunities through state and federal programs.

THE CAPTIVE

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

On September 29, 2022, the Authority's Board of Trustees approved the formation of a subsidiary corporation to be called the NYPA Captive Insurance Company (the "Captive") and the Authority thereafter filed an application for a license with the New York State Department of Financial Services (the "DFS"). On May 2, 2023, the DFS issued the Certificate of Incorporation for the Captive, and the Captive's Board of Directors held an organization meeting on May 25, 2023. The DFS issued the requisite license to operate to the Captive on July 25, 2023. The Captive has initially underwritten a Terrorism Risk Insurance Act ("TRIA") certified nuclear, biological, chemical, radiological and cyberterrorism ("NBCR") terrorism policy with aggregate limit of \$500 million, which policy has a federal backstop, as well as 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, the Captive also underwrote a cyber deductible reimbursement line in the amount of \$5 million per occurrence. Finally, on June 15, 2024, the Captive underwrote a general liability deductible reimbursement line in the amount of \$5 million per occurrence with a \$200,000 deductible. It is anticipated that the existence of the Captive will result in cost savings to the Authority by reducing the need for commercial insurance and creating an efficient and effective claims handling process which will further enable the Authority to manage its overall risk more effectively and economically.

SEPARATELY FINANCED PROJECTS (“SFP”)

The Authority has adopted its Transmission Resolution (a bond resolution separate from the General Resolution) to finance the costs of any project, facility, system, equipment, or material related to or necessary or desirable in connection with the transmission or distribution of electric energy, whether owned or leased jointly or singly by the Authority, including any transmission capacity in which the Authority has an interest or which it has a contractual right to use, which has been designated by the Authority as both a “Separately Financed Project” under the General Resolution and an “SFP Transmission Project” under the Transmission Resolution (an “SFP Transmission Project”). Currently, three projects have been designated as SFP Transmission Projects: Smart Path, Smart Path Connect, and CEEC.

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

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

In September 2023, the Authority’s Trustees authorized the issuance of Green Transmission Project Revenue Bonds, Series 2023A, under the Transmission Bond Resolution established in 2021, which is separate and apart from the Authority’s General Bond Resolution. On November 16, 2023, the Authority issued \$734 million of Green Transmission Project Revenue Bonds, Series 2023A (the “2023A Bonds”) at a premium.

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

allocable to the 2023A SFP Transmission Projects. The SFP Transmission Trust Estate does not include any real property, structures, facilities, or equipment owned by the Authority.

NYPA RENEWABLE ENERGY DEVELOPMENT

The Authority is continuing to advance its renewable energy strategy in accordance with New York State’s 2023 - 2024 Enacted Budget which enabled the Authority to plan, design, finance, and operate renewable energy generating projects, with and without private partners. In January 2024, the Authority filed a petition with the PSC to establish the REACH program, which will provide renewable energy bill credits to low-income New Yorkers. In October 2024, the PSC issued an order approving the Authority’s petition and implementing a structure that could make REACH bill credits available from smaller scale projects (<5 MW) as early as 2026, and large-scale projects as early as 2027. The Authority has issued Requests for Information and Requests for Qualifications to identify and pre-qualify renewable project developers and investors for future partnerships for renewable energy projects. By summer, 2024, the Authority pre-qualified 84 renewable developers and partners to collaborate with on renewable energy generation projects. The Authority will issue its first strategic plan in January 2025, which identifies and prioritizes actions to develop more renewable resources and support the decarbonization of New York State’s electric grid, including projects the Authority plans to develop, own, and support in the upcoming years. The initial draft of the strategic plan was made available to the public on October 8, 2024, commencing a 60-day public comment period, with the Authority holding public hearings in the month of November. The Authority will finalize and seek the Trustees’ approval of the strategic plan in January of 2025.

The Authority, through the Renewables Corporation, plans to invest \$700 million in renewable energy generating projects from 2025 through 2028. In October 2024, the NYPA board approved an equity release of \$100 million to fund the Renewables Corporation operations and initial capital investments for projects identified in the strategic plan. The Authority’s draft strategic plan identified its first tranche of 40 projects totaling 3.5 GW of renewable energy generation and storage systems. The Authority will continue to evaluate, conduct due diligence, and identify co-development opportunities with the private market to maximize its renewable energy portfolio buildout.

ROBOTICS PROGRAM

The Authority’s Robotics Program has expanded beyond drones – supporting multiple asset classes across generation, transmission, Canals, and customers. This has enabled greater visibility of asset condition, allowing for more immediate detection of problems and incident response to improve decision-making as well as minimizing operational disruptions.

The Authority's robotics program has a fleet of 90 drones, one pipe robot, and one fixed-wing vertical take-off and landing drone, as well as confined space systems. The drone program's mission runs support transmission, generation, and other projects. This has increased the safety and reliability of the Authority's equipment having performed more than 1,300 missions in 2024. The Authority has received several FAA waivers allowing more complex missions such as beyond visual line of sight flights.

The Authority's award-winning drone program has also pushed for the advancement of STEM throughout NYS, having performed at nearly 50 events in 2024.

On July 27, 2023, the Authority's Trustees authorized a Capital Expenditure Authorization of \$10 million for the implementation of foundational measures for an Unmanned Aerial System ("UAS") Drone Program. Additionally, the Authority's Trustees provided concurrence with the five-year implementation plan of the UAS Drone Program with a total program cost of \$37 million, and a remaining estimated balance of \$26 million after the \$10 million authorization and the one-million-dollar initial expenditure, recognizing that release of any of the remaining balance is subject to future authorization.

d. SELF-ASSESSMENT OF BUDGETARY RISKS

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

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

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

The Authority's enterprise risk and resilience efforts are guided by the principles of ISO-31000 Risk Management and COSO Enterprise Risk Management and support risk-informed decision-making across the organization. The

Authority's risk management utilizes a five-step risk lifecycle for managing risks: identify, assess, respond, monitor, and report. Risks and opportunities can be identified from various sources. Examples of possible internal and external sources for risk identification include employees, benchmarking, contractors, industry-relevant reports, and professional networks. Methods to identify risks include assessments, surveys, workshops, audits, business planning/brainstorming, and incident response.

The Authority's risk management maintains a risk register and an enterprise governance, risk and compliance system. Risk assessments are typically performed using a risk rating matrix which maps impact and likelihood across several risk impact types and likelihood ranges.

Enterprise risks are reported by the risk management department to the Executive Risk and Resilience Management Committee and are included in a semiannual report to the Board of Trustees Risk and Resilience subcommittee.

ENTERPRISE LEVEL RISKS

REGULATORY ENVIRONMENT RISKS

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

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

Several provisions of Chapter 106 could potentially impact the Authority's business and operations, such as the following: (1) provisions authorizing the state Department of Environmental Conservation to promulgate regulations establishing limits on statewide greenhouse gas ("GHG") emissions and to ensure compliance with such limits; (2) a requirement that specified state entities, including the Authority, adopt regulations to contribute to achieving statewide GHG emissions; (3) a requirement that state entities, including the Authority, assess and implement strategies to reduce GHG emissions; (4) consideration of

whether actions that the Authority would undertake in the course of its operations are consistent with state GHG emission limits that will be established pursuant the enactment; and (5) potential allocation or realignment of resources to support the state’s clean energy and energy efficiency goals for disadvantaged communities.

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

LEGISLATIVE ENVIRONMENT RISKS

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

HYDROPOWER GENERATION RISK

The Authority’s net income is highly dependent upon generation levels at its Niagara and St. Lawrence-FDR power projects. The generation levels are a function of the hydrological conditions prevailing on the Great Lakes – primarily, Lake Erie (Niagara Power Project) and Lake Ontario (St. Lawrence-FDR Power Project). The long-term generation level at the two projects is approximately 21.4 terawatt-hours (“TWh”) annually. The Authority’s current hydroelectric generation forecasts are as follows, 21.8 TWh in 2025, 21.6 TWh in 2026, 21.5 TWh in 2027, and 21.5 TWh in 2028.

Environmental or external factors (e.g., climate change, precipitation, flooding, and ice conditions) can cause hydrological conditions to vary considerably from year to year. Hydropower generation may also face risks due to transmission line constraints within the region impacting the ability to generate energy and increased competitiveness of other types of renewable generation.

Since the establishment of the Projects, the average standard deviation is approximately two TWh. For every half a TWh movement, the estimated net income impact is \$20 million based on market prices.

SUSTAINED MARGIN REDUCTION AND COMMODITY MARKET PRICE VOLATILITY RISK

Through its participation in the NYISO and other commodity markets, the Authority is subject to electric energy price, fuel price, metal commodities price, and electric capacity price risks that impact the revenue and purchased power streams of its facilities and customer market areas. Such volatility can potentially have detrimental effects on the Authority’s financial condition.

To moderate cost impacts to its customers and itself, the Authority, at times, hedges market risks via the use of financial instruments and physical contracts. Commodities hedged include, natural gas, natural gas basis, aluminum, energy, capacity, and congestion costs associated with the transmission of electricity. Hedges mitigate the cost of energy or related products, uncertainty in the price of energy and related products sold by the Authority, risk related to electric margins from electric sales versus fuel use, where the Authority owns generation or other capacity, and geographic cost differentials of energy procured or sold for transmission or transportation to an ultimate location. Hedges effectuated on behalf of the Authority’s customers are passed through, at cost, as provided for in customer contracts.

On July 21, 2010, President Barack Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) which addresses, among other things, interest rate and energy-related commodity swap transactions of the type in which the Authority engages. The requirements and processes are set forth in regulations promulgated by the Commodities Futures Trading Commission (“CFTC”). Pursuant to CFTC rules, the swaps solely to manage its risk, is exempt from posting collateral beyond that of any existing credit support annexes in support of its open over-the-counter hedge positions. These CFTC rules are not anticipated to have significant impact on the Authority’s liquidity and/or future risk mitigation activities. CFTC and Dodd-Frank rules are still being promulgated, and the Authority will continue to monitor their potential impact on its liquidity and/or future risk mitigation activities.

DISRUPTIVE INNOVATION AND CUSTOMER ENERGY CHOICES

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

ATTRACT, DEVELOP, AND RETAIN A DIVERSE AND QUALIFIED WORKFORCE

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

CYBER AND PHYSICAL SECURITY

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

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

DATA MANAGEMENT

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

BUSINESS CONTINUITY

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

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

FRAUD AND INSIDER THREAT

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

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

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

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

THIRD-PARTY

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

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

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

CANAL CORPORATION

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

PANDEMIC

The COVID-19 pandemic changed societal and business operation norms and impacted the risk profiles of organizations globally. The Authority continues to mitigate this risk through proactive and robust pandemic response plans. The Authority is well positioned to address future pandemic and business concerns by employing mitigation strategies such as an incident command system, business continuity plans, remote work policies, and return to work procedural and physical modifications.

CRITICAL INFRASTRUCTURE

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

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

WORKFORCE HEALTH AND SAFETY

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

LITIGATION RISK

ST. REGIS LITIGATION

In 1982 and 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, 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 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, the St. Regis Mohawk Tribe, St. Lawrence County, and the Authority executed a Memorandum of Understanding (St. Regis MOU) that outlined a framework for the possible settlement of all the St. Regis land claims. In the St. Regis MOU, the Authority endorses a negotiated settlement that, among other terms and conditions, would require the Authority to pay the Tribe \$2 million a year for 35 years and provide up to 9 MW of its hydropower at preference power rates to serve the needs of the Tribe's Reservation. The St. Regis MOU would require an Act of Congress to forever extinguish all Mohawk land claims prior to such a settlement becoming effective.

In 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. The non-settling parties have now reported to the Court that they have resolved their differences and agreed to a framework of a settlement. The settlement must now be reduced to writing and the 2014 St. Regis MOU must be incorporated into it. Lastly, Federal Legislation is still necessary before the settlement takes effect.

MISCELLANEOUS

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

business. 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. Further information on the Authority's litigation matters can be found in the Authority's [2023 Audited Financial Report](#).



e. REVISED FORECAST OF 2024 BUDGET

Revised Forecast of 2024 Budget (In \$ Millions)

	Original Budget 2024	Revised Forecast 2024	Variance Favorable / (Unfavorable) 2024
Operating Revenues			
Generation Revenue	\$909.1	\$932.5	\$23.4
Ancillary Service Revenue	41.9	35.9	(6.0)
Transmission and Other	285.7	307.8	22.1
Separately Financed Projects Net Income	42.7	63.6	20.8
Non-Utility Revenue	47.0	48.5	1.5
Pass-Through Revenue	1,928.4	1,826.6	(101.8)
Total Operating Revenues	3,254.8	3,214.9	(39.9)
Operating Expenses			
Purchased Power	(14.3)	(19.0)	(4.6)
Fuel Consumed - Oil and Gas	(36.2)	(30.7)	5.5
Transportation and Delivery	(95.3)	(94.9)	0.4
Pass-Through Expense	(1,928.4)	(1,826.6)	101.8
Operations and Maintenance	(661.9)	(672.8)	(10.9)
Other Expenses	(85.6)	(100.9)	(15.4)
Total Operating Expenses	(2,821.8)	(2,744.9)	76.9
NET OPERATING INCOME	433.0	470.0	36.9
Non-Operating Income and Expenses			
Depreciation and Amortization	(316.8)	(334.2)	(17.4)
Investment and Other Income	54.6	72.5	17.8
Interest and Other Expenses	(48.8)	(42.4)	6.4
Total Non-Operating Income and Expenses	(311.0)	(304.1)	6.9
CONSOLIDATED NET INCOME	\$122.0	\$165.8	\$43.9

f. RECONCILIATION OF 2024 BUDGET AND 2024 REVISED FORECAST

As of September 2024, year-end net income is forecasted to be \$166 million, which is \$44 million above budget. This variance is primarily due to higher transmission revenues, lower-than-budgeted non-operating expenses, lower-than-budgeted fuel transactions associated with the Authority's fossil fleet, sustained higher interest rates have

contributed to higher investment income, the Authority's bond defeasance has resulted in lower interest and other expense to budget, which are partially offset by diminished ancillary service revenues diminished power prices, which have been partially mitigated by the Authority's hedge efforts.

g. STATEMENT OF 2023 FINANCIAL PERFORMANCE

Net Income - Actual vs. Budgeted for the Year Ended December 31, 2023

(In \$ Millions)

	Budget 2023	Actual 2023	Variance Favorable / (Unfavorable) 2023
Operating Revenues			
Generation Revenue	\$802.1	\$793.5	(\$8.5)
Ancillary Service Revenue	28.6	49.2	20.7
Transmission and Other	423.0	322.4	(100.6)
Separately Financed Projects Net Income	42.7	53.0	10.3
Non-Utility Revenue	34.4	39.4	4.9
Pass-Through Revenue	2,508.8	1,731.3	(777.5)
Total Operating Revenues	3,839.6	2,988.8	(850.8)
Operating Expenses			
Purchased Power	(22.9)	(21.4)	1.5
Fuel Consumed - Oil and Gas	(76.9)	(28.6)	48.2
Transportation and Delivery	(94.5)	(106.9)	(12.4)
Pass-Through Expense	(2,508.8)	(1,731.3)	777.5
Operations and Maintenance	(640.1)	(625.5)	14.6
Other Expense	(87.7)	(90.2)	(2.5)
Total Operating Expenses	(3,430.9)	(2,603.9)	827.0
NET OPERATING INCOME	408.7	385.0	(23.8)
Non-Operating Income and Expenses			
Depreciation and Amortization	(288.7)	(299.2)	(10.5)
Investment and Other Income	26.7	88.5	61.8
Interest and Other Expenses	(50.9)	(43.9)	7.1
Total Non-Operating Income and Expenses	(312.9)	(254.5)	58.4
CONSOLIDATED NET INCOME	\$95.8	\$130.4	\$34.6

SUMMARY OF 2023 FINANCIAL PERFORMANCE

The Authority had a net income of \$130 million for the year ended December 31, 2023, compared to budgeted net income of \$96 million, an increase of \$35 million. The 2023 variance is primarily due to lower-than-budgeted

non-operating expenses, favorable ancillary revenues, lower-than-budgeted fuel transactions associated with the Authority's fossil fleet, which are partially offset by diminished power prices.

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

Headcount Projections 2025-2028

	2025	2026	2027	2028
Enterprise	798	798	798	798
Operations	1,426	1,448	1,469	1,491
Transmission	296	296	296	296
Total NYPA¹	2,520	2,542	2,563	2,585
Canal Corporation	537	537	537	537
Total NYPA and Canal Corporation	3,057	3,079	3,100	3,122

¹ Estimated positions including vacancies subject to authorization.

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

When building a multi-year operating plan, the Authority has developed a series of contingency plans to adapt to unforeseen changes in its financial results. The Authority projects positive net income for the 2025 - 2028 period, constructed upon a level of expenses outlined within this Four-Year Financial Plan. If that net income projection materially changes during the forecast period, the Authority will take actions if deemed appropriate.

j. MATERIAL NON-RECURRING RESOURCES – SOURCE AND AMOUNT

Except as discussed elsewhere in this report, there are no material non-recurring resources expected in the 2025 -2028 period. Matters identified in this report including the risk sections may cause material non-recurring resources over the next four years.

k. SHIFT IN MATERIAL RESOURCES

In May 2023, the Authority established the Captive as a wholly owned subsidiary of the Authority to reduce the Authority's and its subsidiaries' need for commercial insurance and to enable the Authority to manage its overall risk more effectively and economically. On May 25, 2023, the Authority contributed \$250,000 as its initial capital contribution to the Captive. An additional \$99,750,000 of capital contribution was made on August 8, 2023, bringing the total contribution to \$100 million.

The Authority's Act was amended in 2023 to, among other things, provide the Authority 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. Pursuant to such authority, the Authority expects, subject to approval by the Board of Trustees, to cause the formation of a subsidiary under the Renewables Corporation, the shares of which will be wholly owned by the Authority. On October 8, 2024, the Authority authorized the transfer of up to \$100 million to the Renewables Corporation, subject to the satisfaction of certain conditions.

I. DEBT SERVICE

The Authority Projected Debt Outstanding (FYE) (In \$ Thousands)

	2025	2026	2027	2028
General Resolution Revenue Bonds ¹	\$1,684,630	\$1,684,630	\$2,034,630	\$2,034,630
Commercial Paper Notes	\$350,000	\$350,000	\$350,000	\$350,000
Grand Total	\$2,034,630	\$2,034,630	\$2,834,630	\$2,384,630

¹ 2027 Includes \$350 million in new tax-exempt and taxable bonds.

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

	2025	2026	2027	2028
Transmission Resolution Revenue Bonds ¹	\$1,326,630	\$1,306,245	\$1,772,450	\$1,715,390
Grand Total	\$1,326,630	\$1,306,245	\$1,772,450	\$1,715,390

¹ 2027 includes \$500 million in new tax-exempt bonds for Propel NY.

The Authority Debt Service as Percentage of Pledged Revenues (Accrual Based)¹ (In \$ Thousands)

	2025		2026		2027		2028	
	Debt Service	% of Revenue						
Revenue Bonds	\$69,317	2%	\$69,667	2%	\$75,164	2%	\$86,621	2%
Commercial Paper Notes	\$11,200	0%	\$11,200	0%	\$11,200	0%	\$8,241	0%
Grand Total Debt Service	\$80,517	2%	\$80,867	2%	\$86,364	2%	\$94,862	2%

Debt Service Coverage Ratio ²	12.5X	12.5X	11.5X	7.8X
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¹ 2025 - 2028 excludes capitalized interest expense.

² Include Long-Term Debt Only, Excluding Separately Financed Projects.

SFP Debt Service as Percentage of Pledged Revenues (Accrual Based)¹

(In \$ Thousands)

	2025		2026		2027		2028	
	Debt Service	% of Revenue	Debt Service	% of Revenue	Debt Service	% of Revenue	Debt Service	% of Revenue
Transmission Resolution Revenue Bonds	\$84,826	44%	\$98,390	40%	\$128,354	44%	\$153,083	53%
Grand Total Debt Service	\$84,826	44%	\$98,390	40%	\$128,354	45%	\$153,083	53%

Debt Service Coverage Ratio	2.3X	2.0X	1.9X	1.6X
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¹ 2025 - 2028 excludes capitalized interest expense.

The Authority Scheduled Debt Service Payments (Accrual Basis) Outstanding (Issued) Debt¹

(In \$ Thousands)

Year	Principal	Interest	Total
2025	\$0	\$69,317	\$69,317
2026	\$0	\$69,667	\$69,667
2027	\$0	\$70,786	\$70,786
2028	\$0	\$69,108	\$69,108

SFP Scheduled Debt Service Payments (Accrual Basis) Outstanding (Issued) Debt¹

(In \$ Thousands)

Year	Principal	Interest	Total
2025	\$22,099	\$62,728	\$84,826
2026	\$36,768	\$61,623	\$98,390
2027	\$59,125	\$62,979	\$122,104
2028	\$54,585	\$56,828	\$111,413

Proposed Debt

Year	Principal	Interest	Total
2025	\$0	\$0	\$0
2026	\$0	\$0	\$0
2027	\$0	\$4,378	\$4,378
2028	\$0	\$17,513	\$17,513

Proposed Debt

Year	Principal	Interest	Total
2025	\$0	\$0	\$0
2026	\$0	\$0	\$0
2027	\$0	\$6,250	\$6,250
2028	\$16,670	\$25,000	\$41,670

Total Debt

Year	Principal	Interest	Total
2025	\$0	\$69,317	\$69,317
2026	\$0	\$69,667	\$69,667
2027	\$0	\$75,164	\$75,164
2028	\$0	\$86,621	\$86,621

Total Debt

Year	Principal	Interest	Total
2025	\$22,099	\$62,728	\$84,826
2026	\$36,768	\$61,623	\$98,390
2027	\$59,125	\$69,229	\$128,354
2028	\$71,255	\$81,828	\$153,083

¹ 2025 - 2028 excludes capitalized interest expense.

¹ 2025 - 2028 excludes capitalized interest expense.

The Authority Planned Use of Debt Issuances

(In \$ Millions)

	Amount	Interest Rate	Project / Description
Period January 1, 2025 – December 31, 2025			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax Exempt Revenue Bonds	\$0	0%	
Taxable Revenue Bonds	\$0	0%	
Total Issued 2025	\$0		
Period January 1, 2026 – December 31, 2026			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax Exempt Revenue Bonds	\$0	0%	
Taxable Revenue Bonds	\$0	0%	
Total Issued 2026	\$0		
Period January 1, 2027 – December 31, 2027			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax-Exempt Revenue Bonds	\$300	4%	Transmission, Enterprise
Taxable Revenue Bonds	\$50	5%	Robert Moses Power Plant
Total Issued 2027	\$350		
Period January 1, 2028 – December 31, 2028			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax-Exempt Revenue Bonds	\$0	0%	
Taxable Revenue Bonds	\$0	0%	
Total Issued 2028	\$0		

SFP Planned Use of Debt Issuances¹

(In \$ Millions)

	Amount	Interest Rate	Project / Description
Period January 1, 2025 – December 31, 2025			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax Exempt Revenue Bonds	\$0	0%	
Taxable Revenue Bonds	\$0	0%	
Total Issued 2025	\$0		
Period January 1, 2026 – December 31, 2026			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax Exempt Revenue Bonds	\$0	0%	
Taxable Revenue Bonds	\$0	0%	
Total Issued 2026	\$0		
Period January 1, 2027 – December 31, 2027			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax-Exempt Revenue Bonds	\$500	5%	Propel New York
Taxable Revenue Bonds	\$0	0%	
Total Issued 2027	\$500		
Period January 1, 2028 – December 31, 2028			
Tax Exempt Commercial Paper	\$0	0%	
Taxable Commercial Paper	\$0	0%	
Tax-Exempt Revenue Bonds	\$0	0%	
Taxable Revenue Bonds	\$0	0%	
Total Issued 2028	\$0		

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

m. CAPITAL COMMITMENTS AND SOURCES OF FUNDING

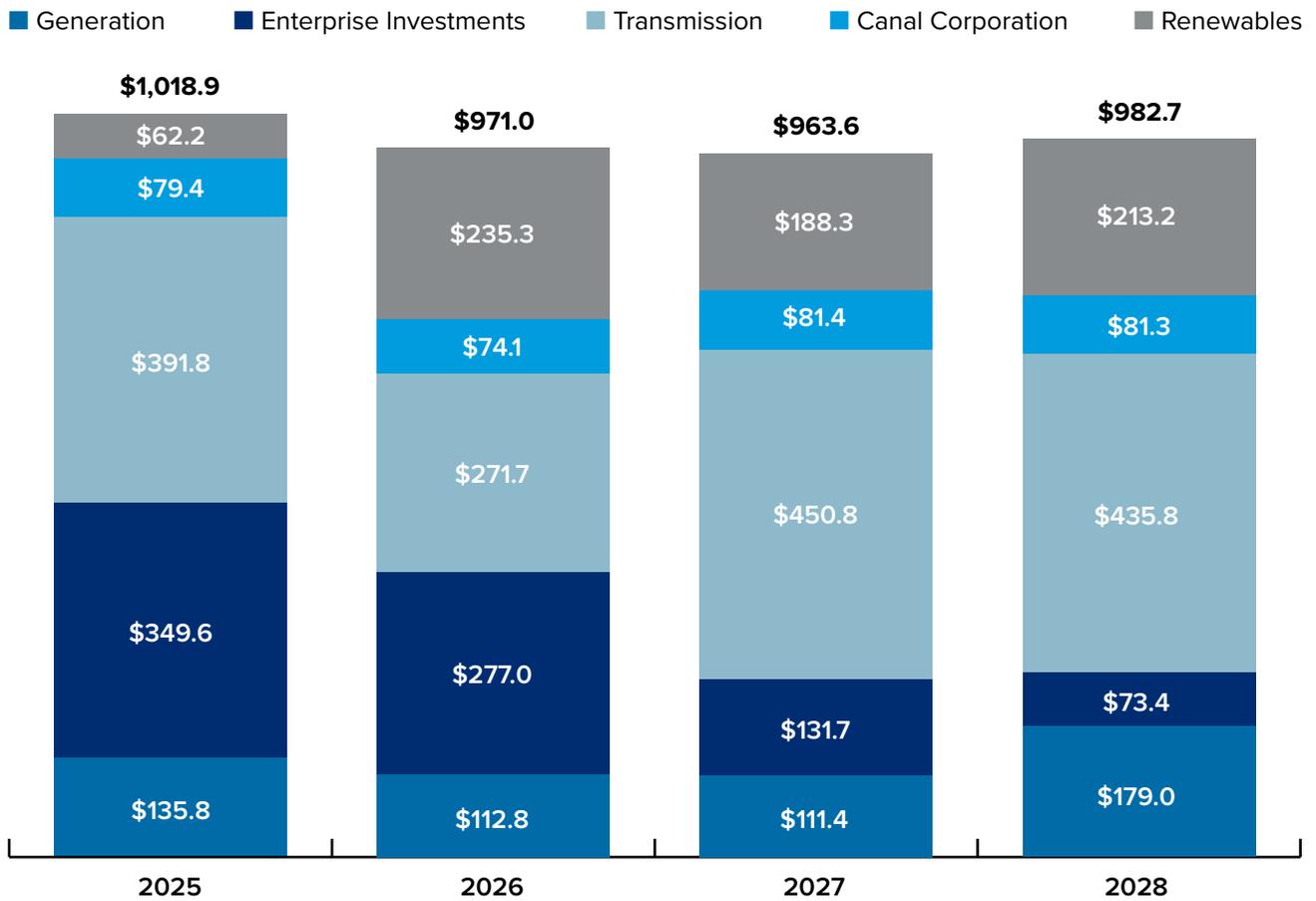
The Authority's commitments for various capital improvements are approximately \$3.9 billion over the financial period 2025 - 2028. The Authority anticipates these improvements will be funded with existing

construction funds, internally generated funds, and additional borrowings. Additionally, the Authority is projecting to spend approximately \$1.4 billion in Energy Efficiency Services projects for its customers, which will be separately financed. Projected capital commitments during this period include those listed in the table below:

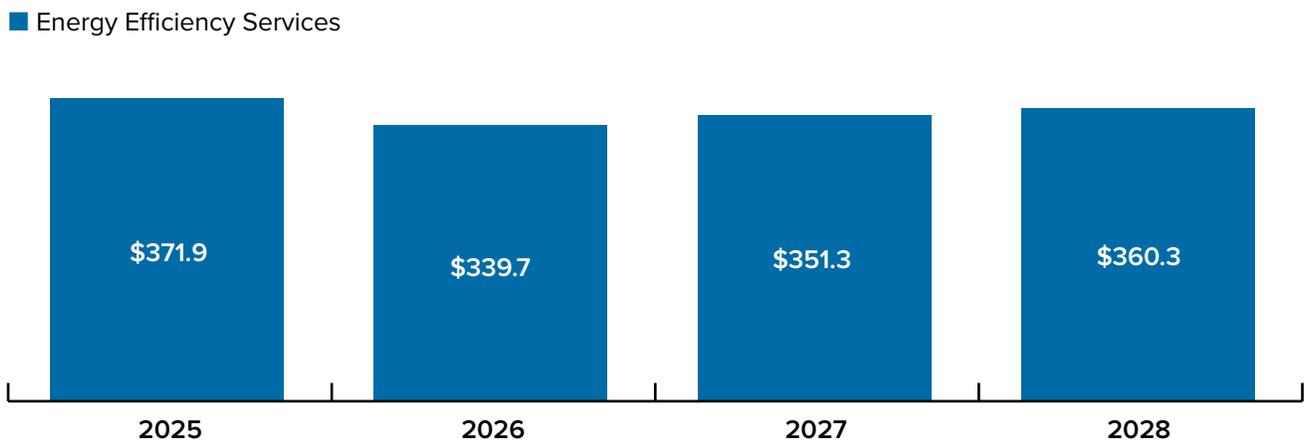
2025-2028 Capital Commitments by Function (In \$ Millions)

	2025	2026	2027	2028
Generation				
Next Generation Niagara	\$48.6	\$27.6	\$26.2	\$34.3
Niagara and St. Lawrence Crane Replacement Program	3.1	20.6	20.6	30.4
Joint Works Massena Canal Dam	9.1	14.0	10.2	9.5
Relicensing and Implementation (All Facilities)	19.0	2.7	2.5	3.6
Blenheim-Gilboa Visitor Center Upgrade	3.1	7.7	8.5	1.1
Robert Moses Superstructure Bridge Replacement	0.8	1.6	1.3	14.0
Robert Moses Cooling Water System Upgrades	1.4	10.3	4.3	0.0
Long Sault Dam Capital Program	0.8	3.1	4.9	6.8
Other Generation	49.8	25.1	33.0	79.1
Transmission				
Transmission Business Development	210.0	30.0	150.0	200.0
Propel NY Energy	33.3	30.6	139.1	113.2
Stewart Avenue - Uniondale Hub Substation Upgrade	14.5	64.5	76.7	84.8
Transmission Lifetime Extension and Modernization ("T-LEM")	21.4	39.4	33.0	5.3
Smart Path Connect	76.3	60.0	0.0	0.0
Fraser to Utica Communications Connect	0.0	0.5	17.3	0.0
St. Lawrence 13.8kV Switchgear and Relay Replacement	1.3	5.5	4.6	1.2
Clark Energy Center Spare 765kV Auto-bank Transformer	0.4	3.4	5.6	2.8
Other Transmission	34.7	38.0	24.4	28.5
Enterprise Investments				
White Plains Office Building Facilities	150.0	125.0	5.0	0.0
Asset Management and Resilience	38.1	42.1	72.0	18.8
Information Technology Programs	34.1	40.1	42.4	44.9
Digitalization and Technology Platforms	92.7	46.0	7.2	4.7
Serve Customers and Decarbonize NYS	34.8	23.8	5.1	5.1
Renewables Development				
Renewables Development	62.2	235.3	188.3	213.2
Revitalize the Canals				
Revitalize the Canals	79.4	74.1	81.4	81.3
Total NYPA and Canal Corporation	\$1,018.9	\$971.0	\$963.6	\$982.7
Energy Efficiency Services	\$371.9	\$339.7	\$351.3	\$360.3

2025-2028 Capital Commitments by Function
(In \$ Millions)



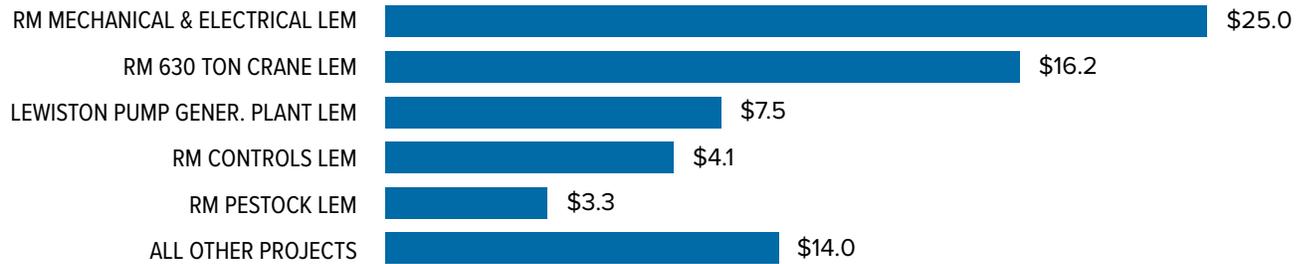
2025-2028 Energy Efficiency Services Capital Commitments
(In \$ Millions)



Niagara Capital Projects

(In \$ Millions)

Niagara Capital Projects: \$70.0M



St. Lawrence Capital Projects

(In \$ Millions)

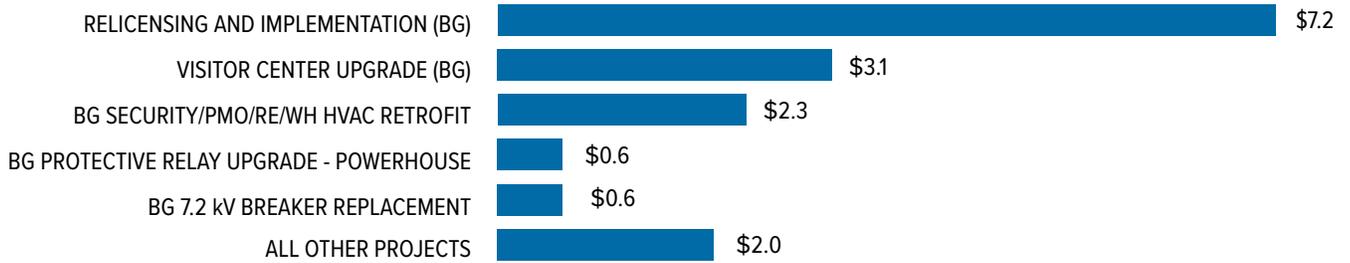
St. Lawrence Capital Projects: \$43.6M



Blenheim-Gilboa Capital Projects

(In \$ Millions)

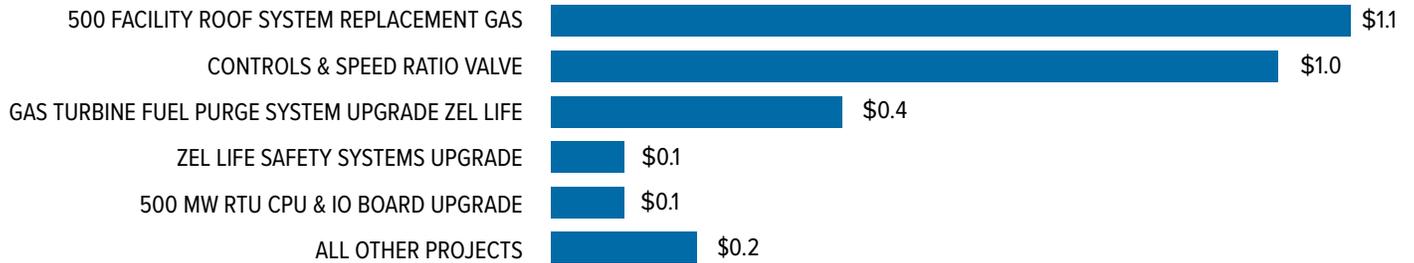
Blenheim-Gilboa Capital Projects: \$15.7M



Zeltmann Capital Projects

(In \$ Millions)

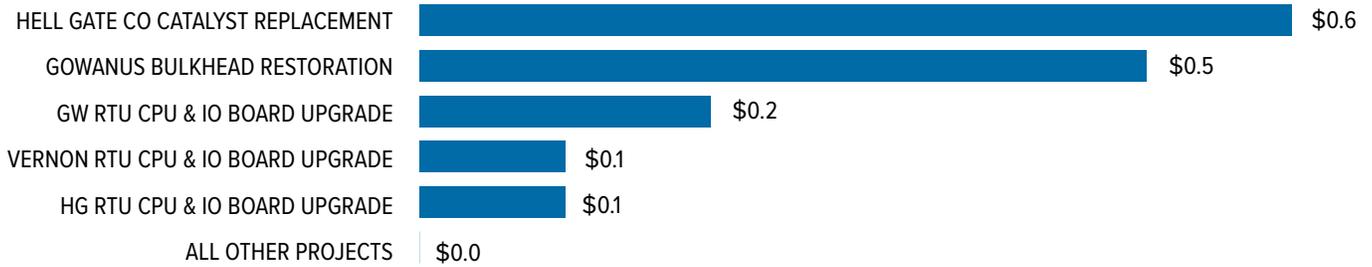
Zeltmann Capital Projects: \$3.0M



SNGPP Capital Projects

(In \$ Millions)

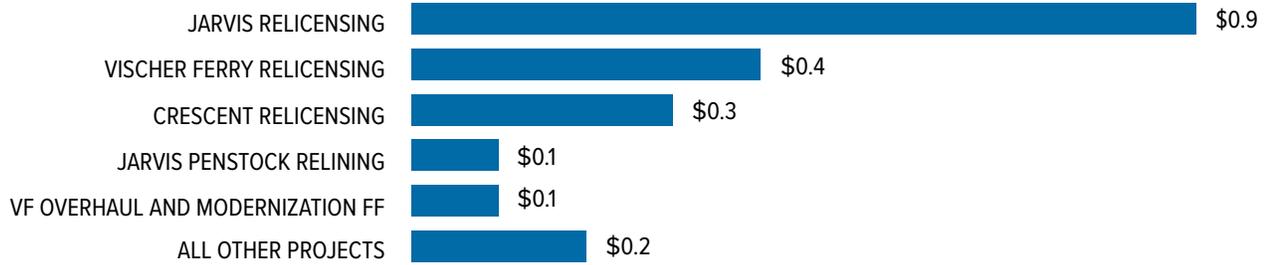
SNGPP Capital Projects: \$1.4M



Small Hydro Capital Projects

(In \$ Millions)

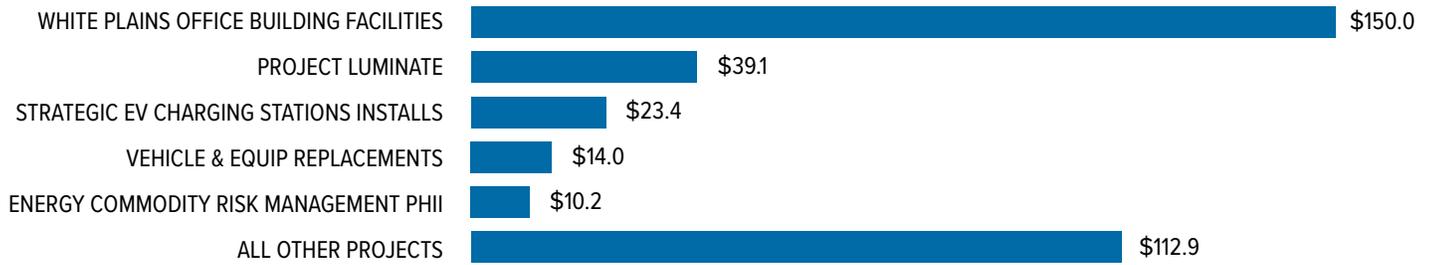
Small Hydro Capital Projects: \$2.0M



Enterprise Investments Capital Projects

(In \$ Millions)

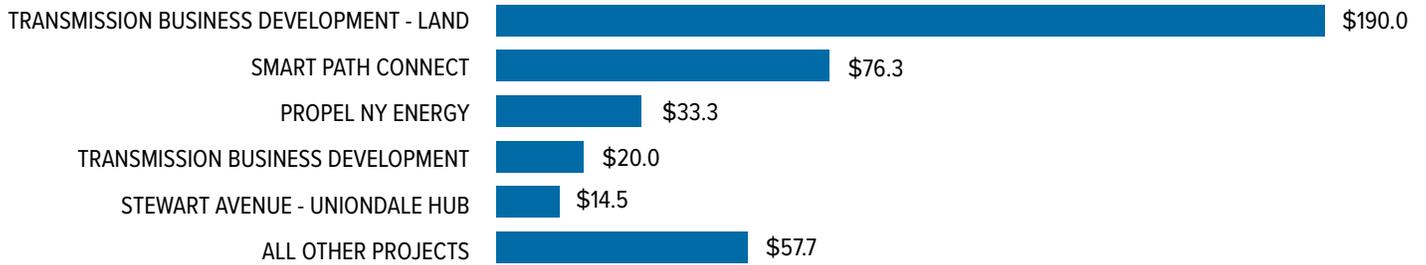
Enterprise Investments Capital Projects: \$349.6M



Transmission Capital Projects

(In \$ Millions)

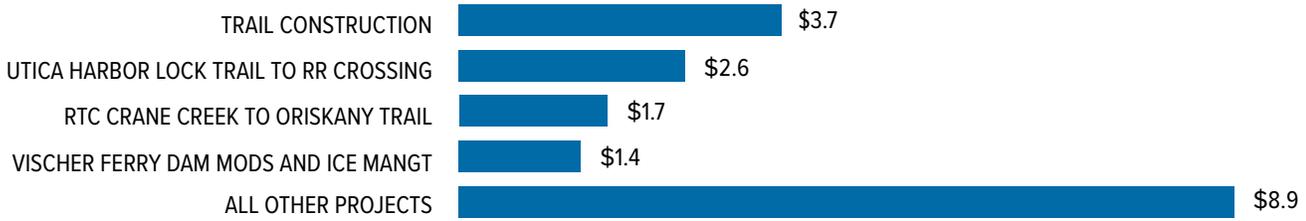
Transmission Capital Projects: \$391.8M



Revitalize the Canals Capital Projects

(In \$ Millions)

Revitalize the Canals Capital Projects: \$18.3M



Canals Capital Projects

(In \$ Millions)

Canals Capital Projects \$61.2M



n. CREDIT AGENCY RATING DISCUSSION

Maintaining a strong relationship with the capital markets is critical to how NYPA operates. In 2024, Moody's Investor Services ("Moody's") and Kroll Bond Rating Agency ("KBRA") upgraded the General Bond Resolution long-term rating to 'Aa1' from 'Aa2' and 'AA+' from 'AA', respectively. Both rating agencies assigned a stable outlook. S&P Global Ratings and Fitch Ratings affirmed the Authority's General Bond Resolution 'AA' long-term rating with a stable outlook. The ratings are among the highest ratings given to public electric utilities. This allows us to borrow money for capital projects at competitive rates. The Authority's long-term bonds are issued pursuant to the "General Resolution Authorizing Revenue Obligations" (as amended and supplemented up to the present time, the "General Bond Resolution"). The General Bond Resolution covers all of NYPA's projects, which it defines as any project, facility, system, equipment or material related to or necessary or desirable in connection with the generation, production, transportation, transmission, distribution, delivery, storage, conservation, purchase or use of energy or fuel, whether owned jointly or singly by the Authority, including any output in which NYPA has an interest authorized by the Act or by other applicable state statutory provisions, provided, however, that the term "Project" shall not include any Separately Financed Project as that term is defined in the General Bond Resolution.

The Authority has covenanted with bondholders under the General Bond Resolution that at all times shall maintain rates, fees or charges and any contracts entered into by the Authority for the sale, transmission or distribution of power shall contain rates, fees or charges, sufficient, together with other moneys available therefor (including the anticipated receipt of proceeds of sale of Obligations or other bonds, notes, or other obligations or evidences of indebtedness of the Authority that will be used to pay the principal of Obligations issued in anticipation of such receipt but not including any anticipated or actual proceeds from the sale of any Project), (i) to pay all Operating Expenses of the Authority, (ii) to pay the debt service on all Obligations then Outstanding and the debt service on all Subordinated Indebtedness then outstanding, and all Parity Debt and Subordinated Contract Obligations, all as the same respectively become due and payable, and (iii) to maintain any reserve established by the Authority pursuant to the General Resolution, in such amount as may be determined from time to time by the Authority in its judgement.

The Authority's revenues (excluding revenues attributable directly or indirectly to the ownership or operation for Separately Financed Projects and after deductions for operating expenses and reserves, including reserves for working capital, grants, operating expenses or compliance purposes) are applied first to the payment of, or accumulation as a reserve for payment of, interest on

and the principal or redemption price of Obligations issued under the General Bond Resolution and the payment of Parity Debt issued under the General Bond Resolution.

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

To support the Aa1/ AA/ AA/ AA+ bond ratings and all of the advantages it offers the Authority and its customers, the Authority sets certain targets which are consistent with other peer-rated organizations. In 2011, the Authority's Board of Trustees adopted a policy statement (Policy Statement) which relates to, among other things, voluntary contributions, transfers, or other payments to the State by the Authority after that date. The Policy Statement provides, among other things, that in deciding whether to make such contributions, transfers, or payments, the Authority shall use as a reference point the maintenance of a debt service coverage ratio of at least 2.0 (this reference point should not be interpreted as a covenant to maintain any particular coverage ratio), in addition to making the other determinations required by the General Resolution. The Policy Statement may at any time be modified or eliminated at the discretion of the Authority's Board Trustees.

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

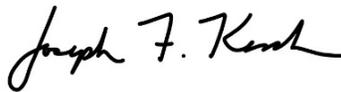
In 2024, Moody's and KBRA upgraded the SFP Transmission Project Revenue Bonds to 'Aa3' from 'A1' and 'AA' from 'AA-', respectively, with stable outlooks Fitch Ratings affirmed the 'AA-' underlying rating to the Authority's SFP Transmission Project Revenue Bonds with a stable outlook, S&P does not carry an underlying rating on the SFP Transmission Project Revenue Bonds.

**Certification of Assumptions and Method of Estimation for
Approved 2025 Budget and 2025-2028 Financial Plan in accordance
with the Comptroller's Regulation § 203.9 Certification**

December 10, 2024

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

To the best of my knowledge and belief after reasonable inquiry, I, the undersigned, certify that the Approved 2025 Budget and 2025-2028 Financial Plan" is based on reasonable assumptions and methods of estimation and that the regulations enumerated in Part 203, "Budget and Financial Plan Format, Supporting Documentation and Monitoring - Public Authorities" have been satisfied.



Joseph Kessler
Chief Operating Officer



Adam Barsky
Chief Financial Officer



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NY Power Authority | **Canal Corporation**