

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

(Unaudited)

The accompanying Consolidated Financial Statements are the responsibility of the Authority's management and reflect all appropriate estimates and all known liabilities. These unaudited consolidated financial statements and accompanying notes to the consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements contained in the Authority's December 31, 2023 Financial Report.

Sundeep Thakur
Controller

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Consolidated Unaudited Financial Statements

June 30, 2024

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NEW YORK POWER AUTHORITY
(A Component Unit of the State of New York)

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

Authority's Consolidated Statement of Net Position

	June 30, 2024	December 31, 2023
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents		
Unrestricted	\$ 316	\$ 438
Restricted	-	1
Capital Fund	-	41
Total Cash and cash equivalents	316	480
Investment in securities		
Unrestricted	1,023	969
Restricted	367	428
Committed	62	136
Total Investment in securities*	1,452	1,533
Receivables - customers (includes Energy Efficiency customers)**	306	269
Materials and supplies:		
Plant and general	77	75
Fuel	53	51
Miscellaneous receivables (includes Energy Efficiency customers)**	147	141
Total current assets	2,351	2,549
Noncurrent assets:		
Capital assets:		
Non-Utility Assets, net of accumulated depreciation	29	77
Assets, not depreciated	1,207	1,028
Assets, net of accumulated depreciation	5,850	5,803
Total capital assets	7,086	6,908
Other long-term assets	925	896
Total noncurrent assets	8,011	7,804
Total assets	10,362	10,353
Deferred outflows of resources:		
Asset retirement obligation	19	19
Accumulated decrease in fair value of derivatives	32	40
Pensions	140	140
Postemployment benefits other than pensions	128	128
Total deferred outflows of resources	319	327
Total assets and deferred outflows of resources	\$ 10,681	\$ 10,680

*Refer to note 4(m) for further details

** Refer to page 15 for further details

See accompanying notes to the consolidated financial statements.

Continued

NEW YORK POWER AUTHORITY
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Consolidated Statement of Net Position
(In millions)
(Unaudited)

	June 30, 2024	December 31, 2023
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Accounts Payable and accrued liabilities	\$ 776	\$ 845
Short-term debt	477	227
Long-term debt due within one year	33	33
	1,286	1,105
Total current liabilities		
Noncurrent liabilities:		
Long-term debt:		
Senior:		
Revenue bonds	1,293	1,519
Subordinated:		
Subordinated Notes	-	35
Separate Revenue Bond Obligation:		
SFP Bonds 2022	639	640
SFP Bonds 2023	751	751
	2,683	2,945
Total long-term debt		
Other noncurrent liabilities:		
Nuclear fuel disposal	252	245
Relicensing	224	223
Other long-term liabilities	372	357
	848	825
Total other noncurrent liabilities		
Total noncurrent liabilities		
	3,531	3,770
Total liabilities		
	4,817	4,875
Deferred inflows of resources:		
Unearned revenue	25	45
Cost of removal obligations	458	435
Accumulated increase in fair value of derivatives	-	4
Pensions	11	11
Lease revenue	44	45
Postemployment benefits other than pensions	190	190
	728	730
Total deferred inflows of resources		
Net Position: *		
Net investment in capital assets	3,743	3,361
Unrestricted	1,042	1,393
Restricted	351	321
	5,136	5,075
Total net position		
Total liabilities, deferred inflows of resources and net position		
	\$ 10,681	\$ 10,680

*Refer to note 4(m) for further details
See accompanying notes to the consolidated financial statements

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Consolidated Statement of Revenues, Expenses and Changes in Net Position

(In millions)
(Unaudited)

	Six Months Ended June 30th	
	2024	2023
Operating revenues:		
Power Sales		
Generation Market*	\$167	\$ 135
Generation Customer	306	325
Customer Market*	395	349
Total Power sales	868	809
Transmission	208	179
Transportation and delivery	482	454
Other	25	17
Total operating revenues	1,583	1,459
Operating expenses:		
Purchased power (100% pass through to the customers)	313	283
Fuel oil and gas (100% pass through to the customers)	100	85
Transportation and delivery (91% pass through to the customers)**	529	500
Operations and maintenance	383	362
Depreciation and amortization	166	135
Total operating expenses	1,491	1,365
Operating income	92	94
Nonoperating revenues:		
Investment income	25	27
Other	3	1
Total nonoperating revenues	28	28
Nonoperating expenses:		
Interest on long-term debt	68	53
Interest - other	15	13
Interest capitalized	(22)	(31)
Amortization of debt premium	(2)	(2)
Total nonoperating expenses	59	33
Nonoperating (Loss)	(31)	(5)
Net income and change in net position	61	89
Net position, January 1	5,075	4,945
Net position, June 30	\$ 5,136	\$ 5,034

*Generation Market for six months ended June 2024 includes pass through expenses \$9M purchased power, \$9M fuel and for six months ended June 2023 include pass through expenses \$9M purchased power, \$10M fuel.

Customer Market for six months ended June 2024 includes pass through expenses \$304M purchased power, \$91M fuel and for for six months ended June 2023 include pass through expenses \$274M purchased power, \$75M fuel.

** Hudson Transmission Partners Transmission line cost not passed through to customers (\$47M for six months ended 2024 and \$46M for six months ended 2023). Please refer to note 15(b) for further details.

Total operating expenses of \$1.49B for six months ended June 2024 include pass through cost of \$895M as reflected in the Operating Revenue. Total operating expenses of \$1.36B for six months ended June 2023 include pass through cost of \$822M as reflected in the Operating Revenue.

See accompanying notes to the consolidated financial statements.

NEW YORK POWER AUTHORITY
(A Component Unit of the State of New York)

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

Authority's Consolidated Statement of Cash Flows

	Six Months Ended June 30th	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Customer sales	\$ 1,494	\$ 1,489
Disbursements for:		
Purchased power	(314)	(288)
Fuel oil and gas	(97)	(103)
Transportation and delivery	(505)	(485)
Operations and maintenance	(383)	(382)
Net cash provided by operating activities	<u>195</u>	<u>231</u>
Cash flows from capital and related financing activities:		
Gross additions to capital assets	(375)	(372)
Repayment/defeasance of bonds	(275)	-
Interest paid, net	(63)	(47)
Net cash used in capital and related financing activities	<u>(713)</u>	<u>(419)</u>
Cash flows from noncapital-related financing activities:		
Energy conservation program payments received from participants	126	136
Energy conservation program costs	(147)	(126)
Proceeds from issuance of commercial paper	273	138
Repayment of commercial paper	(23)	(69)
Interest paid on commercial paper	(5)	(4)
Margin Deposits with Brokers	10	7
Net cash provided by noncapital-related financing activities	<u>234</u>	<u>82</u>
Cash flows from investing activities:		
Earnings received on investments	50	17
Purchase of investment securities	(1,087)	(2,158)
Maturities/sale of investment securities	1,157	2,241
Net cash provided by investing activities	<u>120</u>	<u>100</u>
Net (decrease) in cash	<u>(164)</u>	<u>(6)</u>
Cash and cash equivalents, Beginning of period	<u>480</u>	<u>353</u>
Cash and cash equivalents, End of period	<u>316</u>	<u>347</u>
Reconciliation to net cash provided by operating activities:		
Operating income	92	94
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets, deferred outflows, liabilities, and deferred inflows:		
Provision for depreciation and amortization	166	135
Net decrease in miscellaneous prepayments and other	12	141
Net (increase)/decrease in receivables and materials and supplies	(40)	42
Net (decrease) in accounts payable/accrued liabilities and other	(35)	(181)
Net cash provided by operating activities	<u>\$ 195</u>	<u>\$ 231</u>

See accompanying notes to the consolidated financial statements.

NEW YORK POWER AUTHORITY

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Notes to the Consolidated Financial Statements

(In millions)

(Unaudited)

(1) General

The Power Authority of the State of New York ("NYPA") is a corporate municipal instrumentality and political subdivision of the State of New York (the "State") created in 1931 by Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended from time to time (the "Power Authority Act" or the "Act"), and has its principal office located at 30 South Pearl Street, Albany, New York 12207-3425. NYPA has two subsidiaries: the New York State Canal Corporation (the "Canal Corporation") and NYPA Captive Insurance Company ("Captive"). NYPA, the Canal Corporation and Captive are collectively referred to as the "Authority". Except as otherwise noted, references to NYPA's financial information reflects both NYPA and the Canal Corporation's financial information. The Captive's financial information is stated separately.

The mission of NYPA is to lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and the responsible supply of affordable, clean, and reliable electricity.

NYPA has aligned its mission with the clean energy goals of New York State set forth in the New York State Climate Leadership and Community Protection Act ("CLCPA") enacted in 2019 and the Accelerated Renewable Energy Growth and Community Benefit Act enacted in 2020 ("AREGCBA"). The 2023-2024 Enacted State Budget amended the Act to, among other things, expand NYPA's authority to plan, design, develop, finance, construct, own, operate, maintain, and improve renewable energy generation projects.

NYPA generates, transmits, purchases, and sells electric power and energy as authorized by law. NYPA owns and operates five major generating facilities, seven small natural gas power plants ("SNGPPs"), including four dual units, and four small hydroelectric facilities with a total installed capacity of approximately 6,000 MW, and approximately 1,550 circuit miles of transmission lines, including major 765 kV and 345 kV transmission facilities. NYPA also owns and operates one utility-scale 20 MW battery energy storage system. NYPA's five major generating facilities consist of two large hydroelectric facilities (Niagara and St. Lawrence-FDR), 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. NYPA's customers include municipal and rural electric cooperatives located throughout the State, local governments, investor-owned utilities ("IOUs"), high load factor industrial customers, commercial/industrial and not-for-profit businesses, 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. NYPA is a transmission-owning member of the New York Independent System Operator, Inc. ("NYISO") which is a not-for-profit corporation that operates the State's bulk electricity grid, administers the State's wholesale electricity markets and provides comprehensive reliability planning for the State's bulk electricity system. In addition, NYPA sells and purchases capacity, energy, and ancillary services in the NYISO wholesale energy markets.

Legislation enacted on April 4, 2016 (the "Canal Transfer Legislation") provided for (1) the transfer, effective January 1, 2017, of the Canal Corporation from the Thruway Authority to NYPA, and (2) as of January 1, 2017, NYPA's assumption from the Thruway Authority of powers and duties relating to a 524-mile canal system consisting of the Erie, Champlain, Oswego, and Cayuga-Seneca canals (the "Canal System") and jurisdiction over the Canal System and related assets, equipment and property in connection with the planning, development, construction, reconstruction, maintenance, and operation of the Canal System, which

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NYPA is authorized to exercise through the Canal Corporation. The Canal Corporation is responsible for the Canal System.

Legislation enacted in May of 2022 (Chapter 193 of the Laws of 2022) amended the State insurance law to provide NYPA with the authority to form a pure captive insurance company enabling it to effectively provide NYPA and its subsidiaries 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 NYPA with related tax exemptions. In May 2023, Captive was established as a wholly owned subsidiary of NYPA. Refer to Note 14 for further information on Captive.

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Notes to the Consolidated Financial Statements

(In millions)

(Unaudited)

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

A. Statement of Net Position (In millions)

	NYPA		SFP		Captive		Total	
	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23
Current assets	\$ 1,921	\$ 1,959	\$ 316	\$ 480	\$ 114	\$ 110	\$ 2,351	\$ 2,549
Capital assets	5,720	5,721	1,366	1,187	-	-	7,086	6,908
Other noncurrent assets	925	879	-	17	-	-	925	896
Total assets	8,566	8,559	1,682	1,684	114	110	10,362	10,353
Deferred outflows of resources	319	327	-	-	-	-	319	327
Total assets and deferred outflows of resources	\$ 8,885	\$ 8,886	\$ 1,682	\$ 1,684	\$ 114	\$ 110	\$ 10,681	\$ 10,680
Current liabilities	\$ 1,231	\$ 1,023	\$ 51	\$ 78	\$ 4	\$ 4	\$ 1,286	\$ 1,105
Noncurrent liabilities	2,141	2,379	1,390	1,391	-	-	3,531	3,770
Total liabilities	3,372	3,402	1,441	1,469	4	4	4,817	4,875
Deferred inflows of resources	728	730	-	-	-	-	728	730
Net position	4,785	4,754	241	215	110	106	5,136	5,075
Total liabilities, deferred inflows of resources and net position	\$ 8,885	\$ 8,886	\$ 1,682	\$ 1,684	\$ 114	\$ 110	\$ 10,681	\$ 10,680

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(In millions)

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B. Statement of Revenues, Expenses and Changes in Net Position for six months ended (In millions)

	NYP A		SFP		Captive		Total	
	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23
Operating revenues	\$ 1,518	\$ 1,424	\$ 62	\$ 35	\$ 3	\$ -	\$ 1,583	\$ 1,459
Operating expenses:								
Purchased power	313	283	-	-	-	-	313	283
Fuel oil and gas	100	85	-	-	-	-	100	85
Transportation and delivery	529	500	-	-	-	-	529	500
Operations and maintenance	373	356	10	6	-	-	383	362
Depreciation and amortization	161	133	5	2	-	-	166	135
Total operating expenses	1,476	1,357	15	8	-	-	1,491	1,365
Operating income	42	67	47	27	3	-	92	94
Nonoperating revenues and gains	18	26	9	2	1	-	28	28
Nonoperating expenses	29	21	30	12	-	-	59	33
Net income	\$ 31	\$ 72	\$ 26	\$ 17	\$ 4	\$ -	\$ 61	\$ 89

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(In millions)

(Unaudited)

C. Statement of Cash Flow for six months ended (In millions)

	NYPA		SFP		Captive		Total	
	June-24	June-23	June-24	June-23	June-24	June-23	June-24	June-23
Net cash provided by operating activities	\$ 136	\$ 207	\$ 52	\$ 24	\$ 7	\$ -	\$ 195	\$ 231
Net cash used in Capital and related financing activities	(487)	(370)	(226)	(49)	-	-	(713)	(419)
Net cash provided by non-capital-related activities	234	82	-	-	-	-	234	82
Net cash used in/ provided by investing activities	52	76	98	24	(30)	-	120	100
Net (decrease) in cash	(65)	(5)	(76)	(1)	(23)	-	(164)	(6)
Cash - Beginning of period	315	314	134	39	31	-	480	353
Cash - End of period	\$ 250	\$ 309	\$ 58	\$ 38	\$ 8	\$ -	\$ 316	\$ 347

(3) Separately Financed Projects (“SFP”)

Overview

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

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

In January 2022, the Authority’s Trustees authorized the issuance of Green Transmission Project Revenue Bonds, Series 2022A (the “2022A Bonds”) which were issued pursuant to the Transmission Bond Resolution in an aggregate principal amount of approximately \$608 million during April of 2022. The proceeds from the issuance of the 2022A Bonds are being used to fund capital and other expenditures related to the Smart Path and Central East Energy Connect (“CEEC”) transmission construction projects; reimburse expenses related to such projects; and pay financing and other costs relating to the issuance of the 2022A Bonds.

On November 16, 2023, NYPA issued \$734 million of Green Transmission Project Revenue Bonds, Series 2023A (the “2023A Bonds”) at a premium. Proceeds of the 2023A Bonds, together with other funds being provided by NYPA, will be used to (i) pay for capital expenditures related to the Smart Path Connect Project

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("SPC Project"), including reimbursement for prior capital spending, (ii) fund the 2023A debt service reserve fund, (iii) pay capitalized interest on the 2023A Bonds through November 15, 2025, (iv) fund an operating reserve account and (v) pay the costs of issuance. The CEEC, Smart Path, and Smart Path Connect Projects are collectively referred to as "Separately Financed Projects" or "SFP".

The 2023A Bonds are supported by the 2023A Debt Service Reserve Fund which, at the time of issuance of the 2023A Bonds, was funded with a Municipal Bond Debt Service Reserve Insurance Policy issued by Assured Guaranty Municipal Corporation ("AGM") in the amount of \$46 million, which is equal to the 2023A Debt Service Reserve Requirement.

The Series 2022A and 2023A Transmission Resolution Revenue Bonds, together with any other bonds issued under the Transmission Bond Resolution ("Transmission Resolution Revenue Bonds") are neither payable from nor secured by revenues pledged directly or indirectly under the General Bond Resolution. Owners of the Transmission Resolution Revenue Bonds will neither have any rights to nor be secured by any NYPA revenues pledged to the payment of obligations issued under the General Bond Resolution. Transmission Resolution Revenue Bonds are limited obligations of NYPA payable solely from and secured by the SFP Transmission Trust Estate pledged under the Transmission Bond Resolution. Transmission Resolution Revenue Bonds bondholders have a lien only on revenue streams generated by the assets that are funded by the bond proceeds.

Payments are received by NYPA from NYISO on account of SFP Transmission Revenues and deposited in an allocation account, established pursuant to a depository trust agreement (the "Depository Trust Agreement") by and between NYPA and a bank or trust company designated by NYPA. Amounts held in the Allocation Account constituting SFP Transmission Revenues are subject to the lien created by the Transmission Bond Resolution.

The SFP Transmission Revenues, once identified, are transferred to a Revenue account and subject to withdrawal and deposit in priority, as follows:

1. Operating Fund to cover SFP Transmission Operating Expenses expected to be payable in the succeeding calendar month less amounts held in the Operating Fund.
2. Debt Service Fund, in the amount payable in the succeeding calendar month, represents Debt Service on SFP Transmission Obligations. As of June 30, 2024, there is a balance of \$61 million in the Debt Service Fund with \$27 million representing Capitalized Interest from the Series 2023A Bonds
3. Operating Reserve represents accounts that fund any shortfalls in the Operating Reserve Account. The reserve should be in the amount of 50% of the succeeding calendar year's operation and maintenance budget. The balance as of June 30, 2024, was \$14 million.
4. Debt Service reserve fund represents amount that funds any shortfall in accordance with the Debt Service Reserve Fund Requirement. For the 2022A and 2023A Bonds, this account was funded by depositing AGM insurance policies and is not funded by any SFP Transmission Revenues. For the 2022A and 2023A bonds, the AGM issued a policy in the amount of \$35 million and \$46 million, respectively, which is 125% of the average annual debt service.
5. Payment of any subordinated indebtedness, which currently there is none.
6. Capital fund for any expected capital improvements.

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Any remaining values after each fund is adequately funded, per the Transmission Bond Resolution, are eligible for distribution to the General Bond Resolution pending an annual Debt Service Coverage ratio test and other required certifications. The SFP Transmission Project fees, rates, rents, charges, and surcharges must at least equal 120% of Debt Service payable in the most recently completed fiscal year and in the most recently completed 12 calendar months period ending on the last day of the ninth month of such fiscal year, net of all O&M and required payments. If such a test is not met, the cash is unavailable to the General Bond Resolution bondholders. NYPA was in compliance of all necessary criteria for distribution in 2023, and on December 29, 2023, a \$25 million distribution was made from SFP to the Authority. For the debt service coverage ratio for 2023, please refer to the Authority's December 31, 2023 audited Financial Report. The Authority calculates and reports debt service ratio on an annual basis for the audited financials.

For the issuance of any additional Transmission Resolution Revenue Bonds, NYPA is required to satisfy an additional bond test.

The CEEC Project was placed in service in December 2023. The project is currently in the closeout phase and site restoration is ongoing.

As of December 31, 2023, all 6 segments for Smart Path have been placed into Electric Plant In Service ("EPIS"). The project is currently in the closeout phase and site restoration is ongoing.

As of June 30, 2024, NYPA has capital spend of \$618 million (excluding capitalized interest) for the Smart Path Connect project and completed 38 miles of transmission line upgrades and energized breakers at the Ryan and Patnode substations.

(4) Summary of Significant Accounting Policies

Reference is made to "Summary of Significant Accounting Policies" in Note (4) of notes to the consolidated financial statements in the Authority's December 31, 2023, Financial Report.

(a) Basis of Reporting

The operations of NYPA and its subsidiaries, the Canal Corporation and the Captive, a blended component unit, are presented as an enterprise fund following the accrual basis of accounting to recognize the flow of economic resources. Accordingly, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred. The accounts and transactions of the Canal Corporation and the Captive are included in the consolidated financial statements and notes to the Consolidated Financial Statements. All significant transactions between NYPA, the Canal Corporation and the Captive have been eliminated. NYPA, the Canal Corporation, and the Captive are referred to collectively as the "Authority" in the consolidated financial statements, except where noted.

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

(b) Regulatory Accounting

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

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The Authority accounts for its regulated operations under the provisions of GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements, paragraphs 476-500. These provisions recognize the economic ability of regulators, through the ratemaking process, to create future economic benefits and obligations affecting rate-regulated entities. Accordingly, the Authority records these future economic benefits and obligations as regulatory assets and regulatory liabilities, respectively. Regulatory assets represent probable future revenues associated with previously incurred costs that are expected to be recovered from customers. Regulatory liabilities represent amounts that are collected from customers through the ratemaking process associated with costs to be incurred in future periods. Based on the action of the Authority's Trustees, the Authority believes the future collection of the costs held over through regulatory assets is probable. For regulatory assets see Note 4(j) "Other Long-Term Assets" of the notes to the consolidated financial statements.

(c) *Estimates*

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

(d) *Capital Assets*

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

The related depreciation provisions at June 30, 2024, expressed as a percentage of average depreciable capital assets on an annual basis are:

	<u>Average depreciation rate 2024</u>
Type of plant:	
Production	
Hydro	2.3 %
Gas turbine/combined cycle	2.3
Transmission	2.0
General	4.8
Energy Storage	10.0
Canals	3.9
	<hr/>
	4.2 %

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

The Authority has recorded a liability at fair value to recognize legal obligations for asset retirements in the period incurred and to capitalize the cost by increasing the carrying amount of the related long-lived asset. The Authority determined that it had legal liabilities for the retirement of certain SNGPPs in New York City and, accordingly, has recorded a liability for the retirement of these assets. In connection with these legal obligations, the Authority has also recognized a liability for the remediation of certain contaminated soil discovered during the construction process. The Authority records asset retirement obligations ("ARO") in

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accordance with GASB Statement No. 83 ("GASB No. 83"), *Accounting for Certain Asset Retirement Obligations*.

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

In addition to ARO, the Authority has other cost of removal obligations that are being collected from customers and accounted for under the provisions of GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements, paragraphs 476-500*. These cost of removal obligations are reflected in deferred inflows of resources in the statement of net position.

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

	<u>ARO Amounts</u>	<u>Cost of removal obligation</u>
		(in millions)
Balance - December 31, 2023	\$ 19	\$ 435
Other Expense	-	23
Balance - June 30, 2024	<u>\$ 19</u>	<u>\$ 458</u>

(f) Long-Lived Assets

The Authority applies GASB Statement No. 42 ("GASB No. 42"), *Accounting and Financial Reporting for Impairment of Capital Assets*, and for Insurance Recoveries, which states that asset impairments are generally recognized only when the service utility of an asset is reduced or physically impaired. There were no material impairments during six months ended June 30, 2024.

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

(g) Leases

During 2022, the Authority adopted GASB Statement No. 87 ("GASB No. 87"), *Leases*. GASB No. 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. The Authority was required to recognize a lease liability and an intangible right-to-use lease asset for certain of its leases that were reported as operating and capital leases under the previous accounting standards. Refer to Note 15(e) on Leases.

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

During 2023, the Authority adopted GASB Statement No. 96 ("GASB No. 96"), *Subscription-Based Information Technology Arrangements ("SBITA")*. GASB No.96 requires recognition of certain subscription assets and liabilities for SBITA which were previously either capitalized or expensed. It establishes that an SBITA results in a right-to-use subscription asset and a corresponding subscription liability. Refer to Note 15(f) on SBITA.

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(In millions)

(Unaudited)

(i) Cash, Cash Equivalents, and Investments

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

(j) Other Long-Term Assets

Other long-term assets as of June 30, 2024, consist of the following:

	June 30, 2024
	(in millions)
Other long-term assets:	
Regulatory assets (a):	
Allowance for funds used during construction (AFUDC) (b)	\$ 165
Other regulatory assets	39
Total regulatory assets	204
Energy efficiency program costs (c)	266
Other long-term receivables (c)	116
Transmission line interconnection costs	158
Other postemployment employee benefits (OPEB)	112
Lease receivable	51
Other	18
Total other long-term assets	<u>\$ 925</u>

- (a) Regulatory assets reflect previously incurred costs that are expected to be recovered from customers through the ratemaking process.
- (b) This amount includes interest capitalized net of depreciation. For the current year, \$22 million of interest was capitalized.
- (c) The Authority offers energy efficiency services to New York State public and other statutorily eligible entities to reduce energy consumption and cut energy costs. Energy efficiency program costs will be recovered from certain customers through the terms of contracts. As of June 30, 2024, the outstanding balance for energy efficiency and clean energy technologies projects in the Authority's balance sheet was a total of \$507 million, with \$161 million of the loan balance (includes \$45 million of short-term receivable and \$116 million of other long-term assets), \$80 million of customer receivables, and \$266 million of energy efficiency program cost that will be billed to the customers (reflected in the Other Long-term assets).

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(k) Other Long-Term Liabilities

The Authority has other long-term liabilities of \$372 million which include pension liability of \$195 million, compensated absences accrual of \$60 million, ARO of \$45 million, and others of \$72 million on June 30, 2024.

(l) Net Position

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

- a. Net investment in capital assets – This consists of capital assets (including right of use lease assets and right to use subscription assets), net of depreciation reduced by related outstanding debt and accounts. This indicates that these assets are not accessible for other purposes.
- b. Restricted – This represents restricted assets reduced by related liabilities and deferred inflows of resources that are not accessible for general use because their use is subject to restrictions enforceable by third parties.
- c. Unrestricted – This represents the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the components noted above and that are available for general use.

(m) Investment and Net Position classification

For more informed disclosure, figures reflected on Consolidated Statement of Net Position for Investments and Net position are presented in this report and December 31, 2023 Financial Report as follows:

Investments:

	June 30, 2024	December 31, 2023	
		Reclass	Audited
Current Assets:			
Investment in securities			
Unrestricted	\$ 1,023	\$ 969	\$ 1,110
Restricted	367	428	-
Committed	62	136	-
NonCurrent Assets:			
Investment in securities			
Restricted Funds	-	-	13
Capital Funds	-	-	410
Total Investment in securities	\$ 1,452	\$ 1,533	\$ 1,533

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Net Position:

	June 30,		
	2024	December 31, 2023	
		Reclass	Audited
Net Position:			
Net Investment in capital assets	\$ 3,743	\$ 3,361	\$ 3,361
Unrestricted	1,042	1,393	1,714
Restricted	351	321	-
Total Net Position	\$ 5,136	\$ 5,075	\$ 5,075

(n) Operating Revenues

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

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

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

New York Independent System Operator ("NYISO")

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

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

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(o) Operating Expenses

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

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

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

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

(p) Accounting Pronouncements

GASB issued GASB Statement No. 93 ("GASB No. 93") *Replacement of Interbank Offered Rates*, which originally had an effective date for reporting periods beginning after June 15, 2020. This effective date was postponed to periods beginning after June 15, 2021, due to the issuance of GASB No. 95. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR ceased to exist effective June 30, 2023, prompting governments to amend or replace financial instruments to replace LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB No. 93's objective is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The Authority, based on its evaluation, believes GASB No. 93 has no material impact on its consolidated financial statements.

GASB issued GASB Statement No. 94 ("GASB No. 94"), *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which was effective for fiscal years beginning after June 15, 2022. GASB No. 94 governs transactions wherein a government and another entity (government or private) enter into an arrangement wherein the other entity is given rights to use an underlying capital asset to provide public service for a determined amount of time, in exchange for consideration. The Authority, based on its evaluation, believes GASB No. 94 has no material impact on its consolidated financial statements.

GASB issued GASB Statement No. 96 ("GASB No. 96"), *Subscription-Based Information Technology Arrangements*, which was effective for reporting periods beginning after June 15, 2022. GASB No. 96 requires recognition of certain subscription assets and liabilities for Subscription-based information Technology Arrangements ("SBITA") which were previously either capitalized or expensed. GASB No. 96 defines a subscription-based technology arrangement as a contract that conveys control of the right to use a vendor's software, alone or in combination with tangible capital assets. It establishes that an SBITA results in a right-to-use subscription asset and a corresponding subscription liability. The Authority adopted GASB No. 96 on January 1, 2023. Refer to Note 18(f) of notes to the consolidated financial statements in the Authority's December 31, 2023, Financial Report, for the impact of SBITA on the Authority's financial statements.

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GASB issued GASB Statement No.99 (“GASB No. 99”), *Omnibus 2022*, which was partly effective for reporting periods beginning after June 15, 2022, and partly effective for reporting periods beginning after June 15, 2023. The primary objective of this statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that have been identified during the implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees. The Authority, based on its evaluation, believes GASB No. 99 has no material impact on its consolidated financial statements.

GASB issued GASB Statement No. 100 (“GASB No. 100”), *Accounting Changes and Error Corrections*, which is effective for reporting periods beginning after June 15, 2023. The primary objective of this Statement is to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Authority will adopt and appropriately reflect the provisions of GASB No. 100 on its 2024 full year financial report.

GASB issued GASB Statement No. 101 (“GASB No. 101”), *Compensated Absences*, which is effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Authority is currently evaluating the impact of GASB No. 101 on its consolidated financial statements and will reflect accounting changes due to GASB No. 101 on its 2024 full year financial report.

(q) Authority’s General Resolution Fund Reserves

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

The Operating Reserve, established at \$175 million by the Authority’s Trustees, includes a reserve for working capital and emergency repairs to the Authority’s projects. At June 30, 2024, Operating Reserve had a balance of \$667 million.

The Debt Service Reserve is funded at maximum annual debt service (principal and interest payments) to ensure that sufficient amounts are available to pay debt service obligations when due. At June 30, 2024, the Debt Service Reserve balance was \$55 million.

The Energy Hedging Reserve was established to have funds available for use as collateral that may be required to support the Authority’s authorized fuel and energy hedging transactions. At June 30, 2024, the Energy Hedging Reserve balance was \$90 million.

The Spent Fuel Reserve was created to maintain funds to match the Department of Energy’s obligation to pay for the processing and final disposition of spent nuclear fuel burned by the Authority when it owned the Indian Point #3 and James A. FitzPatrick nuclear plants. At June 30, 2024, the Spent Fuel Reserve balance was \$252 million.

The Capital Project Reserve is utilized to partially fund major new investments by the Authority in its energy infrastructure. The Authority funds major investments with a portion of debt and a portion of equity. This Reserve has been established to provide the equity portion. At June 30, 2024, the Capital Project Reserve balance was \$222 million.

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In addition, the Authority holds committed funds in separate portfolios that have been earmarked for economic development and relicensing programs (“Committed Funds”), see Note 15. At June 30, 2024, the Authority held \$62 million in Committed Funds in the Operating Fund.

(5) Cash and Investments

The Authority’s investments under the General Bond Resolution and Guidelines for the Investment of Funds are restricted to (a) authorized collateralized certificates of deposit, Certificate of Deposit Account Registry Service (“CDARS”) program or similar FDIC-insured, reciprocal products, time deposits and money market funds (money market funds shall not exceed 40% of the Authority’s invested funds and no more than \$50 million invested in any one fund), (b) direct obligations of or obligations guaranteed by the United States of America or the State of New York, (c) obligations issued or guaranteed by certain specified federal agencies and any agency controlled by or supervised by and acting as an instrumentality of the United States government, and (d) obligations of any state or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which is rated in any of the three highest long-term rating categories, or the highest short-term rating category, by nationally recognized rating agencies, (e) Repurchase and reverse repurchase agreements (“Repurchase Agreements”), including “gestation” repurchase agreements of treasury or agency-backed collateral with a physical trust certificate from a FINRA-licensed broker dealer, and (f) Guaranteed Investment Contracts or GIC Funds issued by creditworthy insurance companies and collateralized by issuer’s general or separate account assets, with no more than \$50 million invested in any one contract or fund. The Authority’s investments in senior debt securities of the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB) Federal Agricultural Mortgage Corporation (FAMC) and Federal Home Loan Mortgage Corporation (FHLMC) were rated Aa1 by Moody’s Investors Services (Moody’s), AA+ by Fitch Ratings (Fitch) and AA+ by Standard & Poor’s (S&P).

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

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

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

Concentration of Investment Credit Risk

There is no limit on the amount that the Authority may invest in any one issuer; however, investments in authorized certificates of deposit shall not exceed 40% of the Authority’s invested funds and shall not exceed \$50 million from any one bank. On June 30, 2024, the Authority’s (excluding SFP and Captive) total investment portfolio of \$1,098 million, includes investments of \$728 million (66%), \$139 million (13%), \$211 million (19%), and \$20 million (2%) in government Agency securities; U.S. Treasuries; Guaranteed Investment Contracts, Reverse Repurchase Agreements and other various deposits; and Municipal securities, respectively. 79% of the total investments are in securities guaranteed by the U.S. Government.

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On June 30, 2024, the SFP's total investment portfolio of \$251 million, includes investments of \$211 million (84%) and \$40 million (16%) in government Agency securities and Treasuries, respectively. 100% of the total investments are in securities guaranteed by the U.S. Government.

On June 30, 2024, the Captive's total investment portfolio of \$103 million includes investments of \$49 million (48%), \$39 million (37%), and \$15 million (15%) in government Agency securities, taxable Municipal bonds and other securities, respectively. 48% of the total investments are in securities guaranteed by the U.S. Government.

Cash and Cash Equivalents

All investments are held by designated custodians in the name of the Authority (which includes NYPA, Canal Corporation, Captive as applicable). The Authority had \$211 million invested in money market funds and \$15 million invested in CDAR.

The SFP had \$56 million invested in money market funds.

The Captive had \$8 million invested in money market funds.

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(6) Capital Assets

Capital assets are stated at original cost and consist of amounts expended for labor, materials, services and indirect costs to license, construct, acquire, complete and place in operation the projects of the Authority. Depreciation of capital assets is based on approved rates for each of the various classes of capital assets. Capital assets, net of accumulated depreciation on June 30, 2024, and December 31, 2023 were:

Capital Assets (NYPA and Canals)

	June 30, 2024	December 31, 2023
	<hr/> <i>(in millions)</i> <hr/>	
Capital assets, not being depreciated:		
Land	\$ 193	\$ 193
Construction work in progress (CWIP)	<hr/> 549	<hr/> 538
Total capital assets not being depreciated	<hr/> 742	<hr/> 731
Capital assets, being depreciated:		
Production - Hydro	2,495	2,480
Production - Gas turbine/combined cycle	1,263	1,263
Transmission	2,934	2,869
General	1,738	1,696
Energy Storage	35	35
Canal System	<hr/> 1,014	<hr/> 1,004
Total capital assets being depreciated	<hr/> 9,479	<hr/> 9,347
Less accumulated depreciation for:		
Production - Hydro	1,107	1,081
Production - Gas turbine/combined cycle	943	926
Transmission	1,420	1,392
General	647	597
Energy Storage	4	3
Canal System	<hr/> 380	<hr/> 358
Total accumulated depreciation	<hr/> 4,501	<hr/> 4,357
Net value of capital assets being depreciated	<hr/> 4,978	<hr/> 4,990
Net value of all assets	<hr/> \$ 5,720	<hr/> \$ 5,721

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Capital Assets (SFP)

	June 30, 2024	December 31, 2023
	(in millions)	
CWIP:		
Smart Path Connect	\$ 438	\$ 270
Land:		
Central East Energy Connect	27	27
In Service:		
Central East Energy Connect	205	197
Smart Path	480	477
Smart Path Connect	216	216
Total in Service	<u>901</u>	<u>890</u>
Net Value of all assets	<u>\$ 1,366</u>	<u>\$ 1,187</u>

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(7) Long-Term and Short-Term Debt

	<u>Amount 2024</u> (in millions)	<u>Interest Rate (a)</u>	<u>Maturity</u>		<u>Earliest redemption date prior to maturity</u>
Senior debt:					
Revenue Bonds (Tax-Exempt):					
Series 2020A Revenue Bonds:					
Term Bonds	\$1,121	3.250% to 4.000%	11/15/2045 - 2060	**	5/15/2030
Revenue Bonds (Taxable):*					
Series 2003A Revenue Bonds:					
Term Bonds	9	5.649%	11/15/2024	**	Any date
Series 2007B Revenue Bonds:					
Term Bonds	6	5.905%	11/15/2024	**	Any date
Series 2020B Revenue Bonds:					
Term Bonds	114	2.818%	11/15/2039	**	Any date
	<u>1,250</u>				
Add: unamortized premium and discount	<u>58</u>				
Long-term senior debt	1,308				
Less: due within one year	<u>15</u>				
Long-term senior debt, net of due within one year	<u>\$1,293</u>				

(a) interest rate at issuance

* All outstanding taxable term bonds are subject to Make-Whole Call provisions

** Bonds are subject to sinking fund provisions

Interest on Series 2003A, 2007B, and 2020B Revenue Bonds and Subordinated Notes, Series 2012 and Subordinated Notes, Series 2017 is not excluded from gross income for bondholders' Federal income tax purposes.

On December 27, 2023, the Authority deposited with The Bank of New York Mellon, as Trustee for its \$88 million Series 2007B Revenue Bonds maturing November 15, 2043 (the "Defeased Bonds") issued under Authority's General Bond Resolution, \$108 million consisting of cash and non-callable direct obligations of the United States the principal of and interest on which when due, together with any portions of such money held, are sufficient to pay when due the maturing principal of and interest due on the Defeased Bonds. The securities were acquired with only existing resources and deposited in an irrevocable trust fund ("Escrow Fund") with the Trustee. The Defeased Bonds are deemed to have been paid with the establishment of the Escrow Fund and are in compliance with the other applicable provisions of the General Bond Resolution. The defeasance generated \$17 million of present value savings or 19%. In total, the Authority eliminated \$181 million of future principal and interest at a cost of \$108 million.

On May 22, 2024, the Authority deposited with The Bank of New York Mellon, as Trustee, for its outstanding \$108 million Revenue Bonds, Series 2003A, \$116 million Revenue Bonds Series 2007B, \$15 million Subordinated Notes, Series 2012, and \$20 million Subordinated Notes Series 2017 (the "Defeased Bonds and Subordinated Notes") issued under Authority's General Bond Resolution, \$275 million consisting of cash and non-callable direct obligations of the United States the principal of and interest on which when due, together with any portions of such money held, are sufficient to pay when due the maturing principal of and interest due on the Defeased Bonds and Subordinated Notes. The securities were acquired with only existing resources and deposited in irrevocable trust funds ("Escrow Funds") with the Trustee. The Defeased Bonds and Subordinated Notes are deemed to have been paid with the establishment of the Escrow Funds and are

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in compliance with the other applicable provisions of the General Bond Resolution. The defeasance generated \$21 million of present value savings. In total, the Authority eliminated \$368 million of future scheduled principal and interest payments on the Defeased Bonds and Subordinated Notes at a cost of \$275 million.

The total amount of debt defeased from Dec 2023 to June 2024 is \$347 million.

The Revenue Bonds outstanding as of June 30, 2024, have an average coupon rate of 3.85% (average yield rate of 3.19%) and mature through 2060.

As indicated in Note 5 “Authority’s Bond Resolutions and Related Matters” of the notes to the consolidated financial statements in the Authority’s December 31, 2023, Financial Report, NYPA has pledged future revenues to service the Obligations and Parity Debt (Revenue Bonds) issued under the General Bond Resolution. The total principal and interest remaining to be paid on the Revenue Bonds is \$2.5 billion as of June 30, 2024. Interest paid in six months ended June 30, 2024 was \$31 million.

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

Long-Term Debt (Separately Financed Projects)

	<u>Amount 2024</u> (in millions)	<u>Interest Rate (a)</u>	<u>Maturity</u>	<u>Earliest redemption date prior to maturity</u>
Series 2022A Transmission Revenue Bonds:				
Serial bonds	\$337	4.000% to 5.000%	11/15/2024 to 11/15/2042	11/15/2031
Term bonds	271	3.875% to 4.000%	11/15/2047 to 11/15/2061*	11/15/2031
Principal amount outstanding	<u>608</u>			
Series 2023A Transmission Revenue Bonds:				
Serial bonds	367	5.000% to 5.250%	11/15/2026 to 11/15/2043	11/15/2033
Term bonds	367	5.000% to 5.125%	11/15/2048 to 11/15/2063*	11/15/2033
Principal amount outstanding	<u>734</u>			
Add: unamortized premium and discount	<u>64</u>			
Long-term SFP debt	1,406			
Less: due within one year	<u>16</u>			
Long-term SFP debt, net of due within one year	<u>\$1,390</u>			

(a) interest rate at issuance

* Bonds are subject to sinking fund provisions

The Transmission Resolution Revenue Bonds outstanding as of June 30, 2024, have an average coupon rate of 4.74% (average yield rate of 3.92%) and mature through 2063. The total principal and interest remaining to be paid on the Transmission Resolution Revenue Bonds is \$2.6 billion as of June 30, 2024. On issuance of the Series 2022A Bonds, NYPA raised \$28 million for interest payments related to these bonds. On the issuance of the Series 2023A Bonds, NYPA raised \$42 million for interest payments related to these

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bonds. For six months ended June 30, 2024, interest expense was \$31 million for the Transmission Resolution Revenue Bonds.

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

General Resolution Subordinate Debt:

- (a) **Subordinate Notes** – In 2016, the Authority’s Trustees authorized the issuance of Subordinated Notes, Series 2017 (Subordinated Notes, Series 2017) and in 2012, the Authority’s Trustees authorized the issuance of Subordinated Notes, Series 2012 (Subordinated Notes, Series 2012), in a principal amount not to exceed \$30 million for each note for the purpose of accelerating the funding for the State Parks Greenway Fund, which was established pursuant to the Niagara Relicensing Settlement entered into by the Authority and the New York State Office of Parks, Recreation & Historic Preservation in connection with the Niagara Project’s relicensing. These Subordinated Notes, Series 2017 and Series 2012 are subordinate to the Revenue Bonds Series 2003A, the Series 2007B, and the Series 2020A and 2020B. As stated above, the Authority defeased \$15 million Subordinated Notes, Series 2012, and \$20 million Subordinated Notes Series 2017 (the “Defeased Subordinated Notes”) issued under Authority’s General Bond Resolution on May 22, 2024.

Subordinate Debt

	<u>Amount</u> <u>June 30, 2024</u> <small>(in millions)</small>	<u>Interest Rate (a)</u>	<u>Maturity</u>	<u>Earliest redemption date prior to maturity</u>
Subordinate debt:*				
Subordinated Notes, Series 2017	\$1	3.466%	2024	N/A
Subordinated Notes, Series 2012	<u>1</u>	2.85%	2024	N/A
	2			
Less: due within one year	<u>2</u>			
Long-term subordinate debt, net of due within one year	-			

* All outstanding subordinated notes are taxable

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- (b) **Commercial Paper** – Under the Extendible Municipal Commercial Paper (“EMCP”) Note Resolution, adopted December 17, 2002, and as subsequently amended and restated, NYPA may issue a series of notes, designated EMCP Notes, Series 1, maturing not more than 270 days from the date of issue, up to a maximum amount outstanding at any time of \$200 million (“EMCP” Notes). There are no outstanding notes under the EMCP program as of June 30, 2024.

Under the provisions of the Second Amended and Restated Resolution Authorizing Commercial Paper Notes, adopted by NYPA on March 30, 2021, and the Certificate of Determination dated February 21, 2024, NYPA may issue from time to time a separate series of notes (“CP Notes”) maturing not more than 270 days from the date of issue, up to a maximum amount outstanding at any time of \$450 million (Series 1 CP Notes), \$250 million (Series 2 CP Notes), \$250 million (Series 3B CP Notes). Series 3A and Series 4 currently have zero allocated. There were no Series 3A, Series 3B, and Series 4 CP Notes outstanding as of June 30, 2024. NYPA intends to use the proceeds of the Series 1, certain Series 2, and Series 3A and 3B CP Notes to finance the Authority’s current and future energy efficiency programs and for other corporate purposes.

NYPA determines the rate for each rate period which is the minimum rate necessary to remarket the notes at par in the Dealer’s opinion.

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

NYPA has a line of credit under a 2019 Revolving Credit Agreement (the “2019 RCA”), with a syndicate of banks, to provide liquidity support for the Series 1, Series 2, and Series 3A CP Notes, under which NYPA may borrow up to \$700 million in aggregate principal amount outstanding at any time for certain purposes, including the repayment of the Series 1, Series 2, and Series 3A CP Notes. The 2019 RCA was extended by amendment for a three-year period to January 12, 2026. As of June 30, 2024, there were no outstanding borrowings under the 2019 RCA.

NYPA has a Revolving Credit Agreement (the “2020 RCA”) and Note Purchase Agreement (the “Note Purchase Agreement”) effective April 22, 2020, each between NYPA, and a single bank as Administrative Agent and sole lender thereunder (collectively the “Hybrid Credit Agreement”). NYPA is able to borrow up to \$250 million in aggregate principal amount outstanding at any time under the Hybrid Credit Agreement. NYPA is able to borrow amounts under the 2020 RCA for the repayment of the Series 3B and Series 4 CP Notes. Under the Note Purchase Agreement, NYPA may issue Direct Purchase Notes to the lender thereunder or request the issuance of Letters of Credit, subject to a sublimit of up to \$150 million. As of June 30, 2024, NYPA had no outstanding amount under its Hybrid Credit Agreement. NYPA and JPMorgan have executed an amendment to extend the Hybrid Credit Agreements for an additional three-year period. The Revolving Credit Agreement and Note Purchase Agreement expire on April 10, 2026.

As of June 30, 2024, NYPA had no outstanding balance on account of Direct Purchase Note under its Note Purchase Agreement connected to its Hybrid Credit Agreements.

The CP Notes, EMCP Notes, and Direct Purchase Notes are subordinate to the Revenue Bonds Series 2003A, Series 2007B, Series 2020A, and 2020B.

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

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

	June 30, 2024	December 31, 2023
	(in millions)	
<u>Short-Term CP Notes outstanding:</u>		
CP Notes (Series 1)	350	\$100
CP Notes (Series 2)	127	127
CP Notes (Series 3A)	-	-
CP Notes (Series 3B)	-	-
CP Notes (Series 4)	-	-

The changes in short-term debt are as follows:

Year:	Beginning Balance	Increases	Decreases	Ending balance
	(in millions)			
Six months ended June 30, 2024	\$227	250	-	\$477

Debt Service Coverage Ratio (“DSCR”)

For 2023 DSCR, please refer to the Authority’s December 31, 2023 audited Financial Report.

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(8) Risk Management and Commodity Hedging Activities

Overview

The Authority deploys a robust risk management program spanning its enterprise and operational risk profile. Using well-defined governance processes, the escalation of risks and the corresponding risk informed decisions that mitigate, transfer, accept, or avoid risks support the execution of the strategic vision.

A key aspect of the Authority's risk management program is to address risk and volatility on cash flows associated with electric energy prices, fuel prices, electric capacity prices and certain non-energy commodity prices. Through its participation in the NYISO and commodity markets, the Authority is subject to electric energy price, fuel price, electric capacity price and certain non-energy commodity price uncertainty that impact the revenue of its facilities and customer market areas. Such market volatility can potentially have adverse effects on the Authority's financial condition. To mitigate potential adverse effects and to moderate cost impacts to its customers (many of the Authority's customer contracts provide for the complete or partial pass-through of these costs), the Authority manages market risks by utilizing financial derivative instruments and/or physical forward contracts. These instruments mitigate the volatility in the cost of energy or related products needed to meet customer needs; the risk related to the price of energy and related products sold; the risk related to margins (electric sales versus fuel use) where the Authority owns generation or other capacity; and to mitigate geographic cost differentials of energy procured or sold for transmission or transportation to an ultimate location. Commodities to be hedged include, but are not limited to, electric energy, electric capacity, congestion costs associated with the transmission of electricity, natural gas and natural gas basis, and non-energy commodities.

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

The fair values of all Authority derivative instruments are reported in current and noncurrent assets or liabilities on the consolidated statement of net position as risk management activities to manage commercial risk. For designated derivative instruments, changes in the fair values are deferred and classified as deferred outflows or inflows on the consolidated statement of net position. The fair value for over the counter and exchange-traded energy, fuel, capacity, and non-energy commodity derivative instruments are determined by using prices published by Standard & Poor's Global Platt's ("Platts"), market sources and/or pricing models.

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Derivative Instruments

The following table shows the fair value of outstanding financial derivative instruments as of December 31, 2023, and June 30, 2024 and changes in fair value during the six months ended June 30, 2024.

Derivative instrument description	Fair value balance December 31, 2023	Net change in fair value	Fair value balance June 30, 2024	Type of hedge or transaction	Financial statement classification for changes in fair value	Notional amount June 30, 2024	Unit of measure
(in millions)							
Energy swaps/futures (sales)	\$ (33)	\$ 3	\$ (30)	Cash flow	Deferred outflow	(5,122,431)	MWh
Energy swaps (purchases)	(2)	1	(1)	Cash flow	Deferred outflow	199,018	MWh
Energy capacity futures	(5)	4	(1)	Cash flow	Deferred outflow	(300,000)	KWm
Fuel forwards/swaps	-	-	-	Cash flow	Deferred inflow	833,280	MMBTU
Non-energy commodity swaps	4	(2)	2	Cash flow	Deferred inflow	(34,500)	MT
Non-energy options	6	(1)	5	Cash flow	Deferred inflow	(49,800)	MT
Totals	\$ (30)	\$ 5	\$ (25)				

Energy swaps and futures – The Authority transacts energy swaps and futures to manage the revenue stream from forecasted generation. Net settlement receipts were \$1 million in 2023 and receipts of \$3 million through June 30, 2024.

Energy capacity futures – The Authority transacts installed capacity futures intended to mitigate the volatility of market prices for transactions in the NYISO markets. Net settlement payments were \$20 million in 2023 and net settlement receipts were \$22 million through June 30, 2024.

Fuel futures and /swaps – The Authority, at times, has outstanding natural gas forward contracts. Net settlement payments were \$1 million in 2023 and \$0 through June 30, 2024.

Non-energy commodities swaps – The Authority transacts certain non-energy commodities swaps to mitigate volatilities of specific commodity market prices affecting electric rates received from certain customers' energy supply contracts. Net settlement receipts were \$5 million in 2023 and \$2 million through June 30, 2024.

Non-energy commodities options – The Authority transacts certain non-energy options to mitigate volatilities of specific commodity market prices affecting revenues received from certain customers' energy supply contracts. Premium payments were \$3 million during 2023 and \$4 million through June 30, 2024. Settlement Receipts were \$15 million in 2023 and \$3 million through June 30, 2024.

Other – Over the lifetime of each outstanding energy derivative instrument certain derivative instruments may become ineffective due to changes in the hedged item. The change in fair market value of such derivative instruments would be recognized as other nonoperating charges or credits in the statements of revenues, expenses, and changes in net position. As of June 30, 2024, current derivative instruments were determined to be effective.

Counterparty Credit Risk

The Authority imposes thresholds, based upon agency-published credit ratings and/or analysis, for unsecured credit that can be extended to counterparties in support of the Authority's commodity derivative

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transactions. The thresholds are established in bilateral credit support agreements with counterparties and require collateralization of mark-to-market values in excess of the thresholds.

Based upon the fair values as of June 30, 2024, the Authority's individual or aggregate exposure to derivative instrument counterparty credit risk is not significant.

Other Considerations

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

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

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

(9) Pension Plans

General Information

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

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

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

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The required contributions to the NYSLERS were \$32 million and \$27 million for the NYSLERS fiscal years ended March 31, 2024, and 2023. The Authority's contributions to the NYSLERS were equal to 100% of the required contributions for each year. The Authority's pension contribution to the NYSLERS for fiscal year ended March 31, 2025, based on salary projection as of the NYSLERS fiscal year ended March 31, 2024, is expected to be approximately \$39 million. The average contribution rates relative to payroll for the NYSLERS's fiscal years ended March 31, 2024, and 2025 have been set at approximately 13% and 15%, respectively.

At June 30, 2024, and December 31, 2023, the Authority reported a liability of \$195 million and \$175 million, respectively, for its proportionate share of the net pension liability within other long-term liabilities.

For the six months ended June 30, 2024, the Authority recognized a pension expense of \$20 million.

(10) Postemployment Benefits Other Than Pensions

NYPA provides certain health care and life insurance benefits for eligible retired employees and their dependents under a single employer noncontributory (except for certain optional life insurance coverage) health care plan ("NYPA OPEB Plan"). Employees and/or their dependents become eligible for these benefits when the employee has reached 55 years of age and has at least 10 years of service and retires or dies while working at NYPA. Salaried employees hired after December 31, 2015, and IBEW employees hired after October 15, 2015, become eligible after 15 years of service. In addition, they will be required to contribute 50% of the active plan contribution; there will be no contribution once the transition takes place to the Medicare advantage plan.

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

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

The Authority's consolidated OPEB expense was \$5 million for the six months ended June 30, 2024, and \$17 million expense for the six months ended June 30, 2023.

The Authority's net OPEB liability (asset) was measured as of June 30, 2023, based on valuation results as of December 31, 2021, for NYPA's plan and May 1, 2022, for the Canal plan, projected to the measurement date on a no gain/loss basis and resulted in total OPEB liability of \$635 million and plan fiduciary net position of \$747 million, a 118% plan fiduciary net position as a percentage of the total OPEB liability. Plan fiduciary net position increased to \$846 million as of June 30, 2024, estimated plan fiduciary net position of 128% of the total OPEB liability. Total OPEB liability as of June 30, 2024 will be finalized by the actuary based on the measurement cycle biennially, and will be reflected in the updated audited year end financials 2024.

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(11) Nuclear Plant Divestiture and Related Matters

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

In accordance with the Nuclear Waste Policy Act of 1982, in June 1983, NYPA entered into a contract with the U.S. Department of Energy (“DOE”) under which DOE, commencing not later than January 31, 1998, would accept and dispose of spent nuclear fuel. In conjunction with the sale of the nuclear plants, NYPA’s contract with the DOE was assigned to Entergy. Entergy assigned the portion of the pre-1983 spent fuel obligation applicable to JAF to Exelon in connection with the sale of JAF to Exelon. NYPA remains liable for the pre-1983 spent fuel obligation to Exelon for JAF and to Entergy for IP3 which as of June 30, 2024, was \$252 million.

(12) Power Purchase Agreements (“PPA’s”)

The Authority does not have any PPA’s that have a fixed charge provision or fixed cost. As and when such PPA’s are executed, they will be reflected in the Notes to the Authority’s Consolidated Financial Statements.

The Authority executed PPAs for solar photovoltaic (“PV”) projects with Ameresco, Inc. (the “developer”) on July 7, 2023, requiring the Authority to pay the developer for electricity received from the renewable facilities and recover the payments from the City Of New York (the “Purchaser”), acting through its Department of Citywide Administrative Services (“DCAS”) via the Power Sales Contract (the “PSC”). The Authority also executed 4 PPAs with the developer for battery energy storage systems (“BESS”) on June 29, 2024, and August 6, 2024, requiring the Authority to pay the developer for electricity received from the renewable facilities and recover the payments from the Purchaser via the PSC.

In the case of non-payment from DCAS, there is a cure period of 1-year, in which the Authority will cover 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 PSC. The total value of the PPAs with Ameresco, Inc. is \$320 million over 20 years, the annualized amount being \$16 million.

The Authority has also entered into various other PPAs, \$100 million, 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 entered on behalf of New York Convention Center Operating Corporation is \$2.7 million over 25 years, on behalf of Port Authority is \$ 1 million over 25 years and on behalf of County of Westchester is \$0.4 million over 20 years.

All projects are in the design or construction phase and the Authority is not paying for or recovering for energy under the agreements that are 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’ New York City Governmental Customers, which is coterminous with the PPA with Astoria Energy II LLC, to sell the output of AEII. All net costs of the Authority under the PPA with Astoria Energy II LLC are billed monthly to the New York City Governmental Customers. An equal amount of revenue is recognized during the period related to reimbursements from the New York City Governmental Customers.

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(13) Purchased Power Cost

The Authority purchased power for \$313 million in 2024 in the open market, the entire cost was passed through to its customers. Power purchased in the open market is a function of customer demand and, as such, varies month to month. The Authority is under no obligation to purchase power unless customer demands require such purchases, in which case the entire cost is recovered over the monthly billing cycle, in the event of failure to receive payment for any monthly purchase, the Authority will not make any further purchases. No purchase was made under any PPA except for AEI for the reporting period. See Note 12 for any PPAs.

(14) Captive Insurance

On September 29, 2022, the Authority's Trustees approved the formation of a subsidiary corporation called the Captive, and the Authority filed its application for a license with the New York State Department of Financial Services (the "DFS"). On May 2, 2023, the DFS issued the Certificate of Incorporation for the Captive, and the Captive's Board of Directors held an organization meeting on May 25, 2023. On May 25, 2023, the Authority also 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 DFS issued the requisite license to operate, to the Captive, on July 25, 2023.

On September 1, 2023, the Captive initially underwrote a TRIA Certified NBCR (Nuclear, Biological, Chemical, Radiological & Cyberterrorism) Terrorism policy with an 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 this captive insurance company 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.

The Captive filed the audited financial statements with the DFS on June 28, 2024, as required by Section 7006 of the New York State ("NYS") Insurance Law.

(15) Commitments and Contingencies

a) Power Programs

Recharge New York Power Program

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

The hydropower used for the RNYPP was power formerly used to provide low-cost electricity to domestic and rural customers of the three private utilities that serve upstate New York. To mitigate the impacts from

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the redeployment of this hydropower for the RNYPP, Chapter 60 created a “Residential Consumer Discount Program” (“RCDP”). The RCDP authorized the Authority, as deemed feasible and advisable by its Trustees, to provide annual funding of \$100 million for the first three years following withdrawal of the hydropower from the residential and farm customers, \$70 million for the fourth year, \$50 million for the fifth year, and \$30 million each year thereafter, for the purpose of funding a RCDP for those customers that had formerly received the hydropower that is utilized in the RNYPP. Chapter 60 further authorized the Authority, as deemed feasible and advisable by the Authority’s Trustees, to use revenues from the sales of hydroelectric power, and such other funds of the Authority, as deemed feasible and advisable by the Authority’s Trustees, to fund the RCDP. The Authority’s Trustees have authorized the release of a total \$660 million for the period from August 2011 to June 2024 in support of the RCDP out of which the Authority paid out \$631 million.

Part QQ of Chapter 56 of the Laws of 2023 (“Chapter 56”), which is part of the 2023-24 Enacted State Budget, made the following changes to the RCDP: (1) sunsets the residential consumer electricity discount component of the RCDP as of August 1, 2023; (2) authorizes NYPA to continue to fund the agricultural consumer electricity discount component for one additional program year (August 1, 2023 - July 31, 2024) at the current annual level of up to \$8 million; and (3) authorizes NYPA, for program years thereafter, to fund the agricultural consumer electricity discount up to an annual amount of \$5 million.

Western New York Power Proceeds Allocation Act

Effective March 30, 2012, Chapter 58 (Part GG) of the Laws of 2012 (Chapter 58) created the Western New York Power Proceeds Act (“WNYPPA”). The WNYPPA authorizes the Authority, as deemed feasible and advisable by the Authority’s Trustees, to deposit net earnings from the sale of unallocated Expansion Power and Replacement Power from the Authority’s Niagara project into an account administered by the Authority known as the Western New York Economic Development Fund (“WNYED Fund”). Net earnings are defined as any excess revenues earned from such power sold into the wholesale market over the revenues that would have been received had the power been sold at the Expansion Power and Replacement Power rates. Proceeds from the Fund may be used to support eligible projects undertaken within a 30-mile radius of the Niagara power project that satisfy applicable criteria. Chapter 58 also establishes a five-member Western New York Power Allocations Board, which is appointed by the Governor. Chapter 58 also repealed Chapter 436 of the Laws of 2010 which had created a similar program that could not be effectively implemented.

The Authority’s Trustees approved the release of up to \$101 million in net earnings calculated for the period August 30, 2010, through June 30, 2024, as provided in the legislation, for deposit into the WNYED Fund. As of June 30, 2024, approximately \$87 million has been deposited into the Fund. The Authority has approved awards of approximately \$50 million to businesses and made payments of approximately \$36 million as of June 30, 2024. Payment of these awards is contingent upon the execution of acceptable contracts between the Authority and individual awardees.

Northern New York Power Proceeds Allocation Act

Chapter 545 of the Laws of 2014 enacted the “Northern New York Power Proceeds Act” (“NNYPPA”). The NNYPPA authorizes the Authority, as deemed feasible and advisable by the Trustees, to deposit “net earnings” from the sale of unallocated St. Lawrence County Economic Development Power (“SLCEDP”) by the Authority in the wholesale energy market into an account the Authority would administer known as the Northern New York Economic Development Fund (“NNYED Fund”), and to make awards to eligible applicants that propose eligible projects that satisfy applicable criteria. The NNYPPA also establishes a five-member

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Northern New York Power Allocations Board appointed by the Governor to review applications seeking NNY Fund benefits and to make recommendations to the Authority concerning benefits awards.

SLCEDP consists of up to 20 MW of hydropower from the Authority's St. Lawrence-FDR Power Project which the Authority has made available for sale to the Town of Massena Electric Department ("MED") for MED to sub-allocate for economic development purposes in accordance with a contract between the parties entered into in 2012 ("Authority-MED Contract"). The NNYPPA defines "net earnings" as the aggregate excess of revenues received by the Authority from the sale of energy associated with SLCEDP by the Authority in the wholesale energy market over what revenues would have been received had such energy been sold to MED on a firm basis under the terms of the Authority-MED contract. For the first 5 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.

As of June 30, 2024, the Authority's Trustees approved the release of funds, of up to \$19 million, into the NNYED Fund representing "net earnings" from the sale of unallocated SLCEDP into the wholesale energy market for the period December 29, 2014, through June 30, 2024. As of June 30, 2024, approximately \$9 million has been deposited into the Fund. As of June 30, 2024, the Authority has approved awards of NNYED Fund money totaling approximately \$2 million to businesses that have proposed eligible projects and made payments totaling approximately \$1.4 million to such businesses. Payment of approved awards of the NNYED Fund money is contingent upon the execution of acceptable contracts between the Authority and individual awardees.

Economic Development Customer Assistance Program ("EDCAP")

Based on economic conditions at the time, the Authority's Trustees in May of 2022 approved a measure to temporarily suspend the Annual Adjustment Factor ("AAF") applicable under certain Authority power sale tariffs that would otherwise be applied to energy and demand rates annually on July 1st, for a period of one year from July 1, 2022, through June 30, 2023. The AAF, whether it represents an increase or decrease, is normally applied to program base rates annually on July 1st in accordance with the applicable tariffs. This measure is intended to provide financial relief to customers in the Authority's Economic Development Power Programs (Recharge New York, Western New York Expansion Power & Replacement Power and Preservation Power programs) that are subject to the AAF. The AAF adjustment to base rates resumed on August 1, 2023, with an effective 3% increase to the applicable tariff rates.

On December 9, 2020, the Authority's Trustees had authorized a Temporary Power Assistance ("TPA") initiative to make available for sale to Authority customers receiving power under the RNY, Expansion Power, Replacement Power and Preservation Power programs (collectively, "EDP Programs") supplemental power increases as part of a TPA initiative. The supplemental power was sold pursuant to the rates and other terms and conditions provided for in the customer's contract, provided that the total amount of supplemental power made available under each EDP Program would not exceed in aggregate 230 megawatts of unallocated EDP Program power and would remain subject to statutory allocation limits. Sales of supplemental power under TPA have not been authorized beyond January 31, 2024. As of June 30, 2024, there are no EDCAP TPA customers since the program ended as of January 31, 2024. The revenue earned through the EDCAP initiative was \$2 million for the year ended June 30, 2024.

b) Governmental Customers in the New York City Metropolitan Area

In 2017 and 2018, NYPA executed new supplemental long-term electricity supply agreements ("Supplemental LTAs") with its eleven NYC Governmental Customers, the largest of these customers include

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the Metropolitan Transportation Authority, the City of New York, the Port Authority, the New York City Housing Authority, and the New York State Office of General Services. Under the Supplemental LTAs, the NYC Governmental Customers agreed to purchase their electricity from NYPA 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 NYPA and the NYC Governmental Customers may terminate the agreement upon at least six months' notice. Under the Supplemental LTA's fixed costs for NYPA's services as well as Zeltmann plant were contractually set for each customer, and the fixed agreed amounts are recovered from the customers regardless of their load usage. 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, NYPA is offering an annual fixed price energy purchase option to the New York City Governmental Customers.

NYPA's other SENY Governmental 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 NYPA with at least two months' notice prior to the start of the NYISO capability periods. Full termination is allowed with at least one year's notice, effective no sooner than January 1 following the one-year notice. Westchester Governmental Customers are partially served by NYPA's four small hydroelectric plants. The remainder of the Westchester Governmental Customers' load requirements are supplied through energy and capacity purchased from the NYISO markets. Sales of energy generated by the small hydroelectric resources into the NYISO markets, as well as grandfathered and historic fixed priced transmission congestion contracts, all help to offset the cost of the energy purchased, with an energy charge adjustment mechanism in place for cost reconciliation.

HTP Transmission Line

In 2011 the Authority's Trustees authorized Authority staff to enter into an agreement with Hudson Transmission Partners, LLC ("HTP") 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 through the transmission rights associated with HTP's transmission line (the "Line") extending from Ridgefield, New Jersey in the PJM Interconnection, LLC ("PJM") transmission system, to Consolidated Edison Company of New York, Inc.'s ("Con Edison") West 49th Street substation. Specifically, the Authority executed a Firm Transmission Capacity Purchase Agreement ("FTCPA") with HTP under which the Authority gained the entitlement to 75% of the Line's 660 MW capacity, or 495 MW, for 20 years. On March 31, 2017, the Authority and HTP amended the FTCPA to, among other changes, (a) create a mechanism for HTP to relinquish its Firm Transmission Withdrawal Rights ("FTWRs") as discussed below and (b) increase the Authority's portion of the Line's capacity to 87.12%, or 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.

The Authority's payment obligations under the FTCPA include capacity payments, interconnection and transmission upgrades, and Regional Transmission Expansion Plan ("RTEP")/Transmission Enhancement Charges ("TEC") allocated to HTP in accordance with the PJM tariff. Interconnection and transmission upgrades were completed in 2018 at a total cost to the Authority of \$335 million. The RTEP charges imposed upon HTP, which are still subject to legal challenge, are discussed in more detail below.

It is estimated that the revenues derived from the Authority's rights under the FTCPA will not be sufficient to fully cover the Authority's costs under the FTCPA during the 20-year term of the FTCPA. As of June 30, 2024, the Authority estimated that its under-recovery of costs for the line could be in the range of approximately \$78 million to \$108 million per year over the period from 2025-2028. The under-recovery estimates were

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based on projections of the capacity payment obligations, the costs of interconnection and transmission upgrades and energy revenues.

The Authority's obligations under the FTCPA include payment of the RTEP charges allocated to HTP. From June 2013 through June 2024, the Authority has paid approximately \$168 million in RTEP charges for the Line. Effective 2018, HTP relinquished the FTWRs held by HTP on the Line that were the basis for a significant share of its RTEP allocations. PJM's annual RTEP cost allocation update for 2018 eliminated the Authority's obligation in 2018 and beyond to pay RTEP charges related to the Bergen Linden Corridor ("BLC") project, which accounted for the bulk of the projected RTEP allocations to HTP.

Regarding the RTEP charges assessed prior to the 2018 relinquishment of the FTWRs, the Authority and HTP and other New York parties contested the FERC-approved PJM RTEP allocations for the BLC project as unjust and unreasonable before the D.C. Circuit Court of Appeals. On August 9, 2022, the Court agreed with the Authority, HTP and the other New York parties that PJM's RTEP cost allocation methodology for the BLC project was not just and reasonable and remanded the case to FERC. The Authority can expect refunds, but FERC's order on remand is still pending and the expected refund amount is uncertain at this time.

While PJM had determined that the Authority had no RTEP payment responsibility starting in 2018 because of HTP's FTWR relinquishment, in 2020, FERC 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 charges were for projects other than the BLC project. FERC authorized PJM to begin collection for the back periods starting in August 2020. The Authority is accruing approximately \$1 million per month through the term of the agreement which ends in 2033. Depending on PJM TO's Annual Revenue Requirement, the RTEP charges could trend downward during the out years. 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, thus leaving these RTEP/TEC allocations in place. As of August 1, NYPA has not determined whether to seek rehearing or an appeal of the D.C. Circuit decision.

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

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

On May 3, 2023, Chapter 56 of the Laws of 2023 was enacted as a part of the 2023-2024 Enacted State Budget. Among other things, the law directed NYPA to publish, within two years of enactment, a plan to deactivate NYPA's small natural gas power plants. The enactment requires NYPA 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 NYPA 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.

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d) Legal and Related Matters

St. Regis Litigation

In 1982 and again in 1989, several groups of Mohawk Indians, including a Canadian Mohawk tribe, filed lawsuits (the St. Regis litigation) against the State, the Governor of the State, St. Lawrence and Franklin counties, the St. Lawrence Seaway Development Corporation, the Authority, and others, 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 of New York, 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 St. Regis MOU from 2014 must be incorporated into it. The parties are currently working with the Mediator on creating a written final settlement agreement. Lastly, federal legislation is still necessary before the settlement takes effect.

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

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

The Authority's outside counsel moved for Summary Judgment which was granted in full by the Trial Court. The plaintiffs have each appealed to the Appellate Division, Second Department. The appeal is now fully briefed, and the parties are waiting for the Court to schedule a date for oral argument.

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Other Actions or Claims

In addition to the matters described above, other actions or claims against the Authority are pending for the taking of property in connection with its projects, for negligence, for personal injury (including asbestos-related injuries), in contract, and for environmental, employment and other matters. All such other actions or claims will, in the opinion of the Authority, be disposed of within the 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 the business of the Authority. While the Authority cannot presently predict the outcome of the matters described above or any related litigation, the Authority believes that it has meritorious defenses and positions with respect thereto. However, adverse decisions of a certain type in the matters discussed above could adversely affect Authority operations and revenues.

e) Leases

Lessee Arrangements

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

Below is a description of these lease arrangements:

(i) Property Leases

The Authority leases properties throughout the New York area in order to serve its customers. These sites include its corporate offices and warehouses. While terms vary by lease, each lease provides for a monthly lease payment subject to a fixed escalation on the anniversary date of each agreement. None of the leases contain provisions for variable payments or residual value guarantees. Additionally, there are no other payments such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability reflected as outflows of resources in 2024. At June 30, 2024, the right-to-use lease asset for property leases amounted to approximately \$18 million, net of \$3 million of accumulated amortization, with a corresponding lease liability of \$14 million.

The Authority has \$16 million of principal and \$2 million of interest requirements to maturity for the Authority's leases from 2024-2035.

Lessor Arrangements

The Authority receives contractually determined revenue related to leasing agreements. While terms vary by lease, each lease provides for lease receipts subject to a fixed escalation on the anniversary date of each agreement. These arrangements do not provide for any variable payments. There were no additional payments received other than the rental payments. The total amount of lease revenue and interest revenue in 2024 was \$1 million and \$1 million, respectively. On June 30, 2024, the lease asset receivable and the corresponding deferred inflow of resources were approximately \$51 million and \$44 million, respectively.

f) Subscription-based information Technology Arrangements ("SBITA")

In 2023, the Authority adopted the provisions of GASB No. 96, effective January 1, 2023, for agreements whereby the Authority has the right to obtain the present service capacity from the use of the underlying IT asset and the right to determine the nature and manner of use of the underlying IT asset for a period greater than one year.

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At June 30, 2024, the right-to-use subscription assets amounted to approximately \$57 million, net of \$12 million of accumulated amortization, included in capital assets, with a corresponding subscription liability of \$21 million on the Consolidated Statements of Net Position.

g) New York State Budget / Other Matters

The Authority is requested, from time to time, to make financial contributions or transfers of funds to the State. Any such contribution or transfer of funds must (i) be authorized by law (typically, legislation enacted in connection with the State budget), and (ii) satisfy the requirements of the General Bond Resolution. The General Bond Resolution requirements to withdraw moneys “free and clear of the lien and pledge created by the (Bond) Resolution” are as follows: (1) such withdrawal must be for a “lawful corporate purpose as determined by the Authority,” and (2) the Authority must determine “taking into account, among other considerations, anticipated future receipt of Revenues or other moneys constituting part of the Trust Estate, that the funds to be so withdrawn are not needed” for (a) payment of reasonable and necessary operating expenses, (b) an Operating Fund reserve for working capital, emergency repairs or replacements, major renewals, or for retirement from service, decommissioning or disposal of facilities, (c) payment of, or accumulation of a reserve for payment of, interest and principal on senior debt, or (d) payment of interest and principal on subordinate debt.

In 2011, the Authority’s 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 Bond Resolution. The Policy Statement may at any time be modified or eliminated at the discretion of the Authority’s Trustees.

Chapter 56 of the Laws of 2024, part of the 2024-2025 Enacted State Budget, provides that notwithstanding any provision of law to the contrary, as deemed feasible and advisable by the Authority’s Trustees, the Authority is authorized and directed to transfer to the State Treasury to the credit of the general fund up to \$20 million for the state fiscal year commencing April 1, 2024, to support energy related State activities. Chapter 56 of the Laws of 2024, part of the 2024-2025 Enacted State Budget, also provides that notwithstanding any provision of law to the contrary, as deemed feasible and advisable by the Authority’s Trustees, the Authority is authorized and directed to transfer to the State Treasury to the credit of the general fund up to \$25 million for the State fiscal year commencing April 1, 2024. These amounts will be utilized to support programs established or implemented by or within the New York State Department of Labor, including but not limited to the Office of Just Energy Transition and programs for workforce training and retraining to prepare workers for employment for work in the renewable energy field. On May 21, 2024, the Authority’s Trustees authorized the transfer of \$11.6 million to the State Treasury.

The Authority cannot predict what additional contributions to the State may be authorized in the future.

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Enacted State Legislation Affecting the Authority

Expanded Authority

As more specifically described in the enactment, and subject to the limitations described therein, the 2023-2024 Enacted State Budget amended the Power Authority Act to, among other things: (a) expand the Authority's authority to plan, design, develop, finance, construct, own, operate, maintain and improve, either alone or jointly with other entities, renewable energy generation projects; (b) authorize the Authority to develop and implement, with the NYSPSC, 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; (c) direct the Authority to prepare a plan for ceasing electricity production at its small natural gas-fired power plants by December 31, 2030, and to cease electricity production by such date if certain conditions are satisfied; and (d) 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 RNYPP, which is valued at \$25 million annually. Based on the above legislative changes, there will be no material impact to the Authority's contribution to the workforce training and residential/agricultural grower consumer discount programs.

Changes made by these amendments do not affect the Authority's previously existing statutory authority.

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, the Authority filed a petition with the state Public Service Commission to establish the REACH program, which will provide renewable energy bill credits to low-income New Yorkers. 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. In May of 2024, the Authority pre-qualified 79 renewable developers and partners to collaborate with on renewable energy generation projects. The Authority will issue its first strategic plan in January 2025, which will identify and prioritize actions to build 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.

Other State Legislation

Article 4-D of the Public Buildings Law, added by Part RR of Chapter 56 of the Laws of 2023, authorizes and directs 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 BuildSmart NY program, that 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 2024-2025 Enacted State Budget (Chapter 54 - Capital Projects Budget) provides for the appropriation to the Authority of \$50 million for services, expenses, and indirect costs related to maintenance, repair, construction, reconstruction, development and preservation of the Canal System.

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The New York State Governor approved the “Renewable Action through Project Interconnection and Deployment (“RAPID”) Act” on April 20, 2024, as part of the 2024-2025 Enacted State Budget. The RAPID Act’s purpose is to upgrade the State’s bulk and local transmission systems to deliver renewable energy to consumers and achieve the renewable energy goals of the CLCPA. The RAPID Act consolidates the environmental review, permitting and siting of both major renewable energy facilities and major electric transmission facilities under the purview of the Office of Renewable Energy Siting within the Department of Public Service. The RAPID Act will affect the process that the Authority and other developers must follow to apply for permits to site major renewable energy facilities and major electric transmission facilities but is not expected to have a material impact on the Authority’s operations.

The above actions, as described in the enactment, are executable as deemed advisable and feasible by the Authority’s Trustees.

h) Relicensing of Niagara - New York State Office of Parks, Recreation and Historic Preservation

FERC issued the Authority a new 50-year license for the Niagara project effective September 1, 2007. In doing so, FERC approved six relicensing settlement agreements entered by the Authority with various public and private entities. The Authority had estimated that the capital cost associated with the relicensing of the Niagara project would be approximately \$495 million of which approximately \$464 million has been disbursed. This estimate does not include the value of the power allocations and operation and maintenance expenses associated with several habitat and recreational elements of the settlement agreements. As of June 30, 2024, the balance in the recorded liability associated with the Niagara relicensing on the consolidated statement of net position is \$195 million (\$19 million in current and \$176 million in other noncurrent liabilities). In addition to internally generated funds, the Authority had issued additional debt obligations to fund, among other things, Niagara relicensing costs. The costs associated with the relicensing of the Niagara project, including the debt issued, therefore, were incorporated into the cost-based rates of the project.

The Authority executed the Relicensing Settlement Agreement Addressing New License Terms and Conditions (“Settlement Agreement”) entered into by several parties to the relicensing of the Niagara Project, including The New York State Office of Parks, Recreation and Historic Preservation (“OPRHP”). The Settlement Agreement provides, among other things, for the establishment of a Relicensing Settlement Agreement State Parks Greenway Fund, which is to be funded by the Authority in the amount of \$3 million per year to OPRHP for the term of the 50-year License. In 2012 and 2017, OPRHP requested that the Authority accelerate such payments by making two lump sum payments of approximately \$25 million each to pay for authorized projects. In order to make the lump sum payments, the Authority issued (a) \$25 million in Subordinated Notes, Series 2012 and (b) \$25 million in Subordinated Notes, Series 2017. The proceeds of those subordinated note issuances were made available to OPRHP. On May 22, 2024, the Authority defeased \$15 million Subordinated Notes, Series 2012, and \$20 million Subordinated Notes Series 2017. As of June 30, 2024, there were \$1 million of 2012 Subordinated Notes outstanding and \$1 million of 2017 Subordinated Notes outstanding. See Note 7 “Long-Term and Short-Term Debt” of the notes to the consolidated financial statements. In addition to the funds what were accelerated with the proceeds from the Subordinate Notes, the Authority made a \$1 million payment to the OPRHP State Parks Greenway Fund in 2024

i) St. Lawrence-FDR Project Relicensing – Local Task Force Agreement

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

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The St. Lawrence-FDR Power Project No. 2000 Relicensing Agreement (“LGTFSA”) between the Authority and the Local Government Task Force (“LGTF”) provided for a review of the LGTFSA every ten years to discuss issues not contemplated at the time of relicensing in 2003. The first such review commenced in December 2013. The Authority and the LGTF entered into an agreement in 2015 in which the Authority agreed to commit and the Authority’s Trustees authorized up to \$45 million over 10 years for certain actions, including to: (1) fund an economic development strategic marketing study (the “Marketing Study”); (2) temporarily reduce electricity costs for certain farms and businesses (the “Discount Program”); (3) initiate an energy efficiency and renewable energy program for the LGTF communities; and (4) enhance certain recreational facilities in the LGTF communities.

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

As of June 30, 2024, the Authority has spent approximately \$42 million of the \$45 million authorized by the Trustees for the purpose of implementing the commitments in the LGTF 10-Year Review Agreement. As of June 30, 2024, the balance in the recorded liability associated with the St. Lawrence-FDR Project relicensing on the consolidated statement of net position is \$31 million (\$3 million in current and \$29 million in other noncurrent liabilities).

j) Relicensing of Blenheim-Gilboa Pumped Storage Power Project

FERC issued a new 50-year operating license, effective May 1, 2019, to NYPA for the Blenheim-Gilboa Pumped Storage Power Project. In 2019, the Authority’s Trustees accepted the new license and approved the settlement package with state and federal resource agencies, the towns of Gilboa and Blenheim, and Schoharie County. The Authority’s Trustees also authorized \$37 million in capital expenditures for the period 2019-2069 for all compliance, implementation, and settlement activities. The Authority has spent \$10 million through June 30, 2024. The Authority has established a Recreation Fund in the amount of \$4 million (total commitment under the settlement package is \$6 million) of which \$4 million has been disbursed and an Ecological Fund in the amount of \$2 million (total commitment under the settlement package is \$4 million) of which \$1 million has been disbursed. As of June 30, 2024, the balance in the recorded liability associated with the Blenheim-Gilboa Pumped Storage Power Project relicensing on the consolidated statement of net position is \$20 million (\$1 million in current and \$19 million in other noncurrent liabilities).

(16) Other Developments

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

NYPA executed a Memorandum of Understanding (“MOU”) with North America Transmission (“NAT”). The MOU provided that, if any of NYPA/NAT proposals are accepted, NYPA, at its sole discretion, may elect to purchase an ownership share in the project(s) or operate and maintain the project(s). In December 2016, the Authority’s Trustees approved funding in the amount of approximately \$1 million for NYPA’s share of expenses pursuant to the MOU.

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In June 2018, NYPA and NAT entered into a Participation Agreement that supersedes the MOU, which granted NYPA the option to secure an ownership interest of up to 37.5% in the jointly proposed projects. In April 2019, the NYISO board selected the project proposed by LS Power Grid New York, LLC (formerly known as NAT) and NYPA for Segment A (also known as the Marcy to New Scotland Upgrade Project) to increase transfer capability from central to eastern New York. In July 2020, the Authority's Trustees approved NYPA's request to exercise its 37.5% purchase option. LS Power Grid New York, LLC transferred its project assets and assigned the participation agreement to LS Power Grid New York Corporation I ("LS Corp.") on January 27, 2020. A development agreement relating to Segment A among the NYISO, LS Corp., and NYPA was executed on February 3, 2020, filed with FERC on March 4, 2020, and accepted for filing by FERC on April 16, 2020.

The NYISO estimated the total cost of the Segment A project to be about \$750 million. In August 2019, LS Power and NYPA submitted an Article VII application to the New York State Public Service Commission ("NYSPPSC"), and NYPA filed a petition for incentive rate treatment with FERC pursuant to Section 219 of the Federal Power Act. The petition was approved effective November 21, 2019. This included a 50 basis-point return on equity ("ROE") risk adder (permitting a 9.45% ROE for the project) conditioned upon the FERC's acceptance of a future Authority filing to incorporate the ROE risk adder and a cost containment provision into its transmission formula rate. Upon FERC's acceptance of LS Power's cost containment mechanism in June 2021, the Authority sought to incorporate into its formula rate (a) substantially the same cost containment mechanism and (b) the ROE risk adder, both of which FERC granted in September 2021, thus authorizing the full recovery of NYPA's Segment A project costs inclusive of the requested transmission incentives.

The Commission approved the Article VII Certificate and the first Environmental Management and Construction Plan ("EM&CP") on January 21, 2021. The fourth and final EM&CP was filed and approved by the Department of Public Service ("DPS") in May 2022. The upgraded transmission lines and new substations, as part of the Segment A project, were energized as part of the New York electrical system in December of 2023.

As of June 30, 2024, NYPA had a capital spend of \$232 million for CEEC. The CEEC project was funded with proceeds from the 2022A Bonds as mentioned above. The project is 100% placed in service with minor closeout and restoration items being completed. See Note 3 on Separately Financed Projects for further information.

Smart Path (Moses Adirondack Smart Path Reliability Project)

NYPA has completed all major construction of the Moses Adirondack line ("Smart Path") project, one of NYPA's backbone transmission facilities. The project covers 78 miles of 230 kV transmission line from Massena to the town of Croghan in Lewis County. In July 2017, NYPA received authorization under the NYISO tariff to include the costs of this project in its NYPA Transmission Adjustment Charge ("NTAC") mechanism for cost recovery of the Authority's transmission system costs, which means that the costs will be allocated to all ratepayers in the State. The project includes the update of obsolete wood pole structures with higher, steel pole structures, as well as the update of failing conductor with new conductor and insulation. The line will operate at its current 230 kV level, but the conductor and insulation design will accommodate future 345 kV operation when Smart Path Connect is complete. NYPA anticipates that the Moses Adirondack line will support the transmission of growing levels of renewable generation located in upstate New York and Canada, such as wind and hydroelectricity, and assist in meeting the State's renewable energy goals. The rebuilt line, in line with NYISO's initiative, will enhance grid reliability.

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As of June 30, 2024, NYPA had a capital spend of \$457 million (excluding capitalized interest) for the Smart Path project, and the remaining amount to close out the project which is not expected to exceed \$484 million will be accounted for as incurred. Construction commenced in 2020 and as of December 31, 2023, all 6 segments for Smart Path have been placed into EPIS and are part of the Authority's Annual Transmission Revenue Requirement ("ATTR"). Project closeout and site restoration are ongoing with expected completion in 2024.

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

Smart Path Connect

In meeting the advancement of the State's energy goals and supporting the Authority's VISION2030 goals, in 2020, the NYSPSC approved the SPC Project as a Priority Transmission Project with an in-service date of December 2025. The SPC Project is being developed in cooperation with National Grid. The SPC Project consists of rebuilding approximately 100 linear miles of existing 230 kV transmission lines in northern and central New York to 345 kV, along with associated substation construction and upgrades, to address existing congestion and curtailment issues by establishing, together with other projects currently under development by NYPA, a continuous 345 kV transmission path from areas of planned renewable generation to New York's load centers. The SPC Project includes rebuilding all or parts of the following transmission lines: the remaining 8-mile section of the Authority's Moses-Adirondack 1&2, the Authority's Moses-Willis 1&2, the Authority's Willis-Patnode and the Authority's Willis-Ryan; and National Grid's Adirondack to Porter (Chases Lake-Porter Line 11, Adirondack-Porter Line 12, and Adirondack-Chases Lake Line 13), as well as connecting to the Authority's Moses-Adirondack 1&2 transmission facilities. The SPC Project will be built primarily within existing rights-of-way. The goal of the SPC Project is to allow for renewable generation from northern New York regions to be transmitted downstate, improving the NYS renewable energy consumption, as well as the efficiency of energy pricing throughout the state. Construction is underway along the right of way and within substations. As of June 30, 2024, 38 miles of transmission line upgrades have been completed and breakers at the Ryan and Patnode substations have been energized.

As of June 30, 2024, NYPA had a capital spend of \$618 million (excluding capitalized interest) for the SPC Project. In 2023, NYPA issued \$734 million of 2023A bonds (net proceeds totaling \$751 million, which includes \$17 million of premium) to support the SPC Project. The project is approved by the Authority's Trustees for \$830 million.

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 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, 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 2014/15, 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.

Clean Energy Standard

In 2016, the NYSPSC issued an order establishing a Clean Energy Standard (the "CES Order") to implement the clean energy goals of the State Energy Plan. Pursuant to the CES Order, load-serving entities identified

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in the order are required to purchase Zero Emission Credits (“ZECs”) from the New York State Energy Research Development Authority (“NYSERDA”) to support the preservation of existing at-risk zero emissions nuclear generation. The Authority is not subject to NYSPSC jurisdiction for purposes of the CES Order but has assumed an obligation to purchase ZECs consistent with the terms of the CES Order and intends to seek recovery of such costs from the Authority’s customers. In January 2017, the Authority’s Trustees authorized (a) participation in the NYSPSC’s ZEC program and (b) execution of an agreement with 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. 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 has paid \$440 million in ZEC purchase costs.

Electric Vehicle Acceleration Initiative

In 2018, the Authority’s Trustees approved an overall allocation of up to \$250 million to be used through 2025 for an electric vehicle charging acceleration initiative of which to date \$116.8 million was authorized for capital expenditure. The Authority will operate a charging network of up to 400 DC fast chargers across the State by 2025. As of June 30, 2024, 170 fast chargers were in operation. As of June 30, 2024, approximately \$49 million has been spent.

Clean Path NY Project

In September 2021 Governor Hochul announced the award of the Clean Path NY project in the Tier 4 solicitation by NYSEDA which sought projects that would deliver a significant increase of renewable energy into the NYISO Zone J area (New York City). Forward Power – a joint venture between EnergyRe, LLC and Invenergy, LLC, and NYPA are collaborating on the transmission line portion of the project. The proposal Forward Power submitted to NYSEDA included an estimated project cost of \$11 billion, \$3.5 billion of which is for the construction of a new 175-mile High Voltage Direct Current transmission line. As described in Forward Power’s filing under Article 7 of the New York State Public Service Law, the transmission line rating is estimated at approximately 1300 MW. The northern section of the proposed transmission line will be constructed within the Authority’s existing rights of way. The remaining sections of the project will utilize existing rights of way owned by New York State Electric & Gas Corporation (“NYSEG”), Metropolitan Transportation Authority (“MTA”), Metro-North Railroad, New York State Department of Transportation (“NYSDOT”), and New York City Department of Transportation (“NYCDOT”). It will also include a submarine transmission line in the Hudson, Harlem, and East River. The construction of a converter station located in Astoria, Queens will be built on existing Authority property. The four-year plan period of 2024-2027 doesn’t include any funds for the project as no capital expenditure is expected at this time. The NYSEDA contract was approved by the New York State Public Service Commission in April 2022. As of June 30, 2024, the project was in the Permitting & Article 7 process for review. Preparation of other permitting applications, engineering, and procurement, as well as definitive agreements are ongoing.

Propel New York Energy Project

On June 20, 2023, the NYISO publicly announced the selection of Propel NY Alternative Solution 5 (“Propel Project”) as the project that will meet the identified Long Island Public Policy Transmission Need to deliver at least 3,000 megawatts (“MW”) from offshore wind projects into the New York State Control Area. The Propel Project is being collaboratively developed by NYPA and New York Transco (“NYT”) pursuant to the Development Agreement and will meet the transmission need through new electric transmission lines, new substations, and existing substation upgrades. On May 3, 2024, NYT, NYPA and NYISO signed a

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Development Agreement to deliver the project consistent with the NYISO's Open Access Transmission Tariff. The Development Agreement includes a required in-service date for the project of May 31, 2030. The Propel Project will establish a continuous 345kV path that greatly expands the deliverability of renewable offshore wind. More specifically, the Propel Project consists of the following electric transmission facilities: (i) East Garden City – Tremont 345 kV PAR-controlled line; (ii) Shore Road – Sprain Brook two (2) 345 kV PAR-controlled lines; (iii) Barrett – East Garden City 345 kV PAR-controlled line; (iv) Ruland Road – Shore Road 345 kV line; (v) Ruland Road – East Garden City 345 kV PAR-controlled line; (vi) Shore Road – East Garden City 345 kV line; and (vii) Syosset – Shore Road 138 kV PAR-controlled line. As of December 31, 2023, FERC has approved NYPA's filing for project abandonment. The Propel Project is estimated to cost \$3.3 billion which is to be funded by the Propel Project sponsors, NYPA, and NYT. NYPA has a right to limit its investment to \$500 million towards this project, however, also has a right to increase its investment to 30% of the total project cost.

On July 22, 2024, NYPA was notified by the U.S. Department of Energy ("USDOE") that it intends to fund up to \$43.5 million in support of community initiatives in certain disadvantaged communities along the proposed PROPEL NY transmission footprint. The specific communities are: Hempstead Village, Rockville Centre, Bronx County, and New Rochelle. These community initiatives are expected to include energy audits and energy efficiency projects with local community-based partners, tied to community education and training opportunities. It is anticipated that NYPA and USDOE will be entering into contract negotiations regarding the USDOE funding.

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

East Garden City Substation Upgrade

While Propel NY is the sponsoring developer of Propel Project, under the Open Access Transmission Tariff, incumbent Transmission Owners retain the right to build, own and recover the costs for upgrades to their facilities.

As identified in the NYISO's final report, upgrades to NYPA's existing East Garden City 345kV Substation was deemed a required Designated Priority Project. NYPA, as the incumbent Transmission Owner of this substation has confirmed to the NYISO, its intention to move forward with the identified upgrades. To date, NYPA has executed a development agreement with the NYISO, has placed orders for long-lead power equipment, and continues work on permitting, environmental site investigations, and overall planning for implementation of the substation upgrades. The substation upgrade is estimated to cost \$340 million.

Robotics Program

The Authority's unmanned aircraft system has expanded beyond capturing photographs of and inspecting its transmission lines with the ability to now respond to operational emergencies. Today, with more than 146 people part of the program, and a fleet of 90 drones, one pipe robot & one Fixed wing VTOL, the Drone Program's mission runs include transmission and generation, and other projects, and has increased the safety and reliability of the Authority's equipment with more than 876 missions this year.

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The next steps for the Drone Program include a 5-year multi-phased plan to develop advanced Unmanned Aerial System (“UAS”) capabilities. It will follow a two-phased approach, beginning with foundational measures needed to enable current and future capabilities. The Authority is planning to expend approximately \$37 million over the next five years to support the Drone Program.

On July 27, 2023, the Authority’s Trustees authorized a Capital Expenditure Authorization of \$10 million for the implementation of foundational measures for a 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 \$1 million initial expenditure, recognizing that release of any of the remaining balance is subject to future authorization.

(17) Canal Corporation

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

The Canal Corporation continues to require substantial operating and maintenance support and capital investment. The Canal Corporation’s expenses are funded by transfers of funds from the Authority. Any transfer of funds is subject to approval by the Authority’s Trustees and compliance with the Authority’s General Bond Resolution. Certain expenses eligible for reimbursement are reimbursed to the Authority by moneys held in the Canal Development Fund maintained by the State Comptroller and the Commissioner of Taxation and Finance. For the year ended June 30, 2024, the Canal Corporation recognized \$1 million in revenues, \$55 million in operations and maintenance expenses, and \$20 million in depreciation expenses.

(18) 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 20MW/20MWh 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 KWac 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 pickups).

**Supplementary Information
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A. Detailed Financials

Statement of Net Position (In millions)

	NYPA		SFP		Captive		Total	
	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23
Assets and Deferred Outflows								
Current assets:								
Cash and cash equivalents								
Unrestricted	\$ 250	\$ 310	\$ 58	\$ 97	\$ 8	\$ 31	\$ 316	\$ 438
Restricted	-	1	-	-	-	-	-	1
Capital Fund	-	3	-	38	-	-	-	41
Total Cash and cash equivalents	250	314	58	135	8	31	316	480
Investment in securities								
Unrestricted	1,023	969	-	-	-	-	1,023	969
Restricted	13	13	251	341	103	74	367	428
Committed	62	136	-	-	-	-	62	136
Total Investment in securities	1,098	1,118	251	341	103	74	1,452	1,533
Receivables - customers	303	266	3	3	-	-	306	269
Materials and supplies:								
Plant and general	77	75	-	-	-	-	77	75
Fuel	53	51	-	-	-	-	53	51
Miscellaneous receivables and other	140	135	4	1	3	5	147	141
Total current assets	1,921	1,959	316	480	114	110	2,351	2,549
Noncurrent assets:								
Capital assets:								
Non-Utility Assets, net of accumulated depreciation								
	29	77	-	-	-	-	29	77
Assets, not depreciated	742	758	465	270	-	-	1,207	1,028
Assets, net of accumulated depreciation	4,949	4,886	901	917	-	-	5,850	5,803
Total capital assets	5,720	5,721	1,366	1,187	-	-	7,086	6,908
Other long-term assets	925	879	-	17	-	-	925	896
Total noncurrent assets	6,645	6,600	1,366	1,204	-	-	8,011	7,804
Total assets	8,566	8,559	1,682	1,684	114	110	10,362	10,353
Deferred outflows of resources:								
Asset retirement obligation	19	19	-	-	-	-	19	19
Accumulated decrease in fair value of derivatives	32	40	-	-	-	-	32	40
Pensions	140	140	-	-	-	-	140	140
Postemployment benefits other than pensions	128	128	-	-	-	-	128	128
Total deferred outflows of resources	319	327	-	-	-	-	319	327
Total assets and deferred outflows of resources	\$ 8,885	\$ 8,886	\$ 1,682	\$ 1,684	\$ 114	\$ 110	\$ 10,681	\$ 10,680

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	NYPA		SFP		Captive		Total	
	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23
Liabilities, Deferred Inflows and Net Position								
Current liabilities:								
Accounts Payable and accrued liabilities	\$ 737	\$ 779	\$ 35	\$ 62	\$ 4	\$ 4	\$ 776	\$ 845
Short-term debt	477	227	-	-	-	-	477	227
Long-term debt due within one year	17	17	16	16	-	-	33	33
Total current liabilities	1,231	1,023	51	78	4	4	1,286	1,105
Noncurrent liabilities:								
Long-term debt:								
Senior:								
Revenue bonds	1,293	1,519	-	-	-	-	1,293	1,519
Subordinated:								
Subordinated Notes	-	35	-	-	-	-	-	35
Separate Revenue Bond Obligation:								
SFP Bonds 2022	-	-	639	640	-	-	639	640
SFP Bonds 2023	-	-	751	751	-	-	751	751
Total long-term debt	1,293	1,554	1,390	1,391	-	-	2,683	2,945
Other noncurrent liabilities:								
Nuclear fuel disposal	252	245	-	-	-	-	252	245
Relicensing	224	223	-	-	-	-	224	223
Other long-term liabilities	372	357	-	-	-	-	372	357
Total other noncurrent liabilities	848	825	-	-	-	-	848	825
Total noncurrent liabilities	2,141	2,379	1,390	1,391	-	-	3,531	3,770
Total liabilities	3,372	3,402	1,441	1,469	4	4	4,817	4,875
Deferred inflows of resources:								
Unearned revenue	25	45	-	-	-	-	25	45
Cost of removal obligations	458	435	-	-	-	-	458	435
Accumulated increase in fair value of derivatives	-	4	-	-	-	-	-	4
Pensions	11	11	-	-	-	-	11	11
Lease revenue	44	45	-	-	-	-	44	45
Postemployment benefits other than pensions	190	190	-	-	-	-	190	190
Total deferred inflows of resources	728	730	-	-	-	-	728	730
Net Position:								
Net investment in capital assets	3,743	3,361	-	-	-	-	3,743	3,361
Unrestricted	1,042	1,393	-	-	-	-	1,042	1,393
Restricted	-	-	241	215	110	106	351	321
Total net position	4,785	4,754	241	215	110	106	5,136	5,075
Total liabilities, deferred inflows of resources and net position	\$ 8,885	\$ 8,886	\$ 1,682	\$ 1,684	\$ 114	\$ 110	\$ 10,681	\$ 10,680

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

	(For the six months ended)							
	NYPA		SFP		Captive		Total	
	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23
Operating revenues:								
Power sales	\$ 868	\$ 809	\$ -	\$ -	\$ -	\$ -	\$ 868	\$ 809
Transmission	146	144	62	35	-	-	208	179
Transportation and delivery	482	454	-	-	-	-	482	454
Other	22	17	-	-	3	-	25	17
Total operating revenues	1,518	1,424	62	35	3	-	1,583	1,459
Operating expenses:								
Purchased power	313	283	-	-	-	-	313	283
Fuel oil and gas	100	85	-	-	-	-	100	85
Transportation and delivery	529	500	-	-	-	-	529	500
Operations and maintenance	373	356	10	6	-	-	383	362
Depreciation and amortization	161	133	5	2	-	-	166	135
Total operating expenses	1,476	1,357	15	8	-	-	1,491	1,365
Operating income	42	67	47	27	3	-	92	94
Nonoperating revenues, gains and expenses:								
Nonoperating revenues and gains:								
Investment income	15	25	9	2	1	-	25	27
Other	3	1	-	-	-	-	3	1
Total nonoperating revenues and gains	18	26	9	2	1	-	28	28
Nonoperating expenses:								
Interest on long-term debt	37	40	31	13	-	-	68	53
Interest - other	15	13	-	-	-	-	15	13
Interest capitalized	(22)	(31)	-	-	-	-	(22)	(31)
Amortization of debt premium	(1)	(1)	(1)	(1)	-	-	(2)	(2)
Total nonoperating expenses	29	21	30	12	-	-	59	33
Net income and change in net position	\$ 31	\$ 72	\$ 26	\$ 17	\$ 4	\$ -	\$ 61	\$ 89

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Statement of Cash Flows (In millions)

	NYP A		SFP		Captive		Total	
	24-Jun	23-Jun	24-Jun	23-Jun	24-Jun	23-Jun	24-Jun	23-Jun
Cash flows from operating activities:								
Customers sales	\$1,425	\$1,453	\$62	\$36	\$7	\$-	\$1,494	\$1,489
Disbursements for:								
Purchased power	(314)	(288)	-	-	-	-	(314)	(288)
Fuel, oil and gas	(97)	(103)	-	-	-	-	(97)	(103)
Transportation and delivery	(505)	(485)	-	-	-	-	(505)	(485)
Operations and maintenance	(373)	(370)	(10)	(12)	-	-	(383)	(382)
Net cash provided by operating activities	136	207	52	24	7	-	195	231
Cash flows from capital and related financing activities:								
Gross additions to capital assets	(181)	(336)	(194)	(36)	-	-	(375)	(372)
Repayment/defeasance of bonds	(275)	-	-	-	-	-	(275)	-
Interest paid, net	(31)	(34)	(32)	(13)	-	-	(63)	(47)
Net cash (used in) capital and related financing activities	(487)	(370)	(226)	(49)	-	-	(713)	(419)
Cash flow from noncapital-related financing activities:								
Energy conservation program payments received from participants	126	136	-	-	-	-	126	136
Energy conservation program costs	(147)	(126)	-	-	-	-	(147)	(126)
Proceeds from issuance of commercial paper	273	138	-	-	-	-	273	138
Repayment of commercial paper	(23)	(69)	-	-	-	-	(23)	(69)
Interest paid on commercial paper	(5)	(4)	-	-	-	-	(5)	(4)
Other	10	7	-	-	-	-	10	7
Net cash provided by noncapital-related financing activities	234	82	-	-	-	-	234	82
Cash flow from investing activities:								
Earnings received on investments	39	15	10	2	1	-	50	17
Purchase of investment securities	(1,046)	(2,064)	(9)	(94)	(32)	-	(1,087)	(2,158)
Maturity/Sale of investment securities	1,059	2,125	97	116	1	-	1,157	2,241
Net cash provided by investing activities	52	76	98	24	(30)	-	120	100
Net (decrease) in cash	(65)	(5)	(76)	(1)	(23)	-	(164)	(6)
Cash - Beginning of period	315	314	134	39	31	-	480	353
Cash - End of period	250	309	58	38	8	-	316	347
Reconciliation to net cash provided by operating activities:								
Operating Income	43	67	46	27	3	-	92	94
Adjustments to reconcile operating income to net cash provided by operating activities:								
Change in assets, deferred outflows, liabilities, and deferred inflows:								
Provision for depreciation	160	133	6	2	-	-	166	135
Net decrease in miscellaneous prepayments and other	12	140	-	1	-	-	12	141
Net (increase) decrease in receivables and materials and supplies	(44)	42	-	-	4	-	(40)	42
Net increase (decrease) in accounts payable/accrued liabilities and other	(35)	(175)	-	(6)	-	-	(35)	(181)
Net cash provided by operating activities	\$ 136	\$ 207	\$ 52	\$ 24	\$ 7	\$ -	\$ 195	\$ 231