

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025

(Unaudited)

The accompanying Consolidated Financial Statements for six months ending June 30, 2025, 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, 2024, and 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, 2025

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

Authority's Consolidated Statements of Net Position

	June 30, 2025	December 31, 2024
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents		
Unrestricted	\$ 162	\$ 274
Restricted	87	69
Capital Funds	95	82
Total Cash and cash equivalents	344	425
Investment in securities		
Unrestricted	941	946
Restricted	198	240
Capital Funds	308	453
Total Investment in securities	1,447	1,639
Receivables - customers	483	384
Materials and supplies:		
Plant and general	81	80
Fuel	45	51
Miscellaneous and other receivables	141	124
Total current assets	2,541	2,703
Noncurrent assets:		
Capital assets:		
Non-depreciable capital assets	1,577	1,362
Depreciable capital assets, net of accumulated depreciation	6,124	5,936
Total capital assets	7,701	7,298
Other long-term assets	1,038	1,099
Total noncurrent assets	8,739	8,397
Total assets	11,280	11,100
Deferred outflows of resources:		
Asset retirement obligation	31	17
Decrease in fair value of derivatives	38	20
Pensions	128	128
Postemployment benefits other than pensions	82	82
Total deferred outflows of resources	279	247
Total assets and deferred outflows of resources	\$ 11,559	\$ 11,347

See accompanying notes to the consolidated financial statements.

Continued

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

	June 30, 2025	December 31, 2024
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Accounts Payable and accrued liabilities	\$ 911	\$ 857
Short-term debt	400	438
Long-term debt due within one year	20	20
	1,331	1,315
Total current liabilities		
Noncurrent liabilities:		
Long-term debt:		
General Resolution:		
Senior Revenue bonds	1,801	1,805
Separate Revenue Bond Obligation:		
SFP Bonds 2022	615	617
SFP Bonds 2023	750	750
	3,166	3,172
Total long-term debt		
Other noncurrent liabilities:		
Disposal of spent nuclear fuel	264	258
Relicensing	222	223
Other long-term liabilities	412	357
	898	838
Total other noncurrent liabilities		
	4,064	4,010
Total noncurrent liabilities		
	5,395	5,325
Total liabilities		
Deferred inflows of resources:		
Unearned revenue	20	27
Cost of removal obligations	500	476
Pensions	66	66
Lease revenue	42	43
Postemployment benefits other than pensions	176	176
	804	788
Total deferred inflows of resources		
Net Position:		
Net investment in capital assets	3,829	3,463
Restricted	484	453
Unrestricted	1,047	1,318
	5,360	5,234
Total net position		
	\$ 11,559	\$ 11,347
Total liabilities, deferred inflows of resources and net position		

See accompanying notes to the consolidated financial statements.

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

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

	Six Months Ended June 30th	
	2025	2024
Operating revenues:		
Power sales	\$ 1,280	\$ 868
Transmission	268	208
Transportation and delivery	394	482
Other	37	25
Total operating revenues	1,979	1,583
Operating expenses:		
Purchased power	476	313
Fuel oil and gas	155	100
Transportation and delivery	596	529
Operations and maintenance	468	383
Depreciation and amortization	178	166
Total operating expenses	1,873	1,491
Operating income	106	92
Nonoperating revenues, gains (losses) and (expenses):		
Investment income	59	25
Interest on long-term debt	(71)	(68)
Interest - other	(16)	(15)
Interest capitalized	36	22
Amortization of debt premium	4	2
Other	8	3
Total nonoperating income / (expenses)	20	(31)
Net income and change in net position	126	61
Net position, January 1	5,234	5,075
Net position, June 30	\$ 5,360	\$ 5,136

See accompanying notes to the consolidated financial statements.

NEW YORK POWER AUTHORITY

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

Authority's Consolidated Statements of Cash Flows

	Six Months Ended	
	June 30th	
	2025	2024
Cash flows from operating activities:		
Customer sales	\$ 1,875	\$ 1,494
Disbursements for:		
Purchased power	(473)	(314)
Fuel oil and gas	(160)	(97)
Transportation and delivery	(571)	(505)
Operations and maintenance	(466)	(383)
Net cash provided by operating activities	205	195
Cash flows from capital and related financing activities:		
Gross additions to capital assets	(407)	(375)
Repayment/defeasance of bonds	-	(275)
Interest paid, net	(68)	(63)
Net cash (used in) capital and related financing activities	(475)	(713)
Cash flows from noncapital-related financing activities:		
Energy conservation program payments received from participants	202	126
Energy conservation program costs	(220)	(147)
Proceeds from issuance of commercial paper	-	273
Repayment of commercial paper	(38)	(23)
Interest paid on commercial paper	(5)	(5)
Margin Deposits with Brokers	2	10
Net cash (used in)/provided by noncapital-related financing activities	(59)	234
Cash flows from investing activities:		
Earnings received on investments	44	50
Purchase of investment securities	(936)	(1,087)
Maturities/sale of investment securities	1,140	1,157
Net cash provided by investing activities	248	120
Net (decrease) in cash	(81)	(164)
Cash and cash equivalents, Beginning of period	425	480
Cash and cash equivalents, End of period	344	316
Reconciliation to net cash provided by operating activities:		
Operating income	106	92
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	178	166
Net decrease in miscellaneous prepayments and other	32	12
Net (increase) in receivables and materials and supplies	(136)	(40)
Net increase (decrease) in accounts payable/accrued liabilities and other	25	(35)
Net cash provided by operating activities	\$ 205	\$ 195

See accompanying notes to the consolidated financial statements.

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Notes to the Consolidated Financial Statements (Unaudited) (In millions)

Notes to the Consolidated Financial Statements

(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 three subsidiaries: the New York State Canal Corporation ("Canal Corporation"), NYPA Captive Insurance Company ("Captive") and New York Renewable Energy Development Holdings Corporation ("NYREDHC"). NYPA, the Canal Corporation, Captive and NYREDHC are collectively referred to as the "Authority". Except as otherwise noted, references to NYPA's financial information reflect NYPA and the Canal Corporation's financial information. The financial information for the Captive and NYREDHC are stated separately.

NYPA's mission is to lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and 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 (the "Renewable Energy Act").

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 megawatts (MW), and approximately 1,550 circuit-miles of transmission lines, including major 765 kilovolt (kV) and 345 kV transmission facilities. NYPA also owns and operates one utility-scale 20 MW battery energy storage system. NYPA's five major generating facilities consist of two large hydroelectric facilities (Niagara and St. Lawrence-Franklin D. Roosevelt), a large pumped-storage hydroelectric facility (Blenheim-Gilboa), the Eugene W. Zeltmann (Zeltmann or 500-MW Plant) combined cycle electric generating plant located in Queens, New York and the Richard M. Flynn combined cycle plant located in Holtsville, in Long Island, New York. NYPA's customers include municipal and rural electric cooperatives located throughout the State, local governments, investor-owned utilities, high load factor industrial customers, commercial/industrial and not-for-profit businesses, various public corporations in the metropolitan area of the City of New York (the "City"), including the City, and entities in certain neighboring states. NYPA is a transmission-owning member of the New York Independent System Operator, Inc. ("NYISO"), a not-for-profit corporation that operates the State's bulk electricity grid, administers the State's wholesale electricity markets and provides comprehensive reliability planning for the State's bulk electricity system. In addition, NYPA sells and purchases capacity, energy, and ancillary services in the NYISO wholesale energy markets.

Effective January 1, 2017, the Canal Corporation became a subsidiary of NYPA. The Canal Corporation is responsible for a 524-mile canal system consisting of the Erie, Champlain, Oswego, and Cayuga-Seneca canals (the "Canal System") 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 NYPA is authorized to exercise through the Canal Corporation.

In May 2023, NYPA established Captive as a wholly owned subsidiary of NYPA to reduce NYPA's and its subsidiaries' need for commercial insurance and to enable NYPA to manage its overall risk more effectively and economically. Refer to Note 16 for further information on Captive.

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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 ("Expanded Authority"). NYPA was authorized to exercise and perform its Expanded Authority through one or more wholly owned subsidiaries. On November 21, 2024, NYPA incorporated NYREDHC under the State Business Corporation Law as a wholly owned subsidiary. On December 31, 2024, NYPA transferred \$100 million to NYREDHC to undertake the purposes of its Expanded Authority. On February 28, 2025, NYREDHC acquired full ownership of Somers Solar, LLC ("Somers Solar"), a Delaware limited liability company. Somers Solar was formed to develop, own, and operate a solar-powered electricity generation project of up to 20 MW at a site in Fort Edward, New York.

On June 23, 2025, New York's governor requested NYPA to consider developing an advanced nuclear facility with at least 1 gigawatt ("GW") of nameplate capacity. NYPA, in coordination with the Department of Public Service ("DPS"), will seek to develop at least one or more new nuclear energy facilities with a combined capacity of no less than 1 GW of electricity, either alone or in partnership with private entities, to support the state's electric grid and the people and businesses that rely on it. As of the date of this report, NYPA has no material contractual obligations relating to this announcement. Any material amount of resources allocated or obligations undertaken relating to this announcement will be subject to the approval of the Authority's Board of Trustees (the "Authority's Trustees") as deemed feasible and advisable.

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Notes to the Consolidated Financial Statements (Unaudited) (In millions)

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

A. Statements of Net Position (In millions)

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-25	Dec-24	Jun-25	Dec-24	Jun-25	Dec-24	Jun-25	Dec-24	Jun-25	Dec-24
Current assets	\$ 2,165	\$ 2,307	\$ 146	\$ 174	\$ 131	\$ 122	\$ 99	\$ 100	\$ 2,541	\$ 2,703
Capital assets	6,102	5,787	1,591	1,511	-	-	8	-	7,701	7,298
Other noncurrent assets	1,024	1,064	9	35	-	-	5	-	1,038	1,099
Total assets	9,291	9,158	1,746	1,720	131	122	112	100	11,280	11,100
Deferred outflows of resources	279	247	-	-	-	-	-	-	279	247
Total assets and deferred outflows of resources	\$ 9,570	\$ 9,405	\$ 1,746	\$ 1,720	\$ 131	\$ 122	\$ 112	\$ 100	\$ 11,559	\$ 11,347
Current liabilities	\$ 1,294	\$ 1,279	\$ 30	\$ 31	\$ 3	\$ 5	\$ 4	\$ -	1,331	1,315
Noncurrent liabilities	2,695	2,643	1,365	1,367	-	-	4	-	4,064	4,010
Total liabilities	3,989	3,922	1,395	1,398	3	5	8	-	5,395	5,325
Deferred inflows of resources	804	788	-	-	-	-	-	-	804	788
Net position	4,777	4,695	351	322	128	117	104	100	5,360	5,234
Total liabilities, deferred inflows of resources and net position	\$ 9,570	\$ 9,405	\$ 1,746	\$ 1,720	\$ 131	\$ 122	\$ 112	\$ 100	\$ 11,559	\$ 11,347

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

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24
Operating revenues	\$ 1,893	\$ 1,518	\$ 80	\$ 62	\$ 6	\$ 3	\$ -	\$ -	\$ 1,979	\$ 1,583
Operating expenses:										
Purchased power	476	313	-	-	-	-	-	-	476	313
Fuel oil and gas	155	100	-	-	-	-	-	-	155	100
Transportation and delivery	596	529	-	-	-	-	-	-	596	529
Operations and maintenance	451	373	17	10	-	-	-	-	468	383
Depreciation and amortization	170	161	8	5	-	-	-	-	178	166
Total operating expenses	1,848	1,476	25	15	-	-	-	-	1,873	1,491
Operating income	45	42	55	47	6	3	-	-	106	92
Nonoperating revenues	41	18	4	9	5	1	4	-	54	28
Nonoperating expenses	4	29	30	30	-	-	-	-	34	59
Net income	\$ 82	\$ 31	\$ 29	\$ 26	\$ 11	\$ 4	\$ 4	\$ -	\$ 126	\$ 61

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

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24
Net cash provided by operating activities	\$ 145	\$ 136	\$ 60	\$ 52	\$ -	\$ 7	\$ -	\$ -	\$ 205	\$ 195
Net cash (used in) capital and related financing activities	(377)	(487)	(95)	(226)	-	-	(3)	-	(475)	(713)
Net cash (used in)/provided by non-capital related activities	(59)	234	-	-	-	-	-	-	(59)	234
Net cash provided by/(used in) investing activities	162	52	60	98	(5)	(30)	31	-	248	120
Net increase/(decrease) in cash	(129)	(65)	25	(76)	(5)	(23)	28	-	(81)	(164)
Cash and cash equivalents, Opening Balance	360	315	51	134	10	31	4	-	425	480
Cash and cash equivalents, Ending Balance	\$ 231	\$ 250	\$ 76	\$ 58	\$ 5	\$ 8	\$ 32	\$ -	\$ 344	\$ 316

(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 2022. The proceeds from the issuance of the 2022A Bonds were used to fund capital and other expenditures related to the Smart Path and Central East Energy Connect (“CEEC”) transmission construction projects; reimburse expenses related to such projects and pay financing and other costs relating to the issuance of the 2022A Bonds.

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

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

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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, 2025, there is a balance of \$4 million in the Debt Service Fund with \$3 million representing Capitalized Interest from the proceeds of 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, 2025, was \$22 million.
4. Debt Service Reserve Fund represents the 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 with all necessary criteria for distribution in 2024, and on December 20, 2024, a \$23 million distribution was made from SFP to the Authority. As of June 30, 2025, \$37 million in capitalized interest was funded with the proceeds from Series 2023A Bonds. For the debt service coverage ratio for 2024, refer to the Authority's December 31, 2024, and 2023 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 will be required to satisfy additional bond test.

The CEEC Project was placed in service in December 2023. The project has completed all site restorations and is in the turnover and monitoring phase.

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

As of June 30, 2025, NYPA has a capital spend of \$810 million (excluding capitalized interest) for the Smart Path Connect project. The project is 90% complete and expecting to have the final electric plant in service transfer in mid-2026.

(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, 2024, and 2023, Financial Report (the 2024 audited financial report can be accessed at [Document Library](#)).

(a) Basis of Reporting

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

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

(b) Regulatory Accounting

The Authority's Trustees have broad rate-setting authority for its power sales agreements with customers. The sale of transmission service over NYPA's facilities is provided pursuant to NYISO tariffs and under contracts that pre-dated the existence of the NYISO. NYPA files its transmission

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system revenue requirement with the Federal Energy Regulatory Commission (“FERC”) for inclusion in the NYISO’s open access tariff.

The Authority accounts for its regulated operations under the provisions of GASB No. 62, 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(k) below.

(c) **Estimates**

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

(d) **Capital Assets**

Capital assets are recorded at original cost and consist of amounts expended for labor, materials, services, and indirect costs to license, construct, acquire, complete and place the Authority’s projects in operation. 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 provided on a straight-line basis over the estimated lives of the various classes of capital assets.

The related depreciation provisions on June 30, 2025, and December 31, 2024, expressed as a percentage of average depreciable capital assets on an annual basis are:

	Average depreciation rate	
	2025	2024
Type of plant:		
Production		
Hydro	2.3 %	2.3 %
Gas turbine/combined cycle	2.2	2.2
Transmission	2.3	2.3
General	5.5	5.5
Energy Storage	10.0	10.0
Canal system	3.9	3.9

(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

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process. The Authority records asset retirement obligations (“ARO”) in accordance with GASB Statement No. 83 (“GASB No. 83”), *Accounting for Certain Asset Retirement Obligations*.

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

In addition to ARO, the Authority has other cost of removal obligations that are collected from customers and are accounted for under the provisions of GASB No. 62, 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>(deferred</u> <u>outflow)</u>	<u>Cost of removal</u> <u>obligation</u> <u>(deferred</u> <u>inflow)</u>
	(in millions)	
Balance - December 31, 2024	\$ 17	\$ 476
Other Expense	14	24
Balance - June 30, 2025	\$ 31	\$ 500

(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 the six months ending June 30, 2025, and the year ended December 31, 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

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

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expensed. It establishes that an SBITA results in a right-to-use subscription asset and a corresponding subscription liability. Refer to Note 18(f) on SBITA.

(i) Cash, Cash Equivalents, and Investments

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

(j) Derivative Instruments

The Authority uses financial derivative instruments to manage the impact of energy and capacity prices, fuel cost changes, non-energy commodities, and interest rates when applicable, on its earnings and cash flows. The Authority recognizes the fair value of all financial derivative instruments as either an asset or liability on its consolidated statement of net position with the offsetting gains or losses recognized in earnings or deferred charges. The Authority applies GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which establishes accounting and reporting requirements for derivative instruments (see Note 10 “Risk Management of Commodity Hedging Activities” of the Notes to the Consolidated Financial Statements).

(k) Other Long-Term Assets

Other long-term assets, as of June 30, 2025, and December 31, 2024, consist of the following:

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
	(in millions)	
Other long-term assets:		
Regulatory assets (a):		
Allowance for funds used during construction (b)	\$228	\$193
Other regulatory assets	42	43
Total regulatory assets	<u>270</u>	<u>236</u>
Energy efficiency program costs (c)	242	284
Other long-term receivables	111	111
Transmission line interconnection costs	140	149
Other postemployment employee benefits	213	213
Lease receivable	50	50
Other	12	56
Total other long-term assets	<u>\$1,038</u>	<u>\$1,099</u>

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

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- (b) This amount includes interest capitalized net of depreciation. As of June 30, 2025, and June 30, 2024, \$36 million and \$22 million, respectively, of interest was capitalized.
- (c) The Authority offers energy efficiency services to New York State public and other statutorily eligible entities to reduce energy consumption and cut energy costs. Energy efficiency program costs will be recovered from certain customers through the terms of contracts. As of June 30, 2025, the outstanding balance for energy efficiency and clean energy technologies projects in the Authority's balance sheet was a total of \$580 million, with \$126 million of the loan balance (includes \$15 million of short-term receivable and \$111 million of other long-term assets), \$212 million of customer receivables, and \$242 million of energy efficiency program cost that will be billed to the customers (reflected in the Other Long-term assets). As of December 31, 2024, the outstanding balance for energy efficiency and clean energy technologies projects in the Authority's balance sheet was a total of \$580 million, with \$161 million of the loan balance (includes \$50 million of short-term receivable and \$111 million of other long-term assets), \$135 million of customer receivables, and \$284 million of energy efficiency program cost that had to be billed to the customers (reflected in the Other Long-term assets).

(l) **Other Long-Term Liabilities**

As of June 30, 2025, the Authority has other long-term liabilities of \$412 million which include pension liability of \$130 million, compensated absences accrual of \$81 million, ARO of \$75 million and others of \$126 million.

As of December 31, 2024, the Authority had other long-term liabilities of \$357 million which include pension liability of \$120 million, compensated absences accrual of \$81 million, ARO of \$46 million and others of \$110 million.

(m) **Net Position**

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

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

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

Investments

Investments as of June 30, 2025, and December 31, 2024, were \$1,447 million and \$1,639 million, respectively, and were in various securities considered as current assets.

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Net position

Net Position as of June 30, 2025, and for December 31, 2024, were \$5,360 million and \$5,234 million, respectively. These amounts included Net Investments in capital assets of \$3,829 million, as of June 30, 2025, and \$3,463 million, as of December 31, 2024. Unrestricted assets were \$1,047 million, as of June 30, 2025, and \$1,318 million, as of December 31, 2024. Restricted assets amounted to \$484 million, as of June 30, 2025 and \$453 million, as of December 31, 2024, as the SFP and Captive net position is considered restricted on a consolidated basis.

(o) 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.

(p) 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 the 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.

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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.

(q) **Accounting Pronouncements**

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 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 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) for the impact of SBITA on the Authority’s financial statements.

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. Based on its evaluation, the Authority 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 was 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. Based on its evaluation, the Authority believes GASB No. 100 has no material impact on its consolidated financial statements.

GASB issued GASB Statement No. 101 (“GASB No. 101”), *Compensated Absences*, which was 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 adopted GASB No. 101 in 2024 and reflects its impact in the consolidated financial statements.

GASB issued GASB Statement No. 102 (“GASB No. 102”), *Certain Risk Disclosures*, which is effective for reporting periods beginning after June 15, 2024. The objective of this Statement is to ensure that users of government financial statements are informed about risks related to concentrations and constraints that could adversely affect the level of services provided or the ability to meet financial obligations. This includes risks stemming from a lack of diversity in revenue sources or dependencies on specific industries or entities. This objective is achieved by introducing new financial reporting requirements to improve transparency around risks arising from significant concentrations and constraints. Based on its evaluation, the Authority believes GASB No. 102 has no material impact on its consolidated financial statements.

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

(r) **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. Several 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, and the Authority maintains at least the established amount or higher as necessary.

The Debt Service Reserve is funded at maximum annual debt service (principal and interest payments) to ensure that sufficient amounts are available to pay debt service obligations when due. On June 30, 2025, the Debt Service Reserve balance was \$122 million. On December 31, 2024, the Debt Service Reserve balance was \$104 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. On June 30, 2025, the Energy Hedging Reserve balance was \$90 million. On December 31, 2024, the Energy Hedging Reserve balance was \$90 million.

The Spent Fuel Reserve was created to maintain funds to match the U.S. Department of Energy’s (“DOE”) obligation to pay for the processing and final disposition of spent nuclear fuel burned by the Authority when it owned the Indian Point #3 and James A. FitzPatrick nuclear plants. On June 30, 2025, the Spent Fuel Reserve balance was \$264 million. On December 31, 2024, the Spent Fuel Reserve balance was \$258 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. On June 30, 2025, the Capital Project Reserve balance was \$339 million. On December 31, 2024, the Capital Project Reserve balance was \$339 million.

In addition, the Authority holds committed funds in separate portfolios that have been earmarked for economic development and relicensing programs (“Committed Funds”, see Note 18). On June 30, 2025, the Authority held \$91 million in Committed Funds in the Operating Fund. On December 31, 2024, the Authority held \$67 million in Committed Funds in the Operating Fund.

(5) **Cash and Investments**

Investment of the Authority’s funds is administered in accordance with the applicable provisions of the General Bond Resolution and the Authority’s investment guidelines. These guidelines comply with the New

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York State Comptroller's investment guidelines for public authorities and were adopted pursuant to Section 2925 of the New York Public Authorities Law.

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

Investment of NYREDHC is administered in accordance with the applicable provisions of the Authority's Guidelines for the Investment of Funds.

(a) **Investment Credit Risk**

The Authority's investments under the General Bond Resolution and Guidelines for the Investment of Funds are restricted to (a) authorized collateralized certificates of deposit, Certificate of Deposit Account Registry Service ("CDARS") 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.

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

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

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(b) **Interest Rate Risk**

Securities involved in repurchase or reverse repurchase agreements must maintain a market value at or above the investment cost. These agreements are restricted to a maximum fixed term of 30 days and are capped at \$250 million overall, with a limit of \$50 million per individual dealer or bank. Funds will not be invested for durations exceeding the anticipated need for those funds. As of June 30, 2025, the Authority has \$20 million invested in repurchase agreements. As of December 31, 2024, the Authority had \$60 million invested in the repurchase agreements.

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

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

On June 30, 2025, there is no limit on the amount that the Authority may invest in any one issuer; however, investments in authorized certificates of deposit shall not exceed 40% of the Authority's invested funds and shall not exceed \$50 million from any one bank. On June 30, 2025, the Authority's (excluding SFP, Captive and NYREDHC) total investment portfolio of \$1,195 million, excluding cash and cash equivalents, includes investments of \$589 million (49%), \$381 million (32%), \$135 million (11%), \$29 million (2%), and \$61 million (6%) in government Agency securities, U.S. Treasuries, Guaranteed Investment Contracts, Reverse Repurchase Agreements and other various deposits, and Municipal securities, respectively. 81% of the total investments are in securities guaranteed by the U.S. government.

On December 31, 2024, there is no limit on the amount that the Authority may invest in any one issuer; however, investments in authorized certificates of deposit shall not exceed 40% of the Authority's invested funds and shall not exceed \$50 million from any one bank. On December 31, 2024, the Authority's (excluding SFP, Captive and NYREDHC) total investment portfolio of \$1,318 million, excluding cash and cash equivalents, included investments of \$474 million (36%), \$559 million (43%), \$159 million (12%), \$68 million (5%), and \$58 million (4%) 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.

On June 30, 2025, SFP's total investment portfolio of \$65 million, excluding cash and cash equivalents, includes investments of \$60 million (93%), \$3 million (5%) and \$2 million (2%) in government Agency securities, U.S. Treasuries, and other various deposits respectively. 98% of the total investments are in securities guaranteed by the U.S. Government. On December 31, 2024, SFP's total investment portfolio of \$117 million, excluding cash and cash equivalents, included investments of \$98 million (84%) and \$19 million (16%) in government Agency securities and Treasuries, respectively. All of the total investments are securities guaranteed by the U.S. government.

On June 30, 2025, Captive's total investment portfolio of \$121 million, excluding cash and cash equivalents, includes investments of \$57 million (47%), \$4 million (3%), \$44 million (37%), and \$16 million (13%) in government Agency securities, Treasuries, taxable Municipal bonds, and Guaranteed Investment Contracts, respectively. 50% of the total investments are in securities guaranteed by the U.S. Government. On December 31, 2024, Captive's total investment portfolio of \$110 million, excluding cash and cash equivalents, included investments of \$51 million (46%), \$43 million (40%), and \$16 million (14%) in government Agency securities, taxable Municipal bonds and other securities, respectively. 46% of the total investments are in securities guaranteed by the U.S. government.

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On June 30, 2025, NYREDHC's total investment portfolio of \$66 million, excluding cash and cash equivalents, includes investments of \$61 million (92%) and \$5 million (8%) in government Agency securities and taxable Municipal bonds, respectively. 92% of the total investments are in securities guaranteed by the U.S. Government. On December 31, 2024, NYREDHC's total investment portfolio of \$94 million, excluding cash and cash equivalents, included investments of \$89 million (94%) and \$5 million (6%) in government Agency securities and taxable Municipal bonds, respectively. 94% of the total investments are in securities guaranteed by the U.S. government.

(d) **Cash and Cash Equivalents**

All investments are held by designated custodians in the name of the Authority (which includes NYPA, Canal Corporation, SFP, Captive and NYREDHC, as applicable). On June 30, 2025, the Authority (excluding SFP, Captive and NYREDHC) had \$195 million invested in money market funds and \$16 million invested in CDAR. On December 31, 2024, the Authority (excluding SFP, Captive and NYREDHC) had \$315 million invested in money market funds and \$15 million invested in CDAR.

On June 30, 2025, and December 31, 2024, SFP had \$75 million and \$42 million invested in money market funds, respectively.

On June 30, 2025, and December 31, 2024, Captive had \$5 million and \$10 million invested in money market funds, respectively.

On June 30, 2025, and December 31, 2024, NYREDHC had \$32 million and \$4 million invested in money market funds, respectively.

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Total Cash and Investments of the Authority on a consolidated basis are \$1.8 billion and \$2.1 billion at June 30, 2025, and December 31, 2024, respectively.

Investments (NYPA and Canals)

	Total		Restricted		Capital funds*		Unrestricted	
	Jun-25	Dec-24	Jun-25	Dec-24	Jun-25	Dec-24	Jun-25	Dec-24
	(in millions)							
Cash and investments:								
Cash and cash equivalents	\$ 231	\$ 360	\$ 6	\$ 8	\$ 95	\$ 82	\$ 130	\$ 270
U.S. government:								
U.S. Treasury bills	105	203	12	13	6	33	87	157
U.S. Treasury notes	277	356	-	-	258	341	19	15
	<u>382</u>	<u>559</u>	<u>12</u>	<u>13</u>	<u>264</u>	<u>374</u>	<u>106</u>	<u>172</u>
Other debt securities:								
FFCB	61	-	-	-	10	-	51	-
FNMA	116	116	-	-	18	8	98	108
FHLMC	87	94	-	-	-	5	87	89
FHLB	215	79	-	-	-	-	215	79
GNMA	109	113	-	-	-	-	109	113
TVA	11	-	-	-	11	-	-	-
All other	214	357	-	-	5	66	209	291
	<u>813</u>	<u>759</u>	<u>-</u>	<u>-</u>	<u>44</u>	<u>79</u>	<u>769</u>	<u>680</u>
Total investments	<u>1,195</u>	<u>1,318</u>	<u>12</u>	<u>13</u>	<u>308</u>	<u>453</u>	<u>875</u>	<u>852</u>
Total cash and investments	<u>\$ 1,426</u>	<u>\$ 1,678</u>	<u>\$ 18</u>	<u>\$ 21</u>	<u>\$ 403</u>	<u>\$ 535</u>	<u>\$ 1,005</u>	<u>\$ 1,122</u>
Summary of maturities (years):								
0 - 1	507	446	12	13	193	226	302	207
1 - 5	423	564	-	-	115	227	308	337
5 - 10	122	154	-	-	-	-	122	154
10+	143	154	-	-	-	-	143	154
	<u>\$ 1,195</u>	<u>\$ 1,318</u>	<u>\$ 12</u>	<u>\$ 13</u>	<u>\$ 308</u>	<u>\$ 453</u>	<u>\$ 875</u>	<u>\$ 852</u>

*All committed

- I. The Authority's General Bond Resolution authorized the establishment of an Operating Reserve in an amount necessary to support the Authority's operations. The Trustees established the Operating Reserve level and Debt Service Reserve by resolution. As of June 30, 2025, NYPA's total cash and investments of \$1.4 billion and as of December 31, 2024, NYPA's total cash and investments of \$1.7 billion included Operating Reserve for working capital and emergency repairs, Debt Service Reserve to pay debt service on General Bond Resolution obligations and various other reserves. See the section "Authority's General Resolution Fund Requirements" in Note 4(r) for detailed note on the Authority's Fund Requirements.
- II. As of June 30, 2025, restricted funds include the Petroleum Overcharge Restitution ("POCR") fund (\$6 million), and Others (\$6 million). Further, restricted Cash and cash equivalents includes the remaining balance amount of \$6 million appropriated for Canals by the 2024-2025 Capital Projects Budget of New York State. As of December 31, 2024, restricted funds included primarily the POCR fund (\$7 million), and Others (\$6 million). Further, restricted Cash and cash equivalents included the remaining balance amount of \$8 million appropriated for Canals by the 2024-2025 Capital Projects Budget of New York State.

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Investments (SFP)

	<u>Total</u>		<u>Restricted</u>		<u>Capital funds</u>		<u>Unrestricted</u>	
	<u>Jun-25</u>	<u>Dec-24</u>	<u>Jun-25</u>	<u>Dec-24</u>	<u>Jun-25</u>	<u>Dec-24</u>	<u>Jun-25</u>	<u>Dec-24</u>
	(in millions)							
Cash and investments:								
Cash and cash equivalents	\$ 76	\$ 51	\$ 76	\$ 51	\$ -	\$ -	\$ -	\$ -
U.S. government:								
U.S. Treasury bills	-	-	-	-	-	-	-	-
U.S. Treasury notes	3	19	3	19	-	-	-	-
	<u>3</u>	<u>19</u>	<u>3</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other debt securities:								
FFCB	7	-	7	-	-	-	-	-
FNMA	-	-	-	-	-	-	-	-
FHLMC	10	1	10	1	-	-	-	-
FHLB	44	90	44	90	-	-	-	-
GNMA	-	-	-	-	-	-	-	-
TVA	1	-	1	-	-	-	-	-
All other	-	7	-	7	-	-	-	-
	<u>62</u>	<u>98</u>	<u>62</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>65</u>	<u>117</u>	<u>65</u>	<u>117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investments	<u>\$ 141</u>	<u>\$ 168</u>	<u>\$ 141</u>	<u>\$ 168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Summary of maturities (years):								
0 - 1	43	103	43	103	-	-	-	-
1 - 5	22	14	22	14	-	-	-	-
5 - 10	-	-	-	-	-	-	-	-
10+	-	-	-	-	-	-	-	-
	<u>\$ 65</u>	<u>\$ 117</u>	<u>\$ 65</u>	<u>\$ 117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Investments (Captive)

	<u>Total</u>		<u>Restricted</u>		<u>Capital funds</u>		<u>Unrestricted</u>	
	<u>Jun-25</u>	<u>Dec-24</u>	<u>Jun-25</u>	<u>Dec-24</u>	<u>Jun-25</u>	<u>Dec-24</u>	<u>Jun-25</u>	<u>Dec-24</u>
	(in millions)							
Cash and investments:								
Cash and cash equivalents	\$ 5	\$ 10	\$ 5	\$ 10	\$ -	\$ -	\$ -	\$ -
U.S. government:								
U.S. Treasury bills	-	-	-	-	-	-	-	-
U.S. Treasury notes	4	-	4	-	-	-	-	-
	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other debt securities:								
FFCB	6	-	6	-	-	-	-	-
FNMA	12	12	12	12	-	-	-	-
FHLMC	22	22	22	22	-	-	-	-
FHLB	10	10	10	10	-	-	-	-
GNMA	7	7	7	7	-	-	-	-
All other	60	59	60	59	-	-	-	-
	<u>117</u>	<u>110</u>	<u>117</u>	<u>110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	121	110	121	110	-	-	-	-
Total cash and investments	<u>\$ 126</u>	<u>\$ 120</u>	<u>\$ 126</u>	<u>\$ 120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Summary of maturities (years):								
0 - 1	-	-	-	-	-	-	-	-
1 - 5	28	9	28	9	-	-	-	-
5 - 10	81	89	81	89	-	-	-	-
10+	12	12	12	12	-	-	-	-
	<u>\$ 121</u>	<u>\$ 110</u>	<u>\$ 121</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investments (NYREDHC)

	<u>Total</u>		<u>Restricted</u>		<u>Capital funds</u>		<u>Unrestricted</u>	
	<u>Jun-25</u>	<u>Dec-24</u>	<u>Jun-25</u>	<u>Dec-24</u>	<u>Jun-25</u>	<u>Dec-24</u>	<u>Jun-25</u>	<u>Dec-24</u>
	(in millions)							
Cash and investments:								
Cash and cash equivalents	\$ 32	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ 32	\$ 4
U.S. government:								
U.S. Treasury bills	-	-	-	-	-	-	-	-
U.S. Treasury notes	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other debt securities:								
FNMA	7	7	-	-	-	-	7	7
FHLMC	24	35	-	-	-	-	24	35
FHLB	-	-	-	-	-	-	-	-
GNMA	30	47	-	-	-	-	30	47
All other	5	5	-	-	-	-	5	5
	<u>66</u>	<u>94</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>94</u>
Total investments	66	94	-	-	-	-	66	94
Total cash and investments	<u>\$ 98</u>	<u>\$ 98</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98</u>	<u>\$ 98</u>
Summary of maturities (years):								
0 - 1	-	-	-	-	-	-	-	-
1 - 5	-	10	-	-	-	-	-	10
5 - 10	22	22	-	-	-	-	22	22
10+	44	62	-	-	-	-	44	62
	<u>\$ 66</u>	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66</u>	<u>\$ 94</u>

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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 the projects of the Authority in operation. Depreciation of capital assets is based on approved rates for each of the various classes of capital assets. Capital assets, net of accumulated depreciation on June 30, 2025, and December 31, 2024, were:

Capital Assets (NYPA, Canals & NYREDHC)

	June 30, 2025	December 31, 2024
	<u> </u>	<u> </u>
	(in millions)	
Capital assets, not being depreciated:		
Land	\$ 400	\$ 193
Construction work in progress (CWIP)	<u>856</u>	<u>677</u>
Total Non-depreciable capital assets	<u>1,256</u>	<u>870</u>
Capital assets, being depreciated:		
Production - Hydro	2,502	2,497
Production - Gas turbine/combined cycle	1,278	1,276
Transmission	2,928	2,920
General	1,808	1,770
Energy Storage	35	35
Canal System	<u>1,066</u>	<u>1,034</u>
Total Depreciable capital assets	<u>9,617</u>	<u>9,532</u>
Less accumulated depreciation for:		
Production - Hydro	1,154	1,128
Production - Gas turbine/combined cycle	976	959
Transmission	1,480	1,449
General	729	679
Energy Storage	9	7
Canal System	<u>415</u>	<u>393</u>
Total accumulated depreciation	<u>4,763</u>	<u>4,615</u>
Net value of Depreciable capital assets	<u>4,854</u>	<u>4,917</u>
Net value of all assets	<u>\$ 6,110</u>	<u>\$ 5,787</u>

NYPA has acquired a 15.7-acre parcel of land in Astoria, Queens, for \$207 million. The acquisition aims to support the future transmission needs of the Authority and potentially other related needs consistent with NYPA's clean energy goals.

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Capital Assets (SFP)

	June 30, 2025	December 31, 2024
	(in millions)	
CWIP:		
Smart Path Connect	\$ 291	\$ 465
Land:		
CEEC	28	27
Smart Path Connect	2	-
Transmission-EPIS:		
CEEC	207	207
Smart Path	480	480
Smart Path Connect	583	332
Total SFP	<u>\$ 1,591</u>	<u>\$ 1,511</u>

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(7) Long-Term and Short-Term Debt

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

	Amount June 30 2025	Amount December 31 2024	Interest Rate (a)	Maturity	Earliest redemption date prior to maturity
(in millions)					
General Resolution Senior debt:					
Revenue Bonds (Tax-Exempt):					
Series 2020A Revenue Bonds:					
Term Bonds	\$ 1,121	\$ 1,121	3.25% to 4.00%	11/15/2045 - 2060	** 5/15/2030
Series 2024 A Revenue Bonds:					
Serial Bonds	382	382	5.00%	11/15/2030 - 2044	** 11/15/2034
Term Bonds	68	68	4.00%	11/15/2049 - 2054	** 11/15/2034
Revenue Bonds (Taxable):*					
Series 2020B Revenue Bonds:					
Term Bonds	114	114	2.818%	11/15/2039	** Any date
	<u>1,685</u>	<u>1,685</u>			
Add: unamortized premium and discount	116	120			
Long-term senior debt	1,801	1,805			
Less: due within one year	-	-			
Long-term senior debt, net of due within one year	<u>\$ 1,801</u>	<u>\$ 1,805</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

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

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 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.

In October 2024, the Authority issued \$450 million in Revenue Bonds, Series 2024 A (Green Bonds) ("2024 A Bonds"), marking its second green bond issuance under the General Bond Resolution. The 2024 A Bonds were designated as "Green Bonds" by the Authority due to the expected environmental benefits of the projects financed with the proceeds of the 2024 A Bonds. The purpose of the "Green Bonds" designation is to inform investors that bond proceeds are intended to be used to support environmentally beneficial projects.

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Sustainalytics, a leading provider of environmental, social and governance and corporate governance research and ratings to investors, evaluated and verified that the projects that will be funded with the proceeds of the 2024 A Bonds are aligned with the Authority's Green Bond Framework. The Authority anticipates the proceeds of the 2024 A Bonds will be applied exclusively for a project and activity that promote climate or other environmentally sustainable purposes in alignment with the four core components of the Green Bond Principles 2022, published June 2022 by the International Capital Market Association.

On issuance of the 2024 A Bonds, NYPA raised \$62 million, capitalized interest, for interest payments related to these bonds, \$13 million of which was used for interest expense as of June 30, 2025.

The General Resolution Revenue Bonds outstanding as of June 30, 2025, and December 31, 2024, have an average coupon rate of 4.10% (average yield rate of 3.13%) 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, 2024, and 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 General Resolution Revenue Bonds is \$3.2 billion as of June 30, 2025. The interest expense for the six months ending June 30, 2025, was \$35 million, and for the six months ending June 30, 2024, it was \$31 million.

The total cost of the Authority's debt was \$69 million for the six months ended June 30, 2025, with a weighted average interest rate of 4.4%. This includes General Resolution debt of \$1.8 billion at 4.1% for six months and Transmission Resolution debt of \$1.4 billion at 4.7% for six months. On an annualized basis, the Authority's debt cost for 2025 is \$139 million, with a weighted average interest rate of 4.4%.

For comparison, the total cost of the Authority's debt for the six months ended June 30, 2024, was \$59 million, with a weighted average interest rate of 4.3%. This included General Resolution debt of \$1.3 billion at 3.85% for six months and Transmission Resolution debt of \$1.4 billion at 4.7% for six months. The total annualized cost of the Authority's debt for 2024 was \$122 million, with a weighted average interest rate of 3.8%.

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

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Transmission Resolution Long-Term Debt (Separately Financed Projects)

	Amount June 30 2025	Amount December 31 2024	Interest Rate (a)	Maturity	Earliest redemption date prior to maturity
	(in millions)				
Series 2022A Transmission Revenue Bonds:					
Serial bonds	\$ 321	\$ 321	4.000% to 5.000%	11/15/2025 to 11/15/2042	11/15/2031
Term bonds	271	271	3.875% to 4.000%	11/15/2047 to 11/15/2061*	11/15/2031
Principal amount outstanding	592	592			
Series 2023A Transmission Revenue Bonds:					
Serial bonds	367	367	5.000% to 5.250%	11/15/2026 to 11/15/2043	11/15/2033
Term bonds	367	367	5.000% to 5.125%	11/15/2048 to 11/15/2063*	11/15/2033
Principal amount outstanding	734	734			
Add: unamortized premium and discount	\$59	\$61			
Long-term SFP debt	1,385	1,387			
Less: due within one year	20	20			
Long-term SFP debt, net of due within one year	\$ 1,365	\$ 1,367			

(a) interest rate at issuance

* Bonds are subject to sinking fund provisions

The Transmission Resolution Revenue Bonds outstanding as of June 30, 2025, and December 31, 2024, have an average coupon rate of 4.74% (average yield rate of 3.95%) and mature through 2063. As indicated in the “Transmission Bond Resolution Related Matters” section in Note 5 of the notes to the consolidated financial statements in the Authority’s December 31, 2024, and 2023 Financial Report, NYPA has pledged future revenues generated by the assets that are funded by the bond proceeds to service the Obligations issued under the Transmission Bond Resolution. The total principal and interest remaining to be paid on the Transmission Resolution Revenue Bonds is \$2.5 billion as of June 30, 2025. The interest expense for the six months ending June 30, 2025, and the six months ending June 30, 2024, was \$31 million each. On the issuance of the Series 2023A Bonds, NYPA raised \$42 million for interest expense payments related to these bonds, \$37 million of which was used for interest expense as of June 30, 2025.

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

General Resolution Subordinate Debt:

- (a) **Subordinate Notes-** There are no outstanding subordinated notes as of June 30, 2025, and December 31, 2024.
- (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, 2025, and December 31, 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 have zero allocated. There were no Series 3A, Series 3B, and Series 4 CP Notes

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outstanding as of June 30, 2025, and December 31, 2024. NYPA intends to use the proceeds of Series 1, certain Series 2, and Series 3A and 3B CP Notes to finance the Authority's current and future energy efficiency programs and for other corporate purposes.

NYPA 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 two liquidity facilities with highly rated banks to provide loans to support the CP Note programs.

NYPA has a line of credit under a 2019 Revolving Credit Agreement (the "2019 RCA"), with a syndicate of banks, to provide liquidity support for the Series 1, Series 2, and Series 3A CP Notes, under which NYPA may borrow up to \$700 million in aggregate principal amount outstanding at any time for certain purposes, including the repayment of the Series 1, Series 2, and Series 3A CP Notes. The 2019 RCA was extended by amendment and is effective through June 23, 2028. As of June 30, 2025, and December 31, 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, 2025, the Authority had a Letter of credit outstanding in the amount of \$1 million under the Hybrid Credit Agreement on behalf of NYREDHC for the benefit of Somers Solar. As of December 31, 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 are effective through June 23, 2028.

As of June 30, 2025, and December 31, 2024, NYPA had no outstanding balance on account of Direct Purchase Note under its Note Purchase Agreement.

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

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

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

<u>Authorized</u>	<u>June 30, 2025</u>		<u>December 31, 2024</u>	
	<u>Allocated</u>	<u>Outstanding</u>	<u>Allocated</u>	<u>Outstanding</u>
	(in millions)		(in millions)	
CP Notes (Series 1)	\$450	\$350	\$450	\$350
CP Notes (Series 2)	250	50	250	88
CP Notes (Series 3A)	-	-	-	-
CP Notes (Series 3B)	250	-	250	-
CP Notes (Series 4)	-	-	-	-

The changes in short-term debt are as follows:

	<u>Beginning</u>		<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
	<u>Balance</u>		(in millions)		<u>Balance</u>
Year:					
Twelve months ended December 31, 2024	\$ 227	\$	273	\$	62
Six months ended June 30, 2025	\$ 438	\$	-	\$	38
					\$ 400

Debt Service coverage (“DSCR”)

For 2024 DSCR, refer to the Authority’s December 31, 2024, and 2023 Financial Report.

(10) Risk Management of Commodity Hedging Activities

Overview

The Authority deploys a robust risk management program spanning its enterprise and operational risk profile. To support the execution of the strategic vision, established governance processes assess exposures and call for corresponding risk informed decisions that mitigate, transfer, accept, or avoid risks.

A key aspect of the Authority’s risk management program is to address commercial risk and volatility on cash flows associated with energy, fuel, capacity and certain non-energy commodity prices. Through its participation in the NYISO and commodity markets, the Authority is subject to energy, fuel, capacity and certain non-energy commodity price uncertainties that impact the revenue of its facilities and customer market areas. 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 risk 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, energy, capacity, congestion costs associated with the transmission of electricity, natural gas and natural gas basis, and non-energy commodities.

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

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

Derivative Instruments

The following table shows the fair value of outstanding financial derivative instruments as of December 31, 2024, and June 30, 2025 and changes in fair value during the six months ended June 30, 2025.

<u>Derivative instrument description</u>	<u>Fair value balance December 31, 2024</u>	<u>Net change in fair value</u> (in millions)	<u>Fair value balance June 30, 2025</u>	<u>Type of hedge or transaction</u>	<u>Financial statement classification for changes in fair value</u>	<u>Notional amount June 30, 2025</u>	<u>Unit of measure</u>
Energy swaps/futures (sales)	\$ (18)	\$ (3)	\$ (21)	Cash flow	Deferred outflow	(3,694,740)	MWh
Energy swaps (purchases)	-	-	-	Cash flow	Deferred inflow	104,817	MWh
Energy capacity futures	-	-	-	Cash flow	Deferred outflow	0	KWm
Fuel forwards/swaps	-	-	-	Cash flow	Deferred inflow	416,640	MMBTU
Non-energy commodity swaps	(2)	(14)	(16)	Cash flow	Deferred outflow	(27,000)	MT
Non-energy options	4	(3)	1	Cash flow	Deferred inflow	(12,500)	MT
Totals	<u>\$ (16)</u>	<u>\$ (20)</u>	<u>\$ (36)</u>				

Energy swaps and futures – The Authority transacts energy swaps and futures to manage the revenue stream from forecasted generation. Net settlement payments were \$15 million through June 30, 2025, and were \$2 million at December 31, 2024.

Energy capacity futures – The Authority transacts capacity swaps and futures intended to mitigate the volatility of market prices for transactions in NYISO markets. Net settlement receipts were \$44 million through June 30, 2025, and were \$44 million at December 31, 2024.

Fuel futures and swaps – The Authority has outstanding natural gas forward contracts valued at less than \$1 million as of June 30, 2025, and December 31, 2024. Net settlement payments were \$0 million through June 30, 2025, and were \$0.2 million at December 31, 2024.

Non-energy commodities swaps – The Authority transacts certain non-energy commodities swaps to mitigate the volatility of specific commodity markets affecting revenues received from certain customers' energy supply contracts. Net settlement payments were \$6 million through June 30, 2025, and net settlement receipts were \$5 million at December 31, 2024.

Non-energy commodities options – The Authority transacts certain non-energy options to mitigate the volatility of specific commodity markets affecting revenues received from certain customers' energy supply contracts. Premium payments were \$0 million through June 30, 2025, and were \$4 million at December 31, 2024. Settlement receipts were \$1 million through June 20, 2025, and were \$5 million at December 31, 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

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revenues, expenses, and changes in net position. As of June 30, 2025, and December 31, 2024, 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 transactions. The thresholds are established in credit support agreements with counterparties and require collateralization of mark-to-market values in excess of the thresholds.

Based upon the fair values as of December 31, 2024, and June 30, 2025, the Authority's individual or aggregate exposure to derivative instrument counterparty credit risk is not significant.

Other Considerations

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

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

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

(11) Pension Plans

General Information

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

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

NYSLERS and the Plan provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller") serves as sole trustee and administrative head of NYSLERS and the Plan. The Comptroller adopts and may amend rules and regulations for the administration and transaction of the

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business of NYSLERS and the Plan, and for the custody and control of their funds. Under the authority of NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers.

The required contributions to NYSLERS were \$39 million and \$32 million for the NYSLERS fiscal years ended March 31, 2025, and 2024. The Authority's contributions to the NYSLERS were equal to 100% of the required contributions for each year. The Authority's pension contribution to NYSLERS for fiscal year ended March 31, 2026, based on salary projection as of the NYSLERS fiscal year ended March 31, 2025, is expected to be approximately \$45 million. The average contribution rates relative to payroll for NYSLERS's fiscal years ended March 31, 2025, and 2026 have been set at approximately 15% and 16.5%, respectively.

At June 30, 2025, and December 31, 2024, the Authority reported a liability of \$130 million and \$120 million, respectively, for its proportionate share of the net pension liability within other long-term liabilities.

For the six months ended June 30, 2025, and the six months ended June 30, 2024, the Authority recognized pension expenses of \$10 million and \$20 million, respectively.

(12) Postemployment Benefits (OPEB)

NYPA provides certain health care and life insurance benefits for eligible retired employees and their dependents under a single employer noncontributory (except for certain optional life insurance coverage) health care plan ("NYPA OPEB Plan"). Employees and/or their dependents become eligible for these benefits when the employee has reached 55 years of age and has at least 10 years of service and retires or dies while working at NYPA. Salaried employees hired after December 31, 2015, and IBEW employees hired after May 19, 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's OPEB Plan or OPEB Trust agreement are approved by the Authority's Trustees. NYPA made contributions on a pay-as-you-go basis in 2025 and 2024 and did not contribute any amount beyond these contributions to the OPEB Trust.

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

For the six months ended June 30, 2025, and the six months ended June 30, 2024, the Authority's consolidated OPEB expenses were \$10 million and \$5 million, respectively.

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The Authority's net OPEB liability (asset) was measured as of June 30, 2024, based on valuation results as of December 31, 2023, for NYPA's plan and May 1, 2024, for the Canal plan, projected to the measurement date on a no gain/loss basis and resulted in total OPEB liability of \$617 million and plan fiduciary net position of \$830 million, a 135% plan fiduciary net position as a percentage of the total OPEB liability as of December 31, 2024. Plan fiduciary net position increased to \$924 million as of June 30, 2025.

(13) Nuclear Plant Divestiture and Related Matters

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

In accordance with the Nuclear Waste Policy Act of 1982, in June 1983, NYPA entered into a contract with the DOE under which DOE, commencing not later than January 31, 1998, would accept and dispose of spent nuclear fuel. In conjunction with the sale of the nuclear plants, NYPA's contract with the DOE was assigned to Entergy. Entergy assigned the portion of the pre-1983 spent fuel obligation applicable to JAF to Exelon in connection with the sale of JAF to Exelon. NYPA remains liable for the pre-1983 spent fuel obligation to Exelon for JAF and to Entergy for IP3, which as of June 30, 2025 and December 31, 2024, were \$264 million and \$258 million, respectively.

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

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

The first of these nineteen PPAs has entered commercial operation, and two more are expected to enter commercial operation in 2025.

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

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operation and is producing energy through which the Authority is paying for and recovering for that energy under that PPA and Power Sales Contract respectively.

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

In July 2025, NYPA entered into a take-and-pay Power Supply Contract with New York Energy Finance Development Corporation (“NYEFDC”) which issued \$944 million in Energy Supply Revenue Bonds to prepay for 30 years of electricity with NYPA as the sole offtaker. Any debt or liability incurred by NYEFDC on behalf of NYPA to prepay for energy is not a debt or liability of NYPA. Under the Power Supply Contract, NYEFDC will sell and deliver to NYPA and NYPA will purchase, specified quantities of market-based energy, less a specified discount. The initial energy delivery period (during which NYPA is committed to purchase approximately 860,048 MWh of electricity each year) will begin in January 2026 and will end in October 2033. This agreement does not qualify as a lease and the agreement does not have minimum payment terms. NYPA will only pay for energy when delivered and the Power Supply Contract represents an offset to NYPA’s existing market-based power purchases.

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

(15) Purchased Power Cost

The Authority purchased power for \$476 million and \$313 million for the six months ended June 30, 2025, and 2024, respectively, in the open market, with the entire cost 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. As of June 30, 2025, purchases were made under some of the PPAs during the reporting period as stated in the Note 14 above.

(16) Captive Insurance

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

On September 1, 2023, Captive initially underwrote a TRIA Certified NBCR (Nuclear, Biological, Chemical, Radiological & Cyberterrorism) Terrorism policy with an aggregate limit of \$500 million, 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, Captive also underwrote a cyber deductible reimbursement line in the amount of \$5 million per occurrence. On June 15, 2024, Captive underwrote a general liability deductible reimbursement line in the amount of \$5 million per occurrence with

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a \$200,000 deductible. On January 1, 2025, Captive underwrote a Canal Corporation property deductible reimbursement line in the amount of \$20 million per occurrence with a \$200,000 deductible.

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.

Captive filed the 2024 audited financial statements with DFS on June 26, 2025, as required by Section 7006 of the New York State("NYS") Insurance Law.

(17) Renewables

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

NYPA evaluated opportunities to pursue projects under the Expanded Authority and on November 21, 2024 incorporated NYREDHC. NYREDHC is authorized to carry out NYPA's renewable energy business and strategy as provided under the Expanded Authority. On January 28, 2025, the Authority published its inaugural NYPA Renewables Strategic Plan, which described for the first time how the Authority will operationalize its renewables work and identified 37 projects totaling over 3.0 GW of capacity for development consideration. NYREDHC is authorized to pursue any project identified in the Strategic Plan.

NYPA expects that the activities of NYREDHC, as a separate legal entity from NYPA, will be conducted in a manner such that NYPA is not expected to be responsible for the financial or other obligations of NYREDHC. On December 31, 2024, NYPA funded NYREDHC with \$100 million from amounts released from the lien of the Trust Estate created by the General Resolution. On February 28, 2025, NYREDHC purchased a 100% equity stake in Somers Solar from an affiliate of CS Energy, LLC and is actively working to move the project into construction. Somers Solar is a 20-MW project located in Fort Edward, NY and was awarded a NYSERDA Tier 1 Index REC under the 2024 RES Solicitation.

On May 1, 2025, NYPA executed a shared services agreement with NYREDHC under which NYREDHC will be required to reimburse NYPA for costs of providing services.

The Expanded Authority allows the Authority to pursue renewable generation projects like solar, wind, geothermal, battery storage, and/or any technology identified in the Clean Energy Standard either on its own or with third parties, and created a mechanism to develop clean energy workforce training programs and a bill credit program for low- and medium-income residential electricity ratepayers that will be funded by some of the proceeds earned from new renewable generation projects and other sources, including, for example, charitable donations from renewable project developers. As part of the Expanded Authority, the Authority is required to end fossil fuel-based electricity generation at its SNGPPs by the end of 2030 subject to the approval of the NYISO and Consolidated Edison. The Authority will also consider, as appropriate, but not limited to, opportunities to use these sites to host renewable energy assets, including energy storage.

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(18) 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 RNYPP was power formerly used to provide low-cost electricity to domestic and rural customers of the three private utilities that serve upstate New York. To mitigate the impacts from the redeployment of this hydropower for RNYPP, Chapter 60 created a “Residential Consumer Discount Program” (“RCDP”). 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 RCDP. The Authority’s Trustees have authorized the release of a total \$660 million in support of RCDP out of which the Authority paid out \$631 million as of June 30, 2025.

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 RCDP: (1) sunsets the residential consumer electricity discount component of 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”). 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 \$132 million in net earnings calculated for the period August 30, 2010, through June 30, 2025, as provided in the legislation, for deposit into the WNYED Fund. As of June 30, 2025, approximately \$112 million has been deposited into the Fund. The Authority has approved awards of approximately \$54 million to businesses and made payments of approximately \$37

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million as of June 30, 2025. Payment of these awards is contingent upon the execution of acceptable contracts between the Authority and individual awardees.

Northern New York Power Proceeds Allocation Act

Chapter 545 of the Laws of 2014 enacted the “Northern New York Power Proceeds Act” (“NNYPPA”). NNYPPA authorizes the Authority, as deemed feasible and advisable by the Trustees, to deposit “net earnings” from the sale of unallocated St. Lawrence County Economic Development Power (“SLCEDP”) by the Authority in the wholesale energy market into an account the Authority would administer known as the Northern New York Economic Development Fund (“NNYED Fund”), and to make awards to eligible applicants that propose eligible projects that satisfy applicable criteria. NNYPPA also establishes a five-member Northern New York Power Allocations Board appointed by the governor to review applications seeking 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”). 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 five years after enactment, the amount of SLCEDP the Authority could use to generate net earnings may not exceed the lesser of 20 MW or the amount of SLCEDP that has not been allocated by the Authority pursuant to the Authority-MED contract. Thereafter, the amount of SLCEDP that the Authority could use for such purpose may not exceed the lesser of 10 MW or the amount of SLCEDP that has not been allocated.

As of June 30, 2025, 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, 2025. As of June 30, 2025, approximately \$11 million has been deposited into the Fund. As of June 30, 2025, the Authority has approved awards of NNYED Fund money totaling approximately \$4 million to businesses that have proposed eligible projects and made payments totaling approximately \$1 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.

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 11 NYC Governmental Customers; the largest of these customers include 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 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, i.e. up to and including 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 the 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, each year are 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 the years 2023-2027, to provide better price certainty, NYPA is offering an annual fixed price energy purchase option to the NYC Governmental Customers.

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NYPA's other Southeastern New York 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, 2025, the Authority estimated that its under-recovery of costs for the Line could be in the range of approximately \$74 million to \$95 million per year over the period from 2025-2028. The under-recovery estimates were 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 2025, the Authority has paid approximately \$179 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

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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. However, the Authority's appeal was rejected by the D.C. Circuit on July 26, 2024, and the Authority determined it would not be successful on rehearing or further appeal, therefore these RTEP/TEC allocations remain in place.

c) Small Natural Gas Power Plants

To meet capacity deficiencies and ongoing load requirements in the New York City metropolitan area in the year 2001 and later, NYPA placed into operation the Small Natural Gas Power Plants ("SNGPPs"), consisting of seven facilities located at six sites in New York City and one site in the service region of Long Island Power Authority. Three of the sites 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 SNGPPs. The enactment requires NYPA to deactivate the SNGPPs by the end of 2030 subject to the plants not being needed for emergency power or power system reliability and providing that NYPA may retain plants if emissions for other generation would cause more than a de minimis increase in emissions of carbon dioxide or other criteria air pollutants within a disadvantaged community.

As part of the Authority's strategy to meet the legislative mandate, the Authority published a plan in May 2025, to stop generating electricity with fossil fuel combustion at the SNGPPs by the end of 2030, if conditions allow. The plan includes potential alternative usages at these sites such as battery storage.

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 (the "Defendants"), claiming ownership to certain lands in St. Lawrence and Franklin counties and to Barnhart, Long Sault and Croil islands. These islands are within the boundary of the Authority's St. Lawrence-FDR Project and Barnhart Island is the location of significant Project facilities. Settlement discussions were held periodically between 1992 and 1998. In 1998, the Federal government intervened on behalf of all Mohawk plaintiffs.

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The parties agreed to a land claim settlement, dated February 1, 2005, which if implemented would have included, among other things, the payment by the Authority of \$2 million a year for 35 years to the tribal plaintiffs and the provision of up to 9 MW of low-cost Authority power at the preference rate for use on the reservation. The legislation required to effectuate the settlement was never enacted and the litigation continued.

In 2013, all claims against the Authority were dismissed and the lawsuit against the Authority was concluded. A Notice of Appeal was filed but the appeal was stayed and never perfected. On May 28, 2014, the State of New York, representing various defendants including St. Lawrence County and the Authority, outlined a framework for a potential settlement of all the St. Regis land claims, formalized in a Memorandum of Understanding (“St. Regis MOU”) with the plaintiff, St. Regis Mohawk Tribe. After various discussions, the defendants agreed to a negotiated settlement in the St. Regis MOU that would require the Authority to pay the plaintiff \$2 million a year for 35 years and provide up to 9 MW of its hydropower at preference power rates to serve the needs of the Tribe’s Reservation. The St. Regis MOU would require an Act of Congress to become effective.

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

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.

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

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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:

Property Leases

The Authority leases properties throughout the New York area in order to serve its customers. These sites include its offices, EV charging sites and warehouses. While terms vary by lease, each lease provides for a monthly lease payment subject to a fixed escalation on the anniversary date of each agreement. None of the leases contain provisions for variable payments or residual value guarantees. Additionally, there are no other payments such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability reflected as outflows of resources in 2024 and 2023. On June 30, 2025, the right-to-use lease asset for property leases amounted to approximately \$34 million, net of \$7 million of accumulated amortization, with a corresponding lease liability of \$20 million. On December 31, 2024, the right-to-use lease asset for property leases amounted to approximately \$30 million, net of \$6 million of accumulated amortization, with a corresponding lease liability of \$16 million.

The Authority has \$20 million of principal and \$5 million of interest requirements to maturity for the Authority's leases from 2025-2050.

Lessor Arrangements

The Authority receives contractually determined revenue related to leasing agreements. While terms vary by lease, each lease provides for lease receipts subject to a fixed escalation on the anniversary date of each agreement. These arrangements do not provide for any variable payments. There were no additional payments received other than the rental payments. The total amount of lease revenue and interest revenue in six months ended June 30, 2025 was \$4 million and \$1 million, respectively. On June 30, 2025, the lease asset receivable and the corresponding deferred inflow of resources were approximately \$50 million and \$42 million, respectively. The total amount of lease revenue and interest revenue in 2024 was \$2 million and \$1 million, respectively. On December 31, 2024, the lease asset receivable and the corresponding deferred inflow of resources were approximately \$51 million and \$43 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.

On June 30, 2025, the right-to-use subscription assets amounted to approximately \$101 million, net of \$33 million of accumulated amortization, included in capital assets, with a corresponding subscription liability of \$51 million on the Consolidated Statements of Net Position. On December 31, 2024, the right-to-use subscription assets amounted to approximately \$81 million, net of \$22 million of accumulated amortization,

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included in capital assets, with a corresponding subscription liability of \$33 million on the Consolidated Statements of Net Position.

g) New York State Budget /Other Matters

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

In addition, from time to time, legislation is enacted into New York law that purports to impose financial and other obligations on the Authority, either individually or along with other public authorities or governmental entities. The applicability of such provisions to the Authority would depend upon, among other things, the nature of the obligations imposed and the applicability of the pledge of the State set forth in Section 1011 of the Act to such provisions. There can be no assurance that in the case of each such provision, the Authority will be immune from the financial obligations imposed by such provision. Examples of such legislation affecting only the Authority include legislation, discussed below and elsewhere herein, relating to the Authority's voluntary contributions to the State, the Authority's temporary transfer of funds to the State, and contributions and transfers to fund temporary and permanent programs administered by the Authority and other State entities.

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, provided that notwithstanding any provision of law to the contrary, as deemed feasible and advisable by the Authority's Trustees, the Authority is authorized 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. On March 25, 2025, the Board of Trustees authorized the transfer of \$5 million to the State Treasury.

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Chapter 56 of the Laws of 2024, part of the 2024-2025 Enacted State Budget, also provided that notwithstanding any provision of law to the contrary, as deemed feasible and advisable by the Authority's Trustees, the Authority is authorized to transfer to the State Treasury to the credit of the general fund up to \$25 million for the State fiscal year commencing April 1, 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. In 2024, the Authority's Trustees authorized the total expenditure of \$21 million for such programs.

Chapter 56 of the Laws of 2025, part of the 2025-2026 Enacted State Budget, provides that notwithstanding any provision of law to the contrary, as deemed feasible and advisable by the Board of Trustees, the Authority is authorized to transfer to the State Treasury to the credit of the general fund up to \$10 million for the state fiscal year commencing April 1, 2025, to support energy related State activities.

Chapter 56 of the Laws of 2025, part of the 2025-2026 Enacted State Budget, also provides that notwithstanding any provision of law to the contrary, as deemed feasible and advisable by the Board of Trustees, the Authority is authorized to transfer to the State Treasury to the credit of the general fund up to \$25 million for the State fiscal year commencing April 1, 2025. These amounts will be utilized to support programs established or implemented by the Authority or within the New York State Department of Labor, including but not limited to the Office of Just Energy Transition for workforce training and retraining to prepare workers for employment for work in the renewable energy field. On March 20, 2024, the Authority and the Department of Labor entered into a memorandum of understanding regarding programs for workforce training and retraining to prepare workers for employment in the renewable energy field.

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

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 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, as deemed feasible and advisable by the Trustees ("Expanded Authority"); (b) authorize the Authority to develop and implement, with the New York State Public Service Commission ("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 Transition and programs for workforce training and retraining to prepare workers for employment for work in the renewable energy field.

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 that enabled the Authority to plan, design, finance, and operate renewable

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energy generating projects, with and without private sector partners. In January 2024, the Authority filed a petition with the NYSPSC to establish the REACH program, which will provide renewable energy bill credits to low-income New Yorkers. In October 2024, the NYSPSC issued an order approving the Authority's petition to establish the REACH Program. The NYSPSC order implemented a structure that could make the REACH Program bill credits available from smaller scale projects (<5 MW) as early as 2026, and large-scale projects as early as 2027. The Authority issued Requests for Information and Requests for Qualifications to identify and pre-qualify renewable project developers and investors for future partnerships for renewable energy projects. By January 2025, the Authority pre-qualified 89 renewable developers and partners to collaborate with, on renewable energy generation projects. The Authority issued its first strategic plan on January 28, 2025, which identifies and prioritizes actions to develop more renewable resources and support the decarbonization of New York State's electric grid, including projects the Authority plans to develop, own, and support in the upcoming years. The initial draft of the strategic plan was made available to the public on October 8, 2024, commencing a 60-day public comment period, with the Authority holding 12 public hearings in November and receiving more than 5,000 written public comments.

The Authority, through NYREDHC, plans to invest \$699 million in renewable energy generating projects from 2025 through 2028. The Authority's final strategic plan issued on January 28, 2025, identified the first tranche of 37 projects totaling 3 GW of renewable energy generation and storage systems. The Authority will continue to evaluate, conduct due diligence and identify co-development opportunities with the private market to maximize its renewable energy portfolio buildout.

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 15 state-owned facilities that are among the highest producers of greenhouse ("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) appropriated \$50 million to the Authority for services, expenses and indirect costs related to maintenance, repair, construction, reconstruction, development and preservation of the Canal System. The Authority received \$10 million of that appropriation.

The 2025-2026 Enacted State Budget appropriated \$2.5 million to the Authority "for the maintenance, construction, reconstruction, development or promotion of the New York State Canal System including the payment of liabilities prior to April 1, 2025" and \$50 million for "services, expenses, and indirect costs related to maintenance, repair, construction, reconstruction, development and preservation of the New York state canal system."

Additionally, the 2025-2026 Enacted State Budget reappropriated to the Authority (i) unused funds from the 2024-2025 Enacted State Budget appropriation of \$52.5 million for Canal Corporation projects; (ii) \$368,000 remaining of the 2023-2025 Enacted State Budget appropriation for Canal Corporation projects; (iii) \$8,599,000 from a 2017 appropriation to the Empire State Trail, including along the Erie Canal; and (iv) \$1,500,000 from a 2024 appropriation for watershed modeling of the Oswego River Basin and the Mohawk River Basin to be performed by the Canal Corporation.

The 2025-2026 Enacted State Budget contains a Sustainable Future Program to be funded at \$1 billion for all State departments and agencies for services and expenses of climate mitigation and adaption projects, and for purposes consistent with the general findings of the scoping plan prepared pursuant to Section 75-0103 of the Environmental Conservation Law. It provides for "not less than \$200 million for renewable energy

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projects, including” renewable energy generating projects undertaken pursuant to the Expanded Authority. The Sustainable Future Program also appropriates “not less than \$200 million for thermal energy network projects, including projects at public and state owned buildings, including the state university of New York and the city university of New York and up to \$40 million for municipal thermal energy network projects funded with grants awarded directly to municipalities”; “not less than \$250 million for zero emission transportation”; and “not less than \$50 million for electric vehicle fast charging stations and supporting infrastructure for municipal, commercial, medium duty, heavy duty, and fleet vehicles” which may provide sources of funding for Authority programs or Authority services to other public entities. The Sustainable Future Program also provides a funding opportunity for “emissions reductions and energy efficiency projects at public and state-owned buildings.” The Authority cannot predict whether and to what extent the Authority will receive funds from this program.

The 2025-2026 Enacted State Budget also contains a Public Facilities Sustainability Program to be funded at \$50 million for “services and expenses of any state department, agency, public authority, or public benefit corporation associated with emissions reductions projects or climate change mitigation and adaptation, including but not limited to projects undertaken for compliance with executive order 22 directives.” At this time, it is not clear whether and to what extent the Authority will receive funds from this program.

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 purpose of the RAPID Act 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 DPS. 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 Power Project effective September 1, 2007. In doing so, FERC approved six relicensing settlement agreements entered by the Authority with various public and private entities. The Authority had estimated that the capital cost associated with the relicensing of the Niagara project would be approximately \$495 million of which approximately \$480 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, 2025, the balance in the recorded liability associated with Niagara relicensing on the consolidated statement of net position is \$185 million (\$10 million in current and \$175 million in other noncurrent liabilities). In addition to internally generated funds, the Authority had issued additional debt obligations to fund, among other things, Niagara relicensing costs. The costs associated with the relicensing of the Niagara project, including the debt issued, therefore, were incorporated into the cost-based rates of the project.

The Authority executed the Relicensing Settlement Agreement Addressing New License Terms and Conditions (“Settlement Agreement”) entered into by several parties to the relicensing of the Niagara Project, including The New York State Office of Parks, Recreation and Historic Preservation (“OPRHP”). The Settlement Agreement provides, among other things, for the establishment of a Relicensing Settlement Agreement State Parks Greenway Fund, which is to be funded by the Authority in the amount of \$3 million

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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, 2025 and December 31, 2024, there were no Subordinated Notes outstanding. In addition to the funds what were accelerated with the proceeds from the Subordinate Notes, the Authority made a \$2 million payment to the OPRHP State Parks Greenway Fund in 2024.

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”).

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

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

In 2024, the Authority and LGTF negotiated the second 10-Year review consistent with the settlement agreement. The Trustees approved the second 10-Year review agreement with the local communities in March 2025. No dollars have been spent as yet to implement the new agreement. The funds will support recreation improvements, Electric Vehicle chargers, Energy Efficiency projects and Boat launch improvements. The expected cost of the agreement is \$20 million.

Additionally, the Trustees approved new funds to address new work for Habitat Improvement Projects, Shoreline Stabilization projects and support for State Parks Recreation Facilities.

As of June 30, 2025, the Authority has spent approximately \$42 million of the \$45 million authorized by the Trustees for the purpose of implementing the commitments in the first LGTF 10-Year Review Agreement. As of June 30, 2025, the balance in the recorded liability associated with the St. Lawrence-FDR Project relicensing on the consolidated statement of net position is \$32 million (\$3 million in current and \$29 million in other noncurrent liabilities).

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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 \$11 million through June 30, 2025. The Authority has established a Recreation Fund in the amount of \$6 million of which the entire amount has been disbursed and an Ecological Fund in the amount of \$2 million (total commitment under the settlement package is \$4 million), of which \$2 million has been disbursed. As of June 30, 2025, the balance in the recorded liability associated with the Blenheim-Gilboa Pumped Storage Power Project relicensing on the consolidated statement of net position is \$19 million (\$1 million in current and \$18 million in other noncurrent liabilities).

(19) 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.

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 the 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 NYSPSC, 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 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 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 2023.

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As of June 30, 2025, NYPA had a capital spend of \$235 million for CEEC. The project was funded with proceeds from the 2022A Bonds as mentioned above. CEEC is 100% placed in service with minor closeout and restoration items being completed. 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 included 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 (as referred in subsection “d” below) is complete. NYPA anticipates that the Moses Adirondack line will support the transmission of growing levels of renewable generation located in upstate New York and Canada, such as wind and hydroelectricity, and assist in meeting the State’s renewable energy goals. The rebuilt line, in line with NYISO’s initiative, will enhance grid reliability.

As of June 30, 2025, NYPA had a capital spend of \$456 million (excluding capitalized interest) for Smart Path, and the remaining amount to close out the project which is not expected to exceed \$484 million will be accounted for as incurred. Construction commenced in 2020 and as of December 31, 2023, all six segments for Smart Path have been placed into Electric Plant In Service (“EPIS”) and are part of the Authority’s Annual Transmission Revenue Requirement (“ATRR”). Project closeout and site restoration are ongoing with expected completion in 2025.

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

Smart Path Connect

To meet the advancement of the State’s energy goals and to support the Authority’s VISION2030 goals, in 2020 the NYSPSC approved the Smart Path Connect Project (“SPC Project”) as a Priority Transmission Project. The project is expected to be substantially placed in service by the end of 2025 with a small portion to be placed in service in 2026. The SPC Project is being developed in cooperation with National Grid. The SPC Project consists of rebuilding approximately 110 linear miles of existing 230 kV transmission lines in northern and central New York to 345 kV, along with associated substation construction and upgrades, to address existing congestion and curtailment issues by establishing, together with other projects currently under development by NYPA, a continuous 345 kV transmission path from areas of planned renewable generation to New York’s load centers. The SPC Project includes rebuilding all or parts of the following transmission lines: the remaining section of the Authority’s Moses-Adirondack 1&2, the Authority’s Moses-Willis 1&2, the Authority’s Willis-Patnode and the Authority’s Willis-Ryan; and National Grid’s Adirondack to Porter (Chases Lake-Porter Line 11, Adirondack-Porter Line 12, and Adirondack-Chases Lake Line 13), as well as connecting to the Authority’s Moses-Adirondack 1&2 transmission facilities. The SPC Project 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 New York State’s 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 December 31, 2024, 38 miles of transmission line upgrades were completed and breakers at the Ryan and Patnode substations were energized.

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As of June 30, 2025, NYPA had a capital spend of \$810 million (excluding capitalized interest) for the SPC Project. In 2023, NYPA issued \$734 million of 2023A bonds (net proceeds totaling \$751 million, which includes \$17 million of premium) to support the SPC Project. The project is approved by the Authority's Trustees for \$920 million. Due to inflation and supply chain challenges, NYPA is currently evaluating the total project cost estimate including contingencies.

Transmission LEM Program

In 2012, the Authority's Trustees approved a \$726 million Transmission Life Extension and Modernization Program ("Transmission LEM Program") on the Authority's Transmission system. As of June 30, 2025, the Authority has spent approximately \$583 million: \$524 million in capital and \$59 million in non-recurring O&M Investment. As of December 31, 2024, the Authority has spent approximately \$574 million: \$515 million in capital and \$59 million in non-recurring O&M Investment. The Transmission LEM Program encompasses transmission assets in the Central, Northern and Western regions of New York and will include work to be done such as upgrades, refurbishments and replacements associated with switchyards and substations, transmission line structures or towers and associated hardware and replacement of the submarine cable on the PV-20 line. Reinvestment in this strategic component of the Authority's overall mission supports the repair, upgrade and/or expansion of the transmission infrastructure. The Transmission LEM Program will be financed with internal funds and proceeds from debt obligations issued by the Authority. The work on the Transmission LEM Program is underway and is expected to continue through 2033.

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

The Authority's Trustees approved a \$460 million Life Extension and Modernization Program at the Niagara Power Project's Lewiston Pump-Generating Plant, ("Lewiston LEM Program"). As of June 30, 2025, the Authority has spent approximately \$401 million, which is the same amount spent as of December 31, 2024. The work includes a major overhaul of the plant's 12 pump turbine generator units. The Lewiston LEM Program will increase pump and turbine efficiency, operating efficiency, and the peaking capacity of the Niagara project. The Lewiston LEM Program will be financed with internal funds and proceeds from debt obligations issued by the Authority. The unit work began in late 2012 and is ongoing, with the final unit expected to be completed in 2026.

Next Generation Niagara

The Next Generation Niagara program replaces, overhauls, and/or upgrades 13 generating units and their associated auxiliary power generating equipment. Improvements will include replacing aging equipment with the latest machinery that reflects advanced digital technologies for optimizing the hydroelectric project's performance. The program is comprised of four main projects: Controls Upgrade, Mechanical/Electrical Overhauls, Penstock Platform, and 630-ton Gantry Crane Replacement. As of June 30, 2025 and December 31, 2024, the Authority has spent approximately \$209 million and \$197 million, respectively.

Workplace of the Future

In December 2024, the Authority's Trustees approved a \$280 million project to develop a new 300,000+ square foot office building at Hamilton Green Property in White Plains, NY, replacing the outdated 123 Main Street facility. The building will be LEED Gold certified, entirely electric, Well Health Certified, and feature modern workstations, collaborative spaces, Geothermal systems, and dynamic electrochromic glass. The project is expected to be completed by the end of Q3 to Q4 2027. As of June 30, 2025, the Authority has spent \$119 million on the new office building.

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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 and Executive Order 22, that "all state agencies shall assess and implement strategies to reduce their GHG 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 10.32 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 in the order are required to purchase Zero Emission Credits ("ZECs") from the New York State Energy Research and 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, 2025, the Authority estimates that it will incur costs associated with participation in the ZEC program of \$380 million in aggregate over the 2025 - 2028 period, of which approximately \$2 million is not expected to be recovered under customer contracts that predate the adoption of the CES. As of June 30, 2025, the Authority has paid \$501 million in ZEC purchase costs, and as of December 31, 2024, it paid \$473 million.

The CLCPA and the Authority's VISION2030 establish the goal to meet 70% of electricity demand from renewable resources by 2030. The Authority is collaborating with its customers to achieve the renewable energy goals in the ways that best meet their needs. As one component of its future renewable supply, the Authority executed an agreement with NYSEDA on August 30, 2021 to enable NYPA to purchase Tier 1 Renewable Energy Credits ("REC(s)"). On April 20, 2023 the NYSPSC issued an order modifying the way in which NYSEDA administers the Tier 1 REC program starting in 2025. The Authority has engaged with NYSEDA on amending the Tier 1 REC contract in response to the program modifications. The Authority is exploring opportunities to further support its customers achieve these renewable energy goals under its new Expanded Authority.

Electric Vehicle Acceleration Initiative

In 2018, the Authority's Trustees approved an overall allocation of \$125 million for an electric vehicle charging acceleration initiative of which, to date, \$117 million was authorized for capital expenditure. The Authority will operate a charging network of up to 400 Direct Current fast chargers across the State. As of June 30, 2025, 256 fast chargers across 61 locations were in operation, and nearly \$73 million had been spent. As of December 31, 2024, 212 fast chargers were in operation, and approximately \$70 million had been spent.

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Clean Path Transmission Project

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

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

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 strengthen the Long Island Extra High Voltage Grid and its connections to rest of the New York State. The Propel Project is being collaboratively developed by NYPA and New York Transco (“NYT”) pursuant to the Development Agreement and will meet the transmission need through new electric transmission lines, new substations, and existing substation upgrades. On May 3, 2024, NYT, NYPA and NYISO signed a Development Agreement to deliver the project consistent with 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 345 kV path that hardens the grid on Long Island, greatly expands the deliverability of affordable power to the region from northern zones, and will allow for cost-effectively interconnecting renewable offshore wind in the future. 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. The Propel Project, estimated to cost approximately \$3.3 billion, will 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.

The One Big Beautiful Bill Act, enacted in July 2025, rescinded all unobligated balances of several IRA programs including the Transmission Siting and Economic Development (“TSED”) Grant Program under which NYPA had been awarded a \$44 million grant by DOE to conduct community benefit projects for communities impacted by the Propel project. NYPA has not expended any funds in anticipation of receiving these funds.

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 6, 2023. On April 25, 2024, NYPA filed a petition for declaratory order seeking incentive rate treatment in the form of a 75-basis point return on equity adder (“ROE Risk Incentive”) to recognize the significant risks and challenges associated with NYPA’s investment in the Propel Project. 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. On December 6, 2024, FERC accepted NYPA’s compliance filing for Propel NY in full.

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

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

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As identified in NYISO's final report, upgrades to NYPA's existing Uniondale Hub substation in Nassau County, NY (formerly known as the East Garden City 345 kV Substation) was deemed a required Designated Public Policy Project. NYPA, as the incumbent Transmission Owner of this substation, has confirmed to NYISO its intention to move forward with the identified upgrades. To date, NYPA has executed a development agreement with NYISO, has placed orders for long-lead power equipment, and submitted the Article VII amendment, and continues work on environmental site investigations, design and overall planning for implementation of the substation upgrades. Further, NYPA is currently amending the development agreement with NYISO for change in the substation from Air insulated substation to Gas insulated substation. The substation upgrade is estimated to cost \$341 million.

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

Robotics and Drone Program

The Authority's Robotics program has continued its rapid growth and technological innovation throughout 2025. As of July 17, 2025, the program has completed 692 on-site missions. In addition, over 300 Remote Operations Missions have been executed from our Visher Ferry location, demonstrating true beyond-line-of-sight operational capabilities and supporting a distributed inspection model.

Throughout 2025, the program has also secured multiple Federal Aviation Administration waivers and airspace authorizations, ensuring we maintain full operational compliance while expanding flight envelopes and remote operations over all Authority assets.

The Robotics program has trained more than 140 NYPA employees to operate emerging technologies, demonstrating a strong commitment to integrating robotics within the existing workforce.

On July 27, 2023, the Authority's Trustees authorized a Capital Expenditure Authorization of \$11 million for the initial implementation of the Robotics program. Additionally, the Authority's Trustees provided concurrence with the five-year implementation plan of the Unmanned Aerial Systems Drone and Robotics Program, which has a total program cost of \$37 million. The remaining balance of \$26 million, after the \$11 million authorization, was approved to be released earlier this year for advance operations.

As of June 30, 2025, and December 31, 2024, the total spend on the Drone and Robotics program was \$11 million and \$8 million, respectively.

Grants

Legislation at the federal and state levels has provided potential additional competitive sources of funding for NYPA and Canal Corporation capital programs. To access additional funding, each organization must apply for consideration to the relevant federal or state entity. Funding will only be pursued to offset the costs of approved capital projects that are aligned with the Authority's core mission, VISION2030, and/or CLCPA. NYPA had been awarded five grants totaling \$54 million in DOE grants through the Infrastructure Investment and Jobs Act (IIJA). The One Big Beautiful Bill Act, enacted in July 2025, rescinded \$44 million grant for the Propel project as stated in the "Propel New York Energy Project" section above. NYPA awaits DOE outreach on the four Maintaining and Enhancing Hydroelectricity Incentives program grants that were awarded in 2024.

Refer to the section "Other State Legislation" above, for details on the amount appropriated for Canals.

(20) Canal Corporation

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

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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 funds held in the Canal Development Fund maintained by the State Comptroller and the Commissioner of Taxation and Finance. For the year ended June 30, 2025, the Canal Corporation recognized \$1 million in operating revenues, \$46 million in operations and maintenance expenses, and \$21 million in depreciation expenses. For the year ended December 31, 2024, the Canal Corporation recognized \$2 million in operating revenues, \$95 million in operations and maintenance expenses, and \$43 million in depreciation expenses.

(21) Inflation Reduction Act

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law; it 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. The federal Internal Revenue Service requires pre-filing registration for projects on which an entity expects to claim tax credits in its tax return. The Authority has completed pre-filing registration for all its eligible projects and filed its tax return in November 2024. However, there is no certainty or predictability regarding the recovery of this tax credit amount due to actions beyond the control of the Authority, such as changes in legislation. The Authority has completed its pre-filing registration for all its eligible projects placed in service in 2024 and expects to file tax return by November 2025.

(22) FEMA reimbursement for COVID

The Authority spent \$33 million on pandemic-related expenses as of December 31, 2022. These expenses included critical employee sequestration, sanitization and cleaning supplies, facility protective measures, and equipment for a remote workforce. The Authority submitted \$20 million in reimbursable costs to FEMA of \$33 million. As of June 30, 2025, the Authority received \$5 million, with an additional estimated \$4 million to be received later in 2025. \$11 million of the \$20 million reimbursable cost, related to sheltering NYPA employees in place was deemed ineligible for reimbursement by FEMA. An appeal to that decision was unsuccessful.

New York Power Authority
(A Component Unit of the State of New York)
Supplementary Information (Unaudited) (In millions)

Detailed Financials

A) Statement of Net Position (In millions)

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-25	Dec-24	Jun-25	Dec-24	Jun-25	Dec-24	Jun-25	Dec-24	Jun-25	Dec-24
Assets and Deferred Outflows										
Current assets:										
Cash and cash equivalents										
Unrestricted	\$ 130	\$ 270	\$ -	\$ 51	-	10	\$ 32	\$ 4	\$ 162	\$ 335
Restricted	6	8	76	-	5	-	-	-	87	8
Capital Fund	95	82	-	-	-	-	-	-	95	82
Total Cash and cash equivalents	231	360	76	51	5	10	32	4	344	425
Investment in securities										
Unrestricted	875	852	-	117	-	110	66	94	941	1,173
Restricted	12	13	65	-	121	-	-	-	198	13
Committed	308	453	-	-	-	-	-	-	308	453
Total Investment in securities	1,195	1,318	65	117	121	110	66	94	1,447	1,639
Receivables - customers	473	379	5	5	5	-	-	-	483	384
Materials and supplies:										
Plant and general	81	80	-	-	-	-	-	-	81	80
Fuel	45	51	-	-	-	-	-	-	45	51
Miscellaneous and other receivables	140	119	-	1	-	2	1	2	141	124
Total current assets	2,165	2,307	146	174	131	122	99	100	2,541	2,703
Capital assets:										
Non-depreciable capital assets										
Non-depreciable capital assets	1,283	897	291	465	-	-	3	-	1,577	1,362
Depreciable capital assets, net of accumulated depreciation										
Depreciable capital assets, net of accumulated depreciation	4,819	4,890	1,300	1,046	-	-	5	-	6,124	5,936
Total capital assets	6,102	5,787	1,591	1,511	-	-	8	-	7,701	7,298
Other long-term assets										
Other long-term assets	1,024	1,064	9	35	-	-	5	-	1,038	1,099
Total noncurrent assets	7,126	6,851	1,600	1,546	-	-	13	-	8,739	8,397
Total assets	9,291	9,158	1,746	1,720	131	122	112	100	11,280	11,100
Deferred outflows of resources:										
Asset retirement obligation										
Asset retirement obligation	31	17	-	-	-	-	-	-	31	17
Accumulated decrease in fair value of derivatives										
Accumulated decrease in fair value of derivatives	38	20	-	-	-	-	-	-	38	20
Pensions										
Pensions	128	128	-	-	-	-	-	-	128	128
Postemployment benefits other than pensions										
Postemployment benefits other than pensions	82	82	-	-	-	-	-	-	82	82
Total deferred outflows of resources	279	247	-	-	-	-	-	-	279	247
Total assets and deferred outflows of resources	\$ 9,570	\$ 9,405	\$ 1,746	\$ 1,720	\$ 131	\$ 122	\$ 112	\$ 100	\$ 11,559	\$ 11,347

See accompanying notes to the consolidated financial statements.

Continued

New York Power Authority

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Supplementary Information (Unaudited) (In millions)

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-25	Dec-24	Jun-25	Dec-24	Jun-25	Dec-24	Jun-25	Dec-24	Jun-25	Dec-24
Liabilities, Deferred Inflows and Net Position										
Current liabilities:										
Accounts Payable and accrued liabilities	\$ 894	\$ 841	\$ 10	\$ 11	\$ 3	\$ 5	\$ 4	\$ -	\$ 911	\$ 857
Short-term debt	400	438	-	-	-	-	-	-	400	438
Long-term debt due within one year	-	-	20	20	-	-	-	-	20	20
Total current liabilities	1,294	1,279	30	31	3	5	4	-	1,331	1,315
Noncurrent liabilities:										
Long-term debt:										
Senior:										
Revenue bonds	1,801	1,805	-	-	-	-	-	-	1,801	1,805
Separate Revenue Bond Obligation:										
SFP Bonds 2022	-	-	615	617	-	-	-	-	615	617
SFP Bonds 2023	-	-	750	750	-	-	-	-	750	750
Total long-term debt	1,801	1,805	1,365	1,367	-	-	-	-	3,166	3,172
Other noncurrent liabilities:										
Nuclear fuel disposal	264	258	-	-	-	-	-	-	264	258
Relicensing	222	223	-	-	-	-	-	-	222	223
Other long-term liabilities	408	357	-	-	-	-	4	-	412	357
Total other noncurrent liabilities	894	838	-	-	-	-	4	-	898	838
Total noncurrent liabilities	2,695	2,643	1,365	1,367	-	-	4	-	4,064	4,010
Total liabilities	3,989	3,922	1,395	1,398	3	5	8	-	5,395	5,325
Deferred inflows of resources:										
Unearned revenue	20	27	-	-	-	-	-	-	20	27
Cost of removal obligations	500	476	-	-	-	-	-	-	500	476
Pensions	66	66	-	-	-	-	-	-	66	66
Lease revenue	42	43	-	-	-	-	-	-	42	43
Postemployment benefits other than pensions	176	176	-	-	-	-	-	-	176	176
Total deferred inflows of resources	804	788	-	-	-	-	-	-	804	788
Net Position:										
Net investment in capital assets	3,829	3,463	-	-	-	-	-	-	3,829	3,463
Unrestricted	943	1,218	351	322	128	117	104	100	1,526	1,757
Restricted	5	14	-	-	-	-	-	-	5	14
Total net position	4,777	4,695	351	322	128	117	104	100	5,360	5,234
Total liabilities, deferred inflows of resources and net position	\$ 9,570	\$ 9,405	\$ 1,746	\$ 1,720	\$ 131	\$ 122	\$ 112	\$ 100	\$ 11,559	\$ 11,347

See accompanying notes to the consolidated financial statements.

New York Power Authority

(A Component Unit of the State of New York)

Supplementary Information (Unaudited) (In millions)

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

	NYPA		SFP		Captive		NYREDHC		To	
	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	
Operating revenues:										
Power sales	\$ 1,280	\$ 868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,280
Transmission	188	146	80	62	-	-	-	-	-	268
Transportation and delivery	394	482	-	-	-	-	-	-	-	394
Other	31	22	-	-	6	3	-	-	-	37
Total operating revenues	1,893	1,518	80	62	6	3	-	-	-	1,979
Operating expenses:										
Purchased power	476	313	-	-	-	-	-	-	-	476
Fuel oil and gas	155	100	-	-	-	-	-	-	-	155
Transportation and delivery	596	529	-	-	-	-	-	-	-	596
Operations and maintenance	451	373	17	10	-	-	-	-	-	468
Depreciation and amortization	170	161	8	5	-	-	-	-	-	178
Total operating expenses	1,848	1,476	25	15	-	-	-	-	-	1,873
Operating income	45	42	55	47	6	3	-	-	-	106
Nonoperating revenues, gains (losses) and (expenses):										
Investment income	46	15	4	9	5	1	4	-	-	59
Interest on long-term debt	(40)	(37)	(31)	(31)	-	-	-	-	-	(71)
Interest - other	(16)	(15)	-	-	-	-	-	-	-	(16)
Interest capitalized	36	22	-	-	-	-	-	-	-	36
Amortization of debt premium	3	1	1	1	-	-	-	-	-	4
Other	8	3	-	-	-	-	-	-	-	8
Total nonoperating revenues/(expenses)	37	(11)	(26)	(21)	5	1	4	-	-	20
Net income and change in net position	\$ 82	\$ 31	\$ 29	\$ 26	\$ 11	\$ 4	\$ 4	\$ -	\$ -	\$ 126

See accompanying notes to the consolidated financial statements.

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Supplementary Information (Unaudited) (In millions)

C) Statement of Cash Flows (In millions)

	NYPA		SFP		Captive		NYREDHC		Total	
	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24	Jun-25	Jun-24
Cash flows from operating activities:										
Customer sales	\$ 1,790	\$ 1,425	\$ 85	\$ 62	\$ -	\$ 7	\$ -	\$ -	\$ 1,875	\$ 1,494
Disbursements for:										
Purchased power	(473)	(314)	-	-	-	-	-	-	(473)	(314)
Fuel oil and gas	(160)	(97)	-	-	-	-	-	-	(160)	(97)
Transportation and delivery	(571)	(505)	-	-	-	-	-	-	(571)	(505)
Operations and maintenance	(441)	(373)	(25)	(10)	-	-	-	-	(466)	(383)
Net cash provided by operating activities	145	136	60	52	-	7	-	-	205	195
Cash flows from capital and related financing activities:										
Gross additions to capital assets	(340)	(181)	(64)	(194)	-	-	(3)	-	(407)	(375)
Repayment/defeasance of bonds	-	(275)	-	-	-	-	-	-	-	(275)
Interest paid, net	(37)	(31)	(31)	(32)	-	-	-	-	(68)	(63)
Net cash (used in)/capital and related financing activities	(377)	(487)	(95)	(226)	-	-	(3)	-	(475)	(713)
Cash flows from noncapital-related financing activities:										
Energy conservation program payments received from participants	202	126	-	-	-	-	-	-	202	126
Energy conservation program costs	(220)	(147)	-	-	-	-	-	-	(220)	(147)
Proceeds from issuance of commercial paper	-	273	-	-	-	-	-	-	-	273
Repayment of commercial paper	(38)	(23)	-	-	-	-	-	-	(38)	(23)
Interest paid on commercial paper	(5)	(5)	-	-	-	-	-	-	(5)	(5)
Margin Deposits with Brokers	2	10	-	-	-	-	-	-	2	10
Net cash (used in)/provided by noncapital-related financing activities	(59)	234	-	-	-	-	-	-	(59)	234
Cash flows from investing activities:										
Earnings received on investments	35	39	4	10	3	1	2	-	44	50
Purchase of investment securities	(915)	(1,046)	(8)	(9)	(10)	(32)	(3)	-	(936)	(1,087)
Maturities/sale of investment securities	1,042	1,059	64	97	2	1	32	-	1,140	1,157
Net cash provided by/(used in) investing activities	162	52	60	98	(5)	(30)	31	-	248	120
Net (decrease) increase in cash	(129)	(65)	25	(76)	(5)	(23)	28	-	(81)	(164)
Cash and cash equivalents, Opening Balance										
	360	315	51	134	10	31	4	-	425	480
Cash and cash equivalents, Ending Balance										
	231	250	76	58	5	8	32	-	344	316
Reconciliation to net cash provided by operating activities:										
Operating income	45	43	55	46	6	3	-	-	106	92
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	170	160	8	6	-	-	-	-	178	166
Net decrease in miscellaneous prepayments and other	32	12	-	-	-	-	-	-	32	12
Net (increase) decrease in receivables and materials and supplies	(127)	(44)	(3)	-	(6)	4	-	-	(136)	(40)
Net increase (decrease) in accounts payable/accrued liabilities and other	25	(35)	-	-	-	-	-	-	25	(35)
Net cash provided by operating activities	\$ 145	\$ 136	\$ 60	\$ 52	\$ -	\$ 7	\$ -	\$ -	\$ 205	\$ 195

See accompanying notes to the consolidated financial statements.