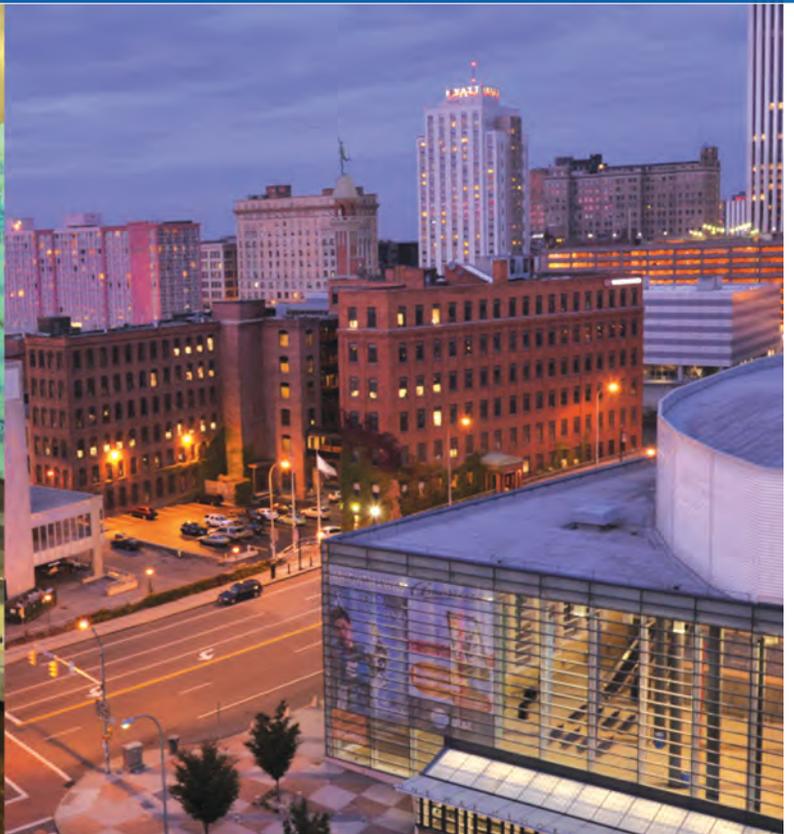




2013 Accomplishments



The year 2013 was one of imposing challenges and notable successes for the New York Power Authority (NYPA). Among numerous other accomplishments, we maintained and enhanced our solid financial position, took major steps toward strengthening our generation and transmission infrastructure for

decades to come and expanded our efforts to promote energy efficiency, clean energy and economic development throughout New York State.

We are pleased to submit this high-level summary of NYPA's most significant achievements during 2013.



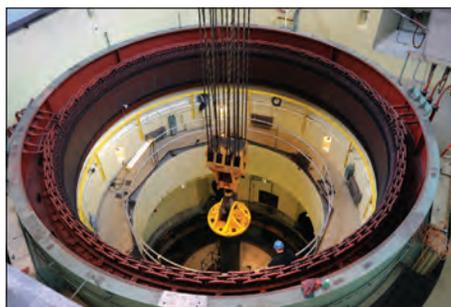
FINANCIAL STRENGTH

We continued our trend of financial health by controlling costs and staying on budget with our operation and maintenance expenditures. We:

- Surpassed our minimum threshold level for debt service coverage, permitting access to low-cost capital markets in funding our energy efficiency investments and our ongoing life extension and modernization projects at the Niagara Power Plant's Lewiston pump-generating facility and along our extensive transmission network.
- Received recognition for our solid financial performance when, in January 2013, Standard and Poor's raised our outlook to "Positive" from "Stable."

OPERATIONS

We operated our power plants and transmission lines with excellent records for reliability and safety, including eight months of 100% on-line availability at the Flynn power plant. As part of the initiatives to strengthen our infrastructure, we moved ahead on the \$460 million multi-year Life Extension and Modernization (LEM) program at the Niagara Power Plant's Lewiston facility. We initiated some of the first projects under the \$726 million LEM for our transmission system, advancing Governor Cuomo's Energy Highway Blueprint.



NEW YORK ENERGY HIGHWAY

The Governor's Energy Highway Task Force submitted an updated report of the actions taken in line with the Blueprint. As part of the Energy Highway, NYPA:

- Began to implement the initial measures under the multi-year \$726 million Life Extension and Modernization program for its decades-old transmission system. These measures focus on upgrading and replacing transmission line structures along existing right-of-way corridors from the Niagara and St. Lawrence-FDR hydroelectric plants.
- Worked with Con Edison on the development of an Indian Point Contingency Plan, approved by the State Public Service Commission in October. The plan is intended to ensure that sufficient resources are in place if the Indian Point nuclear power plant is retired.
- Initiated preliminary development of an Advanced Energy Management Control Center.

ECONOMIC DEVELOPMENT

We continued to administer the Governor's ReCharge NY program, with the Trustees approving 105 economic power allocations totaling 73 megawatts that will help to create or protect more than 23,000 jobs. Approximately 384,000 jobs have been linked to the highly successful program since its inception.

- We made the first financial grants of nearly \$13 million, under the Western New York Power Proceeds program.
- We made land available for winter storage of Maid of the Mist tour boats, helping to avert a threatened shutdown of the legendary Niagara Falls attraction.
- In the North Country, we continued to implement the provisions of our long-term

power supply agreement with Alcoa, helping to protect 1,000 jobs.

- Under the leadership of Governor Cuomo, we started the Anaerobic Digester Yogurt Initiative program to help dairy farmers expand their businesses, increase profitability and reduce their energy costs.

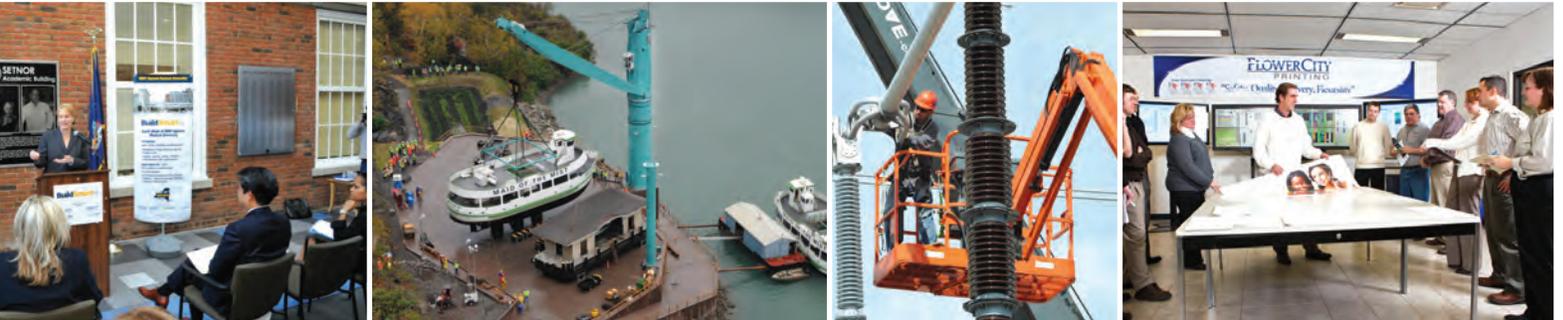


ENERGY EFFICIENCY

We completed more than \$280 million in energy efficiency and clean energy projects in the state while at the same time successfully assuming our role as the lead agency in implementing the Governor's Build Smart NY program to cut energy use in state government buildings by 20 percent by 2020.

- We also financed and completed 80 energy efficiency projects throughout the State, providing annual energy savings of \$13.2 million to New York taxpayers.
- The projects will reduce greenhouse gas emissions by over 52,000 tons a year, equivalent to removing more than 9,700 cars from the road.
- **Onondaga County.** Phase 2A of an energy efficiency upgrade at the State University of New York's College of Environmental Science and Forestry in Syracuse represents a total investment of over \$767,000 and will provide annual savings of \$291,191 to taxpayers.

2013 Challenges & Successes



- Capital Region.** NYPA financed and completed three energy efficiency projects at the Empire State Plaza and one at the State Office of General Service's Harriman Campus. The four upgrades, with a total investment of more than \$8.6 million, will provide annual savings of more than \$1 million to taxpayers.
- New York City.** We financed and completed 66 energy efficiency projects at public facilities in the City. The investment of more than \$257 million will provide annual taxpayer savings of more than \$10 million.
- Long Island.** We financed and completed two energy efficiency projects at public facilities. The projects, with a total investment of more than \$9.6 million, will save taxpayers more than \$1 million annually. Projects include Nassau County LED traffic signals and Suffolk County Facility Upgrades.
- Mid-Hudson Region.** We financed and completed five energy efficiency projects, including master plans and audits. The investment of \$4.5 million will provide annual energy cost savings of close to \$250,000.
- Finger Lakes Region.** NYPA financed and completed an audit and a customer implemented project. These two jobs, with a total investment of more than \$442,000, will provide annual savings of close to \$73,000 to New York taxpayers.

BUILDSMART NY

- Executive Order 88 requires State agencies and authorities to collectively reduce the energy use in State-owned and -managed buildings by at least 20 percent by April 1, 2020. NYPA is the lead agency, charged with the overall management of implementation. Source Energy Use Intensity (the amount of energy consumed per square foot) decreased by 4.7 percent kBTU

(1,000 British Thermal Units) per square foot of building space in State government facilities. The annual benefits associated with this reduction represent:

- A decrease of approximately 131,500 tons of greenhouse gas emissions (carbon dioxide), and
- An estimated net creation of over 600 green jobs.
- NYPA financed 24 Build Smart NY energy efficiency projects at state agencies and authorities. The upgrades, totaling more than \$166 million, will provide annual savings of more than \$9 million to taxpayers.

NY SUN and NYPA'S SOLAR MARKET ACCELERATION PROGRAM (SOLAR MAP):

The NY-Sun initiative brings together and expands existing programs administered by the New York State Energy Research and Development Authority (NYSERDA), the Long Island Power Authority (LIPA), and NYPA to ensure a coordinated, well-funded solar energy expansion plan. The plans call for about \$800 million to be invested under the current program through 2015.

NYPA's Solar Market Acceleration Program supports the Governor's NY-Sun efforts to reduce the balance of system (BOS) costs of solar energy in New York State. BOS is defined as all costs related to installing solar energy systems, excluding the solar panels. NYPA developed a number of programs to target cost reductions in supporting hardware, customer acquisition, permitting and grid integration.

CHARGE NY and ELECTRIC VEHICLES

Announced in the Governor's 2013 State of the State Address, the Charge NY program accelerates the adoption of electric vehicles through regulatory reform, tax credits and the installation of charging stations. It also supports

over 40,000 vehicles by providing over 3,000 charging stations.

- A Request for Proposals was issued and a contract award was made in 2013 to install the first 100 charging stations at public sites throughout New York State, including train stations, airports and municipal parking lots.
- Separately, NYPA installed charging stations for employee use under a pilot program to encourage electric vehicle ownership.

COMMUNITY INVESTMENTS

In 2013, NYPA met its commitments under the Niagara Power Project Relicensing Settlement Agreement by fulfilling its financial obligations to its settlement partners and continuing work on Habitat Improvement Projects (HIPs). We made annual payments totaling over \$20 million to local communities in the project area, the Erie Canal Harbor Development Corporation, the Tuscarora Nation and four committees supporting the development of the Niagara River Greenway.

- In cooperation with the State Office of Parks, Recreation and Historic Preservation (OPRHP), we accelerated State Parks Greenway Fund payments to provide \$25 million in 2013 to address work at Niagara Falls State Park.

continued





- We completed work on the Motor Island HIP and began construction on the Frog Island HIP.

In the North Country, NYPA provided \$2 million to benefit host communities through the Community Enhancement Fund as provided in the St. Lawrence Relicensing Settlement Agreement. The last major element in the renovation of state parks was completed with the opening of the new Marine Services building at Coles Creek Marina.

- NYPA continues to financially support the operations of The Nature Center at Robert Moses State Park. The Nature Center was threatened with closing after its original location was rendered inoperable by fire, and by budget cuts at State Parks.



NYPA VISITORS CENTERS

Our three admission-free visitors centers—the Niagara Power Vista in Western New York, the St. Lawrence-FDR Hawkins Point Visitors Center in Northern New York and the Blenheim-Gilboa Visitors Center (along with Lansing Manor) in Central New York—offer special



events and interactive exhibits on energy for all ages and abilities.

A total of 187,000 people visited the centers in 2013, compared to 140,000 in 2012. Also during 2013, we conducted 215 educational tours at the three centers for 10,350 students. Some 225 organizations, with a total of 6,570 participants, used the centers as community resources. In addition, staff participated in 10 tourism-related events featuring NYPA displays and exhibits.

- We celebrated the 50th anniversary of the Power Vista by welcoming back many of the construction workers who built the facility, and welcomed our 7 millionth visitor to the center. At Blenheim-Gilboa, we celebrated the 40th anniversary of first power at the plant, with staff and retirees in attendance on the visitors center grounds.

Cover photos, clockwise from top left: NYPA transmission upgrades support Governor Cuomo's Energy Highway initiative; a long-term power supply agreement with Alcoa protects North Country jobs; the Governor's Build Smart NY program includes Energy Master Plans for upstate cities like Rochester; NYPA continues to make infrastructure investments on its essential assets.

Inside photos, clockwise from top left: The Power Authority's accomplishments in 2013 include: a Build Smart NY energy efficiency project at a Yonkers skating rink; support for the Governor's Energy Highway initiative; electric vehicle charging stations; energy conservation measures at a medical center in Syracuse; keeping the iconic Maid of the Mist tour boats afloat in Niagara Falls; transmission system improvements; a ReCharge NY power allocation for a Rochester printing company; a program to lower the cost of solar panels; waste-to-energy technology for dairy farms; ongoing emphasis on operations and maintenance at NYPA generating facilities.

Back cover photos, clockwise from top left: The economic benefits of tourism are advanced through certain Power Authority activities in host communities where its facilities are located, including: investing Niagara River Greenway funds for improvements at Niagara Falls State Park, observing the 40th anniversary of operations at the Blenheim-Gilboa power plant and visitors center, and celebrating the seven millionth guest at the NYPA's Niagara Power Vista.