



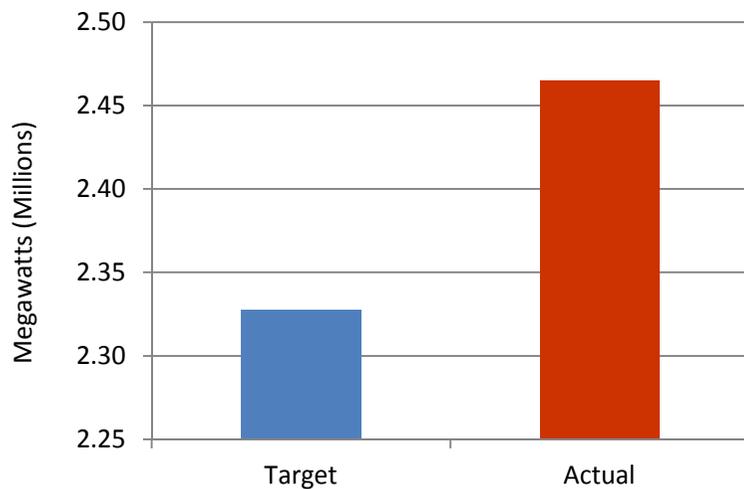
Chief Operating Officer Report

September 29, 2015

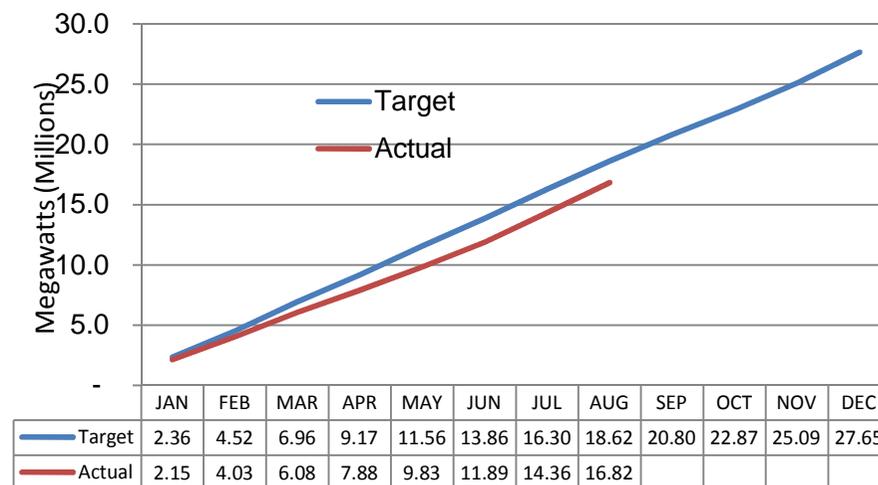
Operations - System Net Generation

- Systemwide net generation in August was 2,464,904 MWh (megawatt-hours) which is above the projected net generation of 2,327,396 MWh. For the year, net generation was 16,821,180 MWh which is below the projected target of 18,624,245 MWh.

August 2015

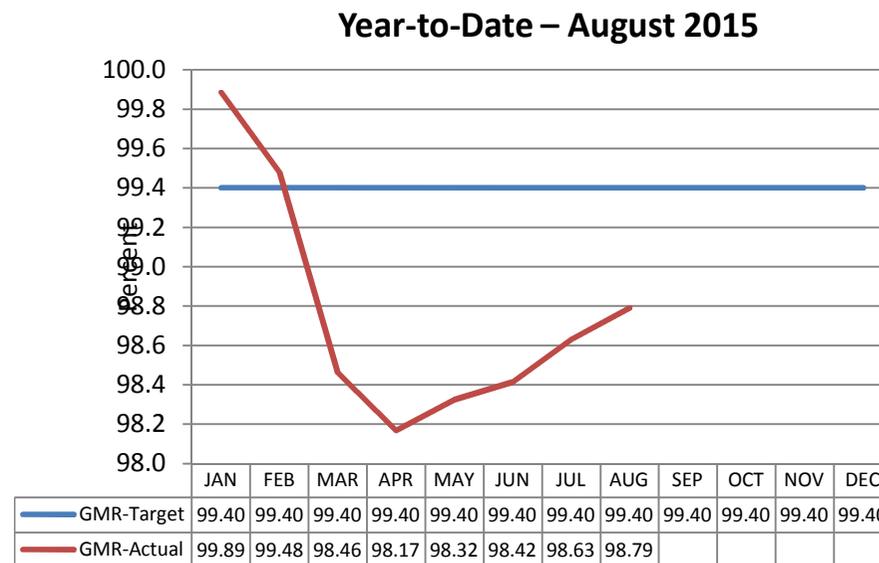
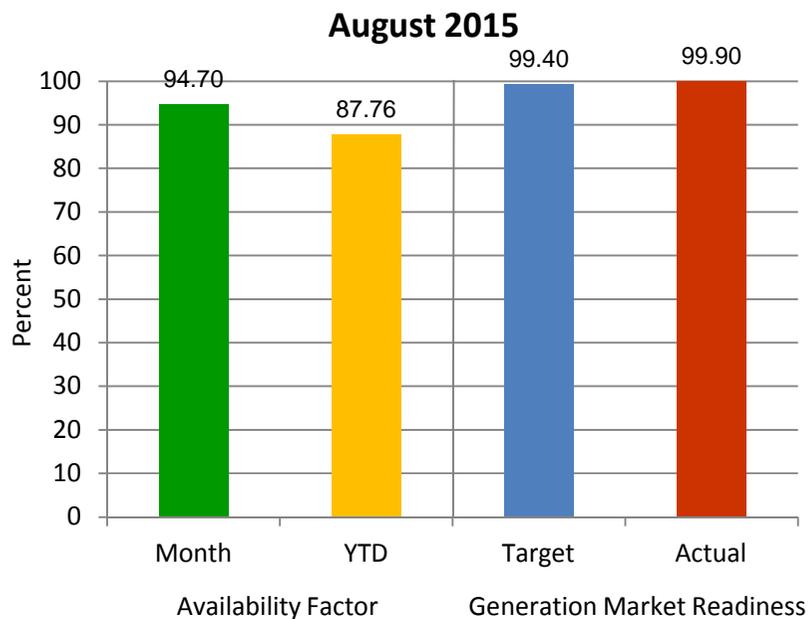


Year-to-Date – August 2015



Operations – Plant Performance

- The fleet availability factor in August was 94.70 percent, and was 87.76 percent for the year. Generation Market Readiness factor in August was 99.90 percent, which is higher than the target of 99.40 percent. Year-to-date Generation Market Readiness factor was at 98.79 percent, which is below the annual target of 99.40 percent.



Operations – Plant Outages

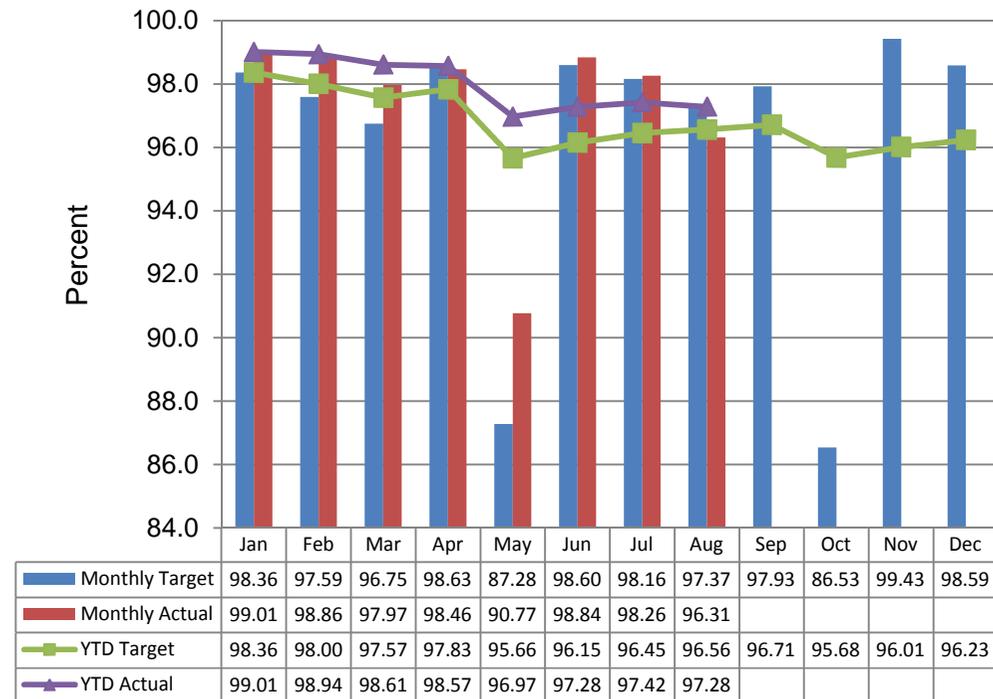
- There were no significant forced outage events in August.

Niagara/St. Lawrence River Flows

- Niagara River flows in August were above the historical average and will be above normal levels during the year. St. Lawrence River flows for August were above historical levels and are expected to be close to the average flow for the rest of the year.

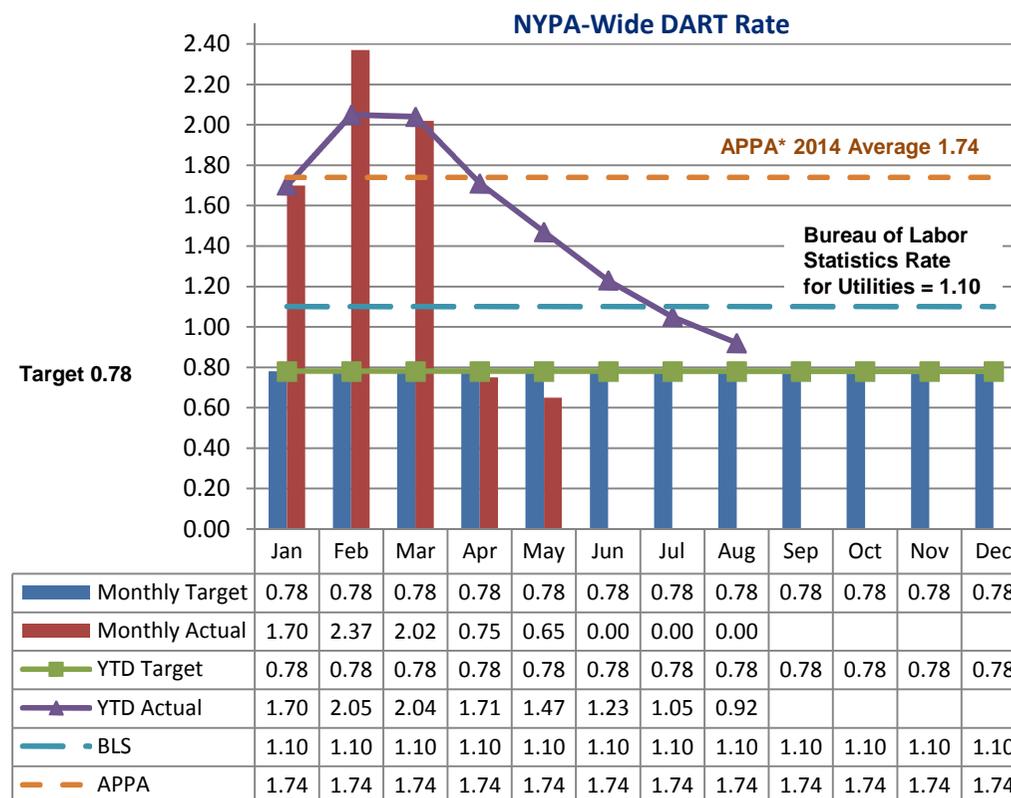
Transmission System Reliability

- Transmission reliability in August was 96.31 percent, which was below the monthly target of 97.37 percent. Year-to-date transmission reliability is 97.28 percent, above the target of 96.56 percent.
- There were no significant unplanned transmission outages in August.



Safety DART Rate

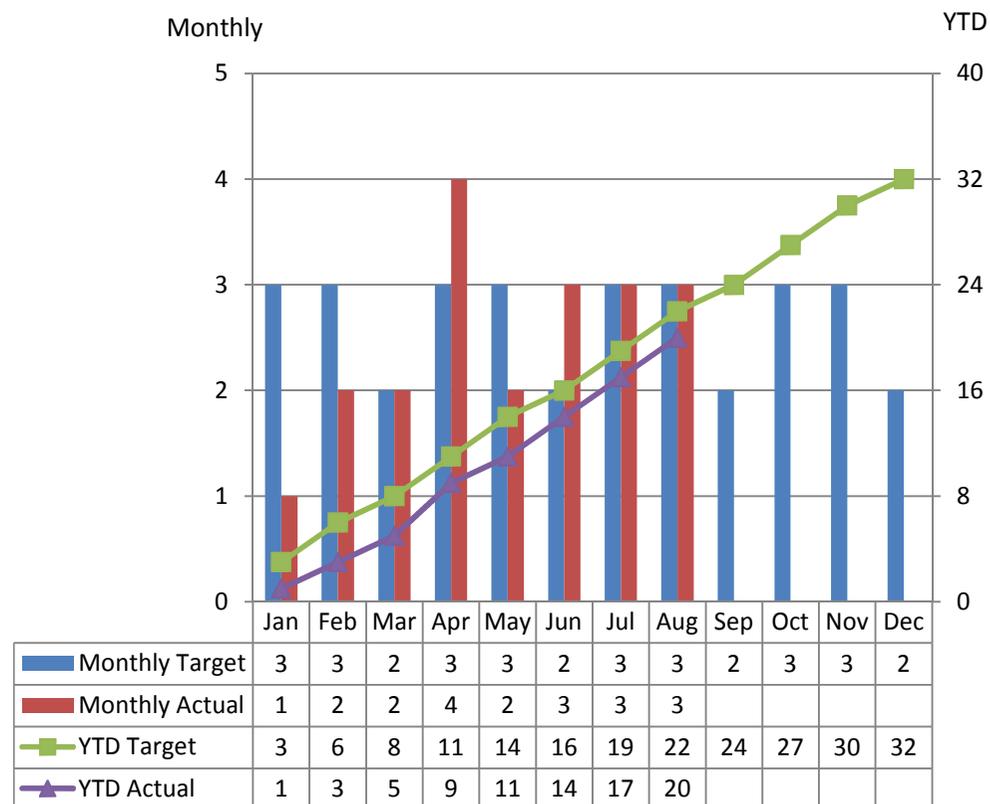
- The NYPA DART (Days Away, Restricted or Transferred) Rate for August is 0.00. For the year, the DART Rate is 0.92 compared to the target of 0.78.
- There were no lost time incidents in August that met the DART criteria.
- For the year, there have been 10 injuries that resulted in lost time and met the DART criteria.



Environmental Incidents

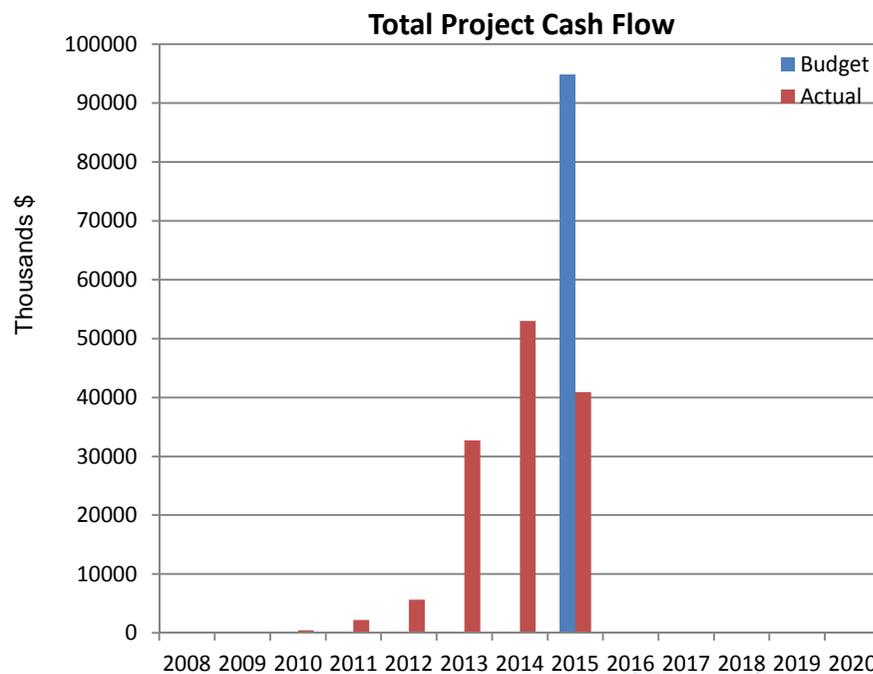
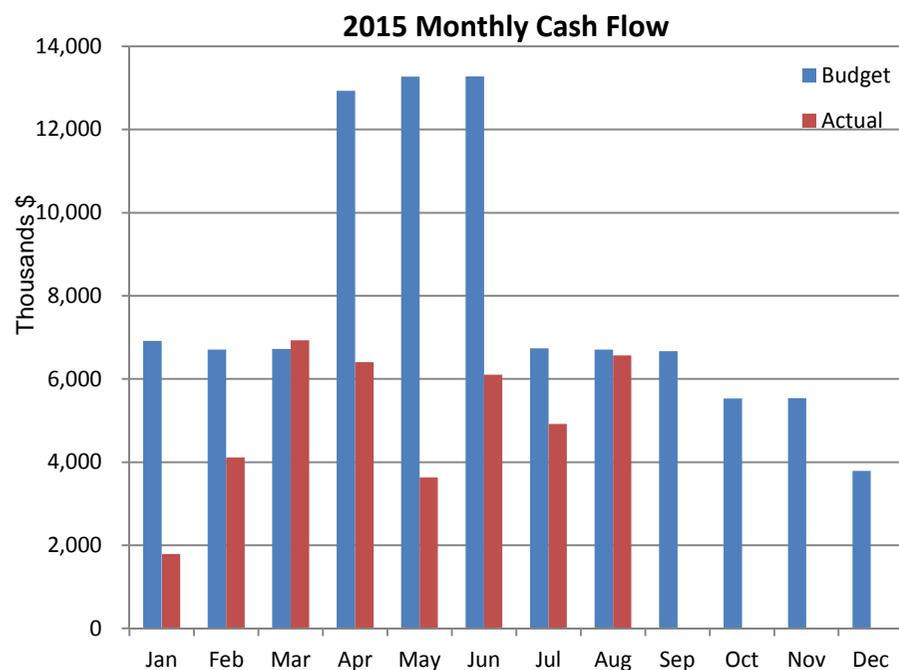
- There were three reportable incidents in August:
 - At Astoria 500MW, a release of 52 pounds of R-22 refrigerant occurred when the Unit No. 4 condenser coil fitting failed.
 - At Niagara, a loss of 30 gallons of oil occurred at Unit No. 6 governor oil line.
 - At St. Lawrence, a release of 8.7 pounds of R-22 refrigerant occurred at the line crew building air-conditioning unit.

- For the year, there have been 20 incidents. The annual target is 32 incidents.



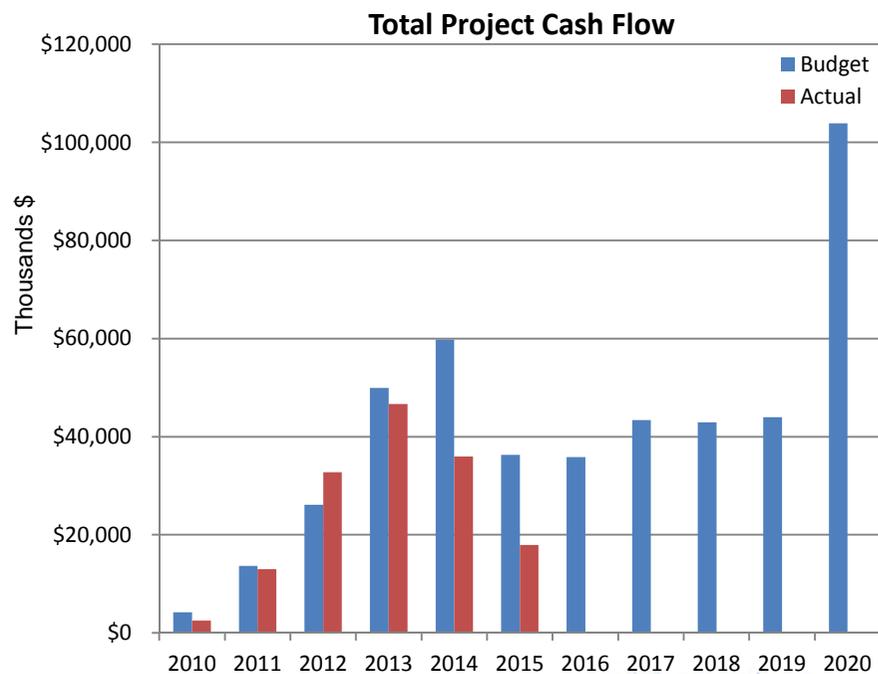
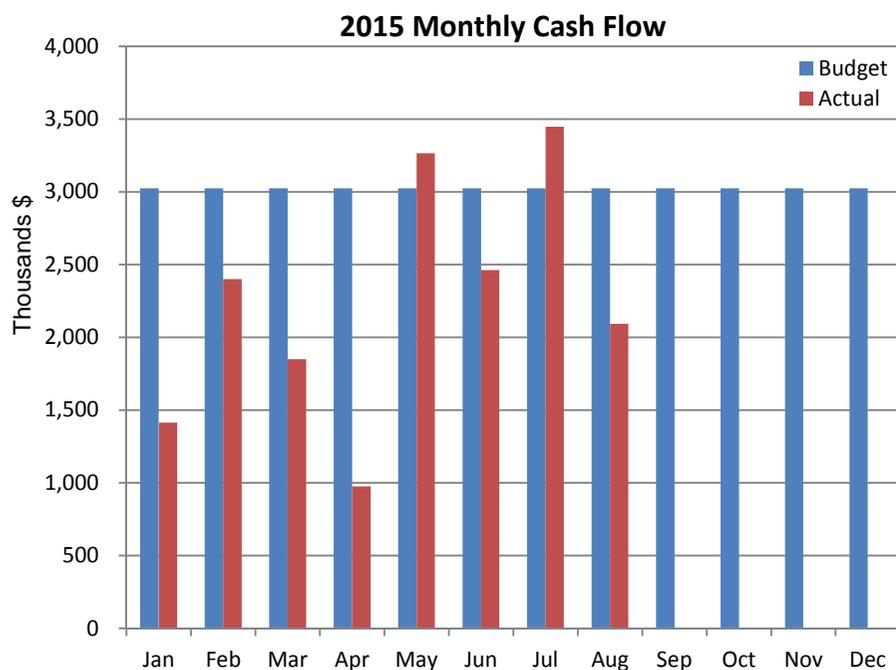
Life Extension and Modernization Programs – Transmission LEM

- Long lead equipment including Auto Transformer 4 (AT4), and Power Circuit Breakers (PCB) have been delivered to the NIA Project. Outages are in progress at the NIA for the replacement of AT4 and PCBs. At STL, Capacitor Bank 7 installation as well as PCBs and the cutover of the associated SAMAC relays are in progress. Detailed Engineering is in progress for the Marcy Switchyard LEM and BG Switchyard LEM with construction scheduled to begin in 2016. More than 50% of Tower Painting in the STL Region is complete.



Life Extension and Modernization Programs – LPGP LEM

- The fourth unit outage (Unit 2) is nearing completion and the return to service date is November 10, 2015. The motor generator contract work restarted with Andritz Hydro Corp., fabrication of components for the fifth unit commenced. The cash flow in 2020 will be re-allocated in the very near future.



Technical Compliance – NERC Reliability Standards

New Bulk Electric System (BES) Definition

- The Plattsburgh 115 kV capacitor banks 5 and 6 exclusion exception request (EER) was submitted to NPCC on August 18, 2015.
- NYPA and Alcoa responded to NPCC questions and provided data for flow across National Grid's R8105 breaker in regards to NPCC's review of the Moses-Alcoa 115kV Transmission lines EER.
- Approval of this exception request will support NYPA's objective of not having to be registered as a Transmission Operator for its newly identified BES elements; the NYISO has agreed to be the Transmission Operator for NYPA's new BES elements.

Physical Security Standard (CIP-014-1)

- In August, the NYISO began its review of NYPA's draft risk assessment report and engaged NYPA regarding the analysis results.
- NYPA anticipates finalizing the draft risk assessment report in September 2015.

Critical Infrastructure Protection (CIP) Standards - Version 5

- NYPA's CIP Version 5 (V5) Implementation Project team continued to execute the transition plan to achieve compliance with the new cyber security standards before the April 1, 2016 enforcement date.
- In preparation for this outcome, NYPA is scheduled for a CIP V5 implementation check-in (not an audit) by NPCC on September 15-17, 2015.
- The check-in is an opportunity for NYPA to validate its approach, clarify open issues, and implement any recommendations NPCC might make before the enforcement date.

NERC Risk-Based Compliance Monitoring and Enforcement Program

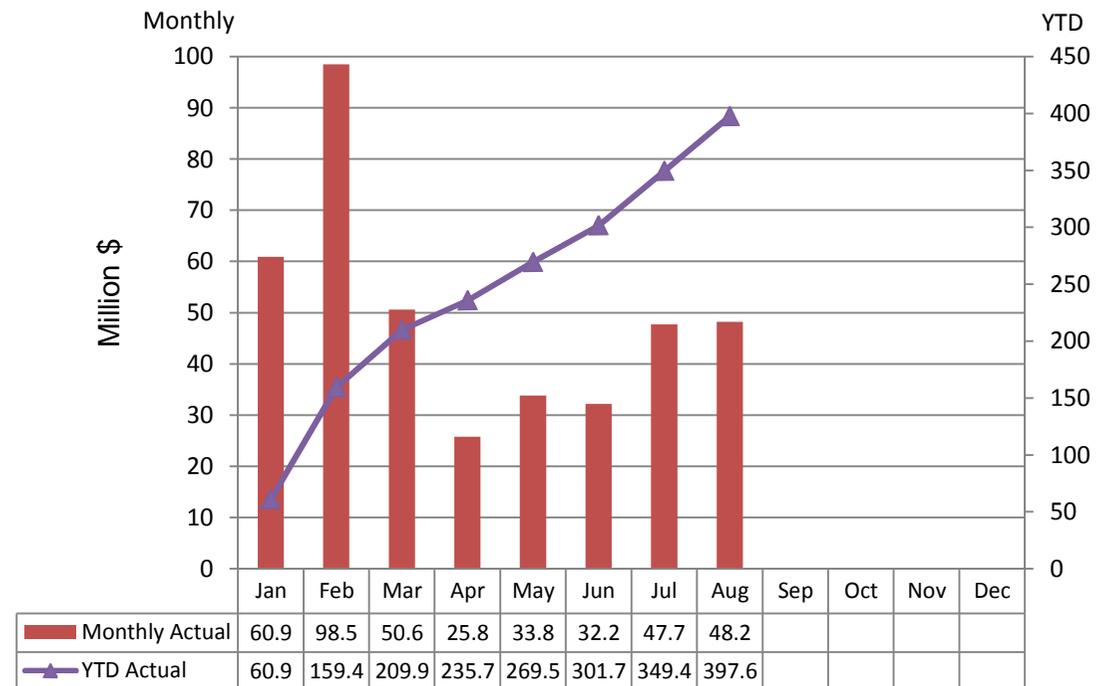
- NYPA completed the NPCC Inherent Risk Assessment (IRA) spreadsheet and submitted to NPCC on July 31, 2015
- NPCC confirmed NYPA's use of a hybrid template for its participation in the Internal Controls Evaluation (ICE).
- Results of the IRA are anticipated to be available from NPCC in September 2015.



Energy Resource Management

NYISO Markets

- In August, Energy Resource Management (ERM) bid 2.79 million MWh of NYPA generation into the NYISO markets, netting \$48.2 million in power supplier payments to the Authority. Year-to-date net power supplier payments are \$397.6 million.



Energy Resource Management

Fuel Planning & Operations:

- In August, NYPA's Fuels Group transacted \$15.2 million in natural gas and oil purchases, compared with \$16.2 million in August 2014. Year-to-date natural gas and oil purchases are \$192.8 million, compared with \$288.7 million at this point in 2014.
- The total -\$95.9 million decrease is due to the lower cost of fuel and / or fuel consumption at the Astoria Energy II Plant (-\$33.6 million), 500-Mw Combined Cycle Plant (-\$39.3 million), Richard M. Flynn Power Plant (-\$17.0 million), and the Small Clean Power Plants (-\$6.0 million).

