



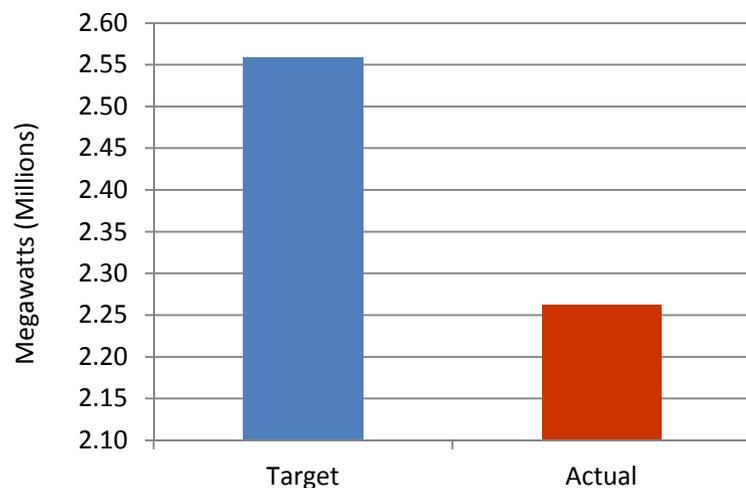
# Chief Operating Officer Report

December 12, 2015

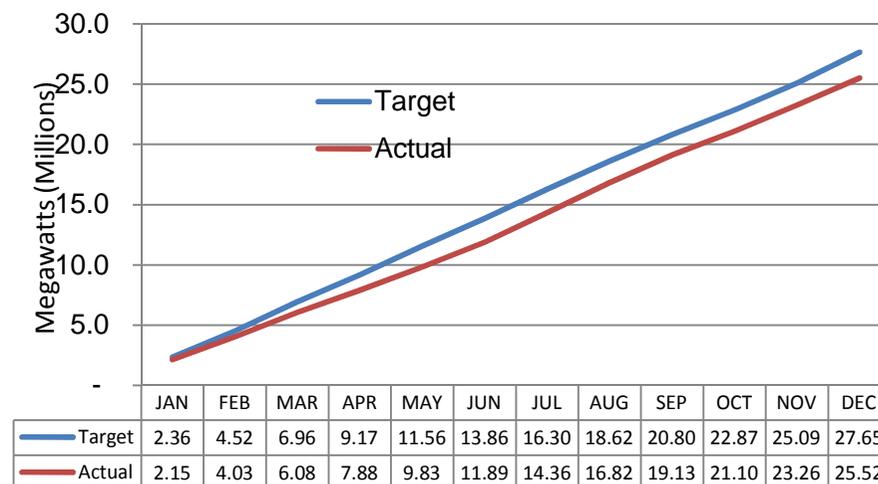
## Operations - System Net Generation

- Systemwide Net Generation in December was 2,262,390 MWh (megawatt-hours ) which is below the projected net generation of 2,558,083 MWh. For the year, net generation was 25,521,803 MWh which is below the projected target of 27,645,648 MWh.

December 2015

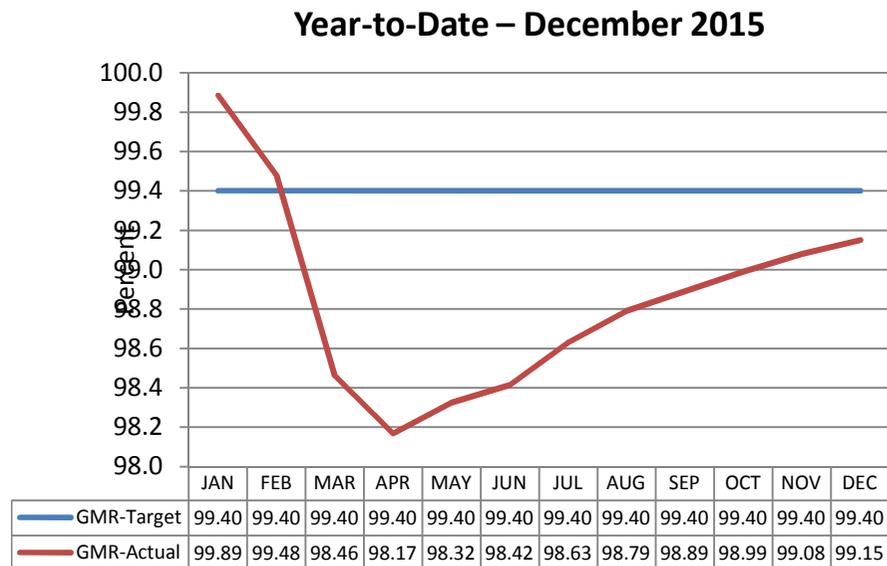
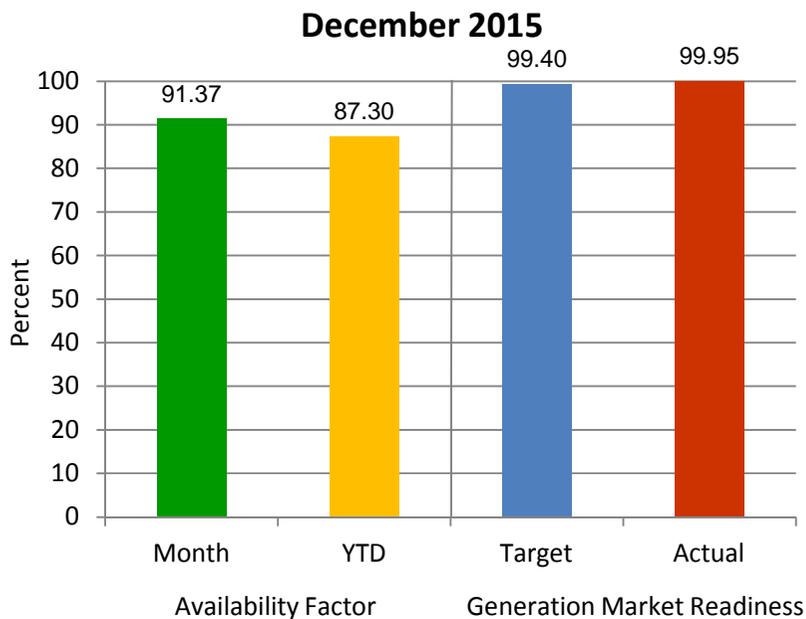


Year-to-Date – December 2015



## Operations – Plant Performance

- The fleet availability factor in December was 91.37 percent, and was 87.30 percent for the year. Generation Market Readiness factor in December was 99.95 percent, which is higher than the target of 99.40 percent. Year-to-date Generation Market Readiness factor was at 99.15 percent, which is below the annual target of 99.40 percent.



## Operations – Plant Outages

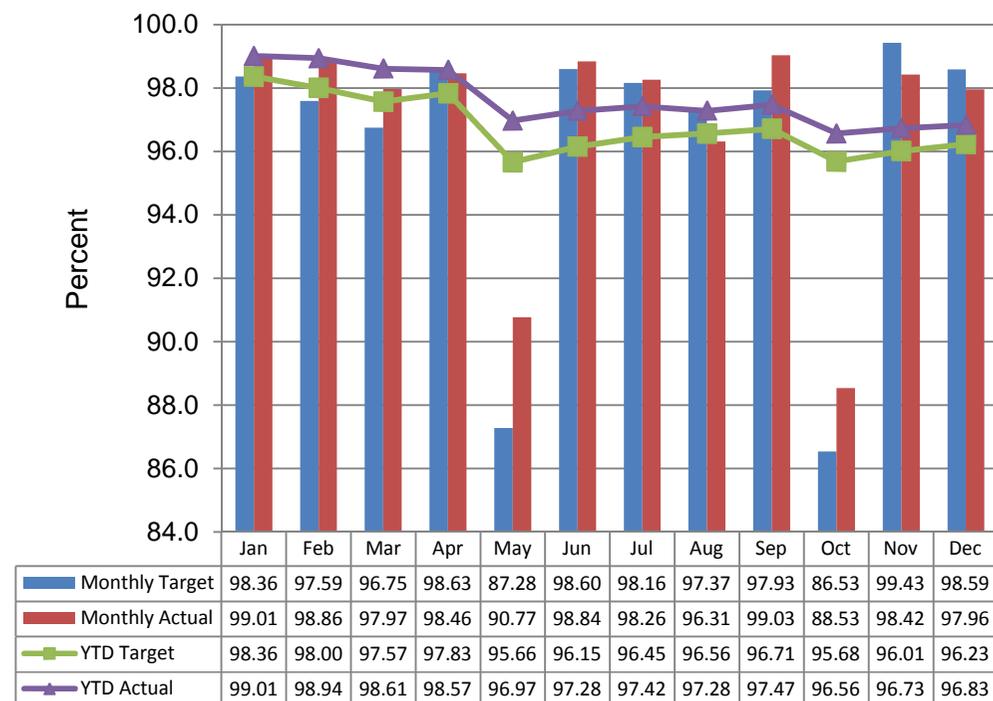
- There were no significant forced outage events in December.

## Niagara/St. Lawrence River Flows

- Niagara River flows in December were above the historical average and will be above normal levels throughout the following year. St. Lawrence River flows for December were above historical levels and are expected to be above the historical average flow over the next year.

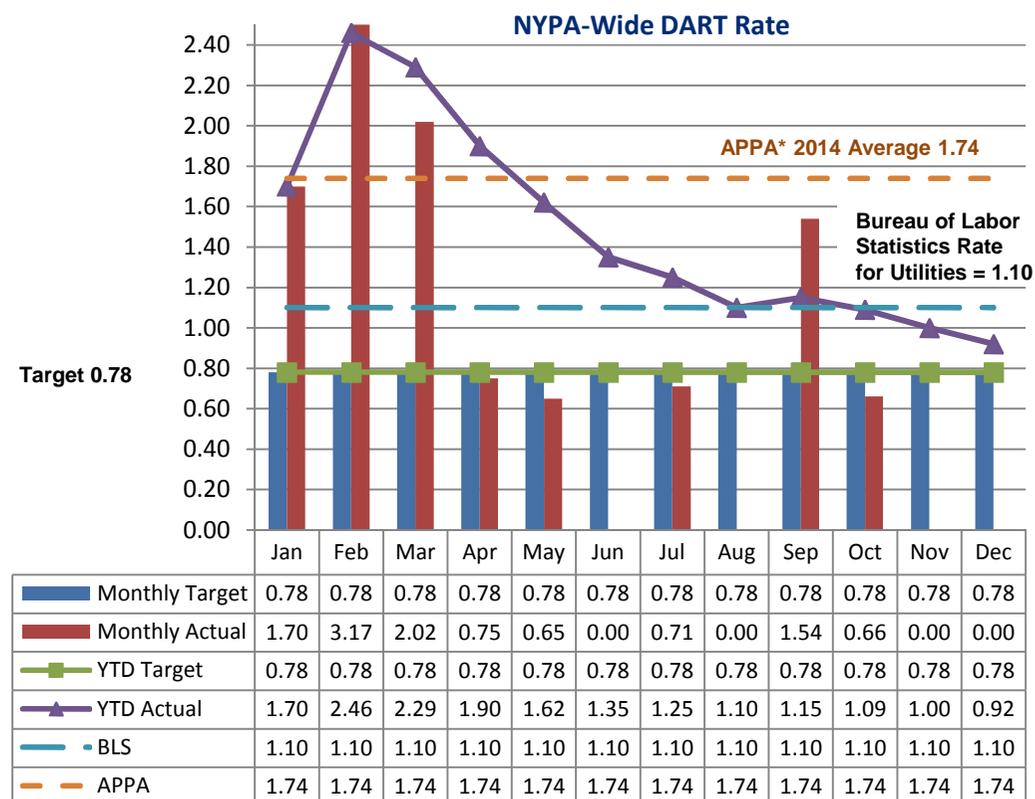
## Transmission System Reliability

- Transmission reliability in December was 97.96 percent, which was below the monthly target of 98.59 percent. Final year transmission reliability is 96.83 percent, above the target of 96.23 percent.
- There were no significant unplanned transmission outages in December.



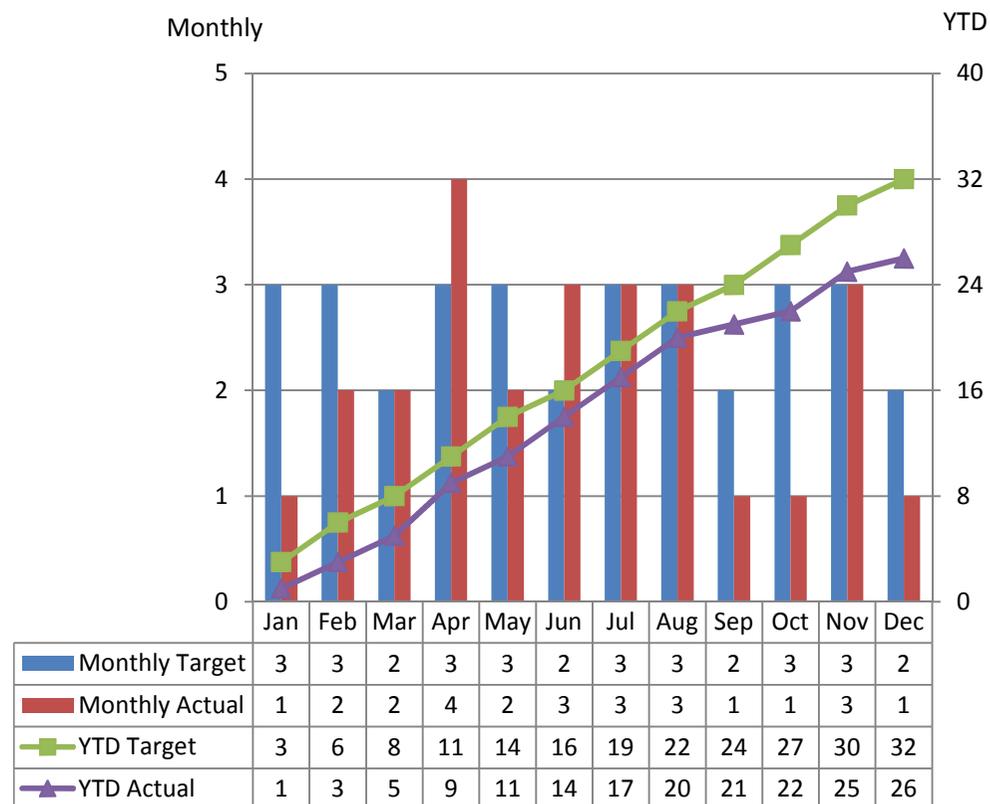
## Safety DART Rate

- The NYPA DART (Days Away, Restricted or Transferred) Rate for December 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 December that met the DART criteria.
- For the year, there have been 15 injuries that resulted in lost time and met the DART criteria.



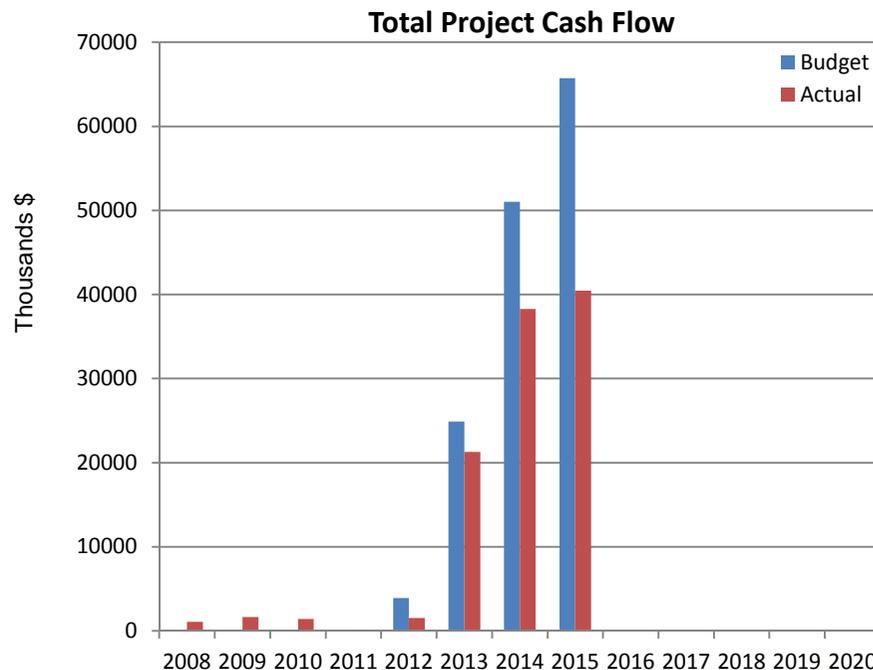
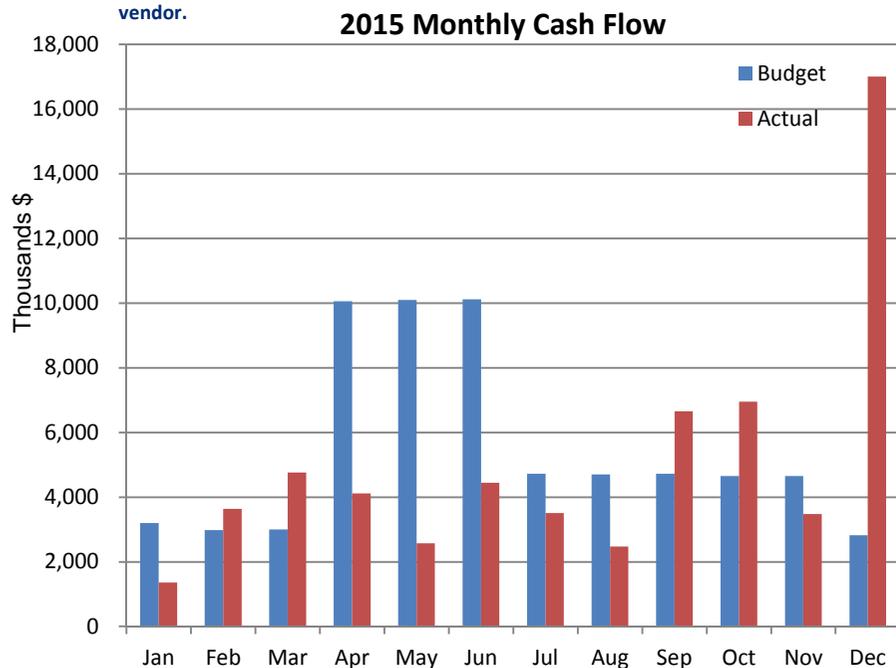
## Environmental Incidents

- There was one reportable incident in December:
  - At Niagara, a water discharge permit excursion occurred which was promptly reported to NYSDEC.
- For the year, there have been 26 incidents. The annual target is 32 incidents.



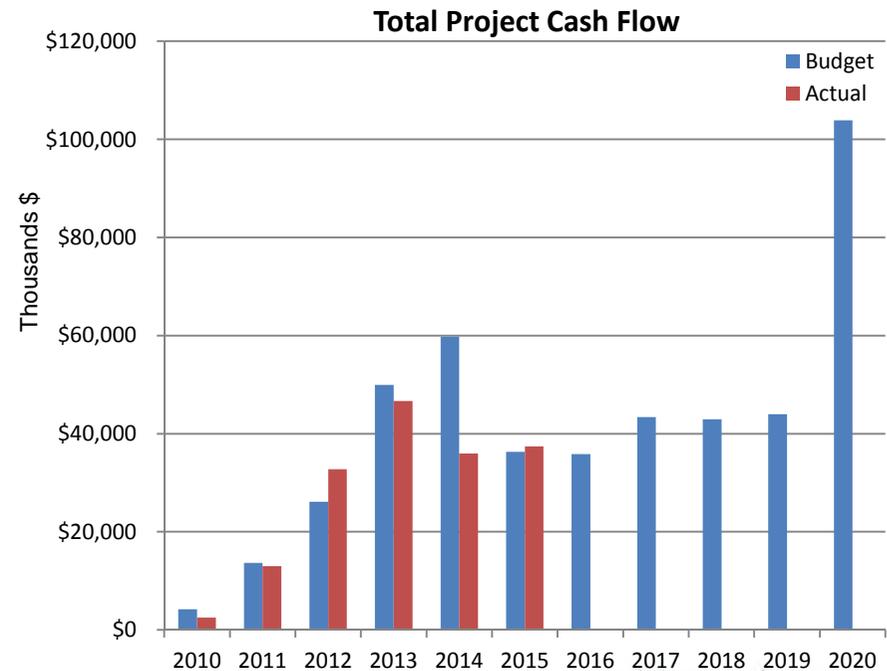
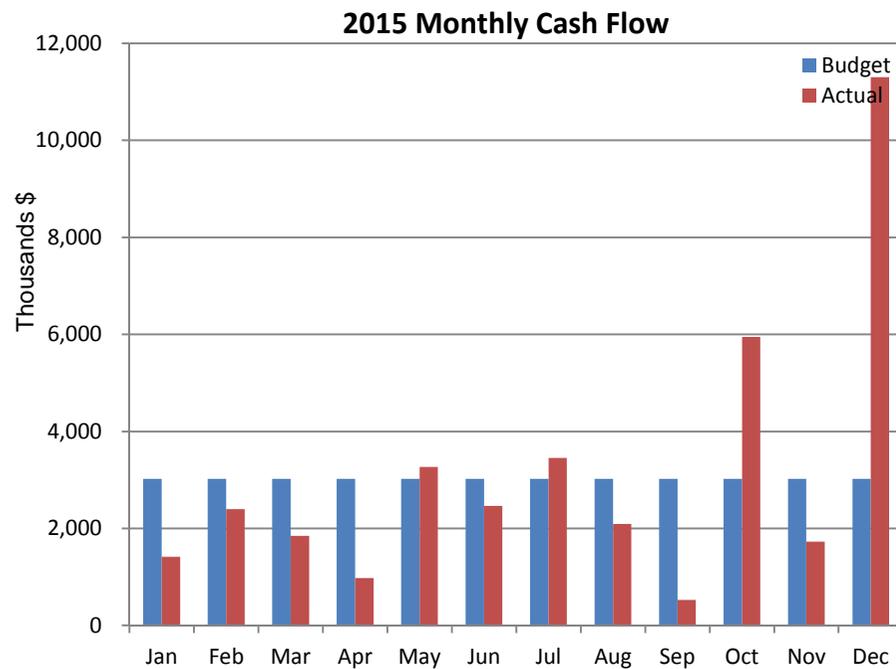
## Life Extension and Modernization Programs – Transmission LEM

- Niagara – Southeast bus and disconnect replacement completed and placed in service. Bay 18 Disconnect Switch, Instrument Transformers, Bus, Breaker 1802 and Gardenville 180 relay upgrade is complete. Bay 15 breaker 1522 with three associated disconnects and Instrument transformer replacement is in progress with completion scheduled in January 2016. Massena Substation - Installation of Auto Transformer 1X in progress with completion scheduled for February 2016. Refurbishment of reactors 1X and 1B completed. St Lawrence RM Switchyard – Cables and ancillary equipment associated with Capacitor Bank 7 installed; cutover of the SAMAC relays in progress. Detailed engineering underway for the Marcy and BG Switchyard LEM with construction scheduled to begin in 2016. STL Tower Painting complete. Niagara Tower Painting to begin in 2016. PV-20 Submarine Cable Replacement - Design package submitted by vendor.



## Life Extension and Modernization Programs – LPGP LEM

- The fifth unit outage (Unit 6) started on November 19, 2015, as scheduled, along with the restart of the motor generator contract work by Andritz Hydro Corp. The actual spending for 2015 slightly exceeded the project total budgeted amount and the project's cash flow in 2020 will be re-allocated next year.



## Technical Compliance – NERC Reliability Standards

### New Bulk Electric System (BES) Definition

- The Moses-Alcoa 115kV transmission lines and the Plattsburgh 115 kV capacitor banks 5 and 6 exclusion exception requests (EER) have been moved through the initial review stage and into the substantive review stage by NPCC.
- NERC, NPCC, Alcoa and NYPA agreed to temporarily suspend the Moses-Alcoa 115kV transmission lines EER to allow NPCC to evaluate the reliability impact of these and other transmission lines on the BES.
- Staff continues to have discussions with the NYISO to clarify NYPA's and the NYISO's Transmission Planning (TP) responsibilities for NYPA's assets.

### CIP-014-2 Physical Security - Implementation

- The NYISO, acting as the independent third party verifier under Requirement 2 of the CIP-014-2 Physical Security Standard, completed its final review of NYPA's risk assessment report on December 18 and verified that it is consistent with the methodology developed by the NYCA Transmission Owners and the NYISO.

### Critical Infrastructure Protection (CIP) Standards - Version 5

- NYPA's CIP Version 5 (V5) Implementation Project team continued to execute the plan to achieve compliance with the new cyber security standards before the April 1, 2016 enforcement date.
- Following the completion of the plan's priority activities, the team will start conducting Internal Readiness Assessments in early 2016 to rate NYPA's compliance posture and identify any further actions required to complete the transition to CIP V5.

### NERC Risk-Based Compliance Monitoring and Enforcement Program

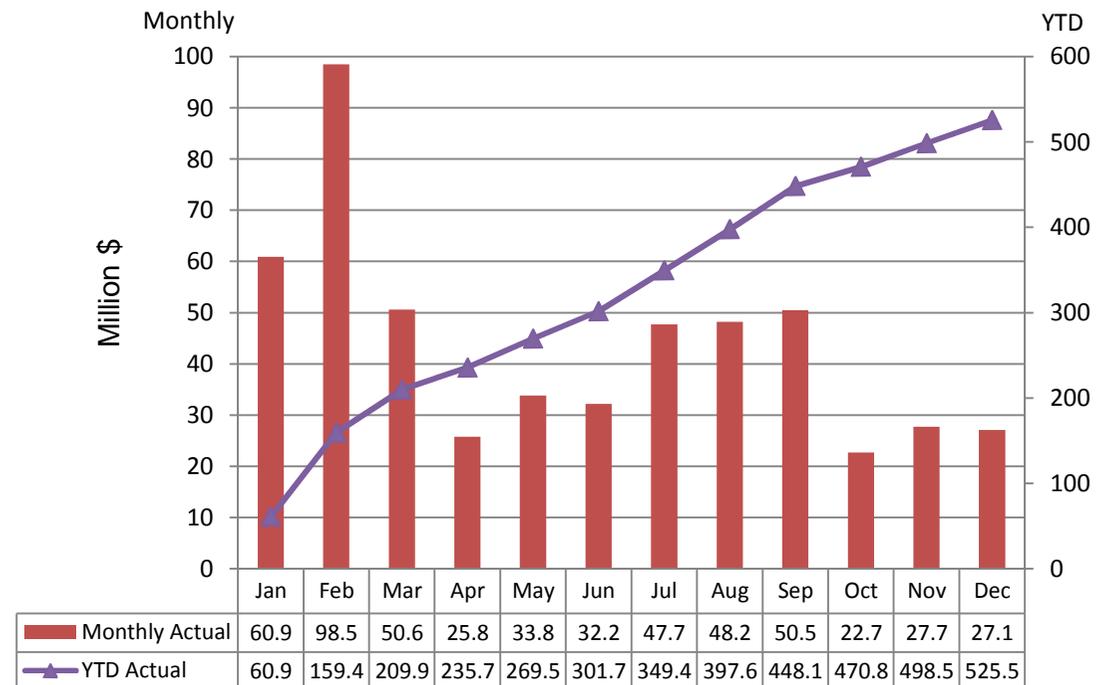
- The NYPA's Standards-Specific Internal Controls Evaluation (ICE) information was submitted to NPCC in November.
- NPCC confirmed NYPA's internal control process flow diagram template to be used for documenting NYPA's process flows for applicable NERC Compliance Standards.
- It is anticipated that NPCC will complete its review of NYPA's ICE documentation by mid-January 2016 and schedule an on-site visit in late-January/early February 2016.



# Energy Resource Management

## NYISO Markets

- In December, Energy Resource Management (ERM) bid 2.46 million MWh of NYPA generation into the NYISO markets, netting \$27.1 million in power supplier payments to the Authority. Year-to-date net power supplier payments are \$525.5 million.
- Auction 30 of the Regional Greenhouse Gas Initiative was held on December 2, 2015. Auction 30 cleared at \$7.50 and NYPA was not awarded any allowances in this auction. To date, NYPA has secured sufficient allowances to cover its compliance obligation for 2015, 2016 and the beginning of 2017. Since inception, NYPA has purchased about 27.5 million RGGI allowances for a total cost of approximately \$100.3 million, averaging \$3.65 per allowance.



## Energy Resource Management

### Fuel Planning & Operations:

- In December, NYPA's Fuels Group transacted \$13.4 million in natural gas and oil purchases, compared with \$29.7 million in December 2014. Year-to-date natural gas and oil purchases are \$235.9 million, compared with \$361.4 million at this point in 2014.
- The total (-\$125.5) million decrease is due to the lower cost of fuel and / or fuel consumption at the Astoria Energy II Plant (-\$43.4 million), 500-MW Combined Cycle Plant (-\$50.9 million), Richard M. Flynn Power Plant (-\$25.2 million), and Small Clean Power Plants (-\$6.0 million).

