



# New York Power Authority

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# President & Chief Executive Officer Report

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**Gil Quiniones**

**May 21, 2013**

Board of Trustees Meeting

# Balanced Scorecard for April 2013

<i>Goal</i>	<i>Measure</i>	<i>YTD Target</i>	<i>YTD Actual</i>	<i>Status</i>	<i>Trend</i>
Maintain Infrastructure	Generation Market Readiness (%)	99.40	<b>99.42</b>		
	Transmission System Reliability (%)	94.85	<b>95.64</b>		
Financial Management	Debt Coverage Ratio ( <i>Ratio</i> ) Quarterly Measure Q1	2.4	2.75		
	O&M Budget Performance ( <i>\$ Millions</i> )	117.5	<b>119.8</b>		
Energy Services	MMBTUs Saved ( <i>Thousands</i> )	92.3	<b>125.0</b>		
	Energy Efficiency Investment in State Facilities ( <i>\$ Millions</i> )	16.5	<b>31.0</b>		
Workforce Management	Retention ( <i># of Touchpoints</i> ) Quarterly Measure Q1	130	132		
Safety Leadership	DART Rate ( <i>Index</i> )	0.78	<b>0.77</b>		
Environmental Responsibility	Environmental Incidents ( <i>Units</i> )	11	<b>3</b>		

<u>Status</u>	
	Meeting or exceeding target
	Below target
	Significantly below target

<u>Trend</u>	
	Improving
	Stable
	Worsening

# Highlights

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- Build Smart NY-Steering Committee
- Energy Highway

# Build Smart NY- Executive Committee

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- Governor Andrew M. Cuomo issued Executive Order 88
- Goals:
  - Accelerate Implementation of energy efficiency improvements in state buildings
  - 20% energy use reduction in NYS buildings by 2020
- First Meeting of Executive Steering Committee—May 6, 2013
- Provides general oversight, identifies risks, addresses emerging issues and advises in policy
- Will meet quarterly
- NYPA is Chairing the Committee

**BuildSmart**NY

# Energy Highway

- The Task Force issued the Update Report April 30
- Task Force is disbanded
- All Actions in the Blueprint are underway. Some of them:
  - PSC Orders issued to **ease transmission constraints** and plan for **major power plant retirements**
  - PSC Order issued to revise policies on extension of **natural gas service**; **NYPA Board approved** transmission life extension program
  - PSC Order issued to evaluate repowering; Solicitation issued for renewable resources; RGGI states proposed lower emissions cap
  - Nearly \$2.6 million in **funding awarded** to five Smart Grid demonstration projects





# New York Power Authority

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# Chief Operating Officer Report

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**Presented By:**  
**Paul Tartaglia; P.E.**  
**SVP Energy Resource Management**  
**May 21, 2013**  
Board of Trustees Meeting

# COO Report Overview

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- Performance Measures
- Key Issues
  - Generation
  - Transmission
  - Safety
  - Environmental
  - People

# Performance Measures

## ■ Corporate-Level Performance Summary

- Generation Market Readiness is above projections.
- Two significant operational events occurred in April:
  - **Generation** - At Niagara, a leak in the draft tube door of Robert Moses Unit 4 was found
  - **Transmission** – Y49, tripped due to an internally faulted A-phase cable

	April 2013		YTD	
<b>NYPA OVERALL</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>
Generation Market Readiness (%)	99.76	99.40	99.42	99.40
Transmission Reliability (%)	92.54	94.59	95.64	94.85
Environmental Incidents	1	3	3	32
DART Rate	1.44	0.78	0.77	0.78

# Key Issues

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- Generation
  - BG – transformer tap changers
  - SCPP – overhauls complete
  - Niagara – LPGP Unit Windings
  
- Transmission
  - Y-49 Outage
  
- Safety
  - Two DART incidents
  - Active Shooter training
  - APPA award

# Key Issues

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- Environmental
  - One reportable incident
- People



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# Chief Financial Officer – Summary Report

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**For the four months ended April 30, 2013**

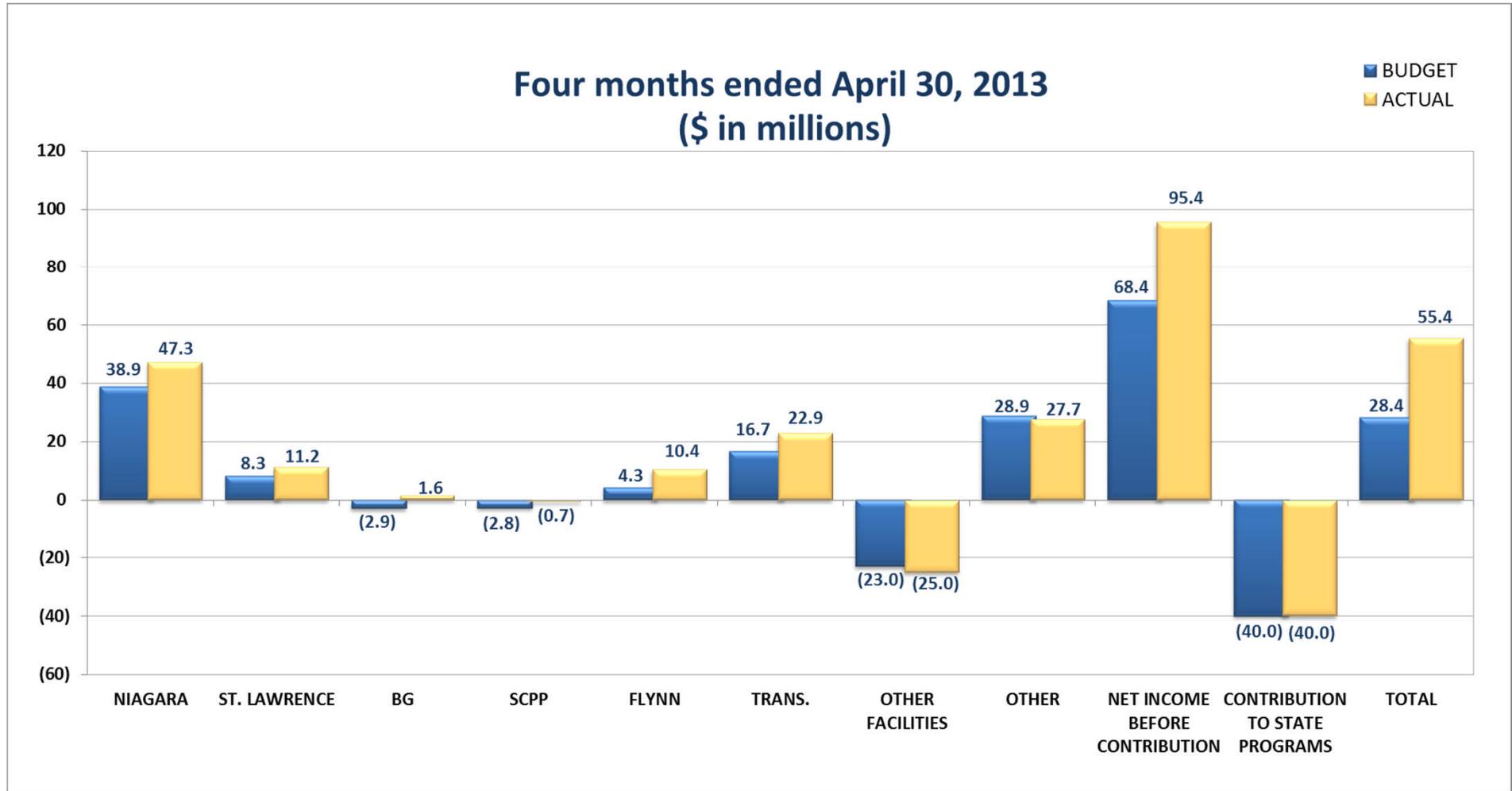
**Presented by**

**Thomas Davis**

**May 21, 2013**

Board of Trustees Meeting

# Net Income





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# Western NY Economic Development Fund

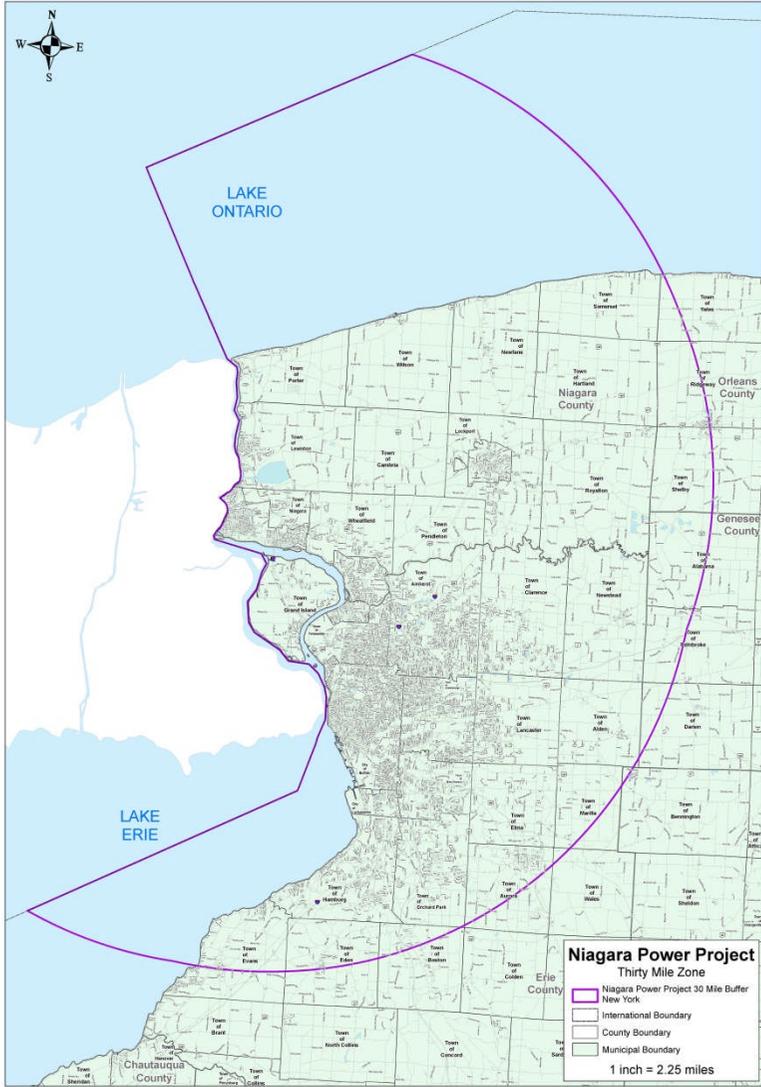
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**Michael Huvane**  
**Vice President, Marketing**

**May 21, 2013**

Board of Trustees Meeting

# Western NY Economic Development Fund (“Fund”)



## Requested Trustee Action

- Accept the recommendations of the Western NY Power Proceeds Allocation Board (“WNYPPAB”) that three businesses be awarded Fund benefits

## Background

- Western NY Power Proceeds Allocation Act created a fund from the net proceeds from the sale of unutilized Expansion and Replacement Power
- All projects must be within the Niagara Power Project 30 mile zone

# Western NY Economic Development Fund (“Fund”)

Application Type	#
Business Investment Track	6
Innovation/Entrepreneur Development Track	4
Workforce Development Track	1
Infrastructure/Downtown Investment Track	2
Tourism/Marketing Track	3
*Applied to both Workforce Development & Business Investment	1
*Did not choose a specific track	1
<b>Total Applications</b>	<b>18</b>

## Discussion

- 18 applications reviewed for the first award period
- Alignment with the Regional Council strategies was emphasized

## Financial

- \$6.2M in total recommendations made by the WNYPPAB



# New York Power Authority

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# Other-Post Employment Benefits (“OPEB”) Trust Fund Investment Manager Selection

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**Brian Liu**

**Deputy Treasurer**

**May 21, 2013**

Board of Trustees Meeting

# OPEB Trust Fund – Investment Manager Selection

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## Background

- Certain Governmental Accounting Standards Board (“GASB”) standards issued in 2004 require governmental employers to account for other post-employment benefit (“OPEB”) liabilities in their financial reporting
- The GASB rules do not mandate funding of the accrued OPEB obligations, but if left unfunded, the employer’s overall financial condition could be significantly impacted
- In 2007, the Trustees approved the creation of the NYPA OPEB Trust with an initial funding of \$225 million to be managed in a diversified portfolio by several then appointed investment managers
- In 2013, six investment management contracts are approaching expirations. Staff reevaluated the portfolio strategy at inception and solicited responses through RFPs to select the new managers

# OPEB Trust Fund – Investment Manager Selection

## Four Step Selection Process

- Step 1 – All RFP responses received were scored by the Authority’s financial advisor, PFM, against a total of 56 different criteria under the following categories:

Category	Total Score		
	Score	Weight	Wtd Score
Company Background <i>(includes 11 criteria)</i>	1-5	15%	Avg Score * Weight
People/Organization <i>(includes 12 criteria)</i>	1-5	20%	Avg Score * Weight
Investment Process <i>(includes 19 criteria)</i>	1-5	30%	Avg Score * Weight
Fees <i>(includes 6 criteria)</i>	1-5	15%	Avg Score * Weight
Performances <i>(includes 8 criteria)</i>	1-5	20%	Avg Score * Weight

- Step 2 – Staff conducted additional independent due diligence to review PFM scores and commentaries as compared to NYPA views
- Step 3 – In further consultation with PFM, agreed on which firms to interview on site
- Step 4 – Taking into consideration the initial total scores, interview performances, revised fee schedules, etc. An award decision is reached.

## OPEB Trust Fund – Investment Manager Selection

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All recommended firms share the key characteristics in having consistent investment philosophy, stability of investment team, solid past performances and extensive research capabilities. In addition, the following firms exhibits other particular strengths that the Authority deems to be positive for managing the respective assets.

### Requested Trustee Action

- To approve awards of approximately \$233 million in assets to the following investment management firms:
  - **State Street Global Advisors** – To manage **\$86 million in equity assets**, particular strengths are excellent customer support and low fee structure
  - **GAMCO Asset Management** – To manage **\$58 million in equity assets**, particular strengths are unique investment process and security selection
  - **WCM Investment Management** – To manage **\$24 million in equity assets**, particular strengths are high conviction approach and strong track record
  - **Urdang Securities Management** - To manage **\$21 million in REIT assets**, particular strengths are robust risk management and depth of research teams
  - **Wells Capital Management** – To manage **\$44 million in fixed income assets**, particular strengths are conservative “plus” investing and tight risk controls



# New York Power Authority

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# **Energy Efficiency Market Acceleration Program Authorization to Award Program Implementation Contracts**

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**Guy Sliker**  
**Director, Clean Energy Technology**

**May 21, 2013**  
Board of Trustees Meeting

# Energy Efficiency Market Acceleration Program (“EE-MAP”)



*Syracuse Center of Excellence  
Facility, Syracuse, NY*

## Requested Trustee Action

- Ratify and formerly approve two contract awards for services related to implementation of EE-MAP for a term of up to five years and for an aggregate amount of up to \$20 million:
  - The Syracuse Center of Excellence
  - The Institute for Building Technology and Safety

## Background

- Trustee approved \$30 million EE MAP funding in June, 2012
- NYPA issued RFP for services in September, 2012 - six proposals evaluated, multiple bidder interviews conducted
- Interim contract awards made in April 2013 to commence services

# Energy Efficiency Market Acceleration Program (“EE-MAP”)

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*City University of New York,  
Brooklyn College – Energy and  
Building Control upgrades*

## Discussion

- Recommended awardees highest rated dual award to best meet program objectives:
  - Screen and demonstrate technologies
  - Leverage Build Smart NY to build markets for NY technology companies
  - Enable informed technology adoption by stakeholders
  - Advance New York’s technology leadership in this important industry

## Financial

- Total aggregate award amount of up to \$20 million



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# **Marcy South Series Compensation Project**

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**Mark Malone**  
**Director, Project Development, Licensing &  
Compliance**

**May 21, 2013**

Board of Trustees Meeting

# Marcy South Series Compensation Project (“MSSC”)

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## Requested Trustee Action

- Authorize staff to proceed with engineering and licensing of the Marcy South Series Compensation Project.

## Background

- Energy Highway
- Indian Point Reliability Contingency Plan
- PSC authorization to proceed with Transmission Owners Transmission Solutions
- The President and Chief Executive Officer has approved \$2.8 million for preliminary engineering & licensing and detailed engineering & design.

# Marcy South Series Compensation Project

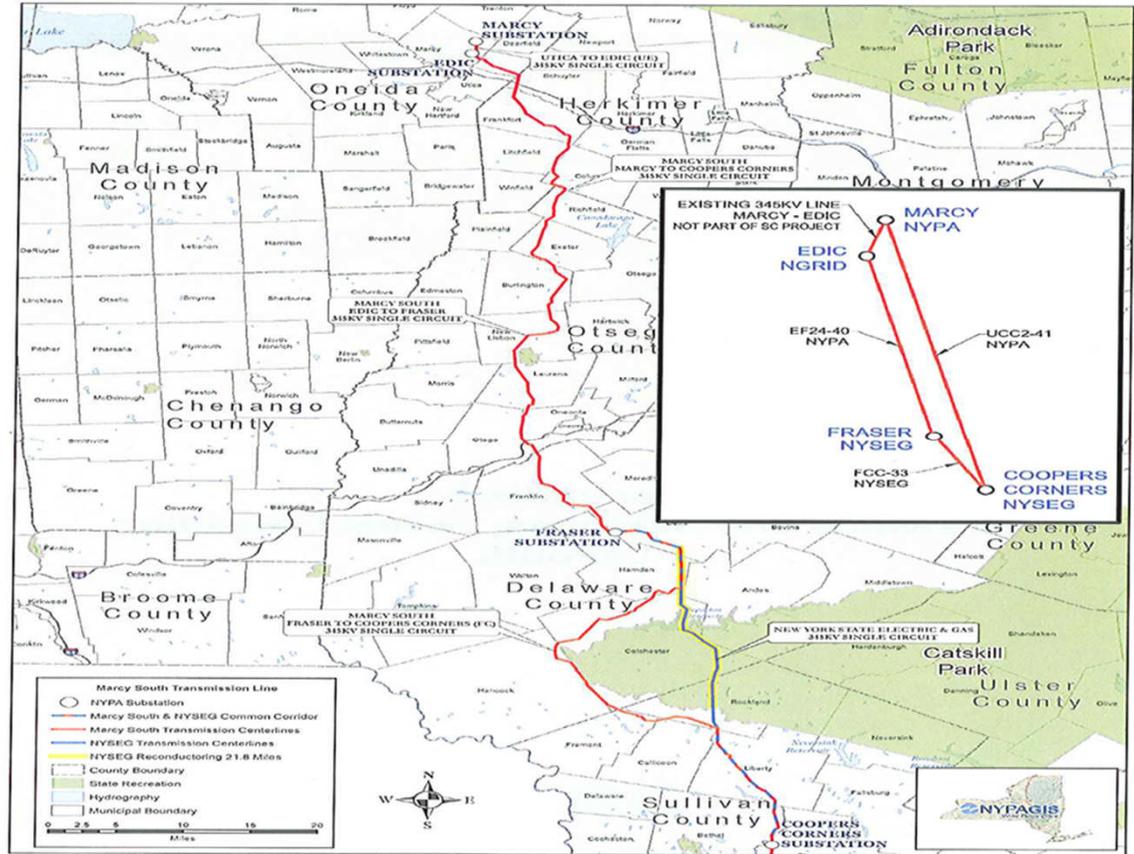


Figure B.1 - Marcy South to Coopers Corners - NYPA & NYSEG Lines

- Project Components
  - Install 3 Series Capacitor (“SC”) Banks.
  - Transmission Line Reconductoring.

# Marcy South Series Compensation Project

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## Discussion

- MSSC will help solve potential reliability issues should Indian Key Point Energy Center retire
  
- NYPA – Series Capacitors & NYSEG – Line Reconductoring
  
- To meet the in-service of June 2016
  - Preliminary engineering & licensing are completed by early 2014.
  - Detailed engineering & design begins in June 2013.

# Marcy South Series Compensation Project

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## Financial

- Estimated cost of Licensing and Detailed Engineering is \$2.8 million.
- Project expenditures will be made from the Authority's Capital Fund
- Cost recovery through mechanism to be developed by the PSC

# Marcy South Series Compensation Project





# New York Power Authority

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# **Risk Management Update**

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**William Nadeau/Frank Deaton**  
**SVP and Chief Risk Officer/Director Enterprise Risk**

**May 21, 2013**

Board of Trustees Meeting

# NYPA's Risk Management History

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## Concept Introduction

- Trustee Commitment – (2009)
  - Creation of Enterprise Risk Department
  - Initial approach
  
- Risk Inventory Build-out
  - 2010-12 - Bottoms-up assessment approach
  - 2012 - Participation of all Business Units/operating facilities
  
- Risk Metrics
  
- Governance
  - Formalize and align to existing governance structure
  - Clarify roles and responsibilities
  
- Enterprise Risk Report – starts to tell the story

## 2013 and Beyond – Realizing Value

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- Assessment Process – maturity
  - Top-down – enterprise/top risks
  - Bottom-up – inform enterprise/top risks
  - Risk Workshops
  - Response Plans
  
- Emerging Risks
  - Internal – risk as part of the discussion
  - External – enhance awareness

# 2013 – Next Steps

## Executive Risk Management Committee (ERMC)

- *Priority Consensus*
- *Top Risks*



## Incorporate Risk in Capital Allocation

- *Asset Investment Planning*



## Governance

- *Finalize Materials*
- *Audit Committee Update*

*Complete  
March 2013*

## Key Risk Indicators (KRI)

- *Development*



## Enhance Coordination

- *Strategy*
- *Audit*
- *Compliance*

