

May 21, 2013

INFORMATIONAL ITEM

MEMORANDUM TO THE TRUSTEES

FROM THE SENIOR VICE PRESIDENT and CHIEF RISK OFFICER

SUBJECT: Risk Management Update

SUMMARY

This memorandum provides an update to the Trustees on the Authority's risk management activities.

BACKGROUND

At the request of the President and Chief Executive Officer and the Audit Committee, the Chief Risk Officer is providing this update on the Authority's risk management activities.

DISCUSSION

The Trustees approved the adoption of an Enterprise Risk Management Program at their May 19, 2009 meeting. The PowerPoint presentation (Exhibit "A") represents an informational update on the risk management activities.



New York Power Authority

Generating more than electricity

Risk Management Update

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

May 21, 2013

Board of Trustees Meeting

NYPA's Risk Management History

Concept Introduction

Trustee Commitment – 2009

- Creation of Enterprise Risk Department
- Initial approach

Risk Inventory Build-out

- Bottoms-up assessment approach – 2010-12
- 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

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*

