

**MINUTES OF THE JOINT MEETING
OF THE GOVERNANCE COMMITTEE
October 16, 2024**

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Minutes of the joint meeting of the New York Power Authority and Canal Corporation's Governance Committee held via videoconference at approximately 8:30 a.m.

Members of the Governance Committee present were:

Bethaida González - Chair
John Koelmel
Cecily Morris
Lewis M. Warren, Jr.
Dennis Trainor

Also in attendance were:

Justin E. Driscoll	President and Chief Executive Officer
Lori Alesio	Executive Vice President and General Counsel – Legal Affairs
Adam Barsky	Executive Vice President and Chief Financial Officer
Joseph Kessler	Executive Vice President and Chief Operating Officer
Daniella Piper	Executive Vice President and Chief of Innovation Officer
Alexis Harley	Senior Vice President and Risk Resiliency Officer
Yves Noel	Senior Vice President – Chief Strategy Officer
Robert Piascik	Senior Vice President – Chief Information & Technology Officer
Charles Imohiosen	Senior Vice President – Communications & External Affairs
Karina Saslow	Senior Vice President – Human Resources
John Canale	Senior Vice President – Strategic Supply Management
Patricia Lombardi	Senior Vice President – Project Delivery
Maribel Cruz	Senior Vice President – Customer Solutions
Salman Ali	Senior Vice President – Internal Audit
Karen Delince	Vice President and Corporate Secretary
Kaela Mainsah	Vice President – Environmental Justice
Ronald Carroll	Vice President – Development Data Management
Andrea Luongo	Vice President – Canals Infrastructure Project Delivery
Joseph Gryzlo	Vice President & Chief Ethics & Compliance Officer
Victor Costanza	Vice President & Chief Information Security Officer
Eric Alemany	Senior Director – Supplier Relationship Management
Sarah Brennen	Director – Environmental Justice
Nancy Harvey	Chief Diversity, Equity and Inclusion Officer
Carley Hume	Chief of Staff and Vice President of Policy
Joshua Cortes	Deputy Chief of Staff – Executive Office
Sheila Quatrocci	Senior Associate Corporate Secretary
Michele Stockwell	Senior Assistant Corporate Secretary

Chair Bethaida González presided over the meeting. Corporate Secretary Delince kept the Minutes.

Introduction

Chair Bethaida González welcomed committee members and the Authority's senior staff to the meeting. She said that the meeting has been duly noticed as required by New York State's Open Meetings Law and called the meeting to order pursuant to Section B(4) of the Governance Committee Charter.

1. Adoption of the October 16, 2024 Proposed Meeting Agenda

On a motion made by member Dennis Trainor and seconded by member Lewis Warren, Jr., the agenda for the meeting was adopted.

2. Motion to Conduct an Executive Session

"I move that the NYPA and Canal Boards conduct an executive session to discuss the financial and credit history of a particular corporation, pursuant to §105 of the Public Officers Law."

On a motion made by member Dennis Trainor and seconded by member Lewis Warren, Jr., the members conducted an Executive Session.

3. Motion to Resume Meeting in Open Session

"I move to resume the meeting in Open Session."

On a motion made by member Cecily Morris and seconded by member Lewis Warren, Jr., the meeting resumed in open session. Chair Bethaida González said that no votes were taken during the Executive Session.

4. DISCUSSION AGENDA:

a. Diversity Equity and Inclusion Foundational Pillar Update

Ms. Nancy Harvey, Chief Diversity, Equity and Inclusion Officer ("DEI"), provided highlights of the report to the members. She said that at NYPA and Canals the teams are committed to a more inclusive and accessible culture in which everyone can work, live, and enjoy New York. Since March, the team has continued to see the impact of the foundational work to build on its 10-Point Plan and DEI Strategy. She then invited Kaela Mainsah, Vice President of Environmental Justice, to provide a report on Environmental Justice.

Environmental Justice (EJ) Programs

Ms. Mainsah reported that the three programs which EJ manages as part of NYPA's DEI work are Volunteer Corps, Future Energy Leaders Scholarship, and P-TECH. The team is on target to deliver on the goals for the EJ Community Volunteer Corp. and the Future Energy Leaders Scholarship.

EJ Volunteer Corps

NYPA employees displayed interest in the Volunteer Corp. to build on the culture of service in the communities in which the Authority operates.

Future Energy Leaders Scholarship

The Authority continues to support wraparound services and mentoring college students. Trustee Wheelock was the Keynote speaker at the Annual Conference in July and engaged with the families of the students.

P-TECH

The team successfully completed the 2024 Summer Internship for community stakeholders. They continue to face attrition, post offer, and are therefore leaning-in to understand how they can support the interns' recruitment. This year, the main reason was transportation access and conflicts in taking the NYPA internship in addition to completing extra credits for the summer.

The team received support from NYPA's internal partners in Human Resources, led by Karina Saslow, who reviewed the opportunities for expanded support and John Canale and Eric Alemany in contracting with diverse suppliers to support program administration.

In addition, the team supports other paid internship programs. In 2024, they supported an additional 44 interns through a High School Fellows program.

Externally, the team is working with its network of educational partners. State University of New York ("SUNY") Trustee, Stanley Litow, and the SUNY Provost office have been working with the Authority on how they can enhance the Authority's participation in P-TECH. Trustee Gonzalez was the Keynote Speaker at the P-TECH final presentation; NYPA's President, Justin Driscoll, also attended the event.

Environmental Justice

The Next Chapter of Energy Equity & Community Investment

Building on Success

The Environmental Justice team is looking ahead to the next several years of work and will be building on its successes and lessons learned as it deploys its three programs. The team will be focusing on four new pillars, namely, Public Energy Education, Workforce Development, Community Energy Projects and Community Benefit Plans and Funding. Some of the programs will build on signature programs such as scholarships and internships that best align with the Authority's strategic goals such as renewables, transmission, and decarbonization. NYPA is expanding into new geographies, and the team will be exploring community investments and benefit as part of that expansion.

The team is also looking into ways of enhancing community engagement through public education so that communities can learn about clean energy infrastructure and be a part of the clean energy transition. They can also envision future careers in that sector through partnerships connecting stakeholders to Workforce Development opportunities.

To achieve this alignment, the team is working across departments to identify synergies and partners on projects and programs. They are also partnering on Federal- and State-funding applications with Operations, Research & Development, Innovation, Project Delivery and Commercial Operations to bring new resources into NYPA's communities and support a new era of community investments.

Technical and Institutional Barriers to Full-Scale Deployment of Battery Storage

The Research and Development team applied for a long-duration battery storage demonstration funding from the Department of Energy's Office of Clean Energy Demonstration. This \$13 million federal grant was awarded to the Authority's partner, Urban Electric Power. Environmental Justice's role is to support the Research & Development team and Urban Electric Power to write the community benefit portion of the application. Environmental Justice is responsible for

implementing the Community Benefit Plan.

Kinetic Communities Consulting (KC3), a community-based partner with a reputation for working with government partners on community engagement on climate-related topics, will be hired to develop a new community curriculum with a focus on battery storage technology.

The Authority plans to host community advisory programs, incorporating internships and scholarships, at demonstration sites to deploy this curriculum. These activities will exemplify how the Authority intends to fulfill its public energy education pillar through strategic partnerships aligning with NYPA's focus on renewable energy and innovations in battery storage.

The Authority's Research & Development department and Urban Electric Power are finalizing working agreements for the project beginning with demonstration projects on SUNY Oneonta and in Valhalla. The project will run through 2031 with Environmental Justice programs focused in 2025 through 2028.

As NYPA renewables continue to develop and grow, energy storage will become increasingly important. Therefore, this DOE-funded project will help the Authority develop the roadmap for a robust community outreach which prioritizes underserved communities.

Ms. Mainsah then invited Sarah Brannen, Director of Environmental Justice, to provide a report on the case study.

Ms. Brannen said that this initiative, which illustrates NYPA's emerging EJ 2.0 approach to the Propel New York Sustainable Communities Initiative, is comprised of existing and new EJ programs and community energy projects in response to a federal funding opportunity through Department of Energy's ("DOE") Transmission Siting and Economic Development Program ("TSED").

She continued that the federal policy goal for this funding opportunity is to support and expedite the development of transmission projects nationally, by providing funding for communities impacted by the construction of these projects, to accompany that construction timeline and provide concrete economic development and community benefits.

One of the emerging goals for the federal government is through the Justice40 initiative to make sure that 40 percent of federal resources are spent in disadvantaged communities. Understanding that as a clear parameter for a grant proposal, the Authority identified four disadvantaged communities along its Propel project route, namely, The Village of Rockville Center, Hempstead Village, Bronx, and New Rochelle.

Collaborating with Customer Solutions, Project Delivery, and Strategic Supply Management, the targeted approach for providing community benefits and projects was developed in furtherance of the Authority's strategic pillars, Public Education, Workforce Development, and Community Energy Projects with the federal funding, \$43 million.

The Authority plans to host public education sessions, including Adult Energy Literacy Programs, by going into the communities to talk about renewable energy, transmission, NYPA's strategic goals and how they can be leveraged for the community either for careers or small and Minority and Womer-Owned Business Enterprise ("M/WBE") business opportunities.

The team also plans to visit High Schools, K-12 Schools, and After School Programs to conduct STEM educational programs as a vehicle to talk about the transmission project and its importance to climate mitigation in the future.

The team will be working with the Authority's Workforce Development team to develop Clean Energy internships and deploy scholarships targeting young people in the communities along the Propel Project route.

Community Energy Projects

Next year, Energy Efficiency Audits will be conducted with four customers, namely, Village of Rockville Center, Hempstead Village Housing Authority, Department of Citywide Administrative Services ("DCAS") in the Bronx, and New Rochelle Housing Authority. Starting in 2026, \$37 million will be deployed into those customers' facilities by the end of the energy efficiency projects.

The Authority is also exploring the possibility of small-scale solar projects which would align with its renewable goals. This initiative is in furtherance of the four new Environmental Justice pillars, while providing concrete benefits to the customers and communities impacted by the Propel construction project.

These projects will align the Environmental Justice benefits in communities with the Authority's core business goals.

Supplier Diversity

Mr. Eric Alemany, Senior Director, Supplier Relationship Management, provided highlights of the Supplier Diversity efforts to the members. He said that over the last 40 years, NYPA and Canal Corporation ("Canals") has supported communities statewide by investing more than \$1.8 billion with diverse businesses.

In 2020, the Authority initiated the Diversity, Equity and Inclusion Foundational Pillar and committed to be bolder by building capacity and capabilities among Minority and Women-Owned, Service-Disabled and Small Businesses, statewide, in order to give them an opportunity to compete for public contracts.

To date, four business development programs have been launched, namely:

1. Small Business Education Capacity Building Program to engage businesses in the early stages of their development.
2. Surety Bond Training Program which is aimed at providing businesses opportunities to gain access to capital, as well as enhance their back-office operations.
3. Mentor-Protégé Program aimed to scale-up and develop a mutually beneficial relationship between prime contractors and diverse businesses; and
4. On the Canals Accessibility Education Program.

The team continues to promote the work that NYPA and Canals are doing, statewide, conducting outreach events, workshops, information sessions, webinars, and external publications. For example, in May, NYPA and Canals held its Annual Supplier Diversity Expo in White Plains, New York. More than 600 participants, both in-person and virtual, were in attendance. Sixty (60) exhibitors also participated.

The theme of the conference was focused on building powerful connections for a "brighter" community. The team was able to achieve this by interacting with large contractors with diverse businesses as well as having diverse businesses connecting with NYPA Procurement staff and other agencies, authorities, and large prime contractors.

In addition, in the Spring, NYPA held its Northern New York Procurement Exchange in Syracuse, New York, with approximately 70 attendees. Information regarding projects in St. Lawrence County over the next several years was shared with those in attendance. Supplier Diversity will continue to work with NYPA and Canals' staff to maximize diverse Spend on projects, whether directly or through prime contractors.

On the Canals Accessibility Education Program

Recognizing that recreational settings are essential for providers of social, emotional, mental and physical health, the Authority decided to create the first, inclusive and intentional program for recreation and tourism, "On the Canals Accessibility Education Program." The program was launched in July and is available to on-the-canals providers.

The Authority is also currently working on a program with the Rochester Accessible Adventures organization. The program includes a one-year mentoring training to enable businesses to understand their operations through a lens of inclusion.

The team ensures alignment of the Authority's strategic inclusion plan by the state with recommended strategies within business programming, policies, and operations that remove barriers to participation by people with disabilities.

The team also provides intentional outreach and engagement of individuals living with a disability and has established a sustainable inclusion process to ensure equitable access, yearly. Through partnerships with Canals Director, William Stratton, and Nancy Harvey, the Authority's Chief Diversity Officer, the team have received positive feedback from the community regarding this program.

The progress of the team's Spend to date is as follows:

M/WBE - \$52.9M

SDVOB - \$5.5M

Outreach Events – 17

Small + Surety Graduates - 89

Active Mentor/Protégé teams - 9

Goals for 2024 and Beyond

To continue its growth, for the period 2024 and beyond, the team aims to build strong relationships with suppliers to drive innovation and value and be bolder as it relates to NYPA's Expanded Authority, establishing new goals to align with the renewed VISION2030 Strategic Initiatives.

The team also aims to be more impactful by evaluating major projects such as Propel New York to ensure that opportunities related to the project are inclusive. They are also focused on introducing businesses to the Authority's various business development programs and leveraging key suppliers and community stakeholders to build a diverse supply chain.

Mr. Alemany ended that the team will continue to provide the members with updates of opportunities for the Authority to be bigger and bolder with initiatives to achieve its supplier diversity goals.

Office of Civil Rights and Inclusion

Ms. Nancy Harvey, Chief Diversity, Equity and Inclusion Officer, said that the Office of Civil Rights and Inclusion continues to work with partners across the organization to move it towards being an inclusive and accessible organization.

Driving Increased Creativity and Performance

This year, the team intentionally focused on inclusion, innovation and accessibility to align with the organizational goals of fostering a collaborative and innovative workplace. People with disabilities represent the largest minority group, 1 billion worldwide. More than two million people reside in Upstate New York. In New York City, one in four people identify as having a disability.

Organizations that prioritize accessibility benefit by gaining access to a much larger user-base. The Authority is improving the experience for both disabled and non-disabled users, further facilitating innovation. By focusing on inclusion and accessibility, the Authority is ensuring that

every employee can contribute to their fullest potential, driving creativity and enhancing overall performance. This approach supports the Authority's VISION2030 Strategic Initiative which emphasizes the importance of diversity, inclusion, and accessibility in achieving its strategic objectives.

Focusing on inclusion, the Authority is aligned with New York's goals of becoming the top employment choice for people with disabilities. The Authority's aim is to narrow the employment gap between people with and without disabilities. The Authority's leaders continue to work across the organization to identify the policies, procedures and people needed for it to evolve into a workplace that will accommodate the needs of its employees and customers.

In collaboration with the Office of the Chief Disability Officer of New York State, the Office of Civil Rights and Inclusion's ("OCRI") team is working on the Executive Order 31 mandate to develop a strategy to increase and retain the number of people with disabilities. The team will also implement governance policies and procedures to support the NYPA and Canals' goals.

The team launched an expanded demographic survey which included additional areas for those who identify as people with disabilities, LGBTQIA, Gender X, Veterans, and the national origin of Asian and Latino employees and received more than 1,000 responses. While this is a strong response, the Authority still has more work to do to create a safe space for people to be their full selves at work. This aligns with the new ERG that the Authority plans to launch in 2025.

The Office of Civil Rights and Inclusion envisions NYPA as a workplace where talented people of all abilities, backgrounds and experiences will feel a sense of belonging. This starts with increasing DEI competencies, understanding the needs of the workforce and creating a pipeline of diverse talent.

NYPA and Canals will continue with innovations and successes to achieve the VISION2030 Strategic Plan. The Authority remains committed to reviewing and improving its strategies to target those who identify as female, gender X, Hispanic or Latino, native American or Alaskan native, native Hawaiian, or Pacific Islander.

The Authority is using revised job descriptions with reassessed education and experience requirements for job postings, leading to a broader candidate pool. Recruiters have also completed DEI Sourcing training. For prospective candidates, the team shares Total Rewards examples to provide more transparency and a clearer view of the total compensation.

The continued efforts in making recruitment marketing, engagement and hiring practices more inclusive in 2023 and 2024 resulted in a 76% increase of applicants and have attracted approximately 4400 applicants for the 2024 Developmental Intern program.

Based on the 2024 self-identification data, the Authority's 2024 cohort of Developmental Interns was approximately 64% racially diverse and 25% female. This is higher than, or comparable to, the representation of these groups, internally, across the organization.

This year, with the new Intern Conversion offers, the Authority extended 9 offers to interns diversely across regions and genders. This resulted in one intern hired as a permanent employee at one of the Authority's sites.

The internal working group, Talent Acquisition and Talent Development, have created resources that will help internal candidates through the recruitment process and understand expectations for success.

DEI Competency and Engagement Survey

Based on the Survey, the team is exploring opportunities for the Offices of Civil Rights and Inclusion ("OCRI") and Human Resources to support the organization in taking action.

Champion Diversity

From the DEI Competency and the Engagement Survey, OCRI is learning how the OCRI and Talent Development teams can support the organization in taking action.

Management and Execution

The survey identified that management and execution is OCRI's greatest strength, and this is celebrated across the organization.

Accountability and Clarity

Accountability is an area for improvement and OCRI have developed mandatory training around mastering feedback, the cornerstone of accountability, to drive clarity as a consistent practice for managers and employees.

The OCRI continues to work towards making sure people have the same or similar experience across the organization. The survey results, while, overall, trended positively, showed that there were still individuals who experience the workplace differently. OCRI is working towards building and strengthening that accountability.

Leveraging Partners across the Organization

To support the organization, the Office of Civil rights and Inclusion continues as follows:

Creating Engaging Content

- Published an article on the PowerNet titled "Ageism and Politics in the Workplace" and hosted an "Ethics Conservation."

Reinforcing our Culture of Safety

- Shared a safety moment at the September "All Hands" meeting on navigating political speech and maintaining a civil work environment.

Engaging ERG Leaders NYPA-wide

- The team engaged the Employee Resource group leaders on an important aspect of the People and Values workshops. They provided input on the culture and the future of NYPA and Canals. Additionally, OCRI leveraged its partners across the organization to produce a newsletter for the organization and include a DEI section and highlighted portions.

Mastering Feedback Training

- DEI continues to train new hires within sixty days of onboarding. As of September, DEI have trained 84 new employees so that they can understand the expectations and culture of the organization. In addition, OCRI created a new initiative for the senior women executives to participate in Executive Coaching sessions and other opportunities to build on the DEI competency around inclusive leadership, coaching and mentoring mid-level women employees.

Engaging ERGs

- The OCRI is expanding the ERGs to support more employees. Over the last year, the OCRI has put additional governance in place to scale its ERGs and engage more employees. To this end the OCRI have:
 - Implemented the ERG policy to guide the creation of new groups.
 - Implemented a new DEI policy and established organizational KPI metrics and responsibilities within the organization.
 - Leveraged the ERG group for recruitment efforts.

By leveraging the ERGs, the team can identify potential candidates from under-

represented groups who may have been overlooked by traditional recruitment channels. The Authority's ERGs are essential drivers of Diversity, equity and inclusion and accessibility within the organization.

The OCRI is continuing to evaluate how to support employees in experiencing the ERGs. Next week, the Women in Power ERG will host the Bi-Annual Women's Leadership Summit. This year, the theme is "Elevate your Voice and Amplify your Impact." The summit is currently limited to 100 women; however, it has the potential to serve more women as the organizers are always looking for ways to increase this engagement.

New Interest

Neurodiversity and Disability ERG

Noting the impact of governance with expanded engagement, the Authority have interest in a new ERG, Neurodiversity. The Authority is an inclusive and supportive environment for individuals with diverse neurocognitive profiles and will focus on supporting and advocating for individuals with neurodivergent conditions or disabilities and abilities and ensure that they have the necessary accommodation, resources and advocacy.

Increasing Regional Participation

In response to feedback that meetings were central to White Plains and may not meet the needs of the sites, DEI Program Managers have increased regional participation. Three micro groups including Veterans, and Women in Power were started at Clark Energy Center.

The team continues to evaluate how it can scale programs and address gaps to ensure that the DEI programs are accessible across all the sites. They also aim to increase direct feedback in the development of these programs.

The managers provided programs throughout the year with different initiatives including engaging students from Buffalo Prep and Northland Workforce Training Center during Black History Month.

The "If You See It You Can Be It" program resulted in more than 200 children participating from NYPA's families and the external communities in Niagara and White Plains. Next April, the program will be expanded to include Canal Corporation.

National Coming-Out Day and Global Inclusion were also recognized this month.

An organization-wide Inclusion Day was held with Attorney and Disability advocate, Haben Girma. She is the first deaf/blind graduate of Harvard Law School and serves as a Commissioner on the New World Health Organization Commission of Social Connection. Ms. Girma provided a dynamic keynote address which was followed by facilitated discussions across the sites.

President Justin Driscoll shared how the Authority can have an impact by ensuring that the Authority's programs are accessible to all employees and customers.

These events represent strategic initiatives that promote diversity, equity, inclusion and accessibility within NYPA and Canals.

The Pathway Forward to Our IDEALS

As the team defines its path forward, it has evolved the DEI Working Group to the Inclusion, Diversity, Equity, Accessibility and Leadership Strategy ("IDEALS") and meets monthly for cross-functional discussions. Since January, the team discussed its priorities, challenges, opportunities and best practices.

b. Artificial Intelligence (AI) Strategy Update

Mr. Ronald Carroll, Vice President - Product Development Data Management, provided highlights of the report to the members. He said that he was co-leading the Artificial Intelligence ("AI") strategy development with Marwan Madi, Director Digital Transformation. He also said that he will be reporting on the progress, to date, use-case identification, and how the team is balancing the delivery of use cases with the risks associated with AI, and external engagements.

NYPA AI Strategy

- The four AI Workstreams focus on risk, governance, technology, change management and use-case prioritization.
- A draft AI Policy was developed, and the team is currently in the "proof of concept" aspect of the NYPA version of "Chat GPT." The team is transitioning from "start-up" to "operational" mode.
- The AI strategy includes more than 50 "use cases" aligned with the Authority's VISION2030 Strategy. This includes the development of an organizational structure to enable and apply AI, and also a roadmap of activities.
- An AI Risk Register was created to assess the potential risk of implementing AI and to make sure that the proper controls are in place.
- An AI governance framework was created in order to implement IA Solutions, responsibly. This framework was reviewed by one of the advisory partners.
- A prioritization process was created to identify the value and feasibility of use cases.
- The GenAI Policy is complete. As other policies approach recertification, staff will be reviewing them to see if any specific AI language needs to be added.
- A pilot of NYPA's version of "Chat GPT" has been completed and staff is in the process of rolling it out throughout the organization.
- Multiple use cases to deliver business value have been initiated. This includes an inventory of the models, platforms and technologies being used that have an AI component, and accomplishments over the last seven months.

Prioritized 50+ Use Cases to Deliver Business Value

Partnering with the Lead Blue Leadership Development Program, the team has identified more than 50 Use Cases to deliver business value. They also interviewed approximately 30 leaders from the NYPA and Canals organizations to understand business challenges and the potential for AI to assist with those challenges.

The team continues to partner with other utilities, advisory groups, technology vendors, and industry experts to understand how other organizations are leveraging AI and how NYPA can learn from them. The team also received requests from across the organization on potential use cases. The organization is delivering the use cases and the responsible AI principles including:

Beneficial – A use case aligned with the Authority’s VISION2040 strategy and a balance with the risk if the value outweighs the risk that could potentially be introduced with the use case safe and secure.

The team wants to make sure that they are following NYPA’s cyber security and data protection standards and accountability. They also want to make sure that not only AI is making the decisions, but that there are humans in the loop leveraging AI to assist with the decisions that are being made; and

Inclusive – The Authority wants to ensure that AI is either eliminating or minimizing the creation of unfair biases with AI and transparency.

The stakeholders know that the organization is using AI and understand the measures that have been put in place to deliver AI responsibly.

AI Use Case Highlights:

Examples of use cases that the organization has delivered or is working on include:

AI Enabled Asset Inspection Using Drone Images:

A drone takes images of the organization’s assets, e.g. transmission lines, to look for anomalies and flags any defect for further inspection and maintenance. It also predicts long-term faults in equipment.

Energy Bidding and Scheduling Forecast Models

AI can be used for short- and long-term load forecasting. This predictive model allows the Authority’s energy traders to use predictions and historical load to make decisions.

The major risk from this type of solution is each day that the model is run and trained on historical data, it is also using AI to proxy any data where the Authority does not have enough historical data to fill in some of those gaps. Another risk is the “human-in-the-loop” concept where the trader is using other factors to make decisions, not just following what the AI is telling them to do.

NYPA’s Generative AI “ChatGPT” Tool Adoption

- “ChatGPT” is being rolled out to the organization. This was piloted with more than 300 employees. The pilot helped with understanding how it could be leveraged and rolled out to the larger organization; what training is needed so that the pilot could be a model that staff can follow as other solutions are introduced; and leverage the learnings to influence the full roll-out.
- The team developed a GenAI Policy to promote responsible use of the tool. The tool is named Athena.
- The team will be rolling out policy awareness and effective tool usage training.
- The tool is currently a general-purpose solution. The team will continue to enhance the tool to be able to point it to specific NYPA data to get answers.

Advancing Externally through Collaboration

Engage - The team continues to engage, share and learn through a wide variety of forums. They are involved with a number of industry and organizations including co-leading the data and analytics subcommittee as part of the Large Public Power Council (“LPPC”).

Share – The team shares its expertise and experience with colleagues across the state. They are also partnering with technology vendors to work on use case, governance, policy, and how to better use the technology.

Learn – The team will learn about other utilities and organizations' use of AI and stay current on the latest AI research and developments.

5. CONSENT AGENDA:

On motion made by Member Dennis Trainor and seconded by Member Lewis Warren, Jr., the Consent Agenda was unanimously adopted.

a. New York Power Authority and Canal Corporation Ethics and Compliance Program Report

ETHICS and COMPLIANCE

SUMMARY

The Office of Ethics and Compliance ("ECO") advises the NYPA and Canal Corporation ("Canals") trustees, directors, officers and employees on the legal, regulatory and NYPA Code of Conduct ethics and compliance standards affecting their employees and operations. It coordinates the investigation of allegations and concerns involving NYPA's and Canals' assets and employees. ECO staff members participate on various committees and working groups related to enterprise compliance, resilience, risk management, internal controls and best business practices. This report highlights significant developments in the ethics and compliance program for the period March 12, 2024 to October 16, 2024.

BACKGROUND

The principal substantive issues arising under the NYS ethics laws, NYPA's Code of Conduct and the Canals Code of Ethics investigated or researched involved requests to engage in both personal, non-work related and professional outside activities and employment, conflict of interest reviews, financial disclosure analyses, post-employment guidance and assessments of unwarranted privileges.

As NYPA's VISION2030 Strategic Plan evolves, the ECO continues to provide guidance in support of emerging strategic initiatives across NYPA and Canals. Reaffirming and embedding the guiding principles of the NYS Public Officers Law and NYPA/Canals' Codes of Conduct from the outset of a project or initiative sets a foundational expectation of ethical conduct and transparency. NYPA's commitment to these principles ensures a resilient organization and protects NYPA and Canals' most valuable resource--its employees, from violations of law and policy.

Internal consulting advisory guidance continues to be requested by business groups and is a significant portion of the ECO workload.

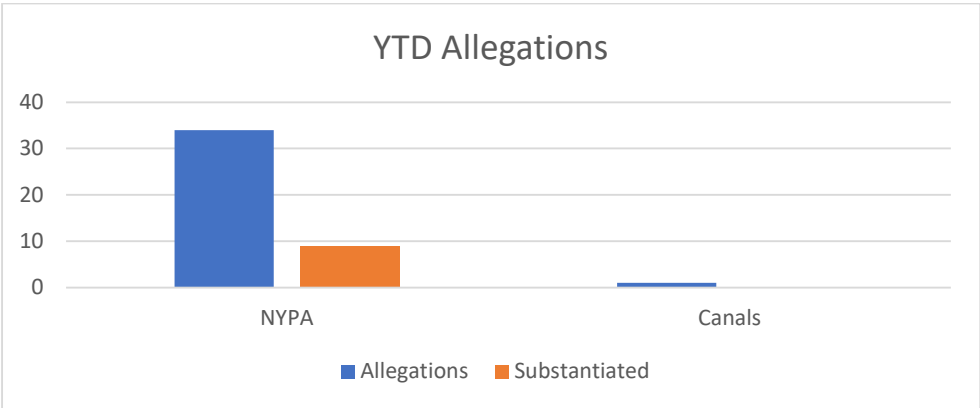
DISCUSSION

The ECO responded to 636 unique ethics issues thus far in calendar year 2024.

The charts below represent three consolidated workstreams; "Case Work", "Advisory Services" and "Approvals/Guidance". "Case Work" includes allegations of misconduct and retaliation concerns unrelated to protected class claims, which are investigated by the Office of Civil Rights & Inclusion.

“Advisory Services” captures inquiries for which we interpret the Public Officers Law and regulations of the New York State Commission on Ethics and Lobbying in Government (COELIG) and provide advice and counsel. The last graph, “Approvals/Guidance” reflects those inquiries where we provide approvals/denials and ethics guidelines for specific individual and corporate requests for internal opinions.

Caseload Management

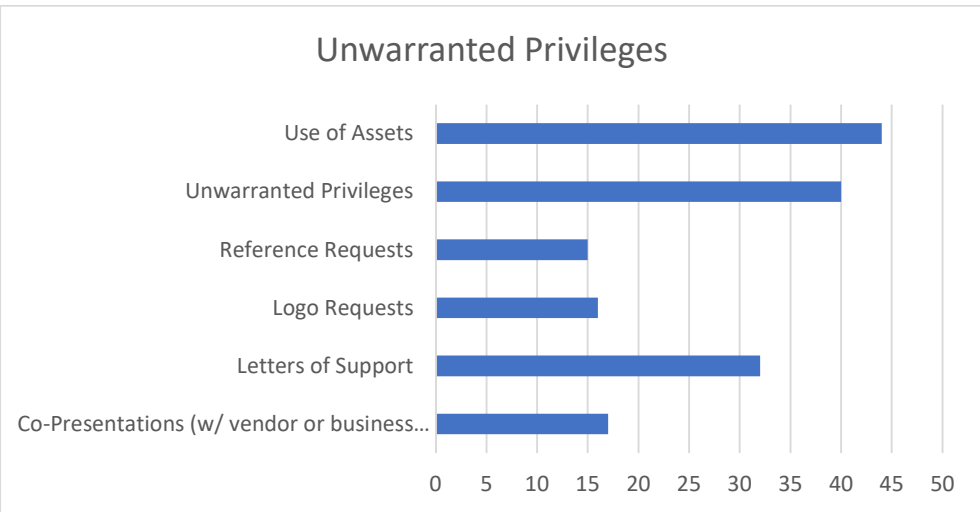


Notable Observations-Case Work:

There have been 34 allegations or concerns submitted related to NYPA employees and one concerning a Canals’ employee this calendar year. Nine NYPA concerns have been substantiated, and the singular Canals’ case was substantiated

In one substantiated case, it was learned that a recent retiree had misappropriated small hand tools, and a relative attempted to sell the tools on the internet. Some of these tools bore NYPA markings or serial numbers and were traced back to the retiree. After an investigation was conducted, the retiree returned all NYPA property in his possession and made a restitution payment to NYPA for unaccounted-for items. It is expected that internal controls and procedures around asset management will be strengthened to mitigate future instances of this nature.

Two employees and one contingent worker were terminated after it was substantiated that they were not meeting the minimum hybrid work requirements.

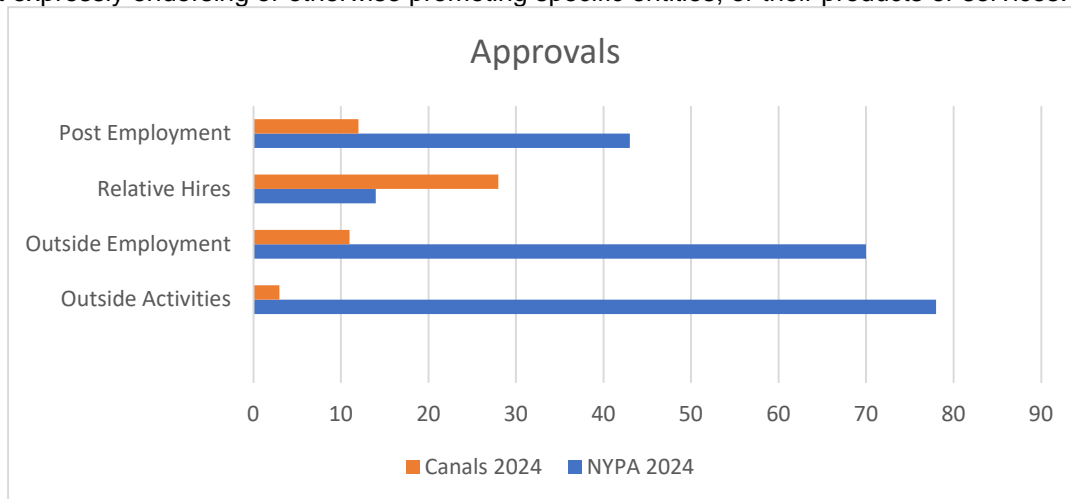


Notable Observations-Advisory Services:

The Advisory Services category includes inquiries related to unwarranted privileges, which are broadly defined as any attempt to use one's official state position to garner unwarranted privileges or exemptions for oneself or others. The ECO responded to 118 unwarranted privilege requests including 32 letters of support for grants and projects, 16 NYPA logo use requests, vetted 17 external conference related presentation reviews, including those co-presented with NYPA business stakeholders and 15 requests for business references from NYPA vendors.

Reviews included the distribution of NYS Fair parking and entrance passes for employees assigned to work at NYPA and Canals information locations and displays. Several employees were asked to participate in various podcasts and other external social media events related to their projects and their vision for the future of the electric utility industry. These employees were instructed to not share any proprietary, non-public or confidential data or information.

This category also includes requests to use NYPA and Canals' logos to promote various economic development initiatives and projects with customers and vendors. These requests are reviewed on a case-by-case basis to ensure that no benefit accrues to the organization when and if use of logos are granted. Similarly, photographic and video content produced by NYPA is often requested by vendors and customers. Most requestors are directed to use content that is already in the public domain. In those instances where content is authorized, conditions are required to ensure that NYPA and Canals are not expressly endorsing or otherwise promoting specific entities, or their products or services.



Notable Observations-Approvals/Guidance:

Year to date, the ECO has reviewed a combined NYPA and Canals total of 55 uncompensated personal outside activities and 26 professional outside activities. Approvals include roles on various industry boards, research organizations, high school and college curriculum development advisory boards to better prepare a skilled work force for the electric industry, and service on various school boards, parent teacher associations, local planning and zoning boards.

Compensated outside employment reviews consisted of personal businesses offering rental properties, engineering services, real estate agents, home care providers, several adjunct professor and research assistant roles at various colleges and universities, a marina lease involving the NYS Office of Parks and Recreation, several musician reviews, Etsy shop owners and several Uber/Lyft service providers.

Several requests submitted by designated policy-makers required the external review and approval of COELIG. Recently, a member of the Canals Recreationway Commission was appointed to complete a vacated term of a municipal public office.

eGRC Case Management System

The ECO uses the Archer eGRC tool to maintain its case records and is exploring an integration with Human Resources' new Service Now tool to better manage Outside Employment and Activities disclosures. The improved process will allow the ECO to ensure that employees with ongoing activities, or those extending beyond the year in which the activity was originally approved, provide updates on their status. This will allow for a more accurate accounting of employees' current activities and will provide an opportunity for supervisory and ECO review to ensure that each employee remains in good standing.

Enterprise Initiatives--Committees and Working Groups

The ECO continues to participate in various enterprise and departmental committees and program development working groups. Being engaged during the formulation, strategy, development and implementation of projects and initiatives allows the ECO to offer advice and guidance to ensure that ethical awareness, transparency and compliance with standards are foundational objectives as NYPA/Canals evolve in pursuit of VISION2030 goals and underlying Foundational Pillars. ECO staff are currently serving on the following internal committees, cross-functional teams, work groups or initiatives:

- Compliance Work Group—sponsored by the ECO
- Internal Business Controls Committee
- Open Data Committee
- Investigative Trends Committee
- Enterprise Risk & Resilience Committee
- Insider Threat/Fraud Risk Assessment Working Group
- SECURE & Resilience Committee (Cyber/Physical Security)
- Sustainability Advisory Council (ESG)
- Integrated Reporting Working Group
- NERC Reliability Standards Audit Working Group
- NERC Reliability Standards Potential Non-Compliance Investigation Team
- CIP Change Control Board
- Operations Dam Safety Committee
- eGRC Working Group and Project Development

New York State Commission on Ethics and Lobbying in Government (COELIG)

COELIG is responsible for interpreting and ensuring compliance with the State's ethics and lobbying laws (NYS Public Officers Law) and regulations and oversees the Financial Disclosure Program and ethics training for all New York State employees. The ECO continues to maintain collaborative working relationships with COELIG staff, including those in the Investigations, Law Department, Financial Disclosure and Training units.

Financial Disclosure

2023 Financial Disclosure Statements (“FDS”) were due at COELIG by May 15, 2024. The ECO maintains an online database, updating this system monthly with new hire filers and those separating service. During the May 2024 filing period, the ECO facilitated various filings submitted by Trustees and employees to maintain their compliance status.

Training and Outreach

The Ethics Commission Reform Act of 2022 enhanced the ethics training requirements for all state employees, executives and Board members. The ECO delivered live, instructor-led training to the majority of NYPA and Canals’ employees during calendar year 2023. The ECO continues to offer instructor-led courses for newly hired employees and delivered five instructor-led training programs for Canals’ seasonal employees. In early September, the ECO released a computer-based ethics training module for employees who completed live training last year. The computer-based module must be completed in alternate years when instructor-led training is not provided.

Members of all external commissions and boards affiliated with NYPA and Canals will receive the computer-based module in early November.

NYPA entered into a Memorandum of Understanding (“MOU”) with COELIG to allow for electronic transfer of training data from NYPA’s Learning Management System (LMS) to the system of record housing training statistics for COELIG effective June 2024. This database tracks ethics training dates for each state employee and generates a report that is shared with the Governor’s Office. This database must be updated monthly and actively maintained, adding new employees and removing those who have separated service from NYPA and Canals, as well as Board and Commission members who join or leave those positions.

Compliance Reporting

The ECO collaborates with the Controller’s Office and multiple stakeholders to ensure the accurate and timely preparation and submission of reports required by the NYS Public Authorities Law. This effort includes coordination of mandatory NYPA and Canals’ website postings and entries into the Public Authorities Reporting Information System. NYPA and Canals are on track to achieve all required filings, postings and submission. These reports comprise a comprehensive view into NYPA and Canals’ finances, governance, organizational structure, operations and strategy. These and other mandatory reporting and training requirements are captured in NYPA’s electronic Compliance Repository. It is anticipated that they will be entered into the Governance, Risk and Compliance tool and mapped to identified internal controls and organizational risks.

The ECO convened three enterprise Compliance Work Group meetings during 2024, and one will be scheduled in December 2024. Each meeting includes a presentation by a NYPA or Canals’ department on key initiatives affecting the enterprises with a focus on compliance-related considerations.

TECHNICAL COMPLIANCE

RELIABILITY STANDARDS COMPLIANCE (RSC)

BACKGROUND

Background information related to the origin of the North American Electric Reliability Corporation (NERC) mandatory standards for reliability and NYPA’s obligations to demonstrate compliance with the standards has been presented in previous reports to the Governance Committee.

DISCUSSION

NERC Reliability Standards Compliance Enforcement Actions

During the reporting period, there were three (3) new potential noncompliance concerns (PNC) of the NERC Reliability Standards reported to the Northeast Power Coordinating Council (NPCC).

These potential noncompliance concerns were determined to be of minimal impact to the Bulk Electric System (BES). As such, RSC reported this to NPCC under the self-logging process and confirmed by NPCC.

Investigations of Potential Noncompliance

During the reporting period, RSC reviewed eight (8) investigations of potential noncompliance of the NERC Reliability Standards. Three (3) investigations resulted in a determination of potential noncompliance and were submitted to NPCC, as described above. Three (3) investigation did not result in a noncompliance of NERC Standards. The remaining two (2) investigations are under review and pending a final determination.

This internal process is viewed by the regulator as evidence that NYPA has a strong internal compliance program and is able to self-identify and correct instances of non-compliance. RSC collaborates with applicable departments in developing mitigation plans to address noncompliance and prevent recurrence. RSC also works with NPCC enforcement throughout the process to address and respond to any regulatory requests for information.

Risk-Based Evidence Management Program

RSC implements a Risk-Based Evidence Management Program for identifying areas of risk and appropriate frequency for evaluation of controls and compliance evidence updates for the NERC Reliability Standards applicable to NYPA. This process ensures that NYPA's compliance program aligns with NERC's risk-based Compliance Monitoring and Enforcement Program and the NPCC guided self-certification process. In 2024, RSC is scheduled to review and update the evidence for twelve (12) NERC Reliability Standards that are applicable to NYPA's NERC registrations. To date, the RSC team has assessed compliance with nine (9) Standards. Based on the evidence provided, no potential noncompliance was identified. In 2025, RSC is scheduled to review and update the evidence for nine (9) NERC Reliability Standards.

RSC Spot Checks

During the reporting period, RSC completed (2) two Spot Checks of NERC Reliability Standards. A Spot Check is a comprehensive assessment of a selected NERC Reliability Standard across the entire organization. In such assessments, the Reliability Standards and Compliance Assessment Team (RSCAT) conducts a thorough assessment of the compliance evidence and adherence to governance documents applicable to the selected NERC Reliability Standard and/or NPCC Directory.

Based on the evidence provided for the (2) two Spot Checks, no potential noncompliance was identified. These assessments identified specific process improvements and recommendations for enhancement of the NYPA Internal Control Program. The identified improvements are assigned and tracked in the Recommendation Tracking Tool.

Self-Certification of Compliance

NYPA as a NPCC Full Member Functional Entity, in May 2024, submitted two (2) Self-Certification of Compliance with NPCC Regional Reliability.

NPCC Audit Scheduled for Q2 2025

NYPA received its 270-day audit notification from NPCC indicating an offsite audit on O&P and CIP reliability standards beginning Q2 2025. Inherent risk assessment and Internal control evaluation engagements were initiated in August 2024 and associated documentation reviewed with NPCC.

Risk and Operational Concerns (ROC) Questionnaire

RSC is coordinating with SMEs to develop responses to the Risk and Operational Concerns questionnaire that has been shared by neighboring utilities for aspects that were brought up in their respective external regulatory engagements. RSC will be onboarding these risks, associated responses and internal controls within its eGRC application.

Recommendation Tracking Tool

RSC's internal awareness tools are utilized to advise NYPA staff of prior enforcement issues and mitigation activities. Any lessons learned, root cause analyses, and/or recommendations are given to the compliance evidence managers aimed to improving the effectiveness of the compliance program. Recommendations can be internal improvements or external mitigation activities associated with audit recommendations or a potential noncompliance self-log/self-report.

During the reporting period, recommendations from the conclusion of risk-based evidence review process, Spot Checks and mitigating activities for recent PNCs have been incorporated in RSC's Compliance Tracking Tool and issued to SMEs.

NERC Operations and Planning (O&P) Standards

Due to our expanding transmission portfolio and NYPA's desire to participate in public/private transmission development projects to meet NYPSC goals in coming years, RSC has coordinated a cross functional group that looks at the detailed aspects of Transmission Operator (TOP) functional responsibilities and compliance obligations.

RSC is working with SMEs to determine what internal controls are currently in place for TOP compliance. Discussions with NPCC to formalize TOP capability review plans and schedule on site self-certification is targeted for 3rd quarter 2025.

FAC-008 Facility Walkdown internal control

RSC worked with the Facility Ratings group and site personnel to develop work plans to initiate the validation of facility ratings in the field with the NYPA G&T ratings book, planning models and EMS network models. Verifications have been completed at Marcy, BG and SENY. Next steps are to conduct a multi-year field verification / confirmation for each component of each BES Element and comparing how it is connected in the field to how it is shown in the documents.

Protection System hierarchy build-up in Maximo

Due to changing regulatory expectations, NYPA initiated an internal project to explicitly capture all components of 'Protection System' within its asset management system (Maximo).

NERC Critical Infrastructure Protection (CIP) Standards

The reporting of CIP related PNC issues has recently increased, and RSC is coordinating with Senior Management and Physical Security to discuss people, process and technology improvement items and how human performance aspects related to PNCs need to be handled with Human Resources and Labor Relations.

RSC coordinated with Cyber Security and Operations Technology to comment on CIP standards that do not specifically address virtualization. Due to the increasing use of virtualization in industrial control system environments, questions around treatment of virtualization within the CIP Standards are due for consideration. The new set of standards will impact existing terminology and associated NYPA CIP governance.

In 2023 the FERC issued Order No. 887 directing NERC to develop requirements within the CIP Reliability Standards for Internal Network Security Monitoring (INSM) of all high-impact Bulk Electric System (BES) Cyber Systems and medium impact BES Cyber Systems with External Routable Connectivity (ERC). The new Standard is pending publication to the Federal Register; once it is published, NYPA will have three years to come into compliance with the new requirements.

In Order No. 866, FERC stated that "maintaining the availability of communication networks and data should include provisions for incident recovery and continuity of operations in a responsible entity's compliance plan." FERC recognized that the redundancy of communication links cannot always be guaranteed, and acknowledged there should be plans for both recovery of compromised communication links and use of backup communication capability.

NERC Reliability Standards Training Development - RSC has finalized the new BES Regulatory Overview course, and Technical Training has published it to the LMS.

Compliance Framework for NYPA Renewables

RSC participated in NYPA Renewables implementation kick-off meeting and is identified as initiative owner for developing regulatory compliance framework for this new business line.

CODE COMPLIANCE

Annual Safety Inspections – 2nd Quarter 2024 results for NYPA reached 69.4% and Canals reached 80.2% with a 2nd Quarter target of 67%. Scheduling of inspections for the 2024 calendar continues.

The Annual OSHA Crane Inspection program for 2024 at all NYPA sites is ongoing. We continue supporting the creation of the OSHA Crane Inspection program for Canals.

b. Procurement and Related Reports for New York Power Authority and CanalCorporation (January – June 2024)

On motion made and seconded, the following resolution, as recommended by the Governance Committee, was unanimously adopted.

RESOLVED, That pursuant to Section 2879 of the Public Authorities Law and the Procurement and Related Reports for New York Power Authority and Canal Corporation, as amended, be, and hereby are, approved.

Procurement and Related Reports
NYPA Procurement Contracts Summary
Disposal of Personal Property
Supplier Diversity Program (SDP)

Inventory Statistics
Fossil Fuels Activity
Corporate Finance Activity
Transfer of Interest in Personal Property to Canal Corporation
Canal Corporation Procurement Contracts Summary
Canal Corporation Disposal of Personal Property

AND BE IT FURTHER RESOLVED, That the Procurement and Related Reports, and hereby are, reviewed and approved; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

c. Approval of Guidelines for Procurement Contracts

On motion made and seconded, the following resolution, as recommended by the Governance Committee, was unanimously adopted.

RESOLVED, That pursuant to Section 2879 of the Public Authorities Law and the Authority's and Canal's Procurement Guidelines, the Governance Committee approves and recommends for adoption by the New York Power Authority Trustees and the Canal Corporation Board of Directors, the Annual Report of Procurement Contracts, and the Guidelines for the use, awarding, monitoring and reporting of Procurement Contracts, as amended, be, and hereby are, approved; and be it further

RESOLVED, That the open service contracts exceeding one year be, and hereby are, reviewed and approved; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

d. Approval of Guidelines for Disposal of Personal Property and Expenditure Authorization Procedures for New York Power Authority and Canal Corporation

On motion made and seconded, the following resolution, as recommended by the Governance Committee, was unanimously adopted.

RESOLVED, That pursuant to Section 2879 of the Public Authorities Law, the Governance Committee approves and recommends for adoption to the Trustees and the Canal Corporation Board of Directors, the Authority's and Canal's Guidelines for the Disposal of Personal Property, and the Authority's and Canal's Expenditure Authorization Procedures, as amended; and be it further

RESOLVED, That the open service contracts exceeding one year be, and hereby are, reviewed and approved; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

e. Annual Review and Approval of Guidelines and Procedures for the Disposal and Acquisition of Real Property and Expenditure Authorization Procedures

On motion made and seconded, the following resolution, as recommended by the Governance Committee, was unanimously adopted.

RESOLVED, That the Governance Committee recommends approval of the Authority's 2025 Real Property Disposal Guidelines, 2025 Real Property Acquisition Guidelines, and 2025 Expenditure Authorization Procedures to the Trustees and Board of Directors as required by Section C.5 of the Governance Committee Charter; and be it further

RESOLVED, that the Governance Committee recommends approval of the Canal Corporation's 2025 Canal Real Property Disposal Guidelines, 2025 Canal Real Property Acquisition Guidelines, and 2025 Expenditure Authorization Procedures to the Trustees and Board of Directors as required by Section C.5 of the Governance Committee Charter; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Interim Executive Vice President and General Counsel.

f. Approval of the Minutes of the Joint Meeting of the New York Power Authority and Canal Corporation Governance Committee held on March 12, 2024

On motion made and seconded the Minutes of the joint meeting held on March 12, 2024 were unanimously adopted.

6. Next Meeting

Chair Bethaida González stated that the next regular meeting of the Governance Committee is scheduled for Tuesday, March 18, 2025.

Closing

On a motion made by member Dennis Trainor and seconded by member Lewis Warren, Jr., the meeting was adjourned at approximately 10:23 a.m.



Karen Delince
Corporate Secretary