



**MINUTES OF THE MEETING  
OF THE  
GOVERNANCE COMMITTEE  
October 19, 2021**

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Minutes of the regular meeting of the New York Power Authority and Canal Corporation's Governance Committee held via videoconference at approximately 8:00 a.m.

**The following Members of the Governance Committee were present:**

Dennis Trainor, Chair (remote)  
John R. Koelmel  
Eugene L. Nicandri, Acting Committee Chair  
Tracy B. McKibben  
Bethaida González

**Also in attendance were:**

Gil Quiniones	President and Chief Executive Officer
Justin Driscoll	Interim President and Chief Executive Officer
Adam Barsky	Executive Vice President & Chief Financial Officer
Joseph Kessler	Executive Vice President & Chief Operating Officer
Kristine Pizzo	Executive Vice President & Chief Human Resources and Administrative Officer
Sarah Salati	Executive Vice President & Chief Commercial Officer
Yves Noel	Senior Vice President – Strategy & Corporate Development
Robert Piascik	Senior Vice President & Chief Information Officer
Phil Toia	President, NYPA Development
Karen Delince	Vice President and Corporate Secretary
Joseph Gryzlo	Vice President and Chief Ethics & Compliance Officer
Daniella Piper	Vice President – Digital Transformation Office & Chief of Staff
Carley Hume	Chief of Staff
Nancy Harvey	Chief Diversity, Equity & Inclusion Officer
Eric Firnstein	Director Labor Relations
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Associate Corporate Secretary
Andrea Kelli Higgs	Associate Corporate Secretary

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Chair Dennis Trainor presided over the meeting. Corporate Secretary Delince kept the Minutes.

**Introduction**

Acting Committee Chair, Member Eugene Nicandri, welcomed committee members and Authority senior staff to the meeting, on behalf of Committee Chair Dennis Trainor, who attended the meeting via videoconference.

Acting Chair Nicandri said that the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to Section B(4) of the Governance Committee Charter.

**1. Adoption of the Proposed Meeting Agenda**

On motion made by Member Tracy McKibben and seconded by Member John Koelmel, the proposed meeting Agenda was unanimously adopted.

**2. Motion to Conduct an Executive Session**

On motion made by Member Dennis Trainor, seconded by Member Tracy McKibben, and adopted by unanimous vote, an Executive Session was held pursuant to §105(f) of the New York State Public Officers Law to discuss the employment history of a particular person.

**3. Motion to Resume Meeting in Open Session**

On motion made by Member John Koelmel, and seconded by Member Tracy McKibben, the meeting resumed in Open Session.

Acting Chairman Nicandri said that no votes were taken during the Executive Session.

**4. DISCUSSION AGENDA:**

**a. Diversity, Equity and Inclusion Program Update**

Ms. Nancy Harvey, Chief Diversity, Equity & Inclusion Officer, provided an update on the Diversity, Equity and Inclusion (“DEI”) Program.

**OCRI Driving DEI as a Business Practice:**

The Office of Civil Rights and Inclusion (“OCRI”) provides thought leadership around fostering an inclusive culture and promoting a diverse and engaged workforce. With NYPA’s strong, top-down commitment to be an industry leader, OCRI has programs and initiatives that educate, engage and empower staff through partnerships and collaborations that bring our values to life.

OCRI continues to engage and work collaboratively with strategic business unit partners such as Talent Development, the Talent Acquisition team, Corporate Communications, EMC, the Trustees

and other stakeholders across the organization, as well as members of the Employee Resource Groups. OCRI leads the DEI working group alongside Environmental Justice, led by Lisa Wansley and Supplier Diversity, led by Victoria Daniels, and provides monthly updates to the DEI Committee led by Gil Quiniones and Justin Driscoll.

Earlier this year, DEI provided the members with the first of two updates on their planned activities through year's end. They are now in the final stretch of year one of a five-year DE&I Plan.

OCRI is currently on track to complete its planned activities; this will continue through year's end.

The DEI goals span building a pipeline, capabilities, equity and accountability in order to continue to strengthen an inclusive culture. Since the last update to the committee, DEI embarked on strengthening and updating some of its initiatives, accelerated others and introduced new initiatives.

The following has been updated and accelerated:

- Accelerated building consistency in management for diversity, equity and inclusion in competency through education and practice. DEI conducted training to mitigate bias in performance reviews. A new training for management, "Decide," aimed at mitigating bias in everyday business decisions and decisions regarding employees.
- Working with the Employer Resource Groups ("ERG") serve as a powerful mechanism to build connection, inclusivity, and community within underrepresented groups in the organization. The framework for these ERGs were improved and the professional development component of the ERG leaders was bolstered with internal trainings and quarterly meetings.
- The ERGs continue to actively support their peers with more than 32 engagements; and they have approximately 400 active members.
- With the start of "return to work in the office," the ERGs continue to support peers around issues that they may be having with returning to the workplace.
- OCRI created more transparency in the investigation process through a newly developed set of guidelines and procedures. The office developed and conducted "Know Your Rights" trainings which was attended by approximately 400 employees. This will continue with other business units, sharing information and answering questions employees may have about knowing their rights.
- Capture the diversity, equity and inclusion-related data, the employee engagement survey will be deployed. It will include specific DEI-related questions to inform management of OCRI's effectiveness, as well as employees' perception of inclusiveness and their perception of fairness.

OCRI launched new programs including the Pathways Professional Development Program which creates an opportunity for career development and upward mobility for the Authority's employees of color. This six-month program is a learning experience that will not only strengthen the workplace impact of the participants, but it will provide them with a meaningful mentorship experience. It will also help employees to build their internal network and raise their visibility in the organization, ultimately preparing them for future career opportunities. This program is scheduled to commence by month's end and will feature 17 confirmed participants with EMC and senior staff serving as mentors.

OCRI introduced a DEI competency to the organization to reinforce its commitment to diversity, equity, and inclusion. The competency is for managers and individual contributors and will be embedded in the performance appraisal process in 2022.

OCRI completed the first DEI audit and identified a DEI scorecard with comprehensive metrics and Key Performance Indicators to measure and track DEI's progress. The audit included workforce analysis of three years' data and benchmarked against 15 energy power, and gas utilities comprising the women in the workplace benchmark. It included more than 120 participants in listening sessions. Of those participants, approximately 50% were women and approximately 60% were people of color. OCRI interviewed 8 senior leaders and more than 10 policy owners, to identify opportunities for the department to improve its DEI program.

NYPA will be releasing its first annual DEI Report, and OCRI is planning to communicate diversity, equity and inclusion audit findings to the organization in the near future.

**OCRI 2022 Focus:**

- Continue to build the capabilities of its ERGs with increased presence at the sites and new work streams. The managers will continue to mitigate bias through education and training.
- Assess the results of the engagement survey and leverage the data to develop interventions to the results.
- Continue to track the progress and update the organization, DE&I Steering Committee, and the Governance Committee on how they are doing.
- Continue to assess, update, and develop policies and programs in order for NYPA to make meaningful change.

This is a journey that requires collective commitment and action to keep us honest and to hold ourselves accountable as we progress through the Authority's Five-Year Plan towards its VISION2030 goals.

**Supplier Diversity Program – Promoting and increasing the participation of MWBEs**

Ms. Victoria Daniels, Manager, Supplier Diversity, provided an update on the Authority's Supplier Diversity Program. She said that the Board approved a \$12 million incremental investment, over the next five years, for the program. The investment would allow the group to develop and expand the Authority's programs, increase spend, assist suppliers in building their capacity, reduce barriers, deliver supplier diversity training, organizationally to NYPA and Canals staffs, to the suppliers and expand outreach within and outside New York State, that would allow the Authority to increase its supplier base; suppliers who currently cannot supply NYPA with the goods and services that the Authority needs.

**2021 Year-end Accomplishments:**

Supplier Diversity is on track to meet its 2021 goals.

- Supplier Diversity developed 11 initiatives divided into 3 sections namely, Programs, Policies, and Operations.
- Developed a Supplier Diversity Roadmap to make sure that the initiatives were on track.
- Met New York State Fiscal Year 2021 M/WBE spend goals.

- Hosted over 12 supplier outreach events and educational programs. By the end of the year, it will be about 14 events.
- Hired additional staff for a full complement.
- The Supplier Diversity Mentor-Protégé Pilot Program was launched with three mentors and mentees.
- Supplier Diversity Value contracts are before the Board today for approval.
- Oversight and controls are being put in place to ensure that the suppliers who participate in all of the programs, including regulatory requirements, OGS which disseminates the SVOB certification, ESD for MWBE certification, and NYPA's own policies and procedures.
- Developing organizational LMS training for NYPA and Canals on diversity and the supply chain.
- Supplier Diversity Newsletter developed.
- Working on Supplier Diversity Expo to provide training to suppliers and best practices and what it means to NYPA.
- Working with Corporate Communications and suppliers that understands supplier diversity on Program branding.
- In January 2022, they will implement the Surety Bonding training and Mentoring programs.
- In February, Supplier Diversity will begin boot camps and also a Small Business pilot program in Western New York and the North Country.
- In fall, 2022, the Mentor-Protégé Program should begin to look at what they learned from their Pilot Program; they should begin to have the full-blown application process to start the program.

Ms. Daniels ended by noting that it is imperative that the support of the program continues throughout the organization. She said Diversity, Equity and Inclusion in the supply chain is going to be the oxygen that ensures that the goals to double the spend and M/WBEs throughout the next five years are accomplished. The program and the business development teams can ensure that NYPA increases awareness in the community through events, advertising, training, and boot camps.

### **Environmental Justice**

Ms. Lisa Payne Wansley, Vice President of Environmental Justice provided an update on Environmental Justice's ("EJ") Diversity, Equity and Inclusion Plan ("DEI"). She said the team is responsible for three outward-facing DEI initiatives for which there are identifiable community needs and providing much needed support to those communities.

The expansion of NYPA's programs under DEI has allowed the team to work on building an inclusive, talent pipeline as well as grow the Authority's commitment to EJ communities across the state. The team has taken an aggressive approach to ensure that all programs were launched during this past year. The team has been able to achieve much success and have met all of its goals this year.

### **2021 Future Energy Leaders Scholarship Program**

Under the umbrella of broadening community-based STEM, student internship and mentorship, EJ has two initiatives, the Future Energy Leader Scholarship Program, and the Pathways in Technology Early College Program or P-TECH.

The Future Energy Leader Scholarship Program was designed in close cooperation with the Legal Department. EJ has three industry partners and two community partners to administer the scholarships. The American Association of Blacks in Energy, The National Society of Black Engineers, The National Action Council for Minorities in Engineering, The Eagle Academy for Young Men, and United Neighborhood Housing are the selected partners for 2021.

In June 2021, EJ awarded ten \$10,000 scholarships. The department is currently reviewing final reports from all of its administrative partners, which are due in October. EJ will incorporate lessons learned and improvement suggestions from its partners into its plans for 2022. EJ will revise the list of partners accordingly, for the next year.

Under P-TECH is an innovative internationally acclaimed program which partners a High School, Community College, and an industry partner to provide unique college education experience to High School students, allowing them to graduate from High school and earn an Associate degree in a STEM-related field.

### **2021 Regional P-TECH Partnerships**

In 2021, NYPA established PTECH partnerships with three schools, Energy Tech High School in Queens, whose college partner is LaGuardia Community College, B Solar High School in Buffalo, whose college partner is Erie County Community College, and Oneida-Herkimer-Madison BOCES in the Mohawk Valley whose college partner is Mohawk Valley Community College.

EJ began by providing a six-week, mostly virtual, internship this summer for 15 students, working in three teams. The students completed projects that had a business need for NYPA. Each student was assigned a NYPA mentor, and each group was assigned a NYPA employee who served as a project facilitator. Each group made a site visit to the NYPA facility closest to them. At the end of the internship, students did a hybrid, in-person, and virtual presentation. Group one from Queens did a solar and battery storage project for their High School building; group two from Buffalo did a custom energy audit for "Feed More New York," one of NYPA's customers; and group three from Central New York did a fleet electrification analysis for NYPA.

EJ plans to on board three additional schools in January. The areas of the state that would be targeted are Niagara Falls, Northern New York, and either Staten Island or the Bronx.

During the summer of 2022, EJ plans to host 30 interns, and, for the first time, 15 of the students will be placed with select customers and suppliers. As Victoria mentioned, earlier, the customer and supplier part of the program is currently being developed.

This is the first full academic year working with the schools under P-TECH. EJ is committed to working with them on career mentoring, skills mapping and curriculum input. The team is currently developing a NYPA P-TECH career academy for each school, which will provide NYPA mentors for each school. The team is also developing a series of workshops, which will be implemented at the host school. Recently, an additional Program Coordinator was added whose primary responsibility will be giving dedicated support to the P-TECH program.

### **NYPA's EJ Community Volunteer Corps**

The Environmental Justice Community Volunteer Corps initiative had a slower start due to the Covid-19 pandemic. Although the goal was to design and implement six projects per year, it was amended to execute two activities during Q3 and Q4. Three of these projects will be completed by the end of the year.

In June, NYPA employees participated in a Harvest Day at Feed More New York in Buffalo. Five NYPA employees participated in this event. In August EJ hosted a family education day at the Massena Housing Authority. Sixty community members attended and six NYPA staff members, including Vice Chair of the Board of Trustees, Judge Nicandri, participated in this event.

On Friday, October 22, the team is planning a community Harvest Day with New York Sun Works, its partners in New York City. For the past three weeks New York Sun Works has a pop-up space in Lower Manhattan. We are taking 30 NYPA volunteers there this Friday to harvest produce and we will deliver to our children's shelter and food pantry in Long Island City.

EJ is presently working on a full schedule of events for 2022 on a bi-monthly basis. At the suggestion of Daniela Piper, the team is also going to execute an event called "Employee Choice," where NYPA employees will be asked to nominate a project from their communities, and the team will select one project to implement next year.

In addition, as previously mentioned, under the DEI commitment, EJ has expanded its capacity for its STEM offerings and adult education series. The team have also added two more employees who will add to EJ's capacity to deliver programs.

Ms. Wansley ended that the Environmental Justice department appreciates the support of the Board of Trustees, President Quiniones and the Executive Management with the DEI efforts, and also in helping to build a very robust EJ program over the last six years. She said that the communities they serve are greatly enhanced by their efforts.

#### **b. VISION2030 Resource Alignment Strategic Pillar Update**

Mr. Steven Kalashian, Vice President of Human Resources & Organizational Development, and Shirley Marine, Vice President of Enterprise Shared Services, provided an update regarding the VISION2030 Resource Alignment Strategic Pillar.

##### **Resource Alignment Foundational Pillar**

Mr. Steve Kalashian provided a report on the Resource Alignment Foundational Pillar. He said Resource Alignment relates to the Authority's employees, the key to its success. NYPA's legacy has been built upon the hard work and ingenuity of its employees for nearly a century. NYPA looks forward to carrying the legacy forward, setting up its employees for success in achieving its VISION2030 goals.

The Resource Alignment Foundational Pillar is made up of three tactics:

1. **Workforce Planning** - how the Authority attract, engage, and inspire a skilled and diverse workforce.

Workforce planning builds on the accomplishments of realizing NYPA's Strategic VISION2020 which initial strategic vision set up the Authority for accomplishing the advance work and projects it is doing today.

The goal of this tactic is to empower employees to engage with their career development, leveraging NYPA's new values to connect employees with each other in the organization; build a resilient and inclusive culture and raise leaders from actively engaging and developing team members.



**2021 Milestones and Deliverables:**

Over the course of the past year, Human Resources (“HR”) have taken on a variety of projects and initiatives to advance in these areas:

**Developing a career path framework for the organization which will create a transparent view of career opportunities for all employees.**

The work that was done in 2021 include redoing the organization's job architecture, updating job families, disciplines, and levels. In the finished stage, an employee will be able to go into an application and see horizontal and vertical career opportunities and the skills needed to achieve that career opportunity.

**Activating the Authority’s values through action, education and communication which will be key for enhancing the culture and driving performance to VISION2030.**

HR works closely with the Communications team on communication efforts focused on NYPA’s values. HR also conducted a worldwide trivia with over 800 employees participating. They also had EMC culture check-ins and designed a VISION2030 messaging tool kit.

**Leveraging intelligent technologies to create a more engaging experience for present and future employees.**

HR is currently in the process of selecting software tools which will support the way employees engage with the development programs; hiring intelligence, which will provide a better and inclusive candidate experience, and a career pathing tool.

**Workforce Planning - 2022 Goals:**

Career Pathing – HR plans to build out pilot group’s career pathing framework through technical competency development. HR will also be initiating a skill-set gap assessment, comparing where we are now with where we want to be as we look at VISION2030 and the skills that are going to be needed to realize that vision.

HR will be communicating the VISION2030 messaging toolkit that has been developed. HR will also be launching a Eureka! Innovation 2022 Competition; and continue to embed HR values into its communication strategy in 2022, going forward.

HR will be enhancing its existing people management processes, implementing a new learning strategy, and enhancing its succession planning program, aligning it with the Business Continuity Planning process.

2. **Knowledge Management** - capturing the institutional knowledge and make it accessible to NYPA staff at the right time.

**2021 Milestones and Deliverables:**

**Enable Peer-to Peer Education to Create a Knowledge Sharing Culture**

With regard to knowledge management, it has been a transformational year, creating and nurturing culture by enabling peer-to-peer education. HR has taken programs that have been put in place that were more static and created more engaging experiences, connecting people, and using social learning.

This allows HR to expand the circle of the people who captured the knowledge and framework. They have also started creating communities of practice and are leveraging social learning for lessons learned, taking different project teams that have similar challenges learn from each other and take advantage of the information, if one of the teams has a lesson learned. This will bring in

broader views so other teams in real-time can learn from those lessons and be able to avoid a challenge that a team had or take advantage of something that worked well.

### **Enterprise Content Management**

Similar to Career Pathing, Enterprise Content management will change the way information is collected and organized in the organization to allow seamless access and dissemination. This will be another real-time way of capturing information that employees are using on a daily basis to get work done and also pass the knowledge forward.

### **Knowledge Management - 2022 Goals:**

Going forward in 2022, HR will build on the successes it had with the knowledge transfer program, introducing a new knowledge partner role. Development opportunities will be created for a high performer to work closely with a subject matter expert. This person will not only be shepherding the process of capturing that knowledge and wisdom but will also be getting exposure in development at the same time. HR wants to make sure that the programs brought into the organization are scalable and sustainable to move forward in the organization and the future and becomes the way information is captured and shared as they develop the employees.

For Enterprise Content Management, HR will be finalizing the Charter for content governance. They are currently exploring a software tool to connect Content Management Solutions across the organization in order to leverage technology to change the way people work and save their information so that it will be easily accessible in the future.

3. **Process Excellence** - optimizing core business processes and instill a culture of continuous improvement across the organization.

Ms. Shirley Marine provided an update on Process Excellence Foundation Pillar. She said that the overall goal of Process Excellence is to optimize business processes and instill a culture of continuous improvement. This is achieved by focusing on three goals:

### **2021 Milestones and Deliverables:**

#### **i. Building Enterprise Base Competency and Application**

The goal is to create a continuous improvement mindset by building internal capabilities so that staff can independently create efficiencies and improve project delivery.

Building-based capabilities are important because every process in the organization cannot be improved. However, using the methods Lean, Six Sigma and Agile, employees are taught new skills that drive change in how the work is performed and techniques that can be implemented right after the training. These industry best practices are also intended to empower employees to be better equipped to solve problems and to be part of the solution in their own work.

Employees are also be taught how to take big projects and commit to tasks in smaller increments for completing work in a shorter time frame. And, with feedback, iterate for the next cycle of tasks to deliver, which is the agile way of working.

After the training, the trained employees, Yellow Belts, will be invited to join a team, group, or community to keep them engaged in workshop activities. They will work on larger projects to enhance their experience, increase collaboration and adoption.

Year-to-date 335 employees have been trained.

**ii. Implement Expert-level Process Improvement on High-impact Value Areas**

The team of experts will work to ensure the Authority is optimizing end-to-end function to improve savings, an approach based on potential benefits to Business Units and stakeholders, and driving either revenue generation or retention, capacity savings, cycle time or risk reduction.

A prioritization framework is in place that allows staff to categorize and select projects with greater value and impact. These projects require expert level oversight where various improvement methodologies are used. These are the projects that typically would fail because they cross Business Units and need an organized expert to help the team make decisions and bring the project over the finish line.

Engaging groups on cross-functional improvements will further identify pay points and opportunities and enhance the overall process.

**iii. Optimization for Automation Opportunities**

When working on these cross-functional projects, employees should look for opportunities to automate. The Authority is digitizing process maps and have identified opportunities for automation across two Business Units.

Processes that have the most Business Unit involvement are selected, based on complexity, systems, and hours it takes to complete a task. Opportunities for automation will increase as synergies across functions are exposed.

**Process Excellence – 2022 Goals:**

**Provide staff with process improvement and work management capabilities and drive adoption**

For 2022, HR will continue to teach, and work with teams on the tools and improvement projects. And, as touch points across the organization increase, they will be building knowledge and creating champions as a force multiplier that go on to share within their own teams. HR will share the progress with Business Unit leaders in order for them to encourage usage of the tools within their group.

**Process improvement projects for high-impact areas**

The target of prioritization projects will be ongoing. HR will work with Business Leaders to make sure they are focused on the processes that are important to them and make adjustments accordingly.

**Process improvement inventory and automation**

HR will work on improvements. Some will not require scientific methodologies; however, where low-effort technical solutions can be implemented, such as standardizations that will reduce duplication or rework, they will do so. And where they can bundle repetitive task for maximum automation, they will engage IT to implement complex IT solutions. These improvements will add value and drive efficiencies in the right direction.

**c. Appointment of Interim President and Chief Executive Officer**

*Chairman Koelmel said that Gil Quiniones submitted his resignation from the Authority. Justin Driscoll was appointed Interim President and Chief Executive Officer, and he, in turn, appointed Lori Alesio as Interim General Counsel. To that end, he wanted to submit two motions to the Committee, and ultimately a recommendation to the full Board of Trustees, to formerly appoint Justin Driscoll to serve as Interim President and Chief Executive Officer and Lori Alesio as Interim General Counsel of the Authority and the Canal Corporation.*

On motion made by Member Michael Balboni, and seconded by Member Tracy McKibben, the following resolution, as recommended by the Governance Committee, was unanimously adopted:

RESOLVED, that pursuant to the Governance Committee Charter, the Governance Committee hereby recommends to the Authority and the Canal Corporation Boards, the appointment of Justin E. Driscoll as Interim President and Chief Executive Officer, effective October 14, 2021, to hold such office until the President & Chief Executive Officer is appointed by the Authority and Canal Corporation Boards, and confirmed by the State Senate, pursuant to Section 1004 of the Public Authorities Law.

**d. Appointment of Interim Executive Vice President and General Counsel**

On motion made by Member Michael Balboni, and seconded by Member Tracy McKibben, the following resolution, as recommended by the Governance Committee, was unanimously adopted:

RESOLVED, that pursuant to the Governance Committee Charter, the Governance Committee hereby recommends to the Authority and the Canal Corporation Boards, the appointment of Lori Alesio as Interim Executive Vice President & General Counsel, effective immediately, to hold such office until the Executive Vice President & General Counsel is appointed by the Authority and Canal Corporation Boards.

**5. CONSENT AGENDA:**

On motion made by Member Bethaida González, and seconded by Member Tracy McKibben, the Consent Agenda and Reports provided by staff to members of the Governance Committee were approved.

**a. Approval of the Minutes of the Joint Annual Meeting of the New York Power Authority and Canal Corporation Governance Committee held on March 30, 2021**

On motion made and seconded the Minutes of the joint meeting held on March 30, 2021 were adopted.

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

The Vice President and Chief Ethics and Compliance Officer submitted the following report:

**ETHICS and COMPLIANCE**

**“SUMMARY**

The Office of Ethics and Compliance (“E&C Office”) 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. E&C staff members participate on various formal and informal committees and working groups related to enterprise resilience, risk management, internal controls and best business practices. This report highlights significant developments in the ethics and compliance program for the period March 30, 2021 through October 19, 2021.

**BACKGROUND**

The E&C Office returned to a hybrid office/virtual schedule in June 2021 in accordance with the return-to-work protocols.

The principal substantive issues arising under the NYS ethics laws, NYPA’s Code of Conduct and the Canals’ Code of Ethics investigated or researched involve requests to engage in outside activities and employment, conflicts of interest reviews, financial disclosure analyses, post-employment guidance and assessments of unwarranted privileges.

As NYPA’s Vision2030 Strategic Plan evolves, the E&C Office is providing guidance in support of emerging strategic initiatives across the organization. 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 is growing and has become a significant portion of the Ethics & Compliance Office portfolio.

**DISCUSSION**

**Caseload Management**

The chart below represents a summary of the categories of inquiries and cases for NYPA and Canals for calendar years 2019, 2020 and 2021 to date. Cases were received from all NYPA locations and many Canals sections.

Category	NYPA Jan-Oct 1, 2021	NYPA 2020	NYPA 2019	CC Jan-Oct 1, 2021	CC 2020	CC 2019
Allegations	26	22	15	3	9	6
Appearance of Impropriety	12	24	10	1	6	0
Conflicts of Interest	4	13	11	1	5	3
Contractor Issues	25	13	24	0	0	3

Gifts	5	16	38	0	0	0
Information Requests	26	21	19	0	4	0
Nepotism/Relative Hires	19	9	16	40	20	35
Outside Activities	56	47	52	5	2	7
Outside Employment	45	47	57	10	10	15
Political Inquiries	2	1	2	0	0	0
Post-Employment	38	60	46	11	10	17
Retaliation	1	1	0	0	0	0
Securities	3	4	1	0	0	0
Unwarranted Privilege	60	88	66	1	4	1
Use of Assets	17	16	17	1	0	0
Total Inquiries	339	382	374	73	70	87

Notable observations:

- Recordable 'cases' include all requests to review and opine on questions or concerns within the categories identified above. Response time per review ranges from a minimum of 15 minutes to respond to the inquiry, catalogue that inquiry and create a record of the case, to investigations requiring 20-40 hours to complete (these estimates do not include the hours expended by site personnel who assist with site-based reviews). Combined cases for calendar years 2019-2020 approximated 38 per month. Thus far in 2021, the E&C Office has recorded a combined average of 44 cases per month, with a projected year-end total of well over 500 unique inquiries between NYPA and Canals.
- The increase in the Allegations category reflects repetitive concerns submitted to the Employee Concerns Line from two operating facilities. Human Resources/Labor Relations at those facilities is engaged in addressing the identified concerns. Absent those concerns, the Allegations category would be trending towards a similar volume from the last two years.
- The traditional conflicts of interest category was sub-divided to include issues relating to NYPA business partners, vendors, contractors and consultants. Most cases reported in this category involve Strategic Supply Management (SSM) related topics and issues regarding 3<sup>rd</sup> parties having access to confidential, non-public and/or proprietary information relating to NYPA, Canals and/or our business partners. Implementation of the SSM Conflict of Interest Disclosure form introduced in July 2020 has demonstrably increased notifications of potential conflicts with our business partners, from both an enterprise and individual contributor perspective.
- An additional 72 cases reported year-to-date involve 3<sup>rd</sup> parties in some capacity, they include; allegations of mis-management and treatment of 3<sup>rd</sup> party personnel, reverse 2-year bar employment issues, requests related to use of NYPA/Canals' logos, requests to provide business and RFP related references, use of NYPA video/photography services, co-presentations at conferences, joint press releases and co-marketing opportunities with and for NYPA and Canals.
- Approved outside activities consist of various compensated, uncompensated, volunteer and appointed/elected positions. Of the 55 outside activities reviewed, 34 were related to employees' professions or work duties and included serving on local professional engineering chapters and industry related committees/subcommittees such as the Utility Broadband Alliance and the North American Transmission Forum. Several requests involved public speaking engagements/participation as subject matter experts in industry

related events. Various employees serve on advisory committees at area colleges and universities to help develop curriculum to meet the needs of the evolving energy industry. In these instances, NYPA/Canals' interests and mission align with the outside activities and the employees may engage in the activity during the regular course of their work as an extension of their job duties.

- Outside employment requests have rebounded from lower numbers in 2020 driven by COVID impacts and appear to be trending towards a three-year high. These requests arose from many site locations and from every employee category I within both NYPA and Canals, including both represented and management employees. Those requests involving NYPA/Canals' management employees designated "policy-makers" with outside income in excess of \$5,000 annually are also required to be reviewed by JCOPE. The E&C Office facilitated three JCOPE reviews and has one in progress.
- The unwarranted privilege category includes requests for the use of NYPA/Canals' logos and names on printed materials, references for individuals and/or business partners, requests to opine on acceptable joint press releases, websites and joint research projects with third party organizations and business partners, and requests for use of NYPA's video and printed materials by business partners and civic organizations.

#### Employee Concerns Line and Allegation Reporting

The Employee Concerns Line received thirteen cases through its web-based reporting platform and an additional sixteen concerns were received through various anonymous and direct-contact reporting mechanisms to date in 2021. Each concern was triaged and assigned to the appropriate departments and teams for review. Fourteen concerns were partially or fully substantiated, nine were unsubstantiated and six remain in progress.

#### Enterprise Initiatives--Committees and Working Groups

The E&C Office is increasingly part of enterprise and departmental program development working groups. Participating during the formulation, strategy, development and implementation of projects and initiatives allows the E&C Office 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. E&C Office staff are currently serving on the following internal committees, cross-functional teams, work groups or initiatives:

- Compliance Work Group—sponsored by the E&C Office
- Internal Business Controls Committee
- Company Policy Review Committee
- Open Data Committee
- Investigative Trends Committee
- Enterprise Resilience Committee
- Non-NYPA Personnel Working Group/Third Party Risk Mitigation
- HireWorks Development Working Group
- Insider Threat/Fraud Risk Assessment Working Group
- SECURE & Resilience Committee (Cyber/Physical Security)
- SSM Governance (COI policy development team)
- Environmental, Social and Governance (ESG) Plan/Report and Sustainability Advisory Council
- Integrated Reporting Working Group
- IT Co-Sourcing Committee
- PII/PHI 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 and Project Development Teams

#### Strategic Supply Management (SSM)---Conflict of Interest (COI) Disclosure

As a result of a recent Internal Audit related to Third Party Services, the E&C Office will enhance the supplier Conflict of Interest Disclosure (COI) form implemented last year to address recommendations noted in the audit.

#### Financial Disclosure

The annual NYS Joint Commission on Public Ethics (JCOPE) Financial Disclosure Statement (“FDS”) preparation period closed on February 28, 2021. Notices were distributed to Trustees, external board members and staff of both NYPA and Canals informing them of their obligation to file timely FDS statements by May 17, 2021. Over the course of the summer, the E&C Office facilitated the late filings of approximately 25 employees. There have been no fines associated with failure to timely comply with this personal responsibility.

The E&C Office’s internal PowerNet page describes the FDS program to assist participants with a centralized information resource. The site includes helpful instructions on managing the entire Financial Disclosure Statement process from establishing an online account to seeking an individual filing exemption.

#### Training and Outreach

The E&C Office delivered multiple mandatory JCOPE comprehensive ethics training and targeted supplemental outreach programs (i.e., Project Sunlight) via the TEAMS virtual meeting environment. The JCOPE training is required of participants in the annual Financial Disclosure Statement program and must be delivered in a live, interactive setting. Delivery has been well-received and two-way communications are managed by use of the chat function.

In addition to providing Continuing Education credits for professional engineers, the E&C Office is pursuing accreditation to provide Continuing Legal Education credits for this training through the NYS Bar Association.

Compliance Week will be acknowledged in early November with a series of articles/reminders promoting a continuous compliance awareness culture in our daily work lives. Employees will see information in FYI, on the PowerNet and on scrolling monitors.

Various ethics and compliance related notices and reminders have appeared in company-wide FYI’s as informational tools and reminders about topics that they may not regularly consider such as post-employment restrictions and obligations to disclose certain future employment negotiations with NYPA/Canals’ business partners.

#### Compliance Reporting

The E&C Office is collaborating 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 E&C Office actively participated in the preparation of the inaugural enterprise Sustainability Plan and Report, while leading the Regulatory Management & Compliance team. This effort involved a cross-functional collaboration with various stakeholders, including Environmental Health & Safety, Government & Regulatory Affairs, Internal Business Controls and Reliability Standards Compliance. Among other objectives, this initiative demonstrated NYPA's commitment to regulatory compliance and validated its governance, internal controls and processes to sustain a robust compliance program and reputation. It is anticipated that the E&C Office will actively participate in the evolving enterprise Integrated Reporting initiative.

#### Environmental, Health and Safety Compliance Audit Program

Internal Audit completed development of the 2021 EH&S Compliance Audit Plan, and audits are in progress. Internal Audit applied its risk assessment process to create the 2021 EH&S Compliance Audit Plan and expanded the program scope to not only cover NYPA sites, it will also cover Canals' sites and construction sites as well. The EH&S Compliance Audit Plan was reviewed with the EH&S Sub-Committee (representatives from EH&S, Law Department, Ethics & Compliance and Utility Operations) on 3/2/21, and they agreed to the plan. It contains four EH&S audits, which include audits at the Blenheim-Gilboa site, Zeltmann site, the Canals' Waterford site and the SMART PATH construction site.

## **TECHNICAL COMPLIANCE**

### SUMMARY

This report highlights important aspects of NYPA's Enterprise Resilience and Technical Compliance programs for the period March 18, 2021 to October 19, 2021.

### 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 no new potential noncompliance concerns of the NERC Reliability Standards reported to the Northeast Power Coordinating Council (NPCC).

#### Investigations of Potential Noncompliance

During the reporting period, RSC reviewed four (4) investigations of potential noncompliance of the NERC Reliability Standards. Two (2) investigations resulted in a determination of no potential noncompliance of any NERC Standard and 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.

Recommendation Tracking Tool and PNC Dashboard.

RSC initiated internal awareness tools 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.

The RSC Recommendation Tracking tool tracks recommendations identified through PNCs where personnel can directly record their action plan associated with the recommendation. Each recommendation is given a priority (High, Medium, Low). Recommendations can be internal improvements or mitigation activities associated with a potential noncompliance self-log/self-report. The RSC group also implemented an internal PNC Dashboard as a visual one-stop-shop to view all assessment recommendations processed through the PNC process and Recommendation Tracking Tool. The goal is to disseminate this information NYPA wide and for SMEs to be aware of past internal data points.

During the reporting period, three (3) mitigating activities were assigned to compliance evidence managers, in which all activities have been remediated and closed. Eight (8) internal recommendations were assigned to compliance evidence managers, in which five (5) recommendations have been remediated and the remaining are pending final review and closure.

#### Critical Infrastructure Protection (CIP) and Operations & Planning (O&P) Audit

NYPA successfully completed a regulatory audit, which was conducted by NPCC, from September 20 – 23, 2021. NYPA received its CIP and O&P audit notification from NPCC on May 18<sup>th</sup>, confirming the audit start date of September 20, 2021. In addition to the notification, NPCC informed NYPA that the audit will be observed by FERC. The objective of the Compliance Audit is to review evidence that provides reasonable assurance of compliance or findings related to the applicable Reliability Standards. In addition, the regulators focus on an entity's internal controls to gauge sustainability of its operational processes that support compliance with reliability standards. The Compliance Audit is conducted in accordance with the Compliance Monitoring and Enforcement Program (CMEP) and applicable NERC Rules of Procedure approved by FERC.

The audit scope included both CIP and O&P, totaling fourteen (14) NERC Reliability Standards. There were no potential noncompliance findings nor areas of concerns identified from the NPCC audit team. The NPCC audit team also identified six (6) positive observations that relate favorably with respect to the quality of NYPA's processes, controls, or corporate culture of compliance. This clearly demonstrates the strength of NYPAs compliance program, its integration with site Operations and the strong culture of self-assessment and transparency with the regulators. The NPCC audit team also provided twenty (20) recommendations on various aspects of NYPA's compliance program implementation. In Q4 2021 and Q1 2022, RSC will develop action plans with NYPA SMEs to satisfactorily address all suggested changes.

#### NERC Alerts

NERC disseminates information that it deems critical to ensuring the reliability of the bulk power system via "alerts" designed to provide concise, actionable information to the electric industry. During the reporting period, there was one (1) NERC alert sent to industry.

On August 18, 2021, a private Level 2 NERC Alert was issued regarding two extreme cold weather events that occurred in the past four winter seasons. The February 2021 extreme cold weather event stressed the need to ensure the safe, resilient, and reliable operation of the Bulk Electric System. The recent extreme cold weather events across large portions of North America have highlighted the need to assess current operating practices and identify some recommended improvements, so that System Operations personnel are better prepared to address these challenges. The events have caused major interruptions to resources, transmission paths and ultimately, end-use customers. This alert will assist in determining the

winter readiness of Functional Entities. RSC collaborated with different NYPA stakeholders in ERM and Operations in order to respond to the Alert on September 17, 2021. In addition, FERC recently approved a version of extreme weather reliability standards proposed by industry and NERC. The standards become effective on April 1, 2023, and RSC plans to conduct a gap analysis and ensure readiness by end of 2022.

#### 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 2021, RSC will review and update the evidence for seventeen (17) NERC Reliability Standards that are applicable to NYPA's NERC registrations. As part of audit preparation, RSC incorporated the fourteen (14) in-scope NERC Reliability Standards into this program.

#### Self-Certification of Compliance

NYPA as a NPCC Full Member Functional Entity, in May 2021, submitted a Self-Certification of Compliance with NPCC Regional Reliability Directory #4 Bulk Power System Protection Criteria R1 and R2. RSC determined that NYPA complies with NPCC Directory #4 for the self-certification period. In addition, details and mitigation plans for the Directory 11 noncompliance instance from Q1 2021 were formally presented to the NPCC Reliability Coordinating Committee (RCC) in September 2021.

#### 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 is coordinating a cross functional group that will look at the detailed aspects of Transmission Operator (TOP) functional responsibilities and compliance obligations. The TOP Task Force (TOPTF) will conduct a gap analysis for registering as a TOP and evaluate potential options to streamline 'monitoring and control' of NYPA transmission assets from its control rooms.

RSC began updating the Compliance Responsibility Matrix to include TOP registration and compliance ownership. RSC is also working with SMEs to determine what internal controls are currently in place for TOP compliance. Preliminary discussion with Con Ed and NYISO has occurred regarding TOP registration and compliance responsibilities. Discussions with NGRID and NPCC will be scheduled in coming months.

During this reporting period NYPA participated in NERC and industry discussions on new/revised regulation:

- a) Cold weather preparedness which includes expanding applicability of the GO to have a cold weather preparedness plan that includes freeze protection measures, maintenance, awareness of unit capabilities and training.
- b) NPCC DER Forum, which hopes to identify reliability challenges and opportunities regarding the proliferation of Distributed Energy Resources (DER).
- c) Reviewed PRC-023 "Project 2021-05", verification request sent to the Protection Control Engineering group.

RSC is coordinating with Protection & Control group to establish periodic compliance check-in, governance/internal controls development and enforcement to ensure NERC compliance within the NERC Protection and Control (PRC) Standards.

As RSC strives to continuously improve NYPA's internal processes and reinforce understanding amongst staff, there are enhancements related to Transmission Planning governance that are being addressed. As part of Risk-Based evidence reviews conducted by RSC, it has been observed that internal controls such as Procedures and Support Documents around NYPA Transmission Planning's role in some key technical areas can be matured. RSC is collaborating with Transmission Planning to enhance existing internal controls and ensure compliance with existing and future enforceable NERC Transmission Planning Standards.

RSC is also collaborating with the Operations Portfolio Management group to better integrate compliance activities associated with new projects into its Utility Operations Project Portfolio (UOPP) process. A support document was developed on the requirements of the NERC compliance checklist and review process handled within UOPP. RSC is institutionalizing a new approach to track upcoming project portfolio to guide project teams on 'compliance scope'. A SharePoint based application has been created to track progress with project teams.

#### NERC Critical Infrastructure Protection (CIP) Standards

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. In August, RSC voted negative on all but two (CIP-008 and CIP-009) modifications to CIP Standards addressing virtualization.

RSC continues to initiate internal discussions on the new CIP-012 reliability standards with stakeholders. CIP-012-1 Cyber Security Control Center Communication Networks is intended to protect confidentiality and integrity of data transmitted between Control Centers required for reliable operation of the Bulk Electric System (BES).

During the reporting period, RSC participated in NATF Cyber Security Practices group and provided guidance to project teams on (1) Physical Security Requirements for New Transmission Substations (Medium with ERC) - Smart Path Connect and (2) Nia 13.8kV Switchgear Communication NERC CIP.

#### QUALITY ASSURANCE

With the relaxation of travel restrictions due to COVID, QA has increased the number of onsite inspections of critical Generation & Transmission equipment procurements and work activities. We will continue to increase travel as restrictions continue to relax.

#### CODE COMPLIANCE

Code Compliance has completed the update of all Policies and Procedures for the Code Program for NYPA.

Annual Safety Inspections – For 2021 NYPA expanded the Level 2 KPI Annual Fire Safety Inspections to Canals in addition to NYPA. The Code group has made adjustments to the program, and emphasized targets for 2021, to assist sites in reaching the 90% target in 2021.

Inspection Test and Maintenance (ITM) pilot program was completed at CEC in Spring 2021 and has now been expanded to include all NYPA sites. Work has commenced at all NYPA sites.

Annual OSHA Crane Inspection program for all NYPA sites is ongoing with all required inspections being completed.”

**c. Procurement and Related Reports for New York Power Authority and Canal Corporation (January – June 2021)**

The Vice President of Strategic Supply Management submitted the following report:

“SUMMARY

This report is to advise the Governance Committee of certain 2021 Strategic Supply Management Department procurement and related reports for NYPA and, where appropriate and applicable, the Canal Corporation, including: procurement contract activity; disposal of personal property; Supplier Diversity Program activities; plant inventory statistics; fossil fuels activities conducted by the Fuel Planning and Operations Group; and corporate finance activities conducted by the Treasury Group.

BACKGROUND

Pursuant to Subsection C.5 of the Authority’s Governance Committee Charter relating to Reports, the Vice President – Strategic Supply Management is required to report to the Committee at all regularly scheduled meetings and the Committee has the authority to require Procurement and other staff to prepare additional reports and to produce documents for the Committee’s review.

The reported activities are governed by various State laws and regulations and are set forth in the attached Reports.

DISCUSSION

As more fully described in the individual reports provided as NYPA Exhibits A - G, and Canal Corporation Exhibits H - I, the Procurement Contract Report summarizes activity for procurements of \$5,000 or greater that were active during the period January through June 2021, as identified by the Authority’s SAP Enterprise Resource Planning (“ERP”) system. The Disposal of Personal Property Report lists all personal property disposal transactions over \$5,000 conducted during the period January through June 2021. The Supplier Diversity Program Activity Report summarizes dollars awarded to New York State-certified Minority and Women-owned Business Enterprises (“MWBEs”) as well as to Service-Disabled Veteran-Owned Businesses (“SDVOBs”) based on reportable expenditures. The MWBE and SDVOB compliance and reportable expenditure values were generated for internal tracking purposes based on NYPA’s calendar year reporting and may not be in alignment with approved NYS fiscal year measures. The Plant Inventory Analysis lists current stock value and compares it to that of the previous year, with a brief explanation for any significant increase or decrease, where applicable. The Fossil Fuels and Corporate Finance Reports list the fuel- and finance-related transactions conducted by the Fuel Planning and Operations and Treasury work groups, respectively. The Transfer of Interest in Personal Property to Canal Corporation report identifies personal property transferred from the Authority to Canal Corporation deemed prudent by the Contracting Officer to facilitate the Canal Corporation’s obligations to operate, maintain, construct, reconstruct, improve, and develop the canal system.

FISCAL INFORMATION

There will be no financial impact on the Authority or the Canal Corporation.

RECOMMENDATION

The Governance Committee is requested to review and approve the Procurement, Fossil Fuels and Corporate Finance Reports.”

On motion made and seconded the Procurement, Fossil Fuels and Corporate Finance Reports were approved.

**6. Next Meeting**

The next regular meeting of the Governance Committee is to be determined.

**Closing**

On motion made by Member John R. Koelmel and seconded by Member Tracy McKibben, the meeting adjourned at approximately 10:28 a.m.

*Karen Delince*

Karen Delince  
Corporate Secretary