



**MINUTES OF THE MEETING
OF THE
GOVERNANCE COMMITTEE
September 29, 2022**

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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 8:30 a.m.

The following Members of the Governance Committee were present:

Bethaida González - Chair
Dennis Trainor
John R. Koelmel
Michael Balboni

Also in attendance were:

Justin E. Driscoll	Interim President and Chief Executive Officer
Philip Toia	President, NYPA Development
Lori Alesio	Interim Executive Vice President and General Counsel
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
John Canale	VP Strategic Supply Management
Karen Delince	Vice President and Corporate Secretary
Steve Kalashian	Vice President HR and Organizational Development
Shirley Marine	VP Enterprise Shared Services
Eric Alemany	Senior Director Supplier Relationship Management
Rebecca Hughes	Senior Director Canals Public Engagement
Pooja, Nayyar	Senior Director Organizational & talent Develop
Kaela Mainsah	Director Environmental Justice
Brian Stratton	Director of Canals
Nancy Harvey	Chief Diversity, Equity and Inclusion
Carley Hume	Chief of Staff
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Associate Corporate Secretary
Michele Stockwell	Project Coordinator, Corporate Secretary

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

Introduction

Chair Bethaida González welcomed committee members and Authority senior staff to the meeting. She 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 John Koelmel and seconded by member Michael Balboni, the proposed meeting Agenda was unanimously adopted.

2. Motion to Conduct an Executive Session

On motion made by member John Koelmel seconded by member Michael Balboni 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 Michael Balboni and seconded by member John Koelmel, the meeting resumed in Open Session.

Chair Bethaida González said 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 & Inclusion Officer, provided an update on the Diversity Equity and Inclusion (“DEI”) Foundational Pillar. Mr. Eric Alemany, Senior Director of Supply Relationship Management and Ms. Kaela Mainsah, Director of Environmental Justice provided an update on Supplier Diversity and on the P-TECH Internship program, respectively, to the members.

i. Diversity, Equity and Inclusion (DEI)

Ms. Harvey said that last July, she reported on the DEI accomplishments for 2021 through June 30, 2022, and the planned initiatives through year-end. Today, she will report on one of the initiatives that is meant to build an inclusive culture.

Inclusive Culture – DEI Competency Reinforcement

DEI competencies are designed to create pathways for employees to learn and grow knowledge and behaviors grounded in diversity, equity, and inclusion.

The DEI team has a commitment to build an inclusive culture across the organization. To accomplish this goal, the team listens to the organization through Engagement Surveys to get feedback from employees on how they are experiencing the workplace and management. There are also “Listening Sessions,” for employees to share feedback. This information helped to inform

the implementation of a DEI Competency to increase accountability and measure progress on building an inclusive environment for every employee.

Talent Development introduced a DEI Competency for individual contributors – “Be Inclusive”. There is also a competency for managers to be “DEI champions”. This competency is one of DEI’s Key Performing Indicators on how the team is doing with regard to actioning its DEI intentions. This indicator for 2022 will be revealed at the end of the upcoming Annual Performance Review process in Q1 of 2023. Throughout the year, the team offered touch points of information and provided guidance to managers on ways to demonstrate and model inclusive actions.

The Office of Civil Rights and Inclusion (“OCRI”) offered Working Tips (W-TIPS) – Working Towards Inclusive Practices – to managers via the Authority’s “FYI” newsletter, a weekly communication from the Corporate Communications team. This includes information on topics such as “How to Engage with Your Team,” to help leaders comfortably discuss sensitive, new or difficult issues with team members.

The OCRI team also fostered learning, understanding and trust, addressing barriers of inclusion among peers. The upcoming celebrations for Hispanic Heritage month and similar cultural celebrations typically have start with a celebration and learning session followed-up with a courageous discussion session to explore societal inequities/issues experienced by certain communities.

At year’s end, OCRI will be offering reinforcement competency training to assist managers with understanding inclusive actions as they prepare for providing feedback on the DEI Competency in the 2022 Annual Performance Reviews.

DEI Competency Reinforcement – Manager and Individual Contributor

The individual contributor has to be inclusive, and managers have to champion diversity.

Champion Diversity

To build equity and allow employees to feel included and have a fair chance of advancing professionally and personally, managers should make sure that the team environment is inclusive and that they are being equitable in how they distribute and delegate work across the unit. Managers should also make sure that Performance Evaluations are completed and that team members have Developmental Plans.

Progress to Date:

- The team reviewed the DEI Competency Materials with Talent Development counterparts and other stakeholders.
- The team developed DEI Competency Reference materials with Talent Development counterparts and other stakeholders with an approach on:
 - How to become more competent
 - Actions that build DEI competency; and
 - what I do and what you will notice in me

Employees will then be able to put in actions and be more comfortable and accountable to themselves.

Next Steps

- Webinar with OCRI and Talent Development and Talent Acquisitions for an interactive learning session.
- Develop additional support materials for managers and the organization.
- Emphasize that the Talent Development team is available as consultants, as needed

By year's end, the team will assist with the DEI competency and build a better understanding and familiarity with what is necessary to encourage action and move from the processes and the strategies to ensure that the team is taking actions to build this culture.

ii. Supplier Diversity – Diverse Business Community Assistance Program

Mr. Eric Alemany, Senior Director of Supplier Relationship Management, provided an update on Supplier Diversity. He said that, as part of its VISION2030 initiative, NYPA is committed to double its Supplier Diversity spend from \$80 million to \$160 million over the next five years. To achieve this, the team considered three strategies: 1) increase awareness of the Power Authority among the communities; 2) develop programs to help businesses thrive and be ready for projects from the Authority as well as throughout New York State; and 3) create opportunities for businesses to compete.

Mr. Alemany continued that he would be providing information on a program to help businesses build competencies and capacities that the Authority is currently developing, the Diverse Business Community Assistance Program. This will be specifically focused within the East Side Buffalo area in Western New York.

Diverse Business Community Assistance Program

The initial focus of this program is East Side Buffalo. The purpose of the program is to engage diverse businesses in the community and let them know about opportunities to do specific work within Western New York and throughout the state. This will be accomplished through various initiatives in the community including public forums, town hall meetings, and job fairs.

The Authority will provide assistance on the certification process partnering with the Empire State Development Corporation, responsible for New York State certification of Minority and Women-Owned Businesses ("M/WBE"), and which has established a Regional Representative focused specifically on the certification process of diverse firms in that region.

The Authority is also working with other corporations such as the Local Initiative Support Corporation as well as Northland Workforce Training Center to engage and to provide training grounds for many of the diverse businesses, building-out capacity.

The Authority is in the development stage of the plan and, in 2023, will engage in marketing and outreach activities within the communities. The Authority currently has a Supplier Diversity representative that will be engaging diverse firms in that area. Going forward, the Authority plans to replicate these efforts in other parts of the region and also downstate New York.

Mr. Alemany ended that this program will be a great opportunity for the Authority to engage the communities in those areas.

iii. Environmental Justice (EJ) Program

Ms. Kaela Mainsah, Vice President of Environmental Justice, provided an update on the P-TECH internships that was completed this summer.

P-TECH Program Update

The P-TECH Summer Program incorporates project experience, career development and mentorship for youths who attend the underserved schools that host NYPA facilities. NYPA's goal is to populate and diversify the pipeline of future utility workers.

P-TECH 2022

P-TECH is an innovative and international education model focusing on career readiness. NYPA joined the program as an industry partner. Students earn both High School Diplomas and a free, industry-recognized Associate Degree in a STEM, energy-related field. The Authority is currently in year two of the Program. This year, the Authority increased its commitment to seven school districts and on-boarded school districts in Albany, Brooklyn, Staten Island and Niagara Falls. The Authority is planning an aggressive ramp-up of the program, and, next year, plans to work with 50 student interns. EJ staff is currently in discussion with internal partners in the Ethics and Compliance, Procurement, and Legal departments to assist in fulfilling this commitment and to avoid constraints on NYPA's resources.

Career Development

This summer, EJ hosted 28 paid internships over six weeks. Interns worked together in groups to complete a technical project. Once per week, the full cohort of students came together for "Developmental Thursdays" which focused on professional development, including a Career Speaker series where NYPA staff talked about what it takes to make a successful NYPA employee, and their career journey.

EJ also had a number of workshops dedicated to workplace culture. The goal of the workshops is to grow workplace and life skills that are not typically taught at High Schools.

Each intern was assigned a NYPA mentor. Over the last two years, NYPA staff dedicated nearly 150 mentorship hours towards the P-TECH program. There is tremendous enthusiasm and support from NYPA employees.

Summer 2022 Projects

The projects that the interns completed were from almost every aspect of NYPA's operations, fulfilling a business need, and included Customer-facing, Operations, Environmental, and Cyber security training projects. These projects were very technical and were completed with highly professional standards.

Ms. Mainsah ended that, after two years, NYPA has a strong cohort of 60 future energy leaders. More than 80 NYPA employees came together to create this summer experience which focused on NYPA's needs, creating and populating the pipeline with high-caliber students from NYPA's underrepresented stakeholders. They are ready for an opportunity at NYPA and other utility industries -- this is what a just transition looks like.

Ms. Mainsah then introduced a video presentation of a Smart Streetlight Sensor Presentation with Mayor Sheehan, highlighting the experience.

b. Resource Alignment Foundational Pillar Update

Ms. Pooja Nayyar, Senior Director of Organizational and Talent Development, provided an update on the Resource Alignment Foundational Pillar.

Succession Planning

Succession planning is a critical process for NYPA. It is important for the Authority to be able to set itself up for success in order to achieve its VISION2030 Strategic Initiative as well as ensure organizational resilience and engage, retain, and develop talent. Managers play a critical role in succession planning in terms of ensuring building pipelines and business continuity for the organization.

Program Goals

The goal of the program is to be able to enhance internal mobility and make sure that the organization is developing a future pipeline for resilience. This includes making sure that critical

positions across the organization are established and that the organization have approaches in place to mitigate any risks associated with turnover.

This process is used to forecast organizational staffing needs, in terms of skills, to determine the programs necessary for talent development and create customized and developmental opportunities across the organization.

Program Evolution

- The program has evolved significantly in the last several years. It began with a manual process and reporting, in many cases with the use of Excel spreadsheets and visual Charts. Over the last four years, a module was launch within the Career Development platform. This digitizing module allowed for the integration of data from the performance system data.
- Collaborating with senior management, an annual process was established to capture data around risk of loss, impact of loss and employee potential, in addition to identifying successors and the readiness of those successors.
- In terms of enhancements, the team worked closely with Risk and Resilience on underlying the critical roles. They have also broadened the population of leaders who are involved in this process from Vice Presidents and above, to Directors and above. This not only empowered Directors, but also created more engagement and transparency, and allowed for more concrete development and action planning.

Resilience of Critical Roles

This data creates an opportunity for managers to leverage the system in terms of more concrete action planning.

Development Planning

The Talent Development team focuses on experiential learning. Over the past several years, the team has been helping managers to recognize opportunities for development that exists on the job in the flow of work. To that end, the Talent Development team have encouraged managers to identify the kinds of developmental opportunities and experiences that they can provide the employees on the job to start to close the readiness gaps.

LEAD Blue Program

The LEAD Blue program is the Authority's signature Leadership Development program for high potential employees, with the first cohort, last year, of 16 diverse employees across gender, ethnicity, business function and location. This is the result of the succession planning insight to close the gap in readiness at the Vice President level. To that end, the Authority trained senior managers and directors to build self-awareness as well as pod coaching, peer mentoring and skill practice. In less than one year, 95% of people with internal mobilities moved to different roles and 75% have been promoted.

Knowledge Transfer Program

The pilot launch of the Knowledge Transfer Program has been completed. This is part of Resource Alignment, ensuring that information is being shared and mechanisms to share knowledge and wisdom across the organization are being created.

- **Succession Matter Experts Identification**

Succession planning is used to identify subject matter experts. The key process of knowledge transfer is to ensure that the organization is capturing the knowledge that it deems priority, key-focus areas across the organization and making sure that it can be shared.

This is accomplished by looking at the risk of loss and impact of loss of employees and identifying those employees who are nominated as successors multiple times which is an indication of how critical their knowledge might be. These are the type of subject matter experts typically selected.

- **Social Learning Approach**

Working with stakeholders, the organization employs a social learning approach to define key areas of focus.

- **Unique Knowledge Partner Role**

The organization have also developed a unique knowledge partner role. This creates another developmental opportunity, working with individuals who are at early to mid-career and are meeting performance expectations and showing intellectual curiosity. These individuals are usually paired with subject matter experts and seamlessly become liaison and management champions.

- **Two-Way employee Exposure & Development**

This two-way employee exposure and development relationship stems from the subject matter experts who are now able to continue to pay it forward, to capture their legacy, and get these opportunities of exposure. Also, the more junior employees now have an opportunity for development, opportunity for mentorship an opportunity for exposure. The pilot was launched last year, and the team is looking forward to this blind application process, which will be in line with DEI commitments.

Resource alignment

As part of the VISION2030 Strategic Initiative, the goal of the Resource Alignment foundational pillar is to make sure that the team continues to attract, engage, retain, develop our people. And to make sure that we are able to capture the wisdom across the organization, both concrete as well as tactic knowledge and be able to share that wisdom.

PROCESS EXCELLENCE:

Ms. Shirley Marine, Director Knowledge Management, provided an update on Process Excellence. She said that at the July Board meeting, she shared the strategy for increasing efficiencies against the three focused areas; today she will focus on Expert-Level improvements.

Process Improvement Tools

The team of Process Improvement experts have an extensive background in different methodologies and can leverage different tools to support the various projects.

Lean & Six Sigma

The Lean methodology, also known as the Toyota Production System, was primarily designed to remove waste. For example, physical waste; waste in waiting time; waste in motion; and waste in excess production or over processing. The Lean methodology is very visible; therefore, one can see whether a process or facility is efficient.

Six Sigma focuses on reducing uncontrolled variations. It is data-driven, focusing on root cause analysis, standardization, and operational definition, which are key metrics.

Agile

Agile is a project managemental tool framework that breaks down into several phases to deliver to the customer for feedback. It allows for the focus on delivering the highest business value in the shortest time, improving at each iteration. An example of this is the iPhone, which, with feedback, is continually developing and would not be what it is today without this process.

Process Improvements Through Kaizen Events

Kaizen is a Japanese term that means “change for the better.” The Kaizen philosophy and mindset is focused on gradual improvements. A Kaizen event is a commitment to come together to improve a process. This can be daily or up to one week; Kaizen events at NYPA are one day. The idea behind Kaizen is “focus” and “speed.” The process owner, and any function that touches

that process, come together, and map out a current state looking at pain points, efficiencies, and bottlenecks, then brainstorm and develop improvement ideas. They prioritize those ideas and then develop a plan to execute on those improvements.

The Process Improvement team manages all of the improvements through a Kaizen event. Over the last three months, three Kaizen events have been conducted with great success.

Kaizen events are effective because they are structured. It also allows for sparks of innovation that one would not get if one were improving a process on one's own. Therefore, by bringing together the right team to work on an issue, businesses can agree on breakthroughs, as well as celebrate successes.

5. CONSENT AGENDA:

On motion made by Member John Koelmel, and seconded by Member Dennis Trainor, the Consent Agenda and Reports provided by staff to members of the Governance Committee were approved.

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

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 29, 2022 to September 29, 2022.

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 outside activities and employment, conflict of interest reviews, financial disclosure analyses, post-employment guidance and assessments of unwarranted privileges.

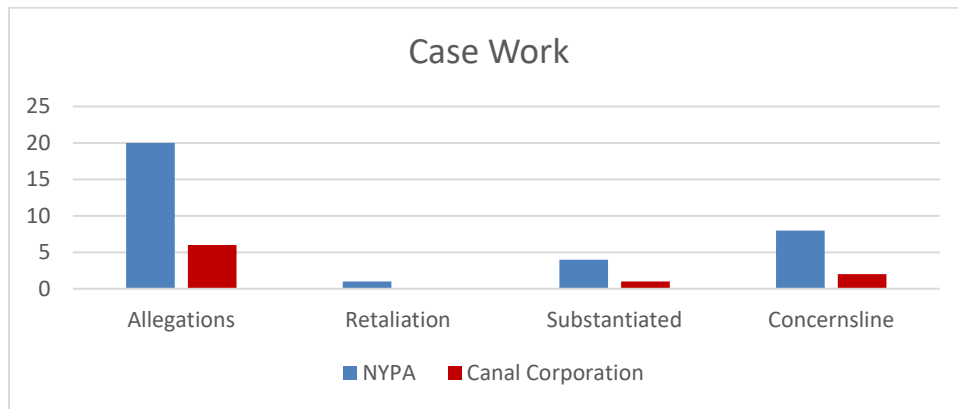
As NYPA’s VISION2030 Strategic Plan evolves, the E&C Office continues to provide guidance in support of emerging strategic initiatives across NYPA and Canals. Reaffirming and embedding the guiding principles of the NYS Public Officers Law and NYPA/Canals’ Codes of Conduct from the outset of a project 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 is being requested by business groups on an increased basis and has become a significant portion of the E & C Office portfolio.

DISCUSSION

Caseload Management

In response to the Trustees’ request to update our reporting format, 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 Commission on Ethics and Lobbying in Government (CELG) and provide advice and counsel relative to the subject matter of the inquiry. The last graph, “Approvals/Guidance” reflects those inquiries in which we provide approvals/denials for specific individual and corporate requests for internal opinions. Representative cases from each category will be discussed below.



Notable Observations-Case Work:

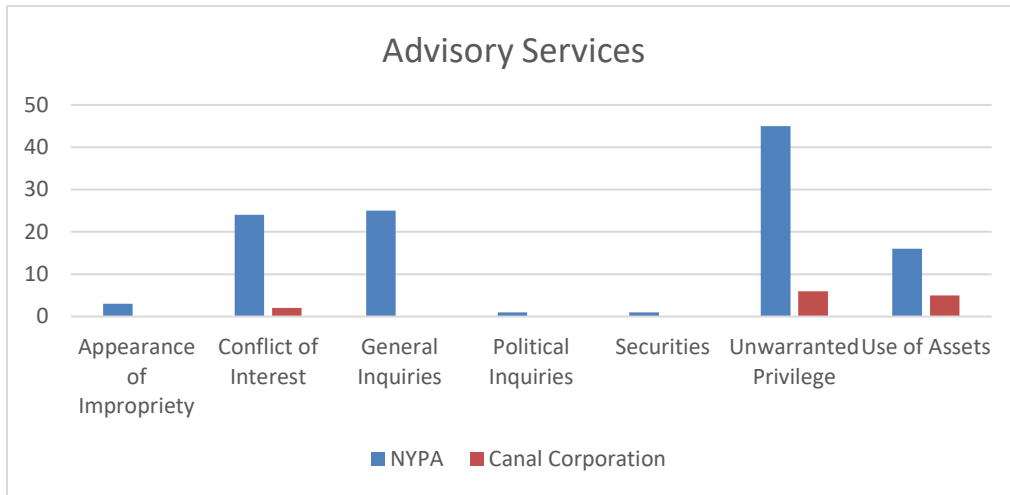
Allegations are trending at a similar level to calendar year 2021 (35 NYPA/CC combined).

Several recent concerns have included detailed time and attendance and digital footprint reviews to determine whether employees are adhering to departmental expectations regarding in-person work location attendance during the workday and/or demonstrable work productivity during remote workdays. Card reader access data is used to review days in which an employee reports to a work location (if available). A forensic review of electronic devices which may leaving a digital trace of activities (emails, TEAMS messages, accessing network files, etc.) is used to evaluate activity on remote working days. The E&C Office works closely with the Corporate Security and Cyber Security teams to obtain and evaluate the applicable data consistent with the internal controls contained in policies and procedures.

A digital review consists of remotely accessing an employee’s assigned assets including laptops, desktops, phones and tablets. If the device is accessing our network, sending emails, text messages or saving files, a digital record is created. Digital reviews do not provide conclusive proof of activity or inactivity. They often supplement other evidence of unacceptable work performance or violation of enterprise policies and procedures. Employees may work offline and not need to access or use their electronic devices to engage in work. While a digital footprint may not provide a complete accounting of work in any given day, in the aggregate, these reviews establish a pattern of work habits that can assist managers and Human Resources in addressing performance-related concerns.

The Employee Concerns Line received 10 cases through its web-based reporting platform to date in calendar year 2022. An additional 16 concerns were received through various

anonymous and direct-contact reporting mechanisms. Each concern was triaged and assigned to the appropriate departments and teams for review.

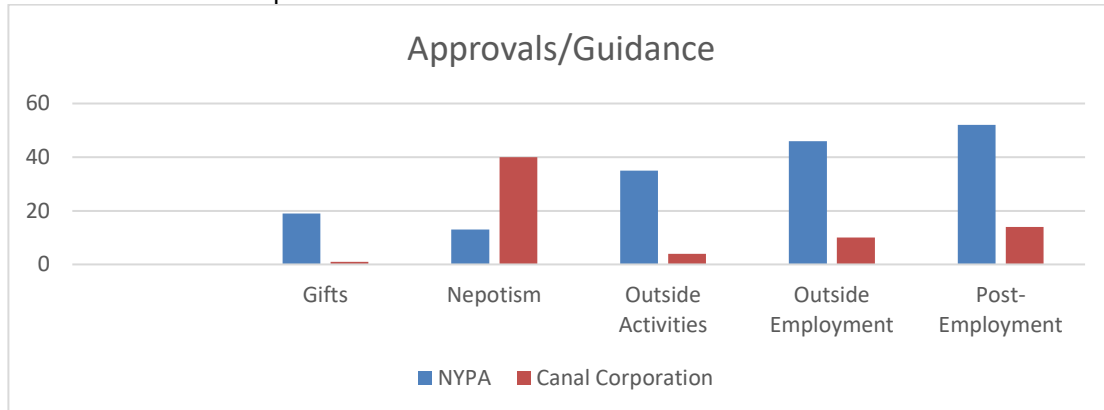


Notable Observations-Advisory Services:

The E&C Office is consulted and offers advice on a wide variety of topics including requests for the use of NYPA/Canals facilities or assets for non-governmental purposes during the conception/development of a new project/program; interactions with third parties and requests for references/recommendations based upon execution of prior work product(s) or service(s).

The Conflict of Interest (COI) category includes eleven Strategic Supply Management (SSM) COI reviews involving employees and third-party consultants acting on NYPA/Canals' behalf as part of Request for Proposal (RFP) evaluation teams. Employees and third parties identifying potential personal or business-related conflicts (typically former private sector employment reverse 2-year bar restrictions) and consultants (various conflicts) are provided advice on the appropriate rules to engage in the RFP review, if participation is deemed prudent. Several employees during the reporting period were advised that they could not review the proposals of their prior employer(s) but were allowed to review and score the responses of other bidders.

The Unwarranted Privilege and Use of Assets categories include requests to review and opine on co-presentations of NYPA/Canals' employees with vendors and/or business partners at industry events and conferences. Reviews in 2022 have included EPRI and APPA presentations, various joint press releases and social media posts and evaluating appropriate recognition for the Eureka Innovation competition.



Notable Observations-Approvals/Guidance:

The E&C Office reviewed and approved personal and professional outside activities and employment of employees and board members. NYPA's Code of Conduct requires the disclosure of any compensated employment and certain uncompensated outside activities, including appointed and elected municipal and political positions and board or commission affiliations. Each of these analyses center on whether there are any impermissible conflicts of interest that would preclude participation in the proposed activities.

On several occasions, NYPA facilitated external review/approval by the CELG on behalf of employees designated as holding policy making positions whose outside income is expected to be greater than \$5,000 annually. CELG and its predecessor Ethics Commission have noted the effectiveness of NYPA's process for evaluating conflicts of interest and developing guidelines for disclosures and recusals, where appropriate.

Three reviews in the Outside Employment category involved "returning retirees" who have been re-hired by NYPA as temporary, part-time employees, subject to the earnings limitations in the NYS Retirement & Social Security Law. Re-hiring of former employees requires the approval of the President/CEO, EVP Human Resources & Administration and VP, Chief Ethics & Compliance Officer.

Outside activities and employment requests, if granted, are issued with conditional approvals and ethics guidelines that employees must agree with to engage in the requested activities. Each approval is tailored to the specific circumstances of the request.

eGRC Case Management System

The E&C Office has been working with the Enterprise Risk and Resiliency Department in the development of an inquiry/incident management tool in the Archer eGRC management system. It is anticipated that the ethics incident management module will move from development into production in Q3 and undergo testing for approximately three months before completing the on-demand application for use.

Historical case records were imported from the previously utilized legacy BPS Resolver system into the new Archer eGRC incidents module and will be searchable. These historical records will now be integrated into the system such that they can be accurately aligned with the data captured in the new tool. These historical case files are viewed as a 'snapshot of' the BPS Resolver case file. The BPS Resolver contract will not be renewed, and no further information will be added to that system of record.

This newly developed system will allow for greater granularity in reporting to provide trend analysis as the captured data increases in volume throughout the incidents module.

Enterprise Initiatives--Committees and Working Groups

The E&C Office is increasingly requested to participate in various enterprise and departmental program development working groups. Being engaged 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 and underlying Foundational Pillars. 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 Risk & Resilience Committee
- Insider Threat/Fraud Risk Assessment Working Group
- SECURE & Resilience Committee (Cyber/Physical Security)
- Strategic Supply Management Governance (COI policy development team)
- Environmental, Social and Governance (ESG) Plan/Report and Sustainability Advisory Council
- Integrated Reporting Working Group
- 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

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

The CELG was established by the Ethics Commission Reform Act of 2022 and replaced the former NYS Joint Commission on Public Ethics (JCOPE) on July 8, 2022. The Commission remains responsible for interpreting and ensuring compliance with the State's ethics and lobbying laws and regulations. The E&C Office continues to maintain collaborative working relationships with CELG staff, including those in the Law Department, Financial Disclosure and Training units.

Financial Disclosure

The annual Financial Disclosure Statements ("FDS") were due at the former JCOPE by May 16, 2022.

NYPA reported over 900 filers, including more than 250 designated policy makers and 240 employees with valid filing exemptions from participation in the FDS program. Canals' reported 34 filers, 17 designated policy-makers and three employees with valid filing exemptions.

Training and Outreach

The Ethics Commission Reform Act of 2022 enhanced the live training requirement previously established for financial disclosure participants, to include all state government employees in a three-year training cycle. The E&C Office delivers the Comprehensive Ethics Training Course via the TEAMs virtual meeting environment. In calendar year 2021, 250 NYPA and Canals employees participated in the live training and 36 continuing professional education unit (CPEU) certificates were issued to employees to fulfill their ethics requirements for maintaining Professional Engineer licenses.

The new requirement to provide this training to all employees will require additional training sessions and will increase the annual training pool from approximately 250-300 employees to 800-900 annually. The training will be self-assigned through the Learning Management System (LMS) for management employees. Bargaining unit represented employees will be scheduled by asset planners at the generation and transmission facilities.

Compliance Reporting

The E&C Office 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 third quarter enterprise Compliance Work Group meeting has been scheduled and will include a presentation by the Strategy Department and Enterprise Project Management Office on the revamped Consultant Management Program.

Annual FERC Standards of Conduct training content is in development and expected to be presented to applicable employees during the third quarter.

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 was one (1) new potential noncompliance concern (PNC) of the NERC Reliability Standards reported to the Northeast Power Coordinating Council (NPCC).

1. PRC-005-6 — Protection System, Automatic Reclosing, and Sudden Pressure Relaying Maintenance, Requirement 3 requires NYPA to utilize a time-based maintenance program to maintain its Protection System, Automatic Reclosing, and Sudden Pressure Relaying Components. During the investigation, it was determined that a required functional test on lock out relays at the In-City SCPP were not performed in the acceptable period.

This potential noncompliance concern was 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. The mitigation plan includes completing an extent of condition assessment NYPA-wide to determine percentage non-compliance.

Investigations of Potential Noncompliance

During the reporting period, RSC reviewed ten (10) investigations of potential noncompliance of the NERC Reliability Standards. One (1) investigation resulted in a determination of potential noncompliance and submitted to NPCC as described above. Two (2) investigations resulted in a determination of potential noncompliance and will be submitted to NPCC under the self-logging process. The remaining 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 Site Outreach & Compliance Newsletter.

During the reporting period, RSC has conducted site outreach meetings at St. Lawrence, Blenheim-Gilboa and Niagara Power Projects. RSC also continues to participate on NYPA technical committees. These meetings are intended to promote awareness and increased visibility around existing and new governance for NERC compliance.

RSC is pleased to announce the release of its Compliance Newsletter. The newsletter provides a comprehensive overview of NYPA's compliance program on a quarterly basis. This includes New Standards and Effective Dates, Significant Updates to NYPA Governance, NYPA Compliance Process Improvement Initiatives and Projects and Industry News.

Recommendation Tracking Tool and PNC Dashboard

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.

The RSC Recommendation Tracking tool tracks internal recommendations identified through NYPA's 2021 CIP and O&P NPCC audit, as well as any open PNCs, where personnel can directly record their action plan associated with the recommendation and upload close-out documentation for RSC review and approval. Each recommendation is given a priority (High, Medium, Low). Recommendations can be internal improvements or mitigation activities associated with audit recommendations or a potential noncompliance self-log/self-report. RSC's internal PNC Dashboard is utilized 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 subject matter experts to be aware of past internal data points.

During the reporting period, ten (10) mitigating activities related to PNCs were assigned to compliance evidence managers. Five (5) mitigating activities have been closed, the remaining are open and pending final review. These mitigating activities are associated with the PRC-005 Requirement 3 PNC that was submitted to NPCC, as described above. Seventy-one (71) recommendations were identified through the preparation for and administration of the recent CIP and O&P NPCC audit. These recommendations are assigned to compliance evidence managers, in which twenty-eight (28) recommendations have been remediated and the remaining are pending final review and closure. During the reporting period seven (7) new internal recommendations were assigned to compliance evidence managers, in which one (1) internal recommendation has been closed, the remaining are open and pending final review. The implementation of some of these recommendations is long term in nature and is intended to improve effectiveness of NYPA processes.

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 July 8, 2022, a public NERC Alert was issued regarding an advisory to alert industry of falsified test data for certain large transformers. Beginning in April 2022, Mitsubishi Electric Corporation announced that investigations commissioned by the company had found instances of transformers manufactured at their factories not fully complying with customer-requested testing standards, internal-design guidelines, or agreements, but were documented as having passed. The subject transformers were rated 22kV 2MVA or above (up to 750kV 1000MVA) and were manufactured between 1982 and 2020. A total of 8,363 transformers were shipped worldwide

from 1982 to March 2022. 289 of those went to the United States (delivered between 2000 and 2020), and none to Canada. The 36 U.S. customers have been notified, and the process of providing the customers with the actual test data has begun. While the announced investigation findings indicate these transformers did not meet standards, only 5 of the 289 transformers in the U.S. in service between 2000 and 2021 have failed, and none from causes related to the known testing issues. NYPA's Strategic Supply Management group confirmed that NYPA has not procured any Mitsubishi Transformers during this time period. A response to NERC was not necessary.

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 2022, RSC will review and update the evidence for twelve (12) NERC Reliability Standards that are applicable to NYPA's NERC registrations. To date, RSC has reviewed and updated the evidence for three (3) NERC Reliability Standards that are applicable to NYPA's NERC registrations and there were no findings of noncompliance.

To enhance NYPA's compliance Risk, Governance and Process flows, RSC has engaged external vendor Karta Corp. to provide an eGRC solution to document NYPA's compliance environment and provide a path for ensuring compliance.

Self-Certification of Compliance

NYPA as a NPCC Full Member Functional Entity, in May 2022, 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 July, per NERC's Rules of Procedure, NYPA completed the re-certification for the Plattsburgh Capacitor bank exception request with NPCC.

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 looks at the detailed aspects of Transmission Operator (TOP) functional responsibilities and compliance obligations.

- a) The TOP task force is meeting regularly to complete a gap analysis for registering NYPA as a TOP and streamlining operational control of NYPAs transmission facilities going forward.
- b) RSC is leading the TOP preparation; coordination includes revising and developing governance, internal controls and assessments to prepare for TOP registration.
- c) NYPA Staffing for applicable business functions is being reviewed as part of this effort.

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 discussions with other neighboring utilities (NYISO / NGrid / Avangrid) have occurred regarding TOP registration and compliance responsibilities. Discussions with NPCC will be scheduled in coming months.

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

- a) Effective April 1, 2023, a new NERC reliability Standard on Cold Weather preparedness goes into effect. The primary purpose of Extreme Cold Weather Grid Operations, Preparedness, and Coordination project is to address reliability related findings from the Federal Energy Regulatory Commission (FERC), NERC, and Regional Entity Joint Staff Inquiry into the February 2021 Cold Weather Grid Operations. NYPA is developing formal cold weather plan(s) for each of its regional generation facilities.
- b) FERC approved a final rule on FERC 881 that will more efficiently utilize our nation's transmission grid and help lower costs for consumers by improving both the accuracy and transparency of transmission line ratings.
- c) FERC issued a Notice of Proposed Rule Making (NOPR) that proposes to direct NERC to develop and submit modifications to Reliability Standard TPL-001-5.1 (Transmission System Planning Performance Requirements) to address transmission system planning for extreme heat or cold weather events that impact the reliable operation of the BPS.
- d) NPCC DER Forum, which hopes to identify reliability challenges and opportunities regarding the proliferation of Distributed Energy Resources (DER).

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. RSC is coordinating with Protection & Control and Transmission Planning groups to establish periodic compliance check-in, governance/internal controls development and enforcement to ensure NERC compliance within the NERC Reliability 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.

The new CIP-012-1 Standard went into effect on July 1, 2022. This new NERC Reliability Standard focuses on Cyber Security of Control Center Communication Networks and is intended to protect Confidentiality and Integrity of data transmitted between Control Centers required for reliable operation of the Bulk Electric System (BES). NYPA ensured all requirements are met at all applicable operational facilities.

Post NYPA's 2021 NPCC Audit, RSC and Operations Technology discovered areas requiring improvement to NYPA's Transient Cyber Asset (TCA) and Removable Media (RM) program. The new program changes went in effect August 1, 2022 and centralizes the periodic device management responsibilities with Operations Technology staff.

QUALITY ASSURANCE

With the relaxation of travel restrictions due to COVID, QA is able to perform most of the required factory inspections and vendor surveys in the US, Canada and western Europe. We continue to use a 3rd party inspector for China.

QA is continuing to support major procurements for Smart Path, Smart Path Connect, Y49, T-LEM projects and other major purchases for all NYPA generating and transmission facilities.

The NYPA Internal Audit of the QA and Code Compliance was conducted. The audit identified 2 medium level recommendations and 1 low level recommendation in regard to the internal procedures update and providing an awareness of NYS Code training to affected departments. These recommendations are set to be addressed by 05/31/2023.

CODE COMPLIANCE

Annual Safety Inspections – 2022 Q2 results for NYPA reached 59% with a target of 67%, and Canals reached 65% with a target of 67%. Although the results are slightly below the target, the projection is to meet yearly goals.

Inspection Test and Maintenance (ITM) pilot program is proceeding at all NYPA sites with overall progress ranging around 70% complete.

The Annual OSHA Crane Inspection program for 2022 is in process at all NYPA sites, with SENY sites already completed.

We continue supporting creation of the OSHA Crane Inspection program for Canals.

b. Vessel Naming Honoring Harriet Tubman

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

RESOLVED, That the Governance Committee hereby recommends that the Trustees and Canals Corporation Board of Directors adopt to dedicate a formerly unnamed Canal Corporation push tug vessel the *'Harriet Tubman'* in recognition of the exceptional life Ms. Tubman led, having delivered dozens of formerly enslaved people to freedom, and leaving an indelible mark on our nation's history, as discussed in the report of the Senior Director, Public Engagement; and be it further

RESOLVED, That the Chairman, the Vice Chair, the Acting President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, 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.

c. Procurement and Related Reports 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 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 are hereby reviewed and approved; and be it further

RESOLVED, That the Chairman, the Vice Chair, the Acting President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority and Canal Corporation are, 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.

d. Approval of the Minutes of the Joint Meeting of the New York Power Authority and Canal Corporation Governance Committee held on March 29, 2022

On motion made and seconded the Minutes of the New York Power Authority and Canal Corporation's Governance Committee meeting held on March 29, 2022, were unanimously adopted.

6. Next Meeting

Chair Bethaida González stated that the next regular meeting of the Governance Committee is to be determined.

Closing

On motion made by Member Dennis Trainor and seconded by Member John Koelmel the meeting adjourned at approximately 9:42 a.m.

Karen Delince

Karen Delince
Corporate Secretary