



**MINUTES OF THE MEETING
OF THE GOVERNANCE COMMITTEE
October 17, 2023**

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

Members of the Governance Committee present were:

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

Also in attendance were:

Laurie Wheelock	Board Member
Justin E. Driscoll	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
Daniella Piper	Executive Vice President and Chief of Innovation Officer
Nancy Harvey	Chief Diversity, Equity and Inclusion Officer
Alexis Harley	Senior Vice President, Chief Risk and Resiliency Officer
Robert Piascik	Senior Vice President & Chief Information Officer
Karen Delince	Vice President and Corporate Secretary
John Canale	Vice President – Strategic Supply Management
Joe Gryzlo	Vice President & Chief Ethics & Compliance Officer
Kaela Mainsah	Vice President – Environmental Justice
Joseph Leary	Vice President – Community & Government Relations
Nancy Harvey	Chief Diversity, Equity and Inclusion Officer
Karina Saslow	Interim Vice President – Human Resources
Eric Alemany	Senior Director – Supplier Relationship Management
Carley Hume	Chief of Staff
Justin Pruyne	Director – EEO/AAO Investigations
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Senior Associate Corporate Secretary
Michele Stockwell	Senior Assistant Corporate Secretary

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

Introduction

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

1. Adoption of the October 17, 2023 Proposed Meeting Agenda

On motion made by member Cecily Morris and seconded by member Lewis Warren, Jr., the agenda for the meeting was adopted.

2. Motion to Conduct an Executive Session

On motion made by member Lewis Warren, Jr. and seconded by member Cecily Morris an Executive Session was held to discuss the financial and credit history of a particular corporation pursuant to §105(f) of the New York State Public Officers Law.

3. Motion to Resume Meeting in Open Session

On motion made by member Lewis Warren, Jr., and seconded by member Cecily Morris, the meeting resumed in open session.

Chair Bethaida González stated that no votes were taken during the Executive Session.

4. DISCUSSION AGENDA:

a. Diversity, Equity and Inclusion Foundation Pillar Update

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

Office of Civil Rights and Inclusion (Tactic A)

Diversity, Equity and Inclusion (“DEI”) is about creating an inclusive culture and forms the basis of the Authority’s VISION2030 Foundational Pillar.

NYPA’s goal is to attract the best candidates to the organization. Most importantly, the Authority wants everyone to feel that they belong at the organization. The DEI team is working together with its colleagues, leaders, and stakeholders across the Authority to learn about the employees to develop capabilities that will equip them to advance their careers. The team is also committed to creating a culture at NYPA and Canals where everyone contributes. And everyone belong. At the Authority, DEI is defined as:

- **Diversity** - Who is represented in the workplace.
- **Equity** - How we ensure equality of opportunity.
- **Inclusion** - The experiences of the workforce the workplace.

The Authority is on a journey to mastering fundamental DEI concepts and cultivating allyship, and advocacy, through DEI education across all levels of the organization. The team is committed to building a pipeline and representation.

Women and people of color represent approximately 25% and 26.5%, respectively, of the Authority's workforce. Since 2022, offer rates for underrepresented groups have improved and there are more equitable conversion rates from offer to hire across those groups.

Attracting and hiring is the beginning of a positive experience in the organization. As part of the onboarding process, the Office of Civil Rights and Inclusion engages with new hires soon after their start dates. Launched in 2022, the DEI Foundations Training immediately connects new hires with each other and educates them about DEI principles and their role as a DEI Champion, including values, expectations, and their rights as it relates to discrimination. In addition, new employees learn about support resources and opportunities for professional growth. As of September 30, the office has connected with 151 new hires.

DEI – Professional Development

With regard to Professional Development, the Authority continues to prioritize developing leaders and capabilities of employees from traditionally underrepresented populations. The Pathways program, specifically designed for people of color, is a means to explore career and professional development at NYPA and Canals.

The organization is aware that people from certain communities have historically faced challenges in progressing their careers, and the Pathways program provides tools and techniques to achieve full potential at NYPA and Canals and is one way to support employees' career journey.

OCRI continues to expand access to programs such as Pathways, which provides individual support, including connecting participants with mentors, to inform individual development and coaching required to advance.

The second cohort of this innovative program started recently with 20 participants. The initial program had 17 participants and have now expanded to 20 participants to respond to the demand for the program. This six-month program will run through March of next year.

In addition to the Pathways program, by year's end 41 employees will complete the Connected Leaders Academy, which is for managers and executive leaders of color, as well as the Women's Accelerator Professional Development Program. Through these efforts, the organization is strengthening the pipeline of leaders.

DEI - Accountability

Allyship, and the power of collective action, is crucial in building an inclusive culture. In mid-September, OCRI launched the ALLY program which resulted in the entire organization learning how to use their voices and spheres of influence to actively support others, especially those in less advantaged positions.

The goal of ALLY is to increase diversity and inclusion in the organization by encouraging and empowering employees to educate themselves on inequity and use their areas of advantage to actively support people whose voices are not heard.

The program was launched in mid-September and has a more than 80 percent completion rate for management employees through the two weeks of a four-week program. During this program, participants will learn to recognize the impact of unfairness, injustice and excluding/othering of individuals

and will learn to apply strategies to be an active ally in everyday situations and develop behaviors to drive systemic change in different areas of their lives.

Inclusive Culture/ERGs

The Authority's leaders continue to actively support and sponsor diversity, equity, and inclusion efforts, especially the Employee Resource Group (ERG) Program. ERGs are comprised of employees who are champions of change toward an inclusive and diverse work environment. ERGs address the needs of underrepresented groups, while at the same time leaving room to explore issues of intersectionality and providing the majority group a way to participate.

The Authority is proud of its six ERGs and their contributions to the culture at NYPA and Canals. In so doing, ERGs continue to attract a steady growth of new members and activities.

As part of Phase 2 of the ERG Elevate Initiative, OCRI established an ERG Council made up of the Office of Civil Rights & Inclusion, ERG leaders and their executive sponsors. This Council meets bimonthly and provides ERG leaders with the space to collaborate across groups and garner intersectional support.

The team continues to focus on increasing management engagement and commitment to the ERGs by educating managers on the goals, benefits, and challenges of ERGs, and by encouraging managers to support the ERG members who may be on their teams.

In addition, training and onboarding are provided for the executive sponsors. This year OCRI onboarded three new executive sponsors for Pride in Power, Women in Power, and the generation ERGs.

ERGs facilitate recognition and acknowledgment of its members. In December, the inaugural annual ERG Excellence Award Ceremony will recognize and acknowledge the accomplishments of the ERGs and allies to drive greater awareness of ERG opportunities and challenges within NYPA and Canals.

OCRI is seeing positive impacts when new employees are introduced to ERGs as a membership engagement channel and looks forward to continuing this progress.

DEI – Professional Development

Engagement with the NYPA and Canals leaders is critical on this DEI journey. To that end, earlier this Spring, OCRI hosted an Executive Briefing and Training to level-set and engage leaders in ensuring that all employees feel included, and that they belong at NYPA and Canals. This briefing was the first step in equipping the leaders as active partners in the DEI journey. The DEI message was also communicated to the broader core of senior leaders, reminding them of their collective responsibility to create a psychologically safe work environment.

In addition to understanding the critical role in ensuring a safe, fair, and productive workplace for all employees, and to escalate any matters related to EEO and accommodation, leaders thoughtfully participated in an exercise aimed at building skills to embrace and demonstrate the DEI leadership competency. To that end, OCRI launched an enterprise-wide diversity month as an opportunity to engage and learn about various aspects of diversity. By year's end, the demographic survey will be expanded to include gender, disability, and sexual orientation to better understand the communities that are in NYPA and Canals and provide benefits and other resources that these groups might need.

The DEI dashboard is being incorporated and launched as part of Phase One of the "One HR" consolidated dashboard. This is meant to house all of the different workforce metrics around the employee lifecycle to help leaders do a deep dive into their department data. The organization is constantly listening to, and learning from, employees and in a few weeks will launch the biennial engagement survey with a DEI focus

OCRI Look Ahead to 2024

In 2024, OCRI expects to continue with its efforts which are expected to intensify with the results of the engagement survey which will help to inform the team on issues that they may not have been aware of, or issues that OCRI would want to address.

In conclusion, OCRI is working across all of these areas to create a NYPA and Canals that is good for all, and where each of the employees feels seen, heard, and that they belong at NYPA and Canals.

Supplier Diversity Update (Tactic B)

Mr. Eric Alemany, Senior Director of Supplier Relationship Management, provided an update on Supplier Diversity. He said this year marks the 40th anniversary of Supplier Diversity at the New York Power Authority with spending of more than \$1.7 Billion for New York State's small and diverse businesses. The Board's commitment to VISION2030 has challenged NYPA and Canals to make a conscious effort to reduce barriers and give diverse businesses opportunities to compete for jobs. There are ongoing efforts to provide prime contracts directly to Minority and Women-Owned Businesses ("M/WBE"), Service-Disabled Veteran-Owned Businesses ("SDVOB"), and New York State Small Business. The Authority has entered into direct contracts with 210 small and diverse firms, exceeding 2022. To date, the total number of direct contracts with small and diverse firms is 359.

2023 Accomplishments

- As part of its DE&I commitment, the goal is to double the spend from 2022 levels. In 2023, nearly \$160 million in spend has been achieved among M/WBEs, SDVOBs, and New York State small businesses. The team will continue to challenge itself by committing to increasing utilization at a rate of 10% annually over the next two years. While these numbers are significant for sustainable growth, the Authority understands that small and diverse businesses still face significant difficulty bidding on larger projects and opportunities in accessing capital and insurance, in addition to the lack of business growth training and other development opportunities. To that end, NYPA has launched business preparation programs, and engaged 134 small and diverse businesses statewide.
- At the September Board meeting, a member of the Supplier Diversity team shared details of the Mentor Protégé, Surety Bond training, and Small and Local Business programs, each geared to support businesses at different maturity levels. The team received positive feedback from three of the recent graduates on how the programs have helped them in their businesses.
- Several program participants have competed on direct procurements and subcontracting opportunities. The team will continue to engage suppliers across the state to promote awareness of projects and opportunities that are occurring in their neighborhoods.
- NYPA staff organized and participated in 29 Supplier Diversity events, accounting for more than 3600 attendees. This includes the Authority's premier Supplier Diversity Expo in White Plains earlier this year.
- The Supplier Diversity team launched a new Supplier Diversity Outreach Series called "Industry Day" that focuses on highlighting opportunities and engaging businesses in specific industries.
- In August, NYPA and Canals held its Supplier Diversity Industry Day in White Plains for architectural, engineering and construction services with nearly 200 attendees. At the event, twenty-four (24) NYPA and Canals' key suppliers were actively looking for partnerships with M/WBEs and SDVOBs to ensure that they meet the supplier diversity goals in their contracts.
- Looking ahead, the Supplier Diversity team will be participating in the annual M/WBE Forum in Albany, as well as VETCON, each with a focus on M/WBEs as well as Service-Disabled Veteran-Owned businesses.

- In December, NYPA will be closing out the year with an information technology-focused “Industry Day,” which, to date, has generated a tremendous amount of interest among M/WBEs and SDVOBs.

Look Ahead - 2024

- In 2024, Supplier Diversity will continue to expand its efforts to increase M/WBEs, SDVOBs, and New York State small business participation in the Authority’s Supplier Diversity programs. This will be done by education, driving Business Units’ goals, and identifying opportunities for program participants.
- NYPA continues to engage small and diverse businesses to meet or exceed its Supplier Diversity program participation. As such, it has already identified 13 mentor protégé teams, developing strategies that will be implemented through 2024.
- 57 participants have been identified for the Surety Bond training program. Applications for small and local businesses for the program are in process with classes to begin later this year and run through the summer of 2024.
- It is important that the Authority and Canal Corporation continue to promote awareness locally, regionally, and nationally. To that end, the team will host its annual Supply Diversity Expo in Q2 to educate suppliers on NYPA and Canals’ projects and activities statewide, as well as foster relationships between major, M/WBEs and diverse firms.
- The team plans to advance its regional procurement exchanges specifically for Canals’ infrastructure work and the Propel New York project.

Mr. Alemany ended that on behalf of John Canale and the SSM team he wanted to thank the members for their guidance and support. The team will continue to bring updates to the Board on the programs to attain the Authority’s VISION2030 Supplier Diversity goals.

Environmental Justice Program (Tactic C)

Ms. Kaela Mainsah, Vice President of Environmental Justice provided highlights of the report to the members. She said that, under the DE&I strategic initiative, Environmental Justice’s (“EJ”) goal is to diversify the pipeline of future energy leaders. The team does this by delivering three programs namely, College scholarships, P-TECH internships, and employees volunteering in EJ communities.

Key 2023 Accomplishments:

- **Scholarship Program**

The Future Energy Leaders Scholarship Program is in its third year and NYPA has awarded \$300,000 in scholarship funds in partnership with the National Society of Black Engineers, American Association of Blacks in Energy, the New York Urban League, Eagle Academy Foundation, and the United Neighborhood Houses, the administrative partners who disperse the scholarships.

In 2023, the Authority hosted its inaugural Scholarship Summit where past scholarship participants and their parents met with NYPA employees and shared College experiences. The team also partnered with the Human Resources department to review resumes and provide feedback on interview techniques and how to apply for internships at NYPA.

- **P-TECH (Pathways Technical High School Partnerships)**

The P-TECH program supports eight School Districts from 9th grade to the completion of a free Associate Degree at an affiliated Community College.

- Students from 9th to 11th grade attend Energy Career Workshops and field trips to the Authority's power plants. Mentorship is also provided to the students. To date, the Authority has supported 500 students in these career academies.
- In 12th grade, students become eligible for a NYPA P-TECH internship. This annual paid internship program increased from 28 interns last year to 40 this summer. Over a six-week period, the students completed technical projects, fulfilling real customer and business needs.
- The skills building Career Academy workshops include resume writing, interview skills and emerging utility careers demonstrations to build up their ability to pursue energy careers.
- Interns earned industry aligned certifications in energy auditing, HVAC maintenance, and Drone Piloting and also Certified Apprentice Lighting Technicians ("CALT")
- Working with the Supplier Diversity Mentor Protégé, the team contracted with two Women and Minority-Owned Business Enterprises who guided the students through the industry certifications. This resulted in a 100% pass rate from the students.
- In partnership with the IT department, worked with the Cyber Security Advisory committee for Community Colleges, providing feedback on technical curriculum, lab and classroom design, the equipment purchased, and industry certifications to pursue.
- The Computer Science Pathway program in Staten Island now includes mandatory Cyber Security classes. The content is aligned to the skills that the NYPA Cyber Security team looks for in entry-level hires. This is important and beneficial to the communities and also for NYPA's businesses because it bridges that gap between the recent graduate skills and that ever-evolving list of competencies that changes as the industry evolves.

Community Volunteer Corps

NYPA's Environmental Justice Community Volunteer Corps fosters understanding between its employees and EJ neighbors. NYPA coordinate traditional corporate volunteering in Environmental Justice community beautification projects. This year, the Authority also incorporated an employee-inspired idea for young people in urban areas to experience and learn about environmental science in a fun-accessible way. NYPA partnered with a community-based organization in Syracuse that works with at-risk youth. They attended Fishing Clinics led by the DEC.

Looking Ahead - 2024

Future Energy Leader Scholarships

- The number of scholarship awards will increase from 10 to 20 scholarships per year.
- Host Annual Future Energy Leaders Scholarship Summit

P-TECH

- Increase the number of P-TECH paid opportunities from 40 to 75 interns.
- Creation of the Junior Fellowship Program – NYPA is issuing an RFP to solicit community-based organizations to provide this new junior fellowship research program to allow students who are 16 years or older to gain paid workshop experiences.

NYPA EJ Community Volunteer Corps

Environmental Justice (“EJ”) communities are those frontline communities that experience the worst impacts of climate change. NYPA would like to increase EJ support with community-led solutions, e.g., Uprose in Sunset Park, one of Brooklyn’s oldest Latino community organizations, which initiated a community learning circle around emergency preparedness, and sustainability curriculum for extreme weather events such as flooding and heat vulnerability.

Looking Ahead – 2024

For 2024, the EJ team will leverage and partner with NYPA Subject Matter Experts, e.g., Engineering and Cyber Security, to provide support to community-led initiatives. The goal is to ensure that Environmental Justice is integrated into every aspect of NYPA’s operations.

The EJ team operates on a (inaudible) model and encourages volunteering as a Subject Matter Expert, Mentor, Translator for multilingual workshops and as a Project Facilitator. EJ wants to make sure that it is building NYPA’s institutional legacy of being a good neighbor. Environmental Justice has been highlighted at the Federal and State levels, with NYPA’s authority.

5. CONSENT AGENDA:

On motion made and seconded, 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 Report

ETHICS and COMPLIANCE

SUMMARY

The Office of Ethics and Compliance (“ECO”) advises the New York Power Authority (“NYPA”) and Canal Corporation (“Canals”) trustees, directors, officers, and employees on the legal, regulatory and NYPA Code of Conduct ethics and compliance standards affecting them and their operations. It coordinates the investigation of allegations and concerns involving NYPA’s and Canals’ assets and employees. ECO 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 16, 2023 to October 10, 2023.

BACKGROUND

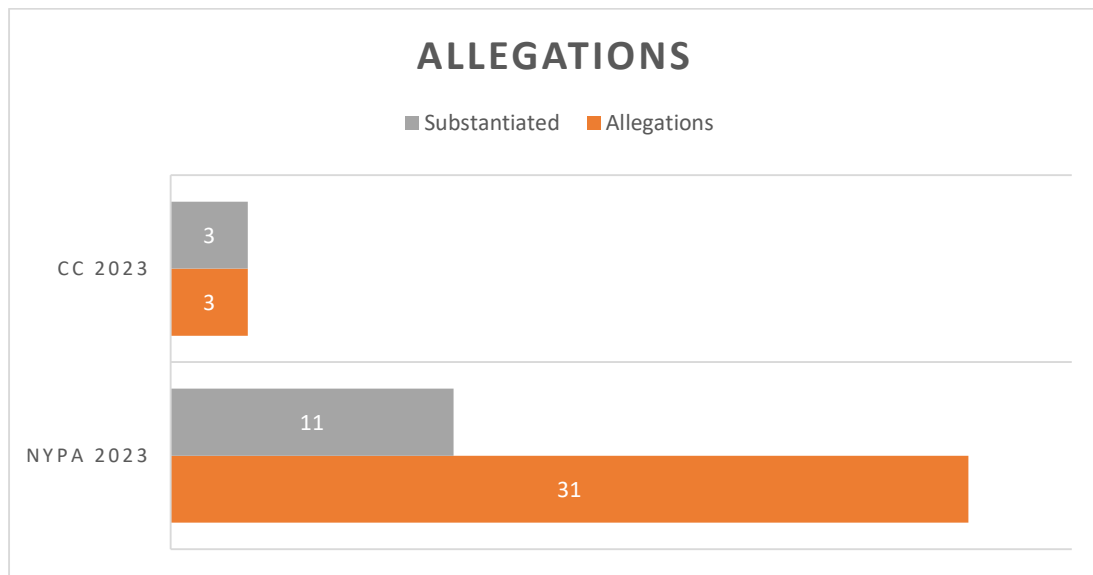
The principal substantive issues arising under the NYS ethics laws, NYPA’s Code of Conduct and the Canals’ Code of Ethics investigated or researched involved unwarranted privileges, reverse two-year bar, post-employment reviews, conflict of interest scenarios and financial disclosure analyses.

The ECO partners with various internal teams and departments to provide guidance in support of VISION2030 and emerging initiatives across NYPA and Canals. Reaffirming and embedding the guiding principles of the NYS Public Officers Law and NYPA/Canals’ Codes of Conduct and Ethics 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 from violations of law and policy, as well as reputational damage.

DISCUSSION

Caseload Management

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 (COELIG) and provide advice and counsel. The last graph, “Approvals/Guidance” reflects those inquiries where we provide approvals/denials for specific individual and corporate requests for internal opinions. Representative actions from each category will be discussed below.



Notable Observations-Case Work:

All three Canals’ concerns to date in calendar year 2023 have been substantiated. In one, an employee inappropriately used the tax-exempt status granted to agencies for their personal use. In another abuse of resources, a Canals’ employee did not cancel hotel reservations at the State Fair when plans changed and submitted incomplete and frequently late expense reports containing inaccuracies. The last substantiated Canals’ case involved an employee on approved medical leave who was found to be operating a home cleaning service, advertised through social media. The employee did not disclose this personal business nor obtain approval to engage in secondary employment.

The ECO partnered with Employee Relations (ER) and the Office of Civil Rights and Inclusion (OCRI) on a comprehensive investigation which at the time, included ten separate concerns related to potential misconduct or policy violations. These joint reviews included interviews with both management and bargaining unit personnel, witnesses and subject matter experts. It required review of technical manuals, processes, procedures and documentation available in various electronic systems. This three-month coordinated review resulted in the separation of two management employees and one represented employee, and various verbal and written warnings issued to other employees. Recommendations also included the physical relocation of several management offices to facilitate a transition to new managers in positions of authority requiring direct contact with employees.

These substantiated allegations above were identified by direct contact with site Human Resources, ER, OCRI or the ECO, not as a result of reports submitted through the NYPA Concernline (hotline maintained by a third-party vendor).

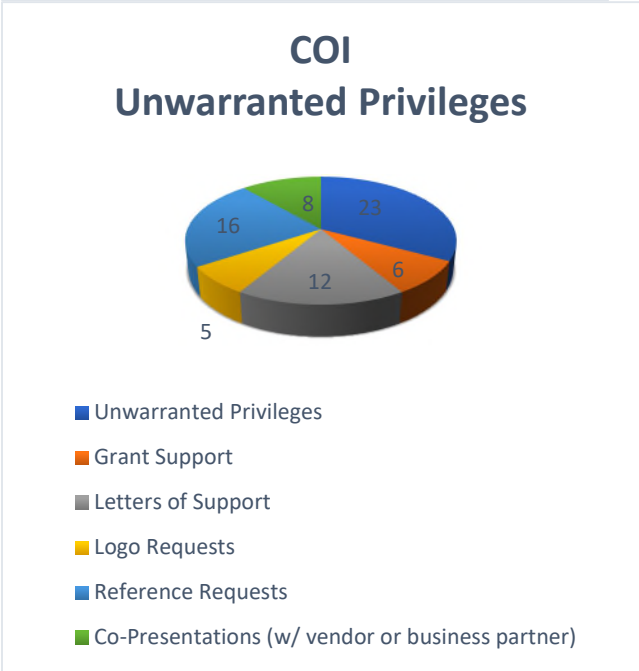
Two of the allegations involved falsification of company records, one was substantiated and the second was unsubstantiated. In the same quarter of 2023, a separate allegation of falsification of records was substantiated when the ECO identified a document submitted by an employee that included the supervisor's approval signature in the same handwriting as the submitter. The employee had not requested or received their supervisor's authorization to add his name to the approval form. In both substantiated cases, management lost trust in the integrity of the individuals, which contributed to their termination of employment.

Notable Observations-Advisory Services:

Advisory responses include the broad category of Conflicts of Interest (COIs). COIs can be both professional and personal. Of the 70 Unwarranted Privileges analyses recorded, there were 16 requests for references (former developmental interns, employees and both current and former business partners), 12 letters of support related to external funding opportunities and six involving NYPA or Canals involved with direct grants working with business partners like Clarkson and SUNY Binghamton universities. This category included 8 reviews of external presentations offered by NYPA employees at various industry-related conferences and trade shows.

The Advisory Services category also includes Strategic Supply Management's (SSM) mandatory self-disclosure of Conflicts of Interest by all participants in procurement related activities such as bid evaluations (review/scoring/discussions and recommendations). ECO has opined on 14 SSM COI disclosures and nine scopes of work resulting in guidance to the evaluation teams related to reverse two-year bar and potential lifetime restrictions for current evaluators reviewing the submissions of their former employers.

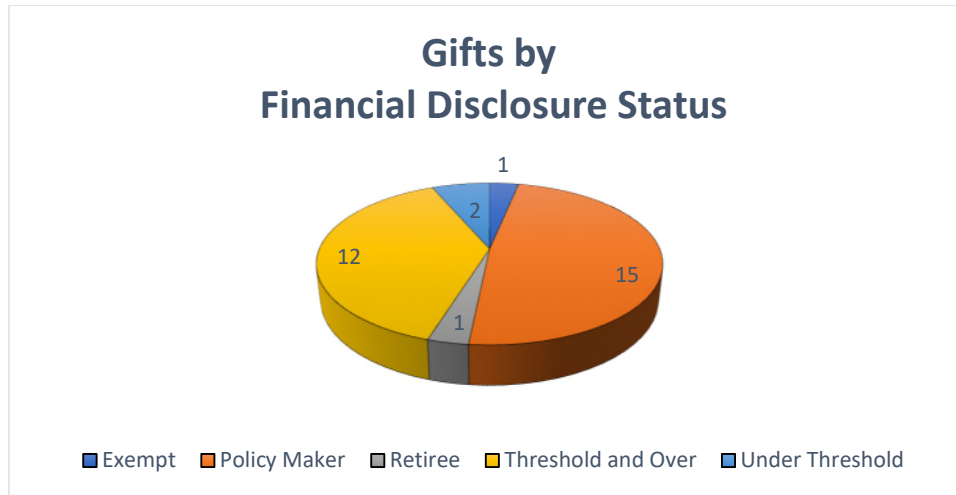
In the case of consultants participating in procurement review teams, their roles are restricted to technical guidance, and they are not permitted to provide scoring or review of pricing submitted by firms which may be competing for NYPA business with the consultant's employing firm.



Notable Observations-Approvals/Guidance:

The enterprise Governance, Risk and Compliance (eGRC) case management system is allowing the ECO to analyze data at a more granular, meaningful level. In this instance, we examined gifts received by NYPA and Canals' employees by their Financial Disclosure Filer Status. From this data, we can tell that employees serving in Policy Making positions and those in the Threshold and Over categories receive the bulk of gifts offered to NYPA employees. These gifts primarily take the form of complimentary registration fees for conference attendance when the employee is serving as a panelist or guest speaker.

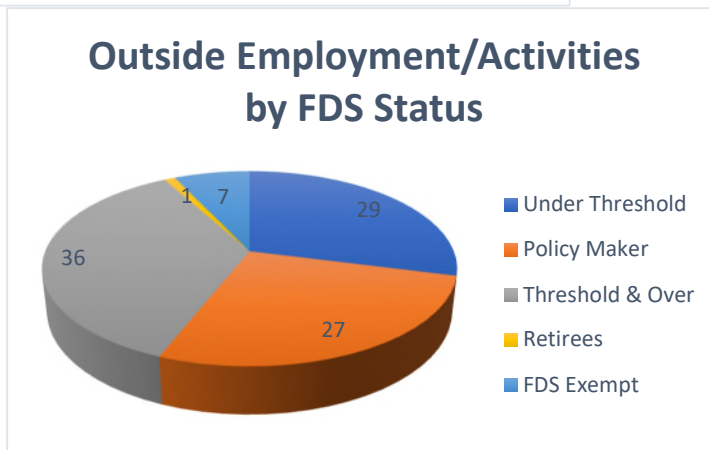
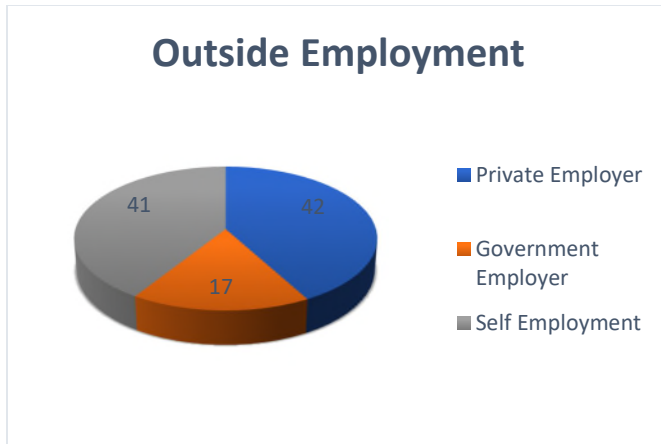
The gifts category also includes remote seminars where the participant receives food/beverage shipped to their homes for them to participate in seminars remotely to simulate an in-person gathering.



The ECO 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 with individuals’ official job duties that would preclude participation in the proposed activities.

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 customized to provide appropriate guidance related to the circumstances. In those instances where designated “policy-makers” request approval to engage in certain outside activities and employment, the ECO facilitates the mandatory review and approval of COELIG in accordance with its regulations.

Of note below, we categorized outside employment by the type of employment, whether self-employed or working for a private employer or another government or municipal agency. We further refine both paid and unpaid external activities by the participant’s Financial Disclosure status. This data could be used by Human Resources and other groups to evaluate compensation packages and as a data point to track employee engagement in their NYPA or Canals’ work.



eGRC Case Management System

The ECO continues to enhance the eGRC case management system it developed during calendar year 2022. The electronic resource is providing us with a clearer picture into the types of activities employees engage in and their interactions with NYPA’s vendors and business partners. We have budgeted a modest amount for calendar year 2024 to continue to build out the system’s capabilities and create workflows.

The ECO demonstrated the case management system to Employee Relations, the Office of Civil Rights and Inclusion and site HR and Labor managers to encourage them to develop modules to track their casework and issues in this common tool. As additional groups adopt this system, our ability to manage joint investigations and reporting can become more standardized and lead to efficiencies and useful trend analysis.

Enterprise Initiatives--Committees and Working Groups

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

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

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

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

Training and Outreach

The Ethics Commission Reform Act of 2022 (the Act) expanded the bi-annual training requirement previously established for financial disclosure participants, to include all state employees and members of advisory boards. The new standard requires all state employees to participate in live, instructor-led training on a two-year cycle. The ECO regularly delivers the Comprehensive Ethics Training Course via the TEAMs virtual meeting environment and has recently partnered with the Office of Civil Rights and Inclusion (OCRl) to provide live training sessions at our facilities. The team presented at the Niagara Project in September and will visit St. Lawrence/FDR in October, SENY locations in November and the Clark Energy Center and Blenheim-Gilboa Project at future dates. The ECO has trained approximately 1,100 employees between November 2022 and present.

The Act included the requirement to submit monthly training compliance reports to COELIG, which then aggregates the training data and reports monthly statewide training statistics to the Governor’s Office.

Training reminders have been sent to all employees, and we continue to promote compliance through direct email, the PowerNet and joint communications from the ECO and OCRI Office.

National Corporate Compliance and Ethics Week occurs between November 5-11, 2023. The ECO is planning to publish responses to questions posed during live training sessions to further employee understanding of requirements. One promotion will provide a list of reportable outside employment/activities which should be submitted for review to the ECO. Additional guidance will focus on the Post-Employment 2-Year Bar restriction and emerging laws, regulations and requirements which should be captured in the Compliance Reporting and Training Repository.

Compliance Reporting

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

The ECO has coordinated three enterprise Compliance Work Group meetings during 2023, and the fourth quarter meeting is scheduled for early November. Each meeting includes a presentation by a NYPA or Canals' department on key initiatives affecting the enterprises with a focus on compliance-related considerations. A roundtable discussion is also conducted to promote information exchanges with the goal of embedding a culture of compliance throughout the organizations.

TECHNICAL COMPLIANCE

RELIABILITY STANDARDS COMPLIANCE (RSC)

BACKGROUND

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

DISCUSSION

NERC Reliability Standards Compliance Enforcement Actions

During the reporting period, there were four (4) new potential noncompliance concerns (PNC) of the NERC Reliability Standards reported to the Northeast Power Coordinating Council (NPCC).

1. PER-006-1 - Specific Training for Personnel, Requirement R1. NYPA did not provide complete training on a Remedial Action Scheme (RAS) for STL Moses Generation Rejection operational functionality to the required STL operations personnel.
2. FAC-008-5 – Facility Ratings, Requirement R8. Under an MOU, ConEd has the functional task role to communicate the appropriate Facility Ratings, provided by NYPA, to the NYISO. ConEd did not communicate changes of Facility Ratings for NYPA's Q35L, due to status change in the cooling mode, to the NYISO as specified in Requirement 8.1.1.

3. FAC-008-5 – Facility Ratings, Requirement R8. NYPA did not communicate changes to the NYISO as specified in Requirement 8.1.1, when the Willis Autotransformers automatically went to a tap position to maintain line voltage that exceeded the Facility Rating.
4. CIP-006-6 — Cyber Security — Physical Security of BES Cyber Systems, Requirement R1.8. BG did not perform the required logging, for a Control Room Operator, by name and time of entry into a High impact BES PSP Facility.

The two (2) FAC-008-5 PNCs were combined with a previous FAC-008 PNC (CEC-20220819-002), in which PSEG-LI did not perform the functional task role to communicate the appropriate Facility Ratings, provided by NYPA, to the NYISO. This PNC was submitted in February 2023.

The CIP-006-6 PNC was combined with a previous CIP-006 PNC (NIA-20220618-001), in which Niagara did not perform the required logging by name and time of entry into a High impact BES PSP Facility.

Investigations of Potential Noncompliance

During the reporting period, RSC reviewed twelve (12) investigations of potential noncompliance of the NERC Reliability Standards. Four (4) investigations resulted in a determination of potential noncompliance and submitted to NPCC as described above. Two (2) investigations did not result in a noncompliance of NERC Standards. Two (2) investigations resulted in a determination of potential noncompliance and will be submitted to NPCC, pending final development of mitigating activities. The remaining four (4) 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 Compliance Newsletter

RSC released its Compliance Newsletter in July 2023. The newsletter provides a comprehensive overview of NYPA's compliance program on a periodic 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. Recommendations can be internal improvements or external 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 SMEs to be aware of past internal data points.

During the reporting period, recommendations from a 2021 audit, conclusion of risk-based evidence review process and mitigating activities for recent PNCs have been incorporated in RSC's Compliance Tracking Tool and issued to SMEs. These recommendations address several process improvement topics. Major items resolved by RSC and SME teams during reporting period include:

- a) Modified CIP-007 Mitigation Spreadsheet Templates
- b) Reminder to buyers to attach Appendix P for contracts initiated in SAP
- c) Updated Flynn job plans/process improvements to address findings from RSC spot check
- d) Review/Revise Security & HR Checklists for AIMS off-boarding

- e) Review and modify existing processes for relay patching and configuration change management
- f) Review and streamline access/termination process of 3rd parties working at NYPA Sites
- g) Development of governance and procedure documentation of Y-49 lockout & return to service

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 were two (2) NERC alerts sent to industry.

On March 16, 2023, NERC issued an Industry Recommendation via the NERC Alert System regarding the Inverter-Based Resource Performance Issues to which NYPA responded in a timely fashion. NERC Alert IBR Performance analyzed multiple large-scale disturbances on the bulk power system (BPS) involving widespread loss of inverter-based resources (IBRs). In 2021 and 2022, two disturbances in Odessa, Texas, resulted in abnormal performance across several Bulk Electric System (BES) solar photovoltaic (PV) generating resources. These resources have exhibited systemic performance issues that could lead to unexpected losses of BPS-connected generation, with the potential to cause widespread outages. As the penetration of BPS-connected IBRs continues to rapidly increase, it is paramount that any performance deficiencies with existing (and future) generation resources be addressed in an effective and efficient manner. RSC reviewed NYPA’s Willis Battery Storage Project Implementation Inverter settings with Engineering, Project Management and involved contractors to ensure an internal plan is developed to consider, implement and/or verify the recommendations highlighted in the NERC alert.

On May 15, 2023, NERC issued an Essential Action Notification on Cold Weather Preparations for Extreme Weather Events III. Response to this Level 3 Alert is required by October 06, 2023. RSC is working with Engineering and NYPA generation sites to address recommendations highlighted in these alerts and respond to Level 3 alert in a timely fashion.

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 2023, RSC will review and update the evidence for seven (7) NERC Reliability Standards that are applicable to NYPA’s NERC registrations. To date, RSC has reviewed and updated the evidence for four (4) NERC Reliability Standards that are applicable to NYPA’s NERC registrations and there were no findings of noncompliance.

eGRC Transition

To enhance NYPA’s compliance Risk, Governance and Process flows, RSC has engaged external vendor Karta Corp. to digitize various NERC solutions in RSA eGRC platform. The NERC solutions in eGRC are now available to use starting July 2023. eGRC training was deployed to SMEs to ensure an awareness and understanding of the solution.

Self-Certification of Compliance

NYPA as a NPCC Full Member Functional Entity, in May 2023, 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.

NYPA - NATF PEER Review 2023

In July, NYPA hosted representatives of the North American Transmission Forum (NATF) to conduct peer reviews on selected area of focus with the goal of elevating the programs towards excellence. The onsite peer review was scheduled at CEC for the following domains:

- a) System Protection
- b) Operations Tools
- c) Risk, Controls and Compliance
- d) Operator Training
- e) Cyber Security
- f) Physical Security

The peer reviewers demonstrated the tools and practices that are followed within their respective organizations via a “show and tell” session and evaluated NYPA’s programs, processes and governance. The peer review was filled with open, honest and candid discussions and peer sharing, that resulted in recognized program strengths, as well as identified gaps with recommendations.

NPCC / NYPA CEO Discussion on Reliability

In mid-September, Senior Management, RSC, Project Development, Transmission Planning and Customer Project Delivery met with NPCC’s CEO (Charles Dickerson) and their leadership to discuss NYPA’s development programs and efforts to reinforce the bulk power system’s reliability, security, and resiliency. Discussions included NYS’s growing transmission capacity, interconnections, NYPA’s Transmission Operator registration, Facility Ratings program enhancements and our ‘Clean Heat for All’ multi-year partnership with NYCHA.

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) RSC is revising and developing governance, internal controls and conducting assessments to prepare for TOP registration. There have been vast improvements to NYPA’s Operating Manuals.
- b) Training materials are being developed for ECC Real-time operational responsibilities. Over twenty-eight (28) new ECC Operating Guidelines under development to further build the detailed “How to” training material.
- c) NYPA’s EMS Advance tools are being evaluated and improvements are being made to the expanding models.
- d) Operations Planning new day-ahead assessments have been developed.
- e) Two (2) additional RSC and six (6) additional ECC positions have been on-boarded or in the process of on-boarding.
- f) Meetings have been held with NYISO and neighboring TOPs to gain responsibility clarification and additional program insights.

RSC is working with SMEs to determine what internal controls are currently in place for TOP compliance. Discussions with NPCC to formalize TOP capability review plans and schedule on site self-certification is targeted for 2nd quarter 2024.

As RSC strives to continuously improve NYPA’s internal processes and reinforce understanding amongst staff, there are enhancements related to Protection & Control internal controls that are being addressed. RSC is collaborating with Protection & Control group and Site personnel to initiate an internal

project to explicitly capture all components of 'Protection System' within its asset management system (Maximo). A Comprehensive Regulatory Asset Management (CRAM) working group has been deployed to address hierarchy concerns and establish internal controls and reporting techniques.

NERC Project Checklist – a compliance scoping tool, used to get an idea on applicable NERC Standards based on the user input project details. The checklist is being reviewed and updated and is intended to be incorporated into all project plan schedules.

FAC-008 Facility Walkdown internal control – RSC worked with the Facility Ratings group and site personnel to develop work plans to initiate the validation of facility ratings in the field with the NYPA G&T ratings book, planning models and EMS network models. Verifications have been completed at Marcy, BG and Flynn. Next steps are to conduct a multi-year field verification / confirmation for each component of each BES Element and comparing how it is connected in the field to how it is shown in the documents.

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 Version 5 Transition Advisory Group (V5 TAG) transferred issues to the Version 5 standard drafting team (SDT) that were identified during the industry transition to implementation of the Version 5 CIP Standards. The latest set of changes address Virtualization and Cloud Computing. The new set of standards will impact existing terminology and associated NYPA CIP governance. Associated CIP-004 and CIP-011 standard changes have already been approved by industry, NERC and FERC with enforcement date of January 2024.

In Order No. 866, FERC stated that "maintaining the availability of communication networks and data should include provisions for incident recovery and continuity of operations in a responsible entity's compliance plan." FERC recognized that the redundancy of communication links cannot always be guaranteed, and acknowledged there should be plans for both recovery of compromised communication links and use of backup communication capability. The proposed scope of this project would entail modifications to CIP-012 that would require protections regarding the availability of communication links and data communicated between the bulk electric system Control Centers.

FERC/NERC & Industry Discussions

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

- a) NERC issued a data request on Internal Network Security Monitoring (INSM) on May 25, 2023. RSC facilitated discussions primarily with NYPA's OT and IT groups and provided a response to NERC prior to the due date.
- b) In a May 2021 report, the US Government Accountability Office (GAO) identified potential impacts to the grid in every region of the United States that, absent measures to increase resilience, may increase outages and impose billions of dollars in additional costs to utility customers. GAO recommended that FERC take steps to identify or assess climate change risks to the grid to ensure the Commission is well-positioned to determine the actions needed to enhance resilience.
- c) 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.
- d) NPCC DER Forum, which hopes to identify reliability challenges and opportunities regarding the proliferation of Distributed Energy Resources (DER).
- e) NERC proposes to develop revisions to its Rules of Procedure and Registry Criteria to include Generator Owner -Inverter Based Resources (GO-IBR) as a new registered entity

function, which would include IBRs that (1) have an aggregate nameplate capacity of less than or equal to 75 MVA and greater than or equal to 20 MVA interconnected at a voltage greater than or equal to 100 kV and (2) have aggregate nameplate capacity of greater than or equal to 20 MVA interconnected at a voltage less than 100 kV.

QUALITY ASSURANCE

QA is performing most of the required factory inspections and vendor surveys in the US, Canada and western Europe. We continue to use a 3rd party inspector in China.

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

CODE COMPLIANCE

Annual Safety Inspections – 2nd Quarter 2023 results for NYPA reached 72% and Canals reached 81% with a 2nd Quarter target of 67%. Work with the sites is ongoing to complete the 2023 inspections.

The Annual OSHA Crane Inspection program for 2023 at all NYPA sites is in progress. We continue supporting the creation of the OSHA Crane Inspection program for Canals.

The Code Compliance Overview training module created in response to NYPA Internal Audit recommendation to provide an awareness of NYS Building Code is completed. This training is available to affected departments in Mosaic under COD-001.

b. Procurement and Related Reports for New York Power Authority and Canal Corporation (January – June 2023)

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

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

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

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

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers, 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. Approval of Guidelines for Procurement Contracts

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

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

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

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers, 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 Guidelines for Disposal of Personal Property and Expenditure Authorization Procedures for New York Power Authority and Canal Corporation

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

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

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

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers, 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.

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

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

RESOLVED, That the Governance Committee recommends approval of the Authority's 2024 Real Property Disposal Guidelines, 2024 Real Property Acquisition Guidelines, and 2024 Expenditure Authorization Procedures to the Trustees and Board of Directors as required by Section C.5 of the Governance Committee Charter; and be it further

RESOLVED, that the Governance Committee recommends approval of the Canal Corporation's 2024 Canal Real Property Disposal Guidelines, 2024 Canal Real Property Acquisition Guidelines, and 2024 Expenditure Authorization Procedures to the Trustees and Board of Directors as required by Section C.5 of the Governance Committee Charter; and be it further

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

f. Approval of the Minutes of the Joint Meeting of the New York Power Authority and Canal Corporation Governance Committee held on March 16, 2023

On motion made by member and seconded the Minutes of the joint meeting held on March 16, 2023 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 a motion made member Dennis Trainor and seconded by member Cecily Morris, the meeting was adjourned at approximately 9:10 a.m.

Karen Delince

Karen Delince
Corporate Secretary