

SECTION 12

SUBSIDIARIES

The Power Authority of the State of New York (“NYPA” or the “Authority”) has no subsidiaries.

MAJOR UNITS

NYPA is unique among New York State’s public authorities. It is the nation’s largest state-owned public power utility, employs approximately 1,600 people at the various facilities offices and operates in a competitive and dynamic electricity marketplace. NYPA is also one of the largest electricity producers in New York, operating 16 generating facilities and more than 1,400 circuit miles of transmission and providing through its generation and power purchases, up to one-quarter of all the electric energy consumed in the state. It supplies electricity to a large number of the state’s major manufacturers and private industry through power programs that support critical State economic development goals. NYPA also supplies electricity to State and local government consumers in New York City and Westchester County, including the Metropolitan Transportation Authority, the State Office of General Services, New York City, the New York City Housing Authority and the Port Authority of New York and New Jersey.

To perform its responsibilities, NYPA is organized into a number of major “units” which include the following:

BUSINESS SERVICES

The Business Services Unit (BSU) manages the financial functions of NYPA. Its units include the Office of the Chief Financial Officer, Controller, Treasury, Financial Planning, Budgets and Business Controls, Procurement and Project Finance. BSU also leads strategic functions of NYPA, including Strategic Planning, and Process Improvement.

The mission of the BSU includes leading and managing the strategic planning process and monitoring plan implementation; providing support and strategic solutions to all parts of the organization; providing innovative and cost effective financial services and products that contribute towards the success of its internal and external customers; and preserving the financial strength of NYPA in order to ensure access to low cost capital to fund future projects as well as the ability to undertake any new initiatives necessary to carry out our mission.

CORPORATE AFFAIRS

The Corporate Affairs Business Unit constitutes three sections: Corporate Communications, Community and Government Relations and Executive Office.

Corporate Communications has six departments: media relations, social media, graphics, internal communications, video and photography and sustainability. Its goal is to develop and implement a comprehensive, strategic and proactive communications program that will build public and employee awareness and support of the Power Authority’s objectives and accomplishments.

Community and Government Relations works closely with the cities, towns and villages across New York State to address energy, environment, crisis management and economic development needs. It is also takes the lead on NYPA's intergovernmental activities.

Executive Office works closely with the Chief Executive Officer and the Executive Management Committee and deals with its various briefing, external relations and scheduling requirements.

ECONOMIC DEVELOPMENT and ENERGY EFFICIENCY

The Economic Development and Energy Efficiency (ED&EE) organization is responsible for marketing electricity and related offerings, as well as delivery of energy efficiency projects and related activities.

The Economic Development group's primary roles are to administer the Power Authority's portfolio of economic development programs to foster job creation, induce private capital investment and to create and maintain relationships with NYPA's customers. In addition, ED is also responsible for pricing Authority power, negotiating power contracts, administering NYPA's demand response program and forecasting customer load and revenue.

The Customer Energy Solutions group provides customers with wide-ranging on-site energy solutions including energy data analytics, planning, operations and the development of capital projects such as energy efficiency, distributed generation, advanced technologies, and renewables. The group also has responsibility for the implementation of Governor Cuomo's Executive Order 88 known as "Build Smart New York".

The principal responsibility of the Energy Efficiency group is to implement energy efficiency and clean energy programs that benefit NYPA's customers, New York State, and improve the productivity of NYPA's operations. Since 1990, NYPA has invested nearly \$1.9 billion on energy efficiency projects, clean technologies and clean transportation initiatives throughout New York State.

HUMAN RESOURCES & SHARED SERVICES

The Human Resources and Shared Services business unit consists of: Human Resources, Affirmative Action, Knowledge Management, and Enterprise Shared Services which includes Fleet, Real Estate, and Facilities.

Human Resources and Shared Services works with NYPA's other units to provide the support necessary to facilitate the achievement of NYPA's strategic mission.

The Human Resources (HR) department serves as a strategic business partner and internal consultant to the Executive Management Committee and all departments of NYPA. HR guides NYPA's leadership in developing the most effective organizational structure and aligning the right people with the right roles in order to achieve the organization's mission and vision. To further these goals, HR promotes a work environment that is characterized by open communication, personal accountability, trust and mutual respect. Additionally, the Human Resources Department is responsible for leading strategic corporate initiatives such as Knowledge Management.

The Affirmative Action Office is responsible for investigating employee claims of affirmative action violations, manager and staff training, and development of policies and procedures.

INTERNAL AUDIT

The Office of Internal Audit (IA) reports directly to the Audit Committee of NYPA's Board of Trustees with a dotted line to the CEO and is responsible for the performance of internal control, financial, operational, information technology and management audits at corporate offices, operating plants, construction sites and/or contractor offices, to provide NYPA management at all levels and the Audit Committee of the Board of Trustees with objective assurance and consulting services designed to add value and improve the organization's internal control structure. The objective of the IA program is to improve the Authority's internal control environment and operations. IA helps NYPA accomplish its objectives by bringing a systematic, disciplined approach to evaluate, test and improve the effectiveness of risk management, internal controls and the governance processes.

LAW DEPARTMENT

The Law Department provides legal advice and support to the Authority's Trustees, senior management and all Authority business units, provides legal representation to the Authority as appropriate, and supervises outside counsel providing legal services to the Authority. The Law Department includes staff responsible for handling ethics inquiries, and for developing and implementing corporate-wide programs to assure the Authority's compliance with applicable laws, rules, and regulations. The Department also includes the Office of the Corporate Secretary.

OPERATIONS

The Operations organization consists of Transmission, Power Generation, Technical Compliance, Environmental Health and Safety, Support Services and Technology and Innovation. The purpose of Operations is to operate and maintain the generation and transmission assets of NYPA in an effective, efficient and safe manner; and to invest in new and existing assets to ensure reliable power supply and meet the future energy needs of NYPA's customers and the people of New York State. Technology and Innovation includes Information Technology, Operations Technology, Strategic Operations, and Research & Development.

RISK MANAGEMENT

The Risk Management (RM) business unit's vision is to promote strategic risk-based decision-making throughout NYPA, in order to protect against asset losses and to contribute toward the assessment and mitigation of energy commodity, credit, operational, safety, workforce, legal and regulatory risks.

RM groups include Enterprise Risk Management, Insurance Risk Management, and Commodity Risk and Analytics. The Enterprise Risk Management group helps protect and enhance the value of the organization through informed risk-based decision-making for optimal resource allocation. Insurance Risk Management's primary objective is to mitigate a potential loss of value of NYPA's assets, including its personnel, by providing optimal protection against the risks of accidental loss, by engaging in the analysis, marketing, loss control and negotiation related to the

following coverages: property, liability, nuclear, marine, aviation, group and workers' compensation/employer's liability.

Commodity Risk and Analytics' is responsible for assessing risks to NYPA's commodity portfolio, quantifying and reporting on the potential impacts. Identified risks may be financial in nature, such as exposure to energy commodity markets, credit, liquidity and uncertainty in net revenues, and may also encompass risks covering operational reliability, safety, workforce management, legal and regulatory compliance.

WHOLESALE COMMERCIAL OPERATIONS

Wholesale Commercial Operations consists of Energy Resource Management, Legislative & Regulatory Affairs, and Project & Business Development. Commercial Operations manages NYPA's and its customers' generation resources in the energy markets in an effective manner to maximize benefits to New York State and to reduce energy costs to consumers. This responsibility includes the bidding of NYPA energy, capacity and ancillary products into the various New York Independent System Operator markets, developing and implementing fuel supply strategies and hedging strategies, procuring emission allowances. The Legislative & Regulatory Affairs group represents NYPA at various federal, state and local proceedings and oversees energy policy development. Project & Business Development handles the licensing and relicensing of all power projects and transmission lines, development of new generation and transmission assets, and business development of new opportunities.