

MINUTES OF THE  
JOINT RISK AND RESILIENCY COMMITTEE MEETING

January 28, 2025

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**NY Power  
Authority**

**Canal  
Corporation**

Minutes of the joint meeting of the New York Power Authority and Canal Corporation's Risk and Resiliency Committee held on Tuesday, January 28, 2025, in person at approximately 11:45 a.m.

**Members present were:**

Cecily Morris - Chair  
John Koelmel  
Bethaida González  
Michael Cusick

**Members excused were:**

Laurie Wheelock (excused)

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Also in attendance were:

Justin E. Driscoll	President and Chief Executive Officer
Joseph Kessler	Executive Vice President and Chief Operating Officer
Adam Barsky	Executive Vice President and Chief Financial Officer
Lori Alesio	Executive Vice President and General Counsel – Legal Affairs
Daniella Piper	Executive Vice President and Chief Innovation Officer
Yves Noel	Senior Vice President and Chief Strategy Officer
Robert Piascik	Senior Vice President and Chief Information & Technology Officer
Alexis Harley	Senior Vice President and Chief Risk and Resiliency Officer
Karina Saslow	Senior Vice President – Human Resources
Maribel Cruz Brown	Senior Vice President – Customer Solutions
Salman Ali	Senior Vice President – Internal Audit
Karen Delince	Vice President and Corporate Secretary
Thomas Spencer	Vice President – Enterprise and Operational Risk
Victor Costanza	Vice President and Chief Information Security Officer
Christine Schmidt	Vice President – Energy Resource Management
Dennis Chang	Senior Director – Energy Portfolio Management
Lawrence Mallory	Senior Director – Security & Crisis Management
Christopher Vitale	Director – Projects – Business Services
Joshua Cortes	Deputy Chief of Staff – Executive Office
Sheila Quatrocci	Senior Associate Corporate Secretary
Michele Stockwell	Senior Assistant Corporate Secretary

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Chair Cecily Morris presided over the meeting. Vice President and Corporate Secretary Delince kept the Minutes.

## **Introduction**

Chair Cecily Morris welcomed committee members and the Authority's and Canal Corporation'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 III of the Risk and Resiliency Committee Charter.

## **1. Adoption of the January 28, 2025 Proposed Meeting Agenda**

On motion made by member John Koelmel and seconded by member Michael Cusick, the agenda for the meeting was adopted.

## **2. DISCUSSION AGENDA:**

Alexis Harley, Chief Risk and Resiliency Officer, Alexis provided an update on Risk and Resiliency to the members and noted three need to know items that will be addressed during the meeting:

1. NYPA and Canals Enterprise Risk assessments were completed and have been measured against our revised risk appetite.
2. 2024 year-end risk snapshot has remained stable with few movements in scores.
3. Emerging, Hedging and Cyber Risk programs help us look forward to ensure we are taking proactive steps.

### **a. 2024 Year-End Enterprise Risk Summaries**

Thomas Spencer, Vice President, Enterprise and Operational Risk presented an overview of the process involved with the year-end risk assessment.

- Data is collected from multiple groups across NYPA and Canals for each of the enterprise risks.
- The information is then aggregated by the Enterprise Risk Team which examines and then assesses each risk.
- Results are shared with the designated risk owner.
- Followed by the executive sponsors for their approval.
- The full assessment results are presented to the Executive Risk and Resilience Management Committee for validation and collective feedback.

### **➤ NYPA Enterprise Risk Snapshot – 2024 Year End**

Spencer noted that the Impact and Likelihood Chart demonstrates NYPA's Enterprise Risks.

#### **• Top Risks**

- Commodity Market Price Volatility
- Critical Infrastructure
- Hydro Generation Forecast
- Sustained Margin Reduction

- Overall stable risk profile.
- Top risks score in the medium range.
- All other risks are rated low.
- Residual Risk Score – No movement observed since the 2024 mid-year update.
- Sustained Margin Reduction - increased likelihood (2 to 3) and was based on drought conditions experienced over the last half of 2024.
- The team will revisit in Q2 when the team has a better feel for how the snowpack develops.
- Hydro generation numbers are lower than was expected in the past few years and to what was in our proposed four-year plan.
- Nuclear energy momentum is increasing amid rising projections of future load growth that could have an impact on supply stack dispatch.

Spencer noted that although risks are a challenge, in order to reduce impact, The Authority continues to focus on likelihood and building resilience.

- **Commodity Market Price Volatility and Critical Infrastructure** – A hedging program is employed to address exposure of our commodity market price volatility risk.
  - **Critical Infrastructure** – ISO 55000 is deployed and have multiple life extension modernization projects along with ongoing schedule and proactive maintenance.
  - **NYPA Year-End Risk Update** – Illustrates the risk portfolio is being well-managed to ensure our residual risk is in an acceptable range.
- **NYPA Risk Management and Control Score Compared to Risk Appetite - Q2 2024 to Q4 2024**
- No Enterprise risks currently that exceed risk appetite for NYPA enterprise level risk.
  - **Workforce Health and Safety** - Although the Risk Management score changed it remains within risk appetite and is the lowest risk appetite of all the categories reflecting the organization's strong and ongoing commitment to employee safety.
- **Four risks had movement in the Risk Management Control score:**
1. Customer Energy Choices: Slight decline, remains within risk appetite
  2. Workforce Health and Safety: Slight decline, remains within risk appetite
  3. Environmental, Social, Governance ("ESG")/Diversity, Equity & Inclusion ("DEI"): Slight improvement, remains below risk appetite
  4. Third Part Risk: Slight decline remains narrowly below risk appetite

Spencer noted that while there were no reported serious injuries in 2024 – the Days, Away, Restricted or Transferred ("DART") Rate ended up in the yellow zone in overall annual performance.

- **Risk Drivers** – The results of the company-wide survey that was performed previously highlighted some areas for potential improvement around the safety program and safety culture. The Environment Health and Safety (EH&S) team continues to monitor workforce, health and safety risk along with metrics to identify areas for enhancement while keeping us still within risk appetite.

➤ **Disruptive Innovation**

- NYPA's risk appetite was updated to a higher risk appetite threshold than was previously set for disruptive innovation risk.
- The risk management control scores for disruptive innovation is the largest gap from the risk appetite.
- When it was examined through the renewed strategy the gap points out the need to evolve the scoring methodology where risk management control score is skewed more towards risk mitigation without fully capturing opportunities.
- The team has commenced analyzing ways to quantify the capture of opportunities.
- NYPA will be able to provide a better view of how opportunity is captured in combination with risk management and controls to form an entire picture around risk management and better illustrate an alignment with risk appetite.
- The year-end assessment results illustrate that risks are being well managed and align with risk appetite.

➤ **Canals Enterprise Risk Snapshot – 2024 Year End**

Spencer noted that Canals portfolio falls predominately in the low residual risk range with no changes in risk scores since the last reporting period.

- **Top (3) Risks**

1. Critical Infrastructure
2. Financial Capacity
3. Destructive Events

- The Authority is making progress with mitigation efforts.
- The Canals team has developed a critical risk infrastructure working group that has established and will act as a clearinghouse for risk and ensure that the most efficient deployment of resources is being made to address those most critical risks.
- There is renewed emphasis and focus being placed on maintaining and improving the critical infrastructure assets.
- Canals risk year-end risk assessments demonstrate that risk is being appropriately managed considering the resources available

➤ **Canals Risk Management and Control Scores Compared to Risk Appetite – Q2 2024 to Q4 2024**

Spencer noted that the chart focuses on the six month change risk management control scores for the Canals portfolio in relation to the updated risk appetite changes. The changes align with the newly developed risk appetite statement.

- Majority of the Canals enterprise risk management scores fall within or slightly below the defined risk appetite ranges.

➤ **Critical Infrastructure and Workforce Health and Safety**

Spencer noted that Critical Infrastructure and Workforce Health and Safety are two notable exceptions where the control scores exceed risk appetite threshold.

- **Critical Infrastructure**

- There were no score changes from mid-year to year-end results.
- Infrastructure management and oversight enhancements continue in key areas such as dam safety and maturity, increasing asset inspections, expanding the use of technology, and triaging the highest risk assets.
- The Authority is continuing to drive towards aligning within the risk appetite range.

- **Workforce Health and Safety**

- Risk management control score demonstrated some improvements since the mid-year assessment around increased mapping of controls to identify operational risk and improved the percentage of audit closures.
- Slightly above risk appetite and trending in the right direction

Spencer noted that the overall year-end enterprise risk assessment indicated that both NYPA and Canals remain in a relatively good position with respect to risk mitigation efforts, residual risk and their alignment with risk appetite.

**b. Emerging Risk Update**

Alexis Harley, Senior Vice President and Chief Risk and Resiliency Officer, presented the update to the Committee. Harley recapped that the emerging risk reporting was introduced as part of NYPA's continuous program improvement with the purpose of giving visibility to trends in evolving matters that the Authority is keeping its eye on because they're nascent, too premature to predict the outcome and not ready to be added into the risk registers.

➤ **Emerging Risk Snapshot Year-End 2024 (Dec. 2024)**

- **(4) Risks Retained:**

Previously identified emerging risks which have seen a slight increase in the trend driven by uncertainties with the incoming federal administration.

1. Artificial Intelligence and Energy Demands
2. Evolving Energy Policies and Regulations
3. Local Opposition to New Development
4. Unclear Market Development for Renewables

- **(2) Newly Added Emerging Risks:**

1. **Political Transition** - A newly added emerging risk represents the amalgamation of the political transition. The organization plans on having cross-functional conversations as the team follows the news and the various intelligence agencies, partnerships and sources such as Gartner that NYPA works along with to keep apprised of any changes that occur.
2. **Nuclear Resurgence** - Presents both risk and opportunity potentially diverting investments from traditional renewables but also presenting new clean energy options in the State.

➤ **Escalating Political Polarization**

- A highly relevant topic for NYPA to monitor which was de-escalated down to a watch list.
- Remains on the list due to the change in such areas as executive orders, progress, legislative response etc. and can affect NYPA workforce, contractors and communities.
- Although not as intense prior to the federal election NYPA continues to monitor

➤ **Geopolitical Uncertainty**

- Downgraded slightly, largely due to NYPA's addition of a political transition risk.

➤ **Emerging Risk Details: Political Transition**

Harley noted that due to uncertainties the Authority aims to observe any anticipated policy changes that may be placed into effect under the incoming federal administration.

• **Key Considerations and Potential Impacts**

- **Federal Energy Policy Framework** – NYPA is aware of and are cognizant of various executive orders related to IRA funding, emission standards, permitting processes etc.
- **Supply Chain** – Proposed tariffs, policy changes, and tax cuts may increase equipment costs, impact suppliers, alter sourcing strategies, and create domestic manufacturing opportunities.
- **Workforce** – Stricter immigration rules could impact talent acquisition and retention that could also affect NYPA partners, suppliers and public at large.

Harley said that the Authority continues to monitor for potential adjustments and has many subject matter experts tracking different items relevant to their roles. A workshop style session is in the works to start in the first quarter by addressing concerns, explore potential opportunities, have an ongoing conversation and response strategy over the course of the next several months.

➤ **Emerging Risk Details: Nuclear Resurgence**

Harley noted that the newly added emerging risk – emerging risk opportunity around nuclear resurgence and emphasized that not all risks are negative. The growing interest being expressed in nuclear energy open mindedness is not just in New York. Nuclear energy is relevant to NYPA since the Authority plays a role in supporting the state's clean energy goals.

- **Key Consideration and Potential Impacts**

- **Industry Trends** – Major companies have expressed interest in small modular nuclear reactors due to their data needs especially for Artificial Intelligence (AI) driven data centers.
- **Stakeholders** – While there has been some recent public sentiment in favor of nuclear, there is also history of local community opposition to nuclear facilities.
- **Policy** – Federal support for nuclear development is anticipated to be positive and anticipated to increase. New York State, Governor Hochul has expressed interest in seeing nuclear as part of the overall state portfolio.

Harley noted that NYPA's innovation organization has an exploratory workgroup that has been convened to assess demand for development of nuclear energy and monitor emerging technologies. NYPA's customer organization has started to meet with customers to gauge potential interest to decrease carbon in their operations. The time frame for nuclear is estimated one to five years with an impact possibly five years out. The team will be reviewing emerging risks on a quarterly basis to keep track of these trends and amend as needed.

### c. 2025 Hedge Strategy Update

Mr. Dennis Chang, Senior Director of Energy Portfolio Management, presented the update to the committee and noted that the structure of NYPA's portfolio merchant hedging strategy is essentially divided into two categories.

- **NYPA Generation**

1. Generation – Sold at a fixed contractual price.
2. Generation – Sold at market price, which is exposed to market price volatility.

- **Merchant Hedging Strategy**

- **Unlocated Generation** - Sold directly into the New York Independent System Operator (NYISO) markets.
- **Power Proceeds** – Addresses a small segment under market price generation but there is a little bit of a combination between fixed price versus a market price blend. The split between allocated and unallocated megawatts was about 80% to 20%.

- **Board Approved Hedging Policy**

- The team is responsible for presenting the latest Hedging Policy for the next three years.
- In December 2024, the Executive Risk and Resiliency Management Committee approved the Hedging Strategy for the years 2026, 2027 and 2028.
- NYPA maintains the programmatic method of layering on hedges throughout the year to hit an annual minimum volumetric percent target with an example for year 2026 hedging up to 45% of the forecasted energy volume and hedge up to 65% for forecasted capacity volume.
- According to the annual targets, a monthly schedule is set with each individual target. Once the strategy is achieved, the team conducted initial calculations on the price reduction for the



- prompt year 2026, this came out to approximately 50%.

➤ **Merchant Margin Results Summary**

Chang noted that the final chart demonstrates the summary over the past two years and compares a hedged merchant portfolio and an unhedged portfolio.

- **Hedged Portfolio** – Performed consistently better in terms of margin stability.
  - Key note- This is not a guaranteed outcome every year.
  - The objective is to stabilize the revenue received from merchant business in order to plan for long term capital expenditures.
- **Unhedged Portfolios**- May outperform and this is not inherently negative.

➤ **Energy Commodity Risk Management**

- **Market Risk**
  - Involves evaluating the overall portfolio and all the risks attributed to driving the portfolio up and down.
  - Ensuring our traders are adhering to the strategy percent targets.
- **Operational Risk**
  - Ensuring NYPA transactions are part of approved list of instruments that can be utilized.
  - Ensuring NYPA traders are conforming to the financial transaction limits that were set.
- **Credit Risk**
  - Ensuring that the Authority is not transacting with any counterparties that have subpar credit or that are at risk of default and are of investment grade.

**d. Cyber Security Update**

Victor Costanza, Vice President and Chief Information Security Officer, presented the update to the Committee.

➤ **2024 Accomplishments**

Costanza noted that the team is continuing to build on the cyber capabilities across both informational technology ecosystems to address threats of evolving complexity and ensure building resilience.

➤ **Key Areas**

- Advancements in the cyber kill chain.
- Expanding user awareness as a first line of defense with the users being the first line of protection.

- Expanded engagements with federal, state, industry and municipal cooperative partners to protect the broader electric ecosystem.
- Share the outcomes of the independent National Institute of Standards and Technology (“NIST”), cybersecurity framework assessment to demonstrate effectiveness of the investment being made in the program.
- Keeping up with the capabilities and maintaining a low risk appetite with the risk team for cybersecurity.

➤ **Informational and Operational Technology (“IT/OT”) Kill Chain Capabilities**

- The team has made meaningful enhancements across the cyber kill chain increasing the ability to detect and stop potential attacks before they are able to progress and impact the organization’s informational or operational technology environments.

➤ **Enhancing Ability to Respond**

- The team continues to expand the collective defense with NYPA’s partners, working with various federal, state vendor partners, Large Public Power Council (“LPPC”), and New York State working groups sharing critical intelligence information to stay ahead of threat trends.
- NYPA will continue leadership in the advisory capacity to municipalities and cooperatives that lack the resources to take on recent threats.
- This year NYPA had several of the organizations sign up for the free Authority community defense program, working with Dragos, a global cyber security technology leader for industrial control systems and operational technology environments, to help increase cyber visibility and Operational Technology (“OT”) protections of their environment. The Authority will continue to expand the program this year.

➤ **National Institute of Standards and Technology (“NIST”) Cyber Security Framework (“CSF”) Maturity Journey**

Costanza noted that the Authority continues to measure, assess and prioritize cyber risks in a disciplined way.

- The Authority conducts the annual assessment using the NIST cybersecurity framework and, for 2025, the Authority used the NIST 2.0 version, which includes a sixth domain, “Govern” alongside Identify, Protect, Detect, Respond and Recover.

➤ **2025 Focus**

- The 2025 assessment demonstrates advancement maturity gains across all six domains and the effectiveness of those investments.
  - **Managing and Securing Access to Our Resources** – Due to continued evolution of threats and the landscape of threat actors, NYPA is enhancing other areas such as identity and access management to ensure ‘least privilege’ of all the different users that are connecting to the digital ecosystem.

- **Continuous Management of the Attack Surface** - Managing the attack surface where the attackers look to potentially enter the Authority's environment by ensuring that the entry points are completely secured.
- **Increasing Our Cyber Awareness and Resilience** - The team continues to work on the secure-by design principles collaborating with Information Technology ("IT") and Operational Technology {"OT"} staff to ensure that security is embedded into all new technology implementations. Keeping personnel ready with continued training and awareness in order to identify threats effectively. Drills are planned this year in order to sharpen response readiness in the event of a cyber-attack incident.

### **3. CONSENT AGENDA**

On motion made by member Koelmel and seconded by member Gonzalez the Consent Agenda was unanimously adopted.

#### **a. Approval of the Joint Meeting Minutes held on September 17, 2024**

On motion made and seconded, the Minutes of the meeting held on September 17, 2024, were unanimously approved.

### **4. Next Meeting**

Chair Morris stated that the next regular meeting of the Risk and Resiliency Committee will be held on Tuesday, September 16, 2025.

### **Adjournment**

On a motion made by member Koelmel and seconded by member Cusick, the meeting was adjourned at approximately 12:00 p.m.



Karen Delince  
Vice President and Corporate Secretary

