

PREPARED TESTIMONY OF JUSTIN E. DRISCOLL
President and Chief Executive Officer of the New York Power Authority
Submitted To

Assembly Ways and Means Committee and Senate Finance Committee

In Relation to the Governor's Executive Budget Proposal

January 28, 2025

Chairs Krueger and Pretlow and other distinguished members of the Committees, my name is Justin Driscoll, and I am the President and Chief Executive Officer of the New York Power Authority. Thank you for the opportunity to appear today to discuss Governor Hochul's Executive Budget proposal.

I will begin by emphasizing the broad reach of NYPA's work and summarizing NYPA's core mission of providing clean, reliable, and affordable energy for New Yorkers. We serve as a critical entity in our state's energy infrastructure shepherded by the leadership of Governor Hochul and the Legislature. I will specifically detail the aspects of our mission that allow NYPA to continue to adapt to the changing energy needs of the state and continue to be a trusted partner to our customers. I will also take this opportunity to update the Committees on NYPA's progress on implementing the new responsibilities given to it in the 2023-24 Enacted State Budget to advance the state's clean energy, environmental and social priorities, including our plans to develop new renewable power projects, phase out our small natural gas plants in the New York City area, implement the innovative Renewable Energy Access and Community Help, or REACH, program, and support workforce training in the clean energy arena.

I will conclude my remarks today by mentioning the ongoing work of NYPA and the Canal Corporation to rebuild and maintain the critical water safety infrastructure of the New York State Canal System as we celebrate its bicentennial this year.

Customer Partnerships and Innovative Energy Solutions

NYPA is the largest state public power organization in the country, with 17 hydroelectric, natural gas and battery energy storage facilities accounting for approximately 6 gigawatts (GW) of capacity and over 1,550 circuit miles of high voltage transmission lines, a portfolio that continues to expand to meet the needs of our residents and businesses. NYPA generates up to one-quarter of the electricity produced in the state and our overhead, underground and submarine transmission lines make up one-third of the state's high-voltage network.

The corporate mission of the Power Authority, which was ratified by our Trustees in their December 2020 meeting as part of the adoption of our VISION2030 strategy, is to “Lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and the responsible supply of affordable, clean, and reliable electricity.” NYPA has more than 1,100 customers across various public and private segments, as provided under state and federal laws. Our customers include large and small businesses, not-for-profit organizations, hospitals, airports, community-owned electric systems, rural electric cooperatives and municipalities and other government entities. The latter includes essential public facilities and services in New York City, from the subways and commuter trains to hospitals, schools and municipal buildings, with their combined power usage amounting to six percent of the state's electric load. NYPA's hydropower and other energy supply contracts support more than 450,000 jobs in the Empire State.

At its core, NYPA is a trusted advisor to its customers as they are key drivers of the state's economy and critical to our decarbonization efforts. Our team offers a comprehensive suite of design-bid-build energy project services and demand response capabilities via world-class expertise. For example, the Power Authority helps its customers improve their building energy performance and resilience through investments in energy efficiency and distributed energy projects, ranging from state-of-the-art HVAC systems to LED lighting to electrical and thermal meters for better energy-usage controls.

Powering economic development in the Empire State, NYPA works with large business customers such as Linde, Micron, Air Products and Global Foundries, to help maximize the impact of their hydropower allocations on jobs and investments. Through our Power Proceeds programs in Western and Northern New York, NYPA more than tripled funding awards from 2023 to 2024, with total funding of over \$12.5 million. NYPA also met all its economic development goals, job commitments, and total capital investments. In 2024 alone, NYPA made 91 total power awards across all 10 economic development regions across the state. NYPA awarded 141 megawatts (MW) in return for commitments to 10,600 jobs and \$6.5 billion in capital expenditures statewide.

Also, NYPA has had statewide energy efficiency programs for publicly owned facilities going back to the early 1990s. Over the decades, we have invested approximately \$4.1 billion in more than 2,800 efficiency projects in all 62 counties, with the enhancements providing annual savings of more than \$280 million. The upgrades make huge differences not only for decarbonization, but also create major savings to tax-supported public entities and their budgets. Annually, the upgrades reduce energy consumption by nearly 1,900 GW-hours and avert greenhouse gas emissions by over one million metric tons a year.

NYPA is also leading the state's green economy transition via our electric mobility program known as EVolve NY, which provides pathways and expertise in installing critical infrastructure along key travel corridors. NYPA has executed contracts providing for the installation of 394 EV charging stations around the state under EVolve. As of December 31, 2024, 212 chargers at 52 sites are operating. Approximately 188 additional chargers to be located at sites throughout the state are either under construction or in the pre-construction planning stage. NYPA expects the majority of these chargers to become operational in 2025 and 2026.

In addition, NYPA has enabled over 700 chargers at customer locations throughout the state. That means that in total NYPA is facilitating the development of over 1,000 electric vehicle charging stations at government facilities and NYPA customer sites. We are enabling approximately two million miles of zero emission transportation per month and helping provide

convenient access to electric vehicle charging for all New Yorkers no matter where they live or work. We also support electrification in public transportation and municipal fleets including the Niagara Frontier Transportation Authority and the Metropolitan Transportation Authority, and provide technical assistance and funding for local governments to develop their own EV charging networks.

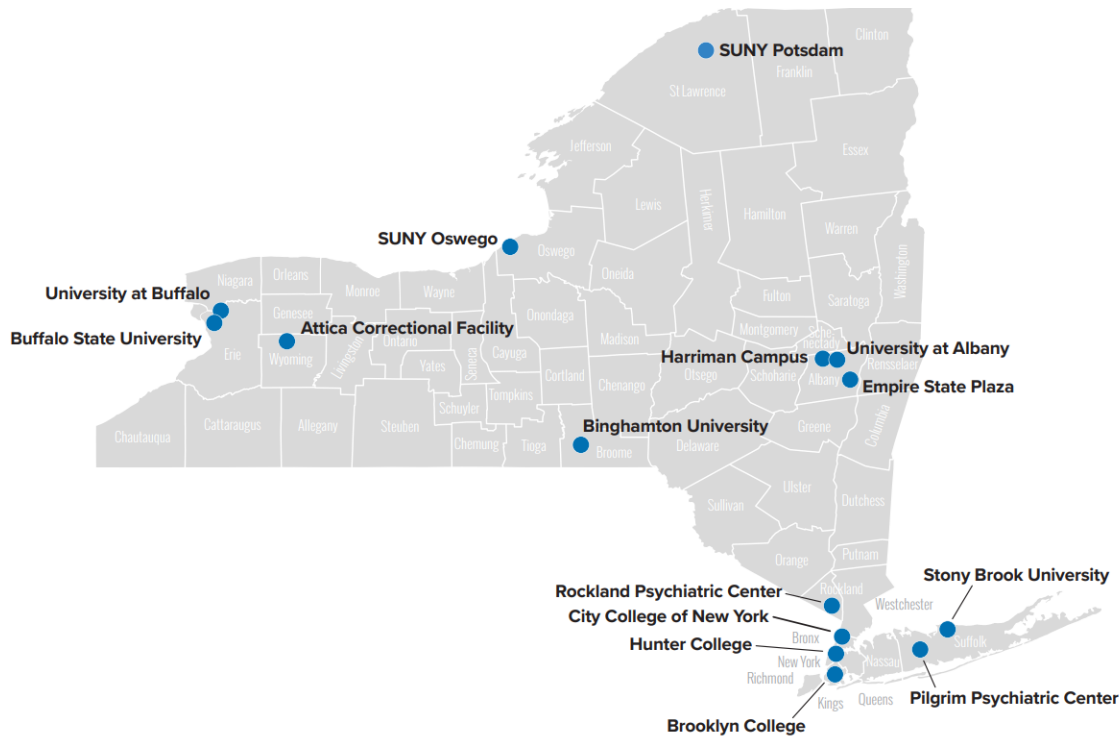
Partnering with the State Department of Transportation, we have leveraged federal funding under the National Electric Vehicle Infrastructure (NEVI) Formula Program, which provides funding to states to deploy electric vehicle charging stations and establish an interconnected national electric vehicle charging network within designated corridors. To date, we have opened 48 ports at sites in the Hudson Valley, New York City and Westchester, with additional sites and over 80 chargers planned for 2025 and 2026.

NYPA's decarbonization contributions also include our historical solar power deployment via partnerships with school districts, municipalities, colleges, transportation agencies, airports, wastewater treatment plants and other public entities to install photovoltaic arrays at their facilities coupled with battery energy storage. These include the largest solar carport canopy in New York at JFK airport and the only solar array at a wastewater treatment plant in New York in partnership with the New York City Department of Environmental Protection. NYPA is also working with New York City to deploy solar PV systems at more than 50 K-12 public school rooftops, providing visible and concrete examples of the renewable energy future to inspire future generations. All this great work is part of the full suite of services we provide, as a trusted energy advisor, to help our customers and other entities align with the Climate Leadership and Community Protection Act (CLCPA) energy and greenhouse emission reduction goals.

Decarbonization Leadership Program

The 2023-24 State Budget authorized NYPA to lead the state's Decarbonization Leadership Program and prepare decarbonization action plans for 15 of the highest emitting state-owned facilities in New York State. In response, the NYPA team is developing energy and emissions profiles for the identified facilities as well as decarbonization action plans. NYPA has

initiated the Plans for decarbonization efforts at the following 15 state-owned facilities that are among the highest emitters of greenhouse-gases. The facilities are identified in this figure:



NYPA expects to complete the Decarbonization Action Plans for all of the identified state facilities by January 31, 2026.

As an early example of our progress, in May 2024, NYPA and the Office of General Services released an Energy Master Plan focused on decarbonization of the complex we are sitting in here today, the Empire State Plaza. The Energy Master Plan identified viable pathways including fuel switching from natural gas to electricity for the cooling system, energy efficiency gains in the buildings, and beneficial electrification for heating (via ground source heat pumps, wastewater heat pumps, and/or industrial heat recovery). Per Governor Hochul’s announcement last July, a \$100 million project to electrify the chiller systems in this complex will be in construction late next year, with completion expected by 2029.

Providing Reliable, Affordable, Clean Electricity

While our path to increased renewable energy development at the utility scale is a major part of NYPA's future, NYPA remains committed to our core generation and transmission business, which is the foundation of our work. Our power lines carry electrical energy across the state, including from our large hydropower projects on the Niagara and St. Lawrence rivers and the Northern Catskills. More than 80 percent of NYPA's electricity generation is clean, renewable hydropower, generated from a portfolio of generation assets – from our renowned St. Lawrence-Franklin D. Roosevelt Power and Niagara Power Projects to our small hydropower plants around the state and the Blenheim Gilboa Pumped Storage Power Project. This homegrown power accounts for more than one third of the carbon-free energy produced in the state.

To continue to supply affordable, clean and reliable energy across the state, New York State is in the midst of its biggest transmission overhaul in decades. No entity – public or private – is doing more transmission work in New York than NYPA. We are committed to reinforcing New York's aging power grid to alleviate transmission bottlenecks and capacity limitations, and enhancing electric system reliability and resilience. Over the past year, the Power Authority has, both on its own and in partnership with other parties, completed or advanced several important transmission builds and upgrades. For example, our Central East Energy Connect marked its one-year anniversary in December. The project, which helps alleviate one of the state's most congested transmission corridors between Albany County and Oneida County, was borne of a NYPA partnership with LS Power Grid New York. The line carries enough electricity to power nearly two million homes across 93 circuit miles.

In 2023, NYPA completed the Smart Path project in Northern New York – a 78-mile upgrade of transmission facilities from Massena in St. Lawrence County to Croghan in Lewis County. The upgrade replaced the Moses-Adirondack lines, NYPA's oldest asset, originally built in 1942 and acquired from the federal government in 1950.

Building on Smart Path's success, NYPA launched a new project with National Grid New York called Smart Path Connect, to upgrade existing high voltage transmission lines and expand further into the North Country. The ongoing initiative involves rebuilding about 100 miles of lines in the North Country and along the western edge of the Adirondacks. We expect the project to be energized by the end of the year.

Additionally, our Propel New York project is in development. The New York Independent System Operator, or NYISO, selected a joint proposal from NYPA and New York Transco to bolster parts of the transmission network in New York City, on Long Island and across Westchester County. Propel New York will consist of underground and submarine transmission cables and new and upgraded substations. Together, these new transmission lines will deliver over 3,000 MW of offshore wind-generated energy onto Long Island and through to New York City.

We also re-energized our Long Island Sound Cable in 2023 following completion of a comprehensive modernization of the 26-mile line, from Westchester County to Nassau County, enhancing the reliability and resilience of New York's energy grid.

NYPA has also submitted multiple proposals to the NYISO with LS Power, to deliver 5.4 GW of planned offshore wind generation into New York City. Our proposals are collectively called Five Boro Energy Connect, and they focus on new transmission infrastructure to power New York City with large scale emissions free offshore wind power. We expect NYISO to select a solution this year.

Additionally, NYPA recently filed a petition with the Public Service Commission (PSC) asking for a Priority Transmission Project designation for the Clean Path Transmission Project or Clean Path TP, which would enable NYPA to complete this important project to bypass transmission bottlenecks to deliver renewable energy from upstate to New York City. Clean Path TP is an approximately 178-mile-long 1,300 MW HVDC transmission line that would run from the Fraser Substation in Delaware County to the Rainey Substation in Queens. This project would enable delivery of carbon-free power to New York City beginning in 2029 and support the

reduced reliance on fossil-fueled generating facilities within New York City, which will lower particulate air emissions, improve air quality, and provide public health benefits within New York City. This Project will simultaneously minimize curtailments of upstate renewable resources and enhance the resilience of the State’s transmission system. Because the HVDC cable can operate in both directions, Clean Path can also deliver excess offshore wind energy from downstate to upstate, further greening the upstate power supply. We look forward to a decision on that petition later this year.

Together, all our transmission work continues to create thousands of clean energy and construction jobs, helps ensure more efficient delivery of electricity, reduces congestion, and improves the grid’s resilience against climate-related events. These upgrades not only help mitigate the risks of power outages during extreme weather, but also optimize the flow of renewable energy across the state, providing improved operational efficiencies and reduced dependency on more expensive sources of energy.

Implementing Our Expanded Authority

I will next provide some exciting updates on our implementation of the broad new responsibilities NYPA received in the 2023-24 Enacted State Budget.

Deactivation of NYPA’s Small Natural Gas Power Plants

NYPA is on schedule to publish a plan in Q2 of this year to stop generating electricity with fossil fuel at its small natural gas power plants (SNGPPs) by the end of 2030. The SNGPPs consist of 11 simple-cycle gas-powered turbine generators located at seven sites in New York City and on Long Island.

NYPA plans to cease fossil-fuel generation at these sites so long as individual plants are not needed for emergency power, to meet a reliability need, and if emissions from replacement resources do not result in more than a *de minimis* increase in emissions of carbon dioxide or criteria air pollutants within a disadvantaged community. NYPA has signed two term sheets with developers of battery energy storage projects for the Harlem River and Gowanus power plants,

and is in active negotiations on three more term sheets for the Brentwood, Hellgate and Pouch power plants. NYPA has also issued a Request for Information and received responses on development options for its Kent power plant site, which we are currently evaluating. These battery storage facilities will provide safe, dispatchable, emissions-free power to help meet the future reliability of New York City's electric system. NYPA will continue to solicit community views on the future of these sites as the initial phase-out plan is finalized.

REACH

We have made significant progress in standing up the Renewable Energy Access and Community Help, or REACH, program. Under REACH, NYPA, alone or with partners, will develop a portfolio of renewable energy generation projects and distribute a portion of the revenue from these projects to the state's investor-owned utilities who will use these funds to generate bill credits for low and/or middle income energy consumers in disadvantaged communities.

We petitioned the PSC in January 2024 to establish NYPA's recommended regulatory structure for the REACH program. On October 16, 2024, the PSC granted NYPA's petition, establishing a regulatory framework to allow electric utilities to receive funds from the Power Authority to credit the electric bills of low-income ratepayers in disadvantaged communities. Notably, the REACH credit will be supplemental to other credits like the Energy Assistance Program and Solar for All to ensure that the benefits are additive and do not supplant existing programs for low-income New Yorkers. Investor owned utilities have filed tariff modifications and program implementation plans, and NYPA has signed implementing agreements with the utilities to enable the transfer of funds to implement REACH as revenues become available from new renewable generation resources and other sources. NYPA expects bill credits to become available starting in January 1, 2027.

Workforce Training

NYPA acted quickly on its expanded authority to invest up to \$25 million annually into workforce training to support transitioning current workers in fossil fuel-based plants into clean

energy jobs, as well as training for the next generation of clean energy workers. We have been working closely with the New York State Department of Labor's staff, including its newly established Office of Just Energy Transition. In March 2024, we entered into a Cooperative Agreement with DOL that outlines a mechanism for NYPA to fund DOL programs as well as joint initiatives between NYPA and DOL. We are also working with private sector jobs-skills training organizations, especially those working in disadvantaged communities and in the vicinity of NYPA power facilities around the state, to prepare New Yorkers for job activities supporting a clean energy future.

Since May 2024, NYPA has awarded a total of \$20.65 million for training workers for employment in the renewable energy field. Recent awardees include the Renaissance Technical Institute in East Harlem, Institute for Workforce Advancement Workforce Training Initiative on Long Island, the Oneida County Office of Workforce Development Training Initiative in Utica, the Public Community Housing Fund Workforce Training Initiative in New York City, the State University of New York Clean Energy Microcredential Initiative, and the WVI Dolphin Foundation in New York City. The investments will assist in preparing New Yorkers for work ranging from maintenance of wind and solar power facilities to aerial-drone structural inspections, and from heating, ventilation and air-conditioning maintenance to support of electric-vehicle charging equipment.

Renewable Generation Development

Building on NYPA's robust history in hydropower generation and transmission, NYPA is once again a developer of utility scale renewables in the form of land-based wind and solar and battery energy storage projects. This is in addition to our longstanding renewable development work at customer sites. In fact, I am proud to say that the Board of Trustees approved the Power Authority's first Renewable Generation Strategic Plan earlier this morning. The final Plan follows a comprehensive three-month public comment period on a draft of the Plan, which was informed by conferral processes with key stakeholders in 2023 and 2024. NYPA received input from over 400 stakeholders from diverse regions, over 12 in-person and

virtual public hearings across New York State, and from more than 5,500 individuals through written comments to further inform our historic expansion of renewables across the state.

Through that process, NYPA received insightful feedback on stakeholder views on the proposed projects, the state's progress toward achieving CLCPA goals, the safety and reliability of various clean energy technologies, and NYPA's capacity to develop new renewable generation. All feedback was compiled and published on our website. We are grateful to the members of the Assembly and Senate who attended public hearings, wrote public comments and engaged with their constituents through this unique process. We look forward to your continued engagement as we amend and update the plan later this year and in the years to come.

As a first tranche, NYPA has identified 37 proposed projects with a total capacity of 3.0 GW across the state, and we are undertaking further examination of the economics, community impacts and real-estate considerations of each of them. This represents a change from the original 3.5 GW announced since the publication of our draft plan in October 2024, due to attrition growing out of our due diligence process. However, even the projects that fall out of NYPA's pipeline are in progress by developers and will be counted towards the overall state renewable energy goal.

It should be noted that, because NYPA's statute requires it to receive public feedback on its plans for new renewables developed under its expanded authority, NYPA may add projects by providing an update to its Strategic Plan after a further public hearing and public comment. It is also important to note the long lead time these types of projects require between project announcement and completion, which includes an approximately 569-day (1.6 years) NYISO interconnection process and various federal and local permitting requirements, which could last months and years. Based on these processes, NYPA intends to issue an update to the 2025 Strategic Plan with more proposed projects in the first half of 2025 and is currently evaluating up to 3 GW of additional projects for inclusion in future iterations of the Plan.

NYPA has established financial structures and other measures to best position these projects to move forward, while limiting risks to our organization and NYPA customers. Those

measures include the NYPA Board of Trustees' approval of the formation of a renewables subsidiary and a \$100-million bond issuance to advance the first tranche of projects. NYPA also issued a Request for Qualifications to identify additional private developers and investors to collaborate with on the development of renewable projects beyond the 89 entities that were pre-qualified in 2024. In October 2024, the NYPA Board of Trustees approved establishing a wholly owned subsidiary that will allow NYPA to raise external capital more easily, as well as to protect the Power Authority against project risks, both of which increase the amount of renewable energy that NYPA can deploy. In November 2024, NYPA formed its first such subsidiary, the New York Renewable Energy Development Holdings Corporation, and its first organizational meeting took place earlier today.

Renewable Energy for Public Buildings

As announced by Governor Hochul in her State of the State message, NYPA and the NYS Office of General Services are collaborating on a contractual structure that will enable NYPA to enter into contracts to supply state agencies with renewable energy. This new initiative will help New York achieve 100 percent renewable energy for state agencies by 2030, in line with Governor Hochul's Executive Order 22. These contracts are expected to result in at least 500 MW of renewable energy while creating clean energy development, 9,000 union jobs, and reduced emissions. The work for the state agencies will further enhance the launch and delivery of our renewables expanded authority.

Canal System

Finally, I need to highlight NYPA's ongoing stewardship of the New York State Canal System, which is celebrating its bicentennial this year. Since the state assigned management of the New York State Canal System to NYPA in 2017, we have brought our engineering expertise to bear to develop a Dam Safety program, and have funded significant infrastructure and recreational efforts annually. To support this work, we have increased investment in the Canal System to approximately \$140 million per year. Yet there is still significant work to be done to protect these critical, water-impounding structures and the surrounding communities. We greatly

appreciate the \$50 million appropriation provided to NYPA in the 2024-25 Enacted State Budget, and we welcome another \$50 million appropriation as proposed in the 2025-26 Executive Budget. Annual budget appropriations help fund the cost of maintaining this state asset, which includes critical safety work, such as dam and lock repair, as well as flood mitigation, while enabling NYPA to continue to invest significantly in renewables and other priority areas.

As I mentioned, this year New York commemorates the 200th Anniversary of the completion of the original Erie Canal. Led by the Erie Canal Bicentennial Commission, celebrations of the Erie Canal will begin in earnest in April 2025, and will feature forums, symphony orchestra performances and other concerts and events held in Canal communities throughout the state, an artists-in residency program (already underway), and a one-hour documentary about the Erie Canal expected to air beginning April 2025. The celebrations will culminate in the World Canals Conference from September 21-25, 2025 in Buffalo and a celebration in New York City in October. On behalf of Canal Director Brian Stratton and the NYPA and Canal boards, I encourage members of the Legislature, staff and their families to attend these once-in-a-lifetime events.

Conclusion

Thank you for your time today and for the opportunity to update you on how NYPA and the Canal Corporation are making a major difference in numerous ways in supporting the priorities of the Governor and the Legislature.

I would be pleased to respond to any questions.