

New York Power Authority

Type of Engagement: Annual Review

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Introduction

The New York Power Authority ("NYPA") issued four green bonds in 2020, 2022 and 2023 under the New York Power Authority Green Bond Framework dated 2020 (the "2020 Framework"). Subsequently, NYPA issued another green bond in October 2024 under the New York Power Authority Green Bond and Green Commercial Paper Notes Framework dated September 2024 (the "Framework")¹ – an update to the 2020 Framework. The 2022, 2023 and 2024 green bonds (collectively the "Green Debt Issuances") finance or refinance renewable energy and green buildings projects.

In March 2025, NYPA engaged Sustainalytics to review the projects financed with the proceeds from the Green Debt Issuances (the "Nominated Projects") and assess whether they meet the use of proceeds criteria and the reporting commitments outlined in the Framework. Sustainalytics provided a Second-Party Opinion on the Framework in September 2024.² This is Sustainalytics' first annual review³ of allocation and reporting under the Framework, following four previous reviews in April 2021,⁴ April 2022,⁵ July 2023⁶ and April 2024⁷ based on the previous 2020 Framework.

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects and NYPA's reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<ul style="list-style-type: none"> For hydropower projects related to facilities that became or will become operational after the end of 2019, NYPA intends for such projects to be run-of-river without an artificial reservoir or low storage capacity OR intends to achieve a life-cycle carbon intensity below 50 gCO₂e/kWh OR power density greater than 10 W/m². 	Project type, capacity and location of projects financed.

¹ NYPA, "New York Power Authority Green Bond and Green Commercial Paper Notes Framework – September 2024", (2024), at: <https://www.nypa.gov/-/media/nypa/documents/document-library/financials/nypa-green-bond-framework.pdf>

² Sustainalytics, "Second-Party Opinion, New York Power Authority Green Bond and Green Commercial Paper Notes Framework", (2024), at: [new-york-power-authority-green-bond-and-green-commercial-paper-notes-framework-second-party-opinion.pdf](https://www.sustainalytics.com/media/new-york-power-authority-green-bond-and-green-commercial-paper-notes-framework-second-party-opinion.pdf)

³ This document, dated 15 May 2025, is an update to, and supersedes, a prior version of the annual review provided by Sustainalytics on 09 Apr 2025.

⁴ Sustainalytics, "New York Power Authority Annual Review", (2021), at: https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nypa-green-bond-annual-review.pdf?sfvrsn=a83b6d6e_1

⁵ Sustainalytics, "New York Power Authority Annual Review", (2022), at: https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/new-york-power-authority-green-bond-annual-review.pdf?sfvrsn=d9c9c4b3_1

⁶ Sustainalytics, "New York Power Authority Annual Review", (2023), at: <https://nypa.gov/-/media/nypa/documents/document-library/financials/nypa-green-bond-annual-review-2022.pdf>

⁷ Sustainalytics, "New York Power Authority Annual Review", (2024), at: <https://www.nypa.gov/-/media/nypa/documents/document-library/financials/nypa-green-bond-review-2023-by-sustainalytics.pdf>

	<ul style="list-style-type: none"> For hydropower projects related to facilities that became operational before the end of 2019 and are being refinanced, NYPA intends for such projects to be run-of-river without an artificial reservoir or low storage capacity OR intends to achieve a life-cycle carbon intensity below 100 gCO₂e/kWh OR power density greater than 5 W/m². NYPA Transmission-related projects are intended to support the integration of >90% renewable energy. Projects integrating <90% renewable energy will be financed through a pro-rata approach to determine the green allocation. Other renewable energy projects under evaluation are PV solar or concentrated solar power that derive at least 85% from solar sources, wind, green hydrogen, and geothermal with an intended direct emissions threshold at or below 100 gCO₂/kWh; facilities that store and discharge power and energy; and facilities, including generator lead lines, for interconnection of renewable energy generating projects to delivery points within New York State. 	
Energy Efficiency	<ul style="list-style-type: none"> Projects and services include conversion to energy-efficient LED street lighting, HVAC upgrades, air handling systems, boiler and chiller replacements, wastewater treatment systems, and electric vehicle infrastructure, as well as strategic planning, advisory, site audit and installation services for these projects. 	Project type, capacity and location of projects financed.
Green Buildings	<ul style="list-style-type: none"> Newly constructed facilities should meet LEED "Gold" or above equivalent certification OR be among the top 15% of area buildings based on primary energy demand or emissions density performance. 	Project type, capacity and location of projects financed.

Issuer's Responsibility

NYPA is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds specifically from NYPA's Green Debt Issuances. The work undertaken as part of this engagement included collecting documentation from NYPA and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and facts presented by NYPA. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by NYPA.

Sustainalytics made all efforts to ensure the highest quality and rigour during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁸ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. NYPA has disclosed to Sustainalytics that the Green Debt Issuances from 2022, 2023 and 2024 achieved 100%, 100% and approximately 8% allocation, respectively, as of 31 December 2024.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	All Nominated Projects reviewed comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of projects or assets to determine if their impact was reported in line with the KPIs outlined in the Framework.	All Nominated Projects reviewed reported on at least one KPI per use of proceeds category.	None ⁹

⁸ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

⁹ While the Framework includes impact reporting commitments, Sustainalytics notes that it does not specify any qualitative or quantitative impact metrics that may be included. NYPA has communicated to Sustainalytics that it considers project descriptions to form part of its qualitative impact reporting and that its Sustainability Group and Utility Operations Departments are in the process of implementing quantitative impact metrics.

Appendices

Appendix 1: Allocation and Reported Impact

Table 3: Allocation and Reported Impact in 2024 (January–December) from the USD 608.3 million¹⁰ 2022 Series A Green Debt Issuance

Use of Proceeds Category	Project Name	Project Description	Net Proceeds Allocation (USD)
Renewable Energy ¹¹	Smart Path	The Smart Path Project aims to extend the file of the Moses-Adirondack lines (MA-1 and MA-2) by rebuilding the lines at 345 kV on double-circuit steel monopoles with 1033 ACSR conductor. These lines were built by the US Department of Defense in 1942 to transmit power from hydro generating facilities at Taylorville on the Beaver River just north of the Adirondack Substation to Alcoa in Massena. In the early 1950s, the authority purchased the two 115 kV lines and later upgraded the lines to 230 kV during the construction of the St. Lawrence–F.D.R. Power Project in the late 1950s. The lines were also extended from Alcoa to Barnhart Island (North Extension) and from Taylorville to the new Adirondack Substation (South Extension).	3,188,397
	Central East Energy Connect	Central East Energy Connect, a new 345 kV double circuit line approximately 86 miles from existing Edic (E) to existing New Scotland (NS) station – two new 345 kV lines approximately 5 miles single-circuit looping the existing 345 kV E to NS #14 line to the new Rotterdam (R) 345 kV station. R 230 kV station to be retired – two new 345/115 kV transformers connecting the R 115 kV yard to the new 345 kV yard rebuild approximately six miles of the R to NS 345 kV Tline to -Remove R to NS 115kV Tline -New Princetown 345 kV yard -Terminal upgrades E and Marcy -Decom. Porter and R 230 kV lines.	9,870,337
Total Allocation between January 2024 and December 2024 (USD)			13,058,734
Total Allocation between April 2022 Issuance and December 2024 (USD)			623,460,000

¹⁰ NYPA has communicated to Sustainalytics that the 2022 Series A issuance's net proceeds of USD 623,460,000, being the par value of USD 608,300,000 net of issuance fees and capitalized interest, exceed its par value due to the inclusion of a portion of the bond issuance premium. These net proceeds were fully allocated to Nominated Projects as of 31 Dec 2024.

¹¹ NYPA has communicated to Sustainalytics that projects financed under the Renewable Energy category support the integration of more than 90% renewable energy.

Table 4: Allocation and Reported Impact in 2024 (January–December) from the USD 734.2 million¹² 2023 Series A Green Debt Issuance

Use of Proceeds Category	Project Name	Project Description	Net Proceeds Allocation (USD)
Renewable Energy¹³	Smart Path Connect	Smart Path Connect consists of rebuilding approximately 100 linear miles of existing 230 kV transmission lines in northern and central New York to 345 kV, along with associated substation construction and upgrades, to address existing congestion and curtailment issues by establishing, together with other projects currently under development by NYPA, a continuous 345 kV transmission path from areas of planned renewable generation to New York's load centres. Smart Path Connect includes rebuilding all or parts of the following transmission lines: the remaining eight-mile section of Moses-Adirondack 1&2, Moses-Willis 1&2, Willis-Patnode and Willis-Ryan; and National Grid's Adirondack to Porter (Chases Lake-Porter Line 11, Adirondack-Porter Line 12, and Adirondack-Chases Lake Line 13), as well as connecting to the Moses-Adirondack 1&2 transmission facilities.	284,954,677
Total Allocation between January 2024 and December 2024 (USD)			284,954,677
Total Allocation between November 2023 Issuance and December 2024 (USD)			699,407,529

Table 5: Allocation and Reported Impact in 2024 (January–December) from the USD 450.0 million¹⁴ 2024 Series A Green Debt Issuance

Use of Proceeds Category	Project Name	Project Description	Net Proceeds Allocation (USD)
Green Buildings	Workplace for the Future	Workplace for the Future relates to the planning, land purchase, development and construction of a new 300,000 square foot LEED Gold-certified headquarters in White Plains, New York. Construction is expected to be completed in 2027.	36,916,601
Total Allocation between January 2024 and December 2024 (USD)			36,916,601
Total Allocation between October 2024 Issuance and December 2024 (USD)			36,916,601

¹² Net proceeds from the 2023 Series A issuance were USD 699,407,529, being the par value of USD 734,200,000 net of issuance fees, capitalized interest and bond issuance premia. These net proceeds were fully allocated to Nominated Projects as of 31 Dec 2024.

¹³ NYPA has communicated to Sustainalytics that projects financed under the Renewable Energy category support the integration of more than 90% renewable energy.

¹⁴ Net proceeds from the 2024 Series A issuance were USD 446,713,564, being the par value of USD 450,000,000 net of issuance fees, capitalized interest and bond issuance premia. Approximately 8% of these net proceeds were allocated to Nominated Projects as of 31 Dec 2024.

About Morningstar Sustainalytics

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