

**Enterprise Risk Management  
Program**

New York Power Authority  
Energy Risk Assessment & Control - Business Services Unit

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Enterprise Risk Management Program**

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# **New York Power Authority Enterprise Risk Management Program**

## **1.0 Purpose**

An enterprise program for risk informed decision making will establish business processes which promote continuous improvement in risk identification and assessment and enhance the Authority's capacity to fulfill its strategic and organizational goals. Comprehensive risk-informed decision making is critical to the success of the Authority's mission. This Enterprise Risk (ER) management program (the Program) provides the Authority's philosophy and framework for effective identification, assessment and management of its strategic, operational, marketing, legal, compliance, regulatory, and financial risks. For the purpose of this Program, a "risk" is any uncertain future event or condition that could adversely impact the Authority's operational or financial performance.

The Authority, in order to achieve all aspects of its mission in a manner consistent with its risk strategic objectives, will provide for systematic sharing of risk and internal control knowledge across business functions and departments by implementing an ER management program that will

1. effectively manage and reduce financial and other liability exposure by measuring and monitoring NYPA's risks systematically,
2. increase financial performance predictability by ensuring alignment of risk tolerance with strategic and budget objectives,
3. develop and maintain an inventory of enterprise risk concerns with mitigation plans.

## **2.0 Implementation**

Unless otherwise provided, amended, or modified, this Program shall apply to and encompass the objectives and activities of all departments and business units of the Authority. All operating departments and business units must make their personnel available for enterprise risk management related activities and initiatives. In addition, all operating departments and business units must maintain the capability to identify and assess risks specific to their organizations as part of the Authority's enterprise risk assessment processes.

Implementing procedures shall be prepared as necessary. Changes to this program shall be in accord with CP1 "Corporate Policy Program Administration".

## **3.0 General Responsibilities**

The Authority will implement a Program structure that supports the involvement of executive and senior management in the review of the risks and mitigation measures identified at all levels of the organization which includes the following:

1. identification of risks to include NYPA's overall risk profile,
2. determining risk significance,
3. implementing, managing and monitoring risk mitigation plans,
4. upper level management and control.

All of the Authority's employees have an important role in identifying and managing risk across the Authority's enterprise. It is a goal of the Authority to instill in all employees enterprise risk

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awareness and initiative. Each employee should understand individual action has risk implications. Employees are expected to engage in risk-informed decisions making. To the extent that any employee becomes aware of what appears to be a significant risk-related issue, the employee shall enter the risk into the ER logging/reporting software to capture the risk for further processing. An employee may also identify the risk directly to any member of the ERMC or to a member of the ERAC staff.

### **4.0 Organization**

The Authority will implement and maintain a Program organizational structure consisting of the following components:

- The existing Executive Leadership Team (ELT) will provide risk policy direction and oversight; The ELT will provide periodic reporting of the Authority's critical risks to the Board of Trustees Audit Committee.
- The Enterprise Risk Management Committee (ERMC), chaired by the Vice President - Energy Risk Assessment & Control, will manage the policy and direct its implementation as well as to monitor NYPA's top risks;
- Energy Risk Assessment & Control (ERAC) will act as the facilitator of the Program, providing consultative advice and assistance on matters relating to risk and the tools and techniques supporting risk identification, assessment, measurement and reporting;
- Risk Owners (RO) will assess risks, develop and implement risk mitigation plans;
- Risk Identifiers (RI) will identify and define risks within a department, business unit, and or defined enterprise function;
- Internal Audit will verify and monitor compliance with this Program and various risk mitigation plans.

This structure supports the involvement of executive and senior management in the review of the risks and mitigation measures identified at the RO level. It also provides an opportunity for the ERMC to focus on ER infrastructure development and implementation, along with ELT support to ensure full and timely cooperation with ER management efforts throughout the enterprise.

### **5.0 ERMC Membership**

The ERMC will be a standing committee and its membership will be appointed by the Chief Operating Officer. Members will be appointed based on their leadership roles within NYPA and their unique familiarity with their area's risks. The ERMC will function in a review and recommendation role to the ELT on behalf of the entire organization.

Membership of the ERMC will consist of the following titles or their functional equivalents:

- Executive Vice President & Chief Engineer – Power Supply
- Senior Vice President Marketing & Economic Development
- Senior Vice President Energy Resource Management

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- Senior Vice President Corporate Planning & Finance
- Senior Vice President Enterprise Shared Services
- Vice President Energy Risk Assessment & Control (Chair)
- Vice President & Controller
- Director Insurance Risk

Members of the ERMC may designate alternate members of their staff to attend in their absence as well as to provide additional expertise for specific risk items being addressed.

**6.0 Communications**

Communications shall be delivered on regular intervals to provide key program information to Program stakeholders. Specific communications shall consist of but not be limited to the following:

1. NYPA Risk Profile report
2. NYPA's Top Risks report
3. Performance Measures report
4. Mitigation Plan report
5. Business Unit report
6. Risk Owner report

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
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