**JOHN CANALE**

**Vice President, Strategic Supply Management of the New York Power Authority**

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Good Morning,

My name is John Canale, and I am the Vice President of Strategic Supply Management for the New York Power Authority. Thank you for allowing me the opportunity to briefly share how NYPA effectively manages our supply chain and uses environmentally and socially responsible sourcing practices for our daily operations and the delivery of capital projects.

Let me begin by saying that all our policies and actions are guided by the strong leadership of Governor Kathy Hochul, the New York State Legislature, our Board of Trustees, Justin E. Driscoll, our President and Chief Executive Officer, and NYPA’s Executive Management Committee.

Our daily activities are shaped by the increasing demands of the Power Authority statewide operations:

* We own and operate 16 generating facilities throughout New York, generating nearly 25% of all power produced in the State. More than 80 percent of the electricity we produce is clean, renewable hydropower.
* Additionally, the Power Authority owns, operates, and maintains approximately one-third of the high-voltage transmission lines in New York State. These assets help form the backbone of the statewide energy grid for electric power distribution, and they are critical to integrating existing and new renewable energy throughout New York State.

I would note that the Authority has more than 1,000 customers enabled by federal and state statute, and they include: local and state government entities, municipal and rural cooperative electric systems, and economic development customers.

Our economic development power programs have supported the creation and retention of more than 440,000 jobs and nearly $32 billion in capital investment commitments by businesses throughout New York State.

It should also be emphasized we are playing an important role in New York’s battle against climate change. To this end, NYPA has invested more than $3.6 billion in energy-efficiency projects at publicly-owned facilities throughout New York State. Our energy services programs have resulted in more than $266 million in annual taxpayer savings. These programs have reduced energy consumption in the State by 275 megawatts and prevented the emission of approximately 922,000 metric tons of greenhouse gas.

My department’s role is to support NYPA’s mission, objectives, and initiatives by optimally procuring goods, services and personal property at terms that meet our schedules and guidelines so that we can provide affordable and reliable energy to our customers in New York State. Our mission complies with the applicable federal, state and local laws.

We recognize the vital importance of our contractors, consultants and equipment suppliers on our operations, and the value of meaningful engagement with our diverse and local suppliers.

We work to integrate sustainability considerations into our procurement processes, mitigate environmental and social risks, and drive equity in our contract portfolio to be inclusive and reflective of the communities we serve. Our actions strengthen the resilience of our supplier network and deliver value to our communities by supporting the economic vitality of New York State.

NYPA’s SSM Department is comprised of 4 working groups, Category Management, Transactional Procurement, Supplier Relationship Management, and the Center of Excellence. In addition, we oversee the procurement of the Canal Corporation, a NYPA subsidiary. NYPA SSM makes every attempt to handle each procurement as a competitive bidding opportunity and utilizes the services of OGS and GSA when possible. Due to the unique nature of some of the work, we also utilize single and sole source awards particularly for OEM type services. Over 90% of the contracts issued by NYPA/Canals are awarded via a competitive process.

NYPA/Canals procurement utilizes a “best value” approach to awarding our contracts. We look at the full life cycle of the asset and its total cost of ownership when evaluating alternatives. We utilize an electronic bidding platform called Ariba an SAP product. It provides full transparency of each procurement process as well as other features such as supplier onboarding, supplier risk, and supplier performance. In order to participate in NYPA/Canals bidding opportunities, suppliers must register and be “on boarded” into the system. As part of the onboarding process, all suppliers are added to a platform where we monitor environmental and other risks. Any risks identified for suppliers participating in active procurements are included in our evaluation process.

I am proud to point out that since the inception of NYPA’s Supplier Diversity program in 1983, we have awarded more than $1.7 billion in contracts to minority- and women-owned enterprises (MWBEs), service-disabled veteran-owned businesses (SDVOBs), and NYS small business enterprises.

In 2020, to support our VISION2030 strategic plan, NYPA committed to doubling the annual spend with diverse suppliers to $160 million in five years. Within two years, through increased supplier outreach and engagement, NYPA has achieved an annual spend of over $170 million and is averaging over 24 Supplier Diversity outreach events annually.

We also established programs to build the capacity and competencies of diverse businesses interested in working with NYPA and Canals. They included:

* Our Small and Local Business Education and Capacity Building Program supports businesses in the early and mid-stages of their growth. 66 participants graduated from the 1st cohort and we are currently in the outreach phase for the 2nd cohort. We want to provide guidance and support on how to do business with NYPA and Canals as well as assist small and local businesses in the pursuit of certification if eligible. The objective of this program is to create a platform for NYPA and Canals to increase contracting goals with Small and Local Businesses, Minority and Women Owned Business Enterprises and Service Disabled Veteran Owned Business’s. We also want to increase the available pool of Small and Local Businesses, Minority and Women Owned Business Enterprises and Service Disabled Veteran Owned Business’s nationally to access to NYPA and Canals procurement opportunities. It is critical to support, develop and foster long term business relationships within the communities we serve.
* Our Surety Bond Training Program helps established mid-stage businesses bid on larger NYPA and Canals projects by teaching skills and providing access to bonding capacity and working capital training. 65 businesses participated in the initial year, and, we currently have an additional 60 registered for the 2nd cohort. Construction firms receive education, training, and one-on-one financial management guidance to help obtain surety bonds and increase surety bond capacity for the Authority’s construction projects. Some of the program benefits include, learning how to establish business and financial credibility, connect to and access guidance from a network of surety companies, education and training about the surety bonding process and what it takes to get bonding.
* Our Mentor Protégé Program – encourages prime government contractors to provide mutually beneficial developmental assistance to diverse and local businesses within specific industry sectors. Through this one-on-one developmental assistance to diverse businesses, the protégé’s benefits include, but are not limited to technical and/or trade education, financial and/or management assistance, and general administrative support

In return, participating in the program provides the Mentor with the opportunity to meet its diversity goals, and improve the relationship with NYPA. Some of the key deliverables for the program include motivate and encourage mentors to provide developmental assistance to protégés, maximize small business access to NYPA’s procurement programs, foster long-term business relationships, enhance small businesses core capabilities and increase subcontracting opportunities

I hope that I have provided a clear outline of our procurement and contracting processes at NYPA. They are specifically designed to support the Hochul Administration’s bold vision of the future, achieve the aspirations of VISION2030 and help the people of New York to successfully enter the new clean energy era.

This is an exciting period for the utility industry and for New York State and we are fully aware that what we do today and, in the weeks, and months ahead will have a dramatic effect on the quality of life for this and future generations to come.