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John B. Rhodes, Chair

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PSC Commences Study to Gauge Financial Impact of Climate Change on Utilities

Transparent Climate-Related Financial Information Will Focus on Utility Management, Protect Customers, and Inform Investors of Risks

ALBANY — The New York State Public Service Commission (Commission), in response to the threat of climate change and its potential economic impacts, commenced a proceeding today to consider requiring New York's large, investor-owned utilities to annually disclose what risks climate change poses to their companies, investors and customers going forward. For utilities with significant assets and changing physical infrastructure needs, increased transparency of climate-related financial risks would allow better planning and investment consistent with New York's climate goal of a carbon neutral economy by 2050.

"Today we started to bring necessary and valuable transparency on climate-related risk to the utilities that operate in New York," **said Commission Chair John B. Rhodes.** "We need to ensure focus, by management, investors, and lenders so that these utilities will continue to be able to provide safe and reliable service to their customers in the years ahead."

There are a several ways to manage climate-related risk disclosure, all of which are intended to provide investors and other stakeholders with necessary information regarding companies' vulnerabilities to the effects of climate change. The Commission notes that several of the holding companies of New York's 11 major electric and gas utilities have committed to fully adopting its recommendations in their disclosures to shareholders. However, the remaining holding companies have not yet signed on. In any event, the current reporting focuses solely on data aggregated at the holding-company level and is not New York utility-specific.

Utilities are very capital intensive and rely on debt and equity investors to provide necessary capital to ensure the provision of safe and adequate service in New York. In total, New York's largest electric and gas utilities have more than \$52 billion in capital. In the past year, New York's utilities have raised \$6.2 billion in capital through debt issuances. Most of these issuances occur at the operating company. New York utilities also obtain equity capital through their parent holding companies. For instance, Consolidated Edison, Inc. the parent, raised about \$880 million in equity in 2019 which was used to provide support to Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc., the two utilities.

Given the potential impacts of climate change on the provision of utility services, it is necessary for utilities to earnestly incorporate these impacts into their future decision-making, and to robustly and consistently report those impacts to potential investors, so that the market can operate efficiently with

maximum information. At this time, the Commission believes any climate-related risk disclosure reporting requirements should be limited to the major electric and gas utilities.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 20-M-0499 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.