BEFORE THE NEW YORK STATE
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission
as to the Rates, Charges, Rules and Regulations
of Consolidated Edison Company of New York,
Inc. for Electric Service

Case 16-E-0060

Proceeding on Motion of the Commission
as to the Rates, Charges, Rules and Regulations
of Consolidated Edison Company of New York,
Inc. for Gas Service

Case 16-G-0061

DIRECT TESTIMONY OF PROFESSOR MICHAEL B. GERRARD
ON BEHALF OF PACE ENERGY AND CLIMATE CENTER

May 27, 2016
I. Identification and Qualifications

Q. Please state your name and business address.
A. My name is Michael Gerrard. My business address is Sabin Center for Climate Change Law at Columbia Law School (Sabin Center), 435 West 116th Street, NY, NY, 10027.

Q. On whose behalf are you testifying?
A. I am testifying on behalf of the Pace Energy and Climate Center (Pace).

Q. By whom are you employed and in what capacity?
A. I am employed by Columbia University as a Professor of Law and as the Faculty Director of the Earth Institute. I am also Senior Counsel at the law firm Arnold & Porter.

Q. Please summarize your qualifications.
A. I teach courses on environmental law, climate change law, and energy regulation, and am the faculty director of the Sabin Center for Climate Change Law. I am also Chair of the Faculty of Columbia University’s Earth Institute. From 1979 through 2008 I practiced environmental law in New York, most recently as partner in charge of the New York office of Arnold & Porter LLP. Upon joining the Columbia law faculty in 2009, I became Senior Counsel to the firm. My practice involved trying numerous cases and arguing many appeals in federal and state courts and administrative tribunals, handling the environmental aspects of numerous transactions and development projects, and providing regulatory compliance advice to a wide variety of clients in the private and public sectors. I am also a prolific writer in environmental law and climate change, and have twice received the Association of American Publishers' Best Law Book award for works on environmental law and brownfields. I have written or edited eleven books, including Global Climate Change and U.S. Law, the leading work in its field (second edition published in 2014, co-edited with Jody Freeman) and the twelve-volume Environmental

Have you previously testified before the New York State Public Service Commission (“the Commission”)?

Yes.

II. Introduction and Summary

What is the purpose of your testimony in this proceeding?

I am testifying to encourage the Commission to require the Company to perform, and to authorize full recovery of the costs of completing Consolidated Edison of New York, Inc.’s (“the Company” or “ConEd”) Climate Change Vulnerability Study, recommended by the Storm Hardening and Resiliency Collaborative in its December 2014 report and endorsed by the Commission. See Case 13-E-0030, Order Approving Electric, Gas and Steam Rate Plans in Accord with Joint Proposal, at 71 (Feb. 21, 2014).

Please summarize your testimony.

As the Commission has recognized, electric utilities should anticipate as best they can the changes to historic patterns of coastal storms, heat, and wind that are expected to attend global climate change. The Climate Change Vulnerability Study is an important tool with which ConEd can better anticipate such changes. In spite of this, the Commission has deferred its approval of the costs of performing the Study from the prior rate case to this
one case, and has instructed ConEd to seek other funding sources. This wrongly
undermines progress toward completing the Study.

III. Value of the Climate Change Vulnerability Study

Q. Has there yet been a comprehensive study of ConEd’s vulnerabilities to the impacts
of climate change?

A. No. Although federal, state, and city agencies, and others, have examined some of the
impacts of sea level rise and other effects of climate change, no one has yet conducted a
comprehensive examination of the ways in which the electricity infrastructure maintained
by ConEd is vulnerable to climate change impacts. See Storm Hardening and Resiliency
Collaborative Phase III Report, at 119–20 (Sept. 2015). This gap helps explain why the
Commission has itself acknowledged the Study’s importance and urgency. See Case 13-
E-0030, Order Adopting Storm Hardening and Resiliency Collaborative Phase Two
Report Subject to Modifications, at 22 (Feb. 5, 2015) (“While the Commission
recognizes that the science of climate change is developing and the Climate Change
Vulnerability Study is a substantial undertaking for the Company, it must be available for
the Commission’s use by March 2019 (five years after the issuance of the 2014 Rate
Order).”).

Q. What benefits will result from this Study?

A. This Study will enable ConEd to better comply with the Commission’s instruction in its
2014 Rate Order, “We expect the utilities to consult the most current data to evaluate the
climate impacts anticipated in their regions over the next years and decades, and to
integrate these considerations into their system planning and construction forecasts and
budgets.” Case 13-E-0030, Order Approving Electric, Gas and Steam Rate Plans in
Accord with Joint Proposal, at 72 (Feb. 21, 2014). In addition, by highlighting risks and
costs that ConEd should consider and work to avoid through its near- and long-term
planning, design, and procurement decisions, the Study will yield two chief benefits.
First, it will provide information about risks and costs that might otherwise remain hidden
until they are revealed in the form of operational inefficiencies, equipment failures, or
other adverse results of a mismatch between the circumstances ConEd has planned for
and the circumstances it actually faces. And second, it will thereby help ensure system
reliability even as the climate changes.

Q. Are the costs of the Study reasonable and likely to be outweighed by its benefits?
A. In short, yes. The bids ConEd has received to complete the Study range from $1.4 million
to $4 million; while this range is not definitive of what ConEd will ultimately pay, it
illustrates the likely approximate cost of Study completion. Such a price is reasonable
given the scale and complexity of the task. Furthermore, the Study’s benefits can be
expected to at least justify that cost and at most to substantially outweigh it. Consider that
as ConEd has begun implementing its plans for reconfiguring and installing submersible
transformers and isolation switches on coastal network segments, it has discovered
various reasons to revise those cost estimates—in some instances up, in others down—by
tens of millions of dollars. See Storm Hardening and Resiliency Collaborative Phase III
Report, at 13–20 (describing plans and tabulating cost updates). The Climate Change
Vulnerability Study can be expected to reveal factors and considerations that inform
design changes with cost implications of at least this scale—that is, cost implications an
order of magnitude greater than the cost of the study itself. The Study can therefore be
expected to yield benefits that outweigh its costs.
Q. Does this conclude your pre-filed direct testimony?

A. Yes.