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Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350

RE: Case 20-M-0499 — In the Matter Regarding the Need for Reporting Risks Related to Climate Change

Dear Secretary Phillips:

The Public Service Commission's (PSC) proceeding on utility disclosure of climate-related financial risks is important and timely. I serve as Trustee to the New York State Common Retirement Fund (CRF) and in this role I am deeply concerned about the impact of climate change on the Fund's investments.

High quality company disclosures on climate risk are crucial for investors to understand and to manage this risk in their investment portfolios. To be useful, disclosures must comprehensively assess risks, explain risk management activities and report information that allows for comparison of efforts within and across industries. While an increasing number of companies issue climate and/or sustainability reports, many of these disclosures do not adequately report company risks, or do so in an idiosyncratic format that prevents comparison with other company responses.

That is why, together with hundreds of other investors working to manage the investment risks of climate change, the CRF has asked companies to issue reports that are consistent with the recommendations of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD).

I support the TCFD-recommended disclosure framework because it asks companies to comprehensively report how risks are assessed, what those risks mean for the company's strategy, how those risks are managed by the company, and how the company's board provides oversight. With this information, investors can better assess how climate change may affect a company's financial performance and better understand how the company response to the risk compares with its industry peers.

A large and growing number of organizations now include TCFD compliant climate risk disclosure in their annual financial disclosures and more than 1,500 governments, investors and corporations, including many utilities, have issued statements supporting TCFD disclosure.

With respect to the question of whether holding companies or operating companies should file reports, the TCFD recommends that organizations include climate disclosures in their regular financial reports. The TCFD makes this recommendation to ensure that appropriate controls govern the production and disclosure of the required information. Currently, financial information is reported to the PSC at the operating company level. It would be consistent with TCFD recommendations for the PSC to require that operating companies incorporate information on climate risks and management of this risk in their financial reports.

In addition, transition-related and physical climate risks are uniquely determined by geography. A utility's transition risks are based in part on the climate-related laws and regulations governing the jurisdictions in which it operates, and the location of its assets determine the degree of risk it may face from physical risks like extreme weather, sea level rise or heat waves. The PSC should adopt a reporting protocol that allows investors and regulators to understand the specific risks each operating company faces and how the company's management proposes to address these risks. The CRF has incorporated TCFD-consistent reporting in its Comprehensive Annual Financial Report. The PSC should require that New York State utilities disclose climate-related information that is consistent with the TCFD recommendations. I appreciate the opportunity to comment.

Sincerely,

Thomas P. DiNapoli
State Comptroller