

# Dr. Richard Hern

Managing Director



## Contact

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Dr. Richard Hern is a Managing Director, based in London. He leads the firm's regulatory finance team and co-leads the International Arbitration Practice. He is also a member of NERA's Board of Directors. Dr. Hern has nearly 25 years of experience as an economist, expert witness, and quantum of damages expert, providing testimony and advising law firms, utility companies, and governments throughout the Middle East, Europe, the US, Asia, and Latin America. His experience spans investor-state and commercial disputes, and international arbitration. He has prepared expert testimonies on a range of economic and finance issues, including commercial damages, business valuations, valuations in the context of political intervention, lost profits from construction delays, cost of capital and profitability assessments, and economic regulation.

Dr. Hern has acted as an independent expert witness on economic and quantum issues before many panels and tribunals, including the ICSID, PCA, ICC, UNCITRAL, the UK Competition and Markets Authority (CMA), and several other international courts and high courts. His work spans many industries, including power, water, transport (airports/airlines shipping and toll roads), infrastructure, telecoms, petrochemicals, and real estate.

He has been identified as one of the leading valuation and damages experts in *Who's Who Legal: Arbitration* and *Who's Who Legal: Consulting Experts – Quantum of Damages* where he is described by his clients as "an absolutely fantastic expert witness" who is "the first choice for quantum assessment" and is "excellent at cross-examination". His clients also praised his "ability to engage in a constructive dialogue with the client and counsel to test suggested valuation and pricing" and mentioned "the combination of his very calm demeanour and razor-sharp responses" are "very effective with tribunals".

Dr. Hern has published on risk and the cost of capital in utility and trade journals, and authored books on best practices in estimating the cost of capital for infrastructure assets. He has also acted as an independent expert to rule on appeals of tariff reviews by privatized utility companies and has advised the World Bank on mechanisms to reduce regulatory and political risk in developing countries. He has taught economics and finance courses at Bristol University and Bath University and is a regular speaker at conferences in the UK and abroad. He holds a PhD in economics from the University of Bristol.

## Education

PhD in economics, Bristol University

MSc in economics and public policy, Bristol University

BSc in economics and mathematics, Bristol University

## Publications

- *NERA Experts Explore the Market Approach in Global Arbitration Review's Latest Guide to Damages in International Arbitration*
- *The Cost of Equity for Utilities – An International Perspective*
- *Hurdle Rates and the Cost of Capital for Financing Electricity Generation in the UK*

- *Use of Inflation Indices in Water Sector*
- *Estimation of BT's Equity and Asset beta*
- *Changes in Hurdle Rates for Low Carbon Generation Technologies due to the Shift from the UK Renewables Obligation to a Contracts for Difference Regime*
- *Expert Report Dr. Richard Hern*
- *Critique of Report for the NMa on the Cost of Capital*
- *The Cost of Capital for Merchant Power Generation: The Example of Drax*
- *Area Cost Adjustment: A Response to the Department for Communities and Local Government's (DCLG) Recent Consultations*
- *The Evidence for a Small Company Premium on the Cost of Capital at PR09 and A Review of Ofwat's PR09 Draft Determinations on the Small Company Premium: Reports for the UK's Water-Only Companies*
- *Die kalkulatorischen Eigenkapitalzinssätze für Strom- und Gasnetze in Deutschland (Allowed Return on Equity for German Electricity and Gas Networks)*
- *Evidence on the Cost of Capital for UK Water*
- *Recent Evidence on Beta and the Cost of Capital for UK Electricity Companies*
- *UK Water Cost of Capital and Gearing: What is the Relationship?*
- *Recent Evident on Beta and the Cost of Capital for UK Electricity Companies*

## **Practice Areas**

Commercial Litigation and Damages

Communications, Media, and Internet

Energy

International Arbitration

Regulatory Economics

Survey Research, Design, and Analysis

Transport

Valuation

Water

## **About NERA**

NERA Economic Consulting ([www.nera.com](http://www.nera.com)) is a global firm of experts dedicated to applying economic, finance, and quantitative principles to complex business and legal challenges. For over half a century, NERA's economists have been creating strategies, studies, reports, expert testimony, and policy recommendations for government authorities and the world's leading law firms and corporations. With its main office in New York City, NERA serves clients from more than 25 offices across North America, Europe, and Asia Pacific.