

September 20, 2013

President Barack Obama

The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

RE: Support for Carbon Pollution New Source Performance Standards for Power Plants and a call for Existing Source Standards

Dear President Obama:

The Environmental Protection Agency's (EPA) proposed Carbon Pollution Standard for new power plants represents a historic proposal that establishes, for the first time, a national carbon pollution standard for electric power plants. As investors concerned about climate change, we were pleased to see the EPA issue this proposed rule today.

We, the undersigned investors, with over \$900 billion in combined assets under management, strongly support the Carbon Pollution Standard for new power plants and urge you to finalize the rule soon. We also urge you to proceed with a program to reduce carbon pollution from existing power plants as a critical next step in reducing the impacts of climate change and catalyzing the burgeoning clean energy economy.

Electric power plants are the largest individual source of carbon pollution in the United States, and there are currently no federal limits on the amount of carbon pollution new or existing plants can emit. Performance standards for both new and existing plants are essential steps toward spurring innovation and investment in low and no-carbon technologies as well as new energy infrastructure and energy efficiency. The rules will reduce risks for investors and businesses by providing policy clarity and will also unleash investments in cleaner energy needed for a modern electric generation fleet for the 21<sup>st</sup> century. Following the release in 2012 of the original standard for future power plants, financial analysts found that the proposed standard for future power plants would not have a material negative impact on electric power sector companies<sup>1</sup>. Just as a rule for new sources can be crafted to maximize economic benefit and minimize costs, a rule for existing power plants can be designed to cost-effectively reduce greenhouse gas emissions while helping transition the power sector toward cleaner energy sources. In short, these will be economically beneficial, technology- and innovation-driving regulations.

The need for such standards is urgent. Climate change could add as much as 10% to portfolio-wide risk in the next two decades, putting trillions of dollars of institutional investors' assets at risk<sup>2</sup>. Because of this risk, investors have been seeking long-term energy and environmental policies that provide the business certainty needed to transition the U.S. to a clean energy economy. While Congressional action may be preferable to Clean Air Act regulations, such action has not been forthcoming and the urgency of the growing risks of climate change require near-term action. We thus see EPA's carbon pollution performance standard for new power plants as an important step in this direction and believe that a performance standard for existing power plants will be a critical next step. Such a standard should maximize energy efficiency, promote increased deployment of renewable energy sources, and allow states to use trading and other flexible mechanisms to achieve compliance in a cost-effective manner to the

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<sup>1</sup> This analysis was based on the standard as proposed in 2012. Given the recent release of the new proposed standard analysis has yet to be done on the current version.

<sup>2</sup> See analysis by Mercer, *Climate Change Scenarios - Implications for Strategic Asset Allocation* (2011), available at: <http://www.mercer.com/articles/1406410>

extent permitted by the statute. Indeed, according to one analysis such a standard could cost-effectively drive utility sector emissions reductions of 26% by 2020<sup>3</sup>.

Experience has shown that reducing pollution and waste yields substantial benefits to the economy and to businesses – and that these benefits consistently outweigh the costs of pollution reductions. These new standards will reinforce what forward-looking investors already know: that climate change poses real financial risks and opportunities and that the future of the electric power sector depends on investing in cleaner technologies and more efficient resources – investments that create jobs and economic benefits.

This letter is only the most recent call for action. In 2011, investors collectively managing over \$500 billion asked Congress to allow the EPA to move forward on greenhouse gas regulations. That same year, nearly 300 investors managing in excess of \$20 trillion called on national governments around the globe to take action on climate change mitigation. In the United States, in the absence of climate legislation, EPA carbon pollution standards for new and existing power plants represent the best opportunity to limit the risks of the climate change. We applaud your administration for your commitment to these standards and encourage your timely pursuit of the finalization of the new source standards and the creation and implementation of existing source standards.

Thank you for your consideration.

Sincerely,

*Pension Funds, State Treasurers, Endowments and State and City Comptrollers*

California Public Employees' Retirement System (CalPERS)  
Catholic Healthcare East  
Christopher Reynolds Foundation  
Connecticut State Treasurer's Office  
Local Authority Pension Fund Forum  
Maryland State Retirement and Pension System  
Maryland State Treasurer's Office  
Mission Responsibility Through Investment Committee, Presbyterian Church (U.S.A.)  
New York City Comptroller's Office

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Croatan Institute  
DBL Investors  
Domini Social Investments  
F&C Management  
First Affirmative Financial Network

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<sup>3</sup> See the Natural Resources Defense Council's Report *Using the Clean Air Act to Sharply Reduce Carbon Pollution from Existing Power Plants*, available at: <http://www.nrdc.org/air/pollution-standards/>

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JSA Financial Group  
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Spring Water Asset Management, LLC  
Terraverde Capital Management LLC  
The Sustainability Group of Loring, Wolcott & Coolidge  
Trillium Asset Management, LLC  
Unitarian Universalist Association  
United Church Funds  
Veris Wealth Partners  
Walden Asset Management  
Westpath Investment Management  
Zevin Asset Management, LLC

CC: Gina McCarthy, Administrator, Environmental Protection Agency;  
House Speaker John Boehner; and  
Senate Majority Leader Harry Reid