Comment on the U.S. Environmental Protection Agency
Proposed Carbon Pollution Standard for New Power Plants

Docket ID No. EPA-HQ-OAR-2011-0660

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I. Introduction

US SIF – The Forum for Sustainable and Responsible Investment (www.ussif.org) is pleased to have the opportunity to comment on the U.S. Environmental Protection Agency (EPA) proposed Carbon Pollution Standard for New Power Plants.

US SIF, as the U.S. membership association for professionals, firms, institutions and organizations engaged in sustainable and responsible investing (SRI), strongly endorses the proposed rule. It will protect public health and spur innovation.

II. Background on US SIF and Sustainable and Responsible Investing

US SIF and its members advance investment practices that consider environmental, social and corporate governance criteria to generate long-term competitive financial returns and positive societal impact. Our vision is a world in which investment capital helps build a sustainable and equitable economy. US SIF's approximately 350 members include investment management and advisory firms, mutual fund companies, research firms, financial planners and advisors, banks, credit unions, community development organizations, non-profit associations, and pension funds, foundations, and other asset owners.

US SIF and its members believe responsible investment practice requires the consideration of environmental, social and corporate governance criteria in addition to standard financial analysis. More specifically, sustainable and responsible investors use capital to promote responsible corporate governance, to improve corporate disclosure and accountability, to address corporate environmental and social shortcomings—from outsized carbon footprints to human rights violations in the global supply chain, and to support community investing institutions that strengthen low-income communities through access to capital. SRI investors seek to enhance the bottom lines of companies and to deliver sustained long-term wealth to shareholders.

SRI practitioners, by and large, have a long-term orientation, and are looking for portfolio companies and investment vehicles that will perform well over many years. In analyzing the impact of public policy and regulatory changes, they look not only at the immediately affected sector, but on the likely impact across all the sectors represented in their portfolios.

III. Specific Comment on Proposed Rule

US SIF members know that failure by the United States and other major economies to launch—now—the global transition to a low-carbon economy will have catastrophic implications for succeeding generations. As investors, US SIF members are also concerned about the ways in which climate change will affect individual portfolio companies and other investments, such as property. These investments could be affected by the severe weather events associated with climate change and by consumer or other public pressures to take action on climate change. US SIF members are also keenly interested in the opportunities available to investors and business as the world transitions to a low carbon economy.

US SIF recognizes that investors and businesses need policy certainty and long-term signals, including a price for carbon and incentives for energy efficiency and renewable energy, to make the significant capital allocations required for a transition to new energy system. Well designed federal policy can help drive innovation, create jobs for U.S. workers, benefit U.S. consumers and bolster international efforts to curb climate change.

For these reasons, US SIF welcomes the EPA's proposed Carbon Pollution Standard for New Power Plants as an essential step in providing the policy certainty businesses and investors need to plan for the low-carbon economy. We note that power plants are the largest source of carbon pollution in the United States—accounting for approximately 40 percent—and to date, there have been no federal limits on the carbon pollution they may emit.

The proposed rule will level the playing field, imposing a universal standard for all new power plants and reduce uncertainties for the electric power industry, easing long-term planning. We note, too, that power plants can meet the new standards through existing, price-competitive, commercially available technologies such as combined cycle natural gas. In some markets, renewable energy is already cost-competitive; the Michigan Public Service Commission released a report finding that wind energy is almost one third cheaper than a new coal-fired power plant.[1] By moving to low carbon emission technologies, the electric power industry is likely to reduce its reputational risks and improve its relations with local communities and regulators. A recent survey by the American Lung Association found that 69 percent of the American public strongly or somewhat favor the EPA updating standards with stricter limits on air pollution. An even greater percentage—77 percent—favor the EPA placing stricter limits on the amount of carbon pollution that power plants can release.[2]

[1] http://www.michigan.gov/documents/mpsc/implementation_PA295_renewable_energy2-15-2012_376924_7.pdf
[2] http://www.lungusa.org/assets/documents/healthy-air/clean-air-survey.pdf.