President Barack Obama

The White House 1600 Pennsylvania Avenue NW Washington, DC 20500

RE: Support for Proposed Carbon Pollution Standards for Existing Sources

Dear President Obama:

We, the undersigned investors with over \$800 billion in combined assets under management, strongly support the creation of carbon pollution standards for new and existing power plants. We applaud the Environmental Protection Agency (EPA) for releasing proposed rules, which offer a critical next step in reducing the impacts of climate change and catalyzing the burgeoning clean energy economy.

We are particularly pleased that the EPA's proposed rule for existing sources will allow states to utilize a number of strategies to comply with the rule. We invest across many sectors of the economy and are excited about an approach that goes beyond improvements at power plants. We are also encouraged that the proposed rule will allow states to build on the successful renewable energy and energy efficiency policies already in place around the country.

The new standards reflect what forward-looking investors already know: climate change poses real financial risks and substantial economic opportunities and we must act now. With Congress's failure to act, the EPA's proposed rule is all the more urgent and necessary to tackle this challenge.

From our positions as fiduciaries, the need to reduce carbon pollution is particularly important. Analysts are predicting that climate change (and related policy uncertainty) could add as much as 10 percent to portfolio-wide risk in the next two decades, putting trillions of dollars of institutional investors' assets at risk. In order to manage this risk, we, as investors, are seeking long-term policies that provide businesses the certainty needed to transition to a clean energy economy.

As you know, electric power plants are the single largest source of carbon pollution in the United States. Despite this impact, there are currently no federal limits on the amount of carbon pollution power plants can emit. The Carbon Pollution Standards will be key to reducing this significant source of emissions. Luckily, evidence shows that emissions reductions can be met without long-term economic harm. However, care must be taken to ensure a just transition for impacted workers and communities.

Reducing pollution and becoming more energy efficient yields substantial benefits to the economy and businesses, outweighing the costs of pollution reduction. In the EPA's most recent analysis, benefits of the Clean Air Act outweighed costs by a ratio of 4-to-1 between 1990 and 2010.² By providing flexibility to the states, businesses and investors can continue to reap benefits. As your administration is aware, there are already policies in place around the country, such as utility energy efficiency programs, that are

¹ See analysis by Mercer, *Climate Change Scenarios - Implications for Strategic Asset Allocation* (2011), available at: http://www.mercer.com/articles/1406410

² See EPA's analysis of benefits and costs of the Clean Air Act, available at: http://www.epa.gov/oar/sect812/index.html

reducing emissions and spurring economic growth. These policies can and should be scaled up to meet emissions standards for existing power plants.

Members of the Investor Network on Climate Risk have called for federal action to regulate greenhouse gases in several letters to Congress and the Administration. Last year, investors wrote to support the new source rules and urged the EPA to finalize those rules. Again, we encourage your administration to finalize both the new and existing source rules, as outlined in your Climate Action Plan.

To remain viable and competitive, the electric power sector must invest in cleaner technologies and more efficient resources—investments that have the potential to create jobs and grow the economy. In the United States, especially 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 climate change.

Sincerely,

American Pension Funds, State Treasurers, and Foundations

The California State Teachers Retirement System (CalSTRS)

The Christopher Reynolds Foundation

The Connecticut State Treasurer's Office

The Jessie Smith Noves Foundation

The Maryland State Treasurer's Office

The New York City Comptroller's Office

The New York State Comptroller's Office

The SEIU Master Trust

Investment Management and Advisory Companies

Arjuna Capital

Boston Common Asset Management, LLC

Breckinridge Capital Advisors

Calvert Investments

DBL Investors

Domini Social Investments LLC

Everence and the Praxis Mutual Funds

F&C Management

Green Century Capital Management

Impax Asset Management (US), LLC

Miller/Howard Investments, Inc.

Parnassus Investments

Portfolio 21 Investments

The Sustainability Group at Loring, Wolcott, and Coolidge

Trillium Asset Management, LLC

Walden Asset Management a division of Boston Trust & Investment Management Company

Zevin Asset Management, LLC

Religiously Affiliated Pensions and Investment Management Companies

Catholic Health Partners

Christian Brothers Investment Services, Inc.

The Congregation of Sisters of St. Agnes

The Dominican Sisters of Hope

The Dominican Sisters of Mission San Jose

The Dominican Sisters of San Rafael

Friends Fiduciary Corporation

The Leadership Team of the Felician Sisters of North America

The Marianist Province of the United States

Mercy Investment Services

Religious of the Sacred Heart of Mary, Western Province

The Sisters of Charity of Cincinnati Corporate Responsibility Committee

The Sisters of Charity of New York

The Sisters of Charity of Saint Elizabeth

The Sisters of Charity of the Blessed Virgin Mary

The Sisters of Providence - Mother Joseph Province

The Sisters of St. Dominic of Caldwell, NJ

The Sisters of St. Joseph of Orange

The Sisters of St. Joseph of Springfield

The Xaverian Brothers

Tri-State Coalition for Responsible Investment

The Unitarian Universalist Association

The Ursuline Sisters of Tildonk, U.S. Province

Wespath Investment Management

CC: Gina McCarthy, Administrator, Environmental Protection Agency Senate Majority Leader Harry Reid

Senate Minority Leader Mitch McConnell

House Speaker John Boehner

House Minority Leader Nancy Pelosi