



Investor Network on CLIMATE RISK

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The Honorable John Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Senate Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
House Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Senate Minority Leader
U.S. Senate
Washington, DC 20510

October 24, 2012

Dear Speaker Boehner, Majority Leader Reid, Minority Leader Pelosi, and Minority Leader McConnell:

As treasurers, comptrollers, pension funds, investment managers and advisors managing collectively over \$800 billion in assets, we invest across the spectrum of industries in the global economy and in all asset classes. We see the promotion of clean energy as vital to protecting and enhancing the risk-adjusted returns we provide to our clients and our beneficiaries. We write to urge you to support an immediate extension of the Production Tax Credit (PTC) for wind energy.

Scaling up U.S. investment in clean energy, and the resulting jobs and economic benefits that come from it, requires stable and long-term incentives and price signals. Last fall we joined 285 investors with more than \$20 trillion in assets under management in signing the *2011 Global Investor Statement on Climate Change*, which called for policies that “accelerate the deployment of energy efficiency, cleaner energy, renewable energy...” and “appropriate incentives to enable private investment in clean energy.” Allowing the PTC to expire would severely damage U.S. competitiveness and divert hundreds of billions of investment dollars away from the U.S. to competitors with inferior resources but stronger policies.

The wind power industry has been a bright spot for employment and has, despite the recession, created one of America’s fastest-growing manufacturing sectors. However, even the threat of the PTC’s expiration is already causing thousands of layoffs. In February, Vestas Wind Systems, the world’s largest wind turbine manufacturer, said it would fire 1,600 U.S. workers in Colorado unless the PTC was renewed.ⁱ Gamesa, another major wind turbine manufacturer, announced furloughs of 165 U.S. workers in Pennsylvania factories pending extension of the PTC.ⁱⁱ These examples of job losses are only two of the numerous stories of the impact that this policy uncertainty is having on the wind industry.

As investors, we care about extending the PTC for wind because we understand the PTC is critical to driving the cost of wind towards parity with traditional energy generation resources. For more than a decade, the PTC for wind has allowed developers to secure private financing for wind projects. Largely as a result of this incentive, wind provided 35% of new electric generation capacity installed in the last five years.ⁱⁱⁱ However, when the PTC has been allowed to expire, the wind industry has experienced a striking series of boom-bust cycles. In the years following previous expirations, wind installations dropped between 73 and 93%. Such short-term and inconsistent policy makes this promising sector more difficult to invest in.

As Congress investigates ways to spur business growth, we urge lawmakers to ensure an extension of the PTC as soon as possible. Failure to extend the PTC for wind would interrupt one of the most substantive growth and job creation stories in the U.S. market today. Congress should provide a multi-year extension to provide the market certainty needed for investment in this sector. We appreciate your attention to this critical issue.

Sincerely,

State Treasurers, Controllers, and Pension Funds:

California State Teachers' Retirement System
Connecticut Retirement Plans and Trust Funds
New York City Office of the Comptroller
New York State Comptroller
North Carolina Department of the State Treasurer
Oregon Office of the State Treasurer
Pennsylvania Treasury Department

Asset Managers:

Boston Common Asset Management, LLC
Calvert Investment Management, Inc.
F&C Investments
First Affirmative Financial Network
Green Century Capital Management
Impax Asset Management
Miller/Howard Investments, Inc.
Pax World Management Corp.
TerraVerde Capital Management, LLC
Trillium Asset Management
Walden Asset Management, a division of Boston Trust & Investment Management
Zevin Asset Management, LLC

Investment Advisors and Religious Investors:

As You Sow
Dominican Sisters of Hope
Friends Fiduciary Corporation
Ursuline Sisters of Tildonk

Cc: Members of the U.S. House of Representatives and the U.S. Senate

ⁱ The Denver Post, "Vestas to Lay off More than 2,300; Could Lay off Another 1,600 in the U.S. Later this Year", January 12, 2012, http://www.denverpost.com/breakingnews/ci_19727018

ⁱⁱ Bloomberg News, "Gamesa Expects to Recall Furloughed Workers by Year-End", July 5, 2012, <http://www.bloomberg.com/news/2012-07-05/gamesa-expects-to-recall-furloughed-workers-by-year-end.html>

ⁱⁱⁱ American Wind Energy Association, Press Release, "Wind Rebounds in 2Q, but Continued Growth Depends on Consistent Tax Policy", August 4, 2011, <http://www.awea.org/newsroom/pressreleases/2q-2011-release.cfm>