



Investor Network on
CLIMATE RISK

a project of **Ceres**

Investor Statement in Support of the White House’s January 14, 2015 Announcement on Methane Emissions Regulations

Investors representing \$1.5 trillion commend the White House’s proposal to reduce methane emissions from the oil and gas industry by at least 45 percent below 2012 levels by 2025.¹ The announcement demonstrates a commitment to confront climate change, promote economic growth, transition to a renewable energy economy, and provide more regulatory clarity for the industry.

The proposed rules are consistent with the recommendations made by the International Energy Agency (IEA) in its “Golden Rules for a Golden Age of Gas,” which calls on “public authorities . . . to consider imposing restrictions on venting and flaring and specific requirements for installing equipment to help minimise emissions.”

In 2012, institutional investors representing over \$20 trillion in assets spoke up in support of the “Golden Rules for a Golden Age of Gas” and called on governments to:

review their policies to ensure their regulations are effective in minimizing methane emissions across the oil and gas value chains. This can be achieved through inclusion of methane in carbon tax or trading schemes, or through mandatory requirements to implement appropriate methane emissions control technologies across the oil and gas value chain, including green completions, plunger lifts, low-bleed pneumatics, vapor recovery units and flash tank separators.²

As widely diversified, long-term investors with holdings in the oil and gas industry, we share a vested interest in the industry’s long-term success. At the same time, we are investors in renewable energy and support the transition to a renewable energy economy. Therefore, consistent with our fiduciary duties, we are concerned that methane emissions pose a serious threat to climate stability, accelerating the rate of warming in the near term and threatening infrastructure and economic harm that will weaken not only the companies we invest in, but the nation as a whole.

As a result, we strongly support the President’s proposal, which will not only help reduce methane emissions in a meaningful way, but will also improve investor confidence by further clarifying the regulatory structure and expectations for the oil and gas industry.

¹ <https://www.whitehouse.gov/the-press-office/2015/01/14/fact-sheet-administration-takes-steps-forward-climate-action-plan-anno-1>

² <http://www.ceres.org/files/methane-emissions/investor-joint-statement-on-methane-emissions>

In addition, the prevention of wasted methane will keep more American natural gas working for the US economy. We believe that methane regulation is in the interests of long-term investors because it reduces reputational and legal risks, and in many cases generates positive economic returns.³ This is particularly important given that our investment time horizons extend well beyond the tenure of any individual executive management team. Thus, while management at oil and gas companies may object to these regulations and argue that they are not in corporate interests, those arguments reflect a short-term perspective that fails to recognize how methane management is cost-effective given the potential profits to be gained in the long-term by reducing venting and flaring and selling the captured methane.

Through shareholder proposals and dialogue, investors will continue to directly engage companies in the gas and oil industries, urging them to take further meaningful steps to reduce methane emissions and advocating for improved disclosures and a serious commitment to reducing methane emissions.

However, such company-by-company engagement cannot fully address the issue. What is truly needed is a strong federal standard on methane that will level the playing field for all companies. We will continue to actively support the White House's announced plan and advocate for a strong federal standard on methane.

Sincerely,
Amherst College Endowment
California Public Employees Retirement System (CalPERS)
California State Teachers' Retirement System (CalSTRS)
Christopher Reynolds Foundation
Clean Yield Asset Management
Daughters of Charity, Province of St Louise
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Hermes Equity Ownership Services
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Nathan Cummings Foundation
Natural Investments
Office of the New York State Comptroller
Office of the New York City Comptroller
Portfolio Advisory Board, Adrian Dominican Sisters
Trillium Asset Management
Office of the Rhode Island Treasurer
Oregon Treasurer

³ <http://www.edf.org/energy/icf-methane-cost-curve-report>

PaxWorld Management

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The Sustainability Group of Loring, Wolcott & Coolidge

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