January 6, 2016 (*update to December 30 letter)*

Administrator Gina McCarthy
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Secretary Anthony Foxx
U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

Re. Proposed Determination Regarding 2022-2025 Model Year Light-Duty Vehicle Greenhouse Gas Emission Standards; EPA–HQ–OAR–2015–0827

Dear Administrator McCarthy,

As long-term investors with over $740 billion in assets under management, we are writing to voice our strong support for EPA's Proposed Determination that the current standards for model years 2022-2025 (MY 2022-2025) Greenhouse Gas (GHG) Emissions standards remain appropriate.

The standards represent a critical opportunity to strengthen the U.S. economy and create jobs – both by benefiting the auto industry and by ensuring fuel cost savings, which in turn will increase spending on non-energy goods and services. In addition, given the critical role of strong standards in driving innovation, the standards will also help ensure the global competitiveness of the industry.

An economic analysis[1] commissioned by Ceres and produced by independent automotive industry analysts found that the current National Program would reduce risk for the Detroit Three and benefit suppliers. First, the study shows that the Detroit Three will remain profitable under the current standards under all fuel price scenarios considered - even under a very low $1.80 per gallon fuel price. Second, the current standards provide insurance for the Detroit Three automakers and their suppliers against future market losses in the event of a fuel price spike. Third, regulatory certainty is valuable to automakers, and especially the Tier One suppliers, who are making the majority of fuel-saving technology investments in research, development and production capacity; the standards will allow them to realize returns on their investments and avoid stranded costs. Fourth, the analysis found that the standards provide significant benefits to suppliers, which make up a significantly larger portion of the economy than the automakers, and employ over half a million Americans - over two and a half times more people than the automakers. Specifically, the study found that Tier One auto suppliers stand to gain

[1] http://www.ceres.org/files/analyst-brief-economic-effects-on-us-automakers-and-suppliers/at_download/file

about $90 billion in increased orders for fuel-saving technology under the current standards (in the 2014-2025 time frame). Fifth, weakening the standards could make the U.S. an outlier among global regulatory regimes, and put the Detroit Three at a disadvantage because it would undermine their ability to achieve economies of scale through increased use of global platforms.

Finally, strong standards will serve to mitigate the economic risks associated with our continuing dependence on oil as well as climate change. In light of the volatility of fuel prices, strong standards are needed in order to reduce transportation costs for businesses and consumers. In addition, climate change presents significant long-term risks to the global economy, and to investors across all asset classes. Strong standards will serve to mitigate that risk by providing significant GHG reductions; the MY 2022-2025 standards would save approximately 537 million metric tons of GHG emissions, and reduce oil use by 1.2 billion barrels.[2]

In sum, the standards will strengthen the U.S. economy, provide the regulatory certainty needed to spur innovation, reduce both our dependence on oil and climate risk, save businesses and consumers money, and create jobs. Accordingly, we urge that EPA issue a Final Determination preserving the MY 2022-2025 standards.

Sincerely,

California State Teachers' Retirement System
Office of the New York State Comptroller
New York City Office of the Comptroller
Office of the Connecticut State Comptroller
ACTIAM
Breckinridge Capitol Advisors
Trinity Health
Presbyterian Church U.S.A.
Dignity Health
Trilogy Global Advisors LP
Dana Investment Advisors
Miller/Howard Investments, Inc.
NEI Investments
Pax World Management LLC
Walden Asset Management
Everence and the Praxis Mutual Funds
Trillium Asset Management
Domini Impact Investments LLC
Reynders, McVeigh Capital Management, LLC
Mercy Investment Services
Seventh Generation Interfaith Inc

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[2] Proposed Determination at 11
https://nepis.epa.gov/Exe/ZyPDF.cgi/P100OXEO.PDF?Dockey=P100OXEO.PDF

Sustainability & Impact Investing Group, Rockefeller Asset Management
First Affirmative Financial Network
Zevin Asset Management
The George Gund Foundation
Unitarian Universalist Association
Sonen Capital LLC
Green Century Capital Management
Friends Fiduciary Corporation
MissionPoint Partners
Arjuna Capital
Mennonite Education Agency
Tri-State Coalition for Responsible Investment
Sierra Club Foundation
Sisters of St. Dominic of Caldwell NJ
Christopher Reynolds Foundation
BVM Shareholder Education & Advocacy Group
ICCR (Interfaith Center on Corporate Responsibility)
Sisters of Saint Joseph of Chestnut Hill, Philadelphia, PA
Sisters of St. Francis of Philadelphia