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September 5, 2014

VIA EMAIL: A-and-R-Docket@epa.gov

Gina McCarthy, Administrator
Environmental Protection Agency
EPA Docket Center, Room 3334
1301 Constitution Ave., NW
Washington, DC 20460

Dear Ms. McCarthy

Subject: PROPOSED CARBON POLLUTION STANDARDS/EMISSION GUIDELINES FOR EXISTING POWER PLANTS – STATIONARY SOURCES: ELECTRIC UTILITY GENERATING UNITS (EGUS) (DOCKET ID NO. EPA-HQ-OAR-2013-0602)

I am writing on behalf of the California Public Employees' Retirement System (CalPERS). CalPERS is the largest public pension fund in the United States with approximately \$300 billion in global assets. CalPERS invests these assets on behalf of approximately 1.7 million members to deliver promised retirement and health benefits to retirees and their families and beneficiaries. CalPERS' portfolio includes holdings in over 9,000 publicly-traded companies within 47 global markets and additional ownership in private equity, fixed income and real assets.

I write this letter to encourage the Environmental Protection Agency (EPA) to promptly finalize the *Proposed Carbon Pollution Standards/ Emission Guidelines for Existing Power Plants – Stationary Sources: Electric Utility Generating Units (EGUs) Rule* (Proposed Rule). CalPERS believes the proposed limits on carbon emissions from existing electric power plants are an important step in mitigating systemic risk posed by climate change. CalPERS commends the EPA's work in proposing carbon pollution standards and supports the Proposed Rule's approach of allowing individual states to determine their respective approaches to implementing the standards.

CalPERS supports efforts to provide business and investors with incentives needed to transition to a clean energy economy.¹ CalPERS actively monitors many types of risk to achieve our long-

¹ Ceres petitioned the SEC for interpretive guidance on climate risk disclosure in 2009 http://www.ceres.org/files/Supplemental_Climate_Risk_Petition_Nov_23_2009.pdf/at_download/file and 2007, <http://www.sec.gov/rules/petitions/2007/petn4-547.pdf>. SEC provides interpretive guidance to public companies regarding the Commission's existing disclosure requirements as they apply to climate change matters, effective February 8, 2010. <http://www.sec.gov/rules/interp/2010/33-9106.pdf>.

term investment return objective. In monitoring and managing risks effectively, we believe that strong governance, along with effective management of environmental and human capital factors, increases the likelihood that companies will perform over the long-term.² As a long-term investor, CalPERS is keenly interested in risks that emerge slowly over time and have the potential to materially impact portfolio performance if not properly addressed.³ CalPERS believes risks due to climate change fit this category. CalPERS views the Proposed Rule as a useful measure in mitigating risks posed by climate change.

In our view, the Proposed Rule thoughtfully and thoroughly presents a building block approach in setting each state's goals and the best system of emission reduction. It also catalyzes energy efficiency and renewable energy deployment, which should benefit both CalPERS and other long-term investors with exposure to renewable energy companies. Additionally, the Proposed Rule includes both opportunity and flexibility for the electric power sector to determine the optimal way to invest in clean, efficient renewable resources, and grow the economy.

Thank you for your leadership and consideration. If you have any questions, please do not hesitate to contact Anne Simpson at (916) 795-9672.

Sincerely,

ANNE STAUSBOLL
Chief Executive Officer

cc: Theodore Eliopoulos, Interim Chief Investment Officer
Anne Simpson, Director of Global Governance

² CalPERS' Statement of Investment Policy for Investment Beliefs, Long term value creation requires effective management of three forms of capital: financial, physical and human, IV. B, July 22, 2014. <http://www.calpers.ca.gov/eip-docs/investments/policies/invo-policy-statement/investment-beliefs.pdf>

³ CalPERS' Statement of Investment Policy for Investment Beliefs, Risk to CalPERS is multi-faceted and not fully captured through measures such as volatility or tracking error, IX. C, July 22, 2014. <http://www.calpers.ca.gov/eip-docs/investments/policies/invo-policy-statement/investment-beliefs.pdf>