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U.S. Environmental Protection Agency
EPA Docket Center, Office of Air and Radiation,
Docket EPA-HQ-OAR-2025-0194
Mail Code 28221T
1200 Pennsylvania Avenue, NW
Washington, DC 20460

September 12, 2025

Subject: Reconsideration of 2009 Endangerment Finding and Greenhouse Gas Vehicle Standards Docket ID No. EPA-HQ-OAR-2025-0194

Dear Agency Officials,

On behalf of the California Public Employees' Retirement System (CalPERS), we appreciate the opportunity to provide comments regarding the Environmental Protection Agency (EPA) proposed rule, *Reconsideration of 2009 Endangerment Finding and Greenhouse Gas Vehicle Standards* ("proposed rule" or "proposal").

We are concerned about potential impacts of the EPA's proposed rule to rescind the 2009 Endangerment Finding and related greenhouse gas (GHG) emission standards for motor vehicles and urge the agency to reconsider its proposal. The proposed changes are likely to result in multiple short- and long-term negative consequences due to **regulatory uncertainty, diminished market competitiveness, and heightened economic and systemic risk**.

Climate change presents significant risks to both the economy and the financial market. As the largest public pension fund in the United States, CalPERS manages approximately $576 billion on behalf of more than 2.1 million public employees, retirees, and beneficiaries. To effectively manage the myriad direct and indirect climate-related risks our portfolio is exposed to across all timeframes, mitigating GHG emissions is paramount. Methane emissions, which are 30 times as potent as carbon dioxide over a 100-year period, are a particularly significant concern.[1] This is why we believe that effective regulations are essential for providing the stability needed for long-term investment. Rolling back these standards would undermine this stability, hindering our ability to responsibly manage our portfolio and protect the financial interests of our beneficiaries.

The first and most immediate consequence of this proposed rule would be the dismantling of a clear regulatory framework that has guided industry investment for over a decade. This action

[1] International Energy Agency, Global Methane Tracker 2023, https://www.iea.org/reports/global-methane-tracker-2023/overview

would likely trigger prolonged and complex legal challenges from various states, companies, and stakeholders. This protracted litigation would, in turn, create substantial regulatory uncertainty, making long-term capital allocation and business planning significantly more difficult. The potential for a "whipsaw" effect—in which a company invests based on new rules only to have them overturned soon thereafter—poses a direct risk to shareholder value. Furthermore, this proposal could create widespread uncertainty with respect to state authority and could lead to a fragmented market where different states adopt conflicting emissions standards, thereby increasing operational complexity and costs for manufacturers and consumers.

The global market is shifting toward a low-carbon economy. Major international competitors are heavily investing in electric vehicles, battery technology, and other clean energy solutions to meet global standards and consumer demand. By rolling back these regulations, the U.S. risks stifling domestic innovation and leaving American companies at a competitive disadvantage in a global market that is increasingly prioritizing sustainable technologies.

Moreover, the proposal's focus on deregulation overlooks several significant economic risks. Without a mandate for fuel efficiency, the nation's reliance on fossil fuels will likely persist, leading to continued exposure to volatile fuel prices and a lack of long-term economic resilience. More broadly, the financial industry—including central banks and major financial institutions—has increasingly recognized climate change as a systemic financial risk.[2] By repealing rules designed to mitigate this risk, the U.S. government is effectively increasing the vulnerability of the American economy to climate-related events and disruptions. This could result in higher insurance costs, a devaluation of assets, and greater overall financial instability, all of which are detrimental to investors and our beneficiaries.

In conclusion, while this repeal is intended to deregulate, it does not erase the investor-led market pressures related to global efficiency and emissions standards. Companies will likely maintain their current investments in cleaner technologies that reduce costs; however, the lack of a clear federal standard would create significant investment risk as companies could be faced with an unpredictable patchwork of future standards driven both by global markets and potential state-level actions. This outcome runs counter to our fiduciary duty to manage risk on behalf of our beneficiaries, and we therefore urge the EPA to reconsider this proposed rule.

We thank you for your consideration and welcome the opportunity to work with you on this important effort. Please do not hesitate to contact Travis Antoniono, Investment Director, Sustainable Investments, at (916) 795-2238, or Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance.

Sincerely,

Marcie Frost
Chief Executive Officer

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[2] The Federal Reserve, FEDS Notes – Climate Change and Financial Stability, https://www.federalreserve.gov/econres/notes/feds-notes/climate-change-and-financial-stability-20210319.html.