

17 April 2018

Dear Minister, cc Deputy Permanent Representative

Informal Energy Council – EU institutional investors' view

You meet in Sofia for the Informal Energy Council at a crucial moment in both the EU's deliberations on the Clean Energy Package, and the UNFCCC's negotiations on implementation of the historic Paris Agreement. As global leaders in the effort to meet the goal of an at least 2°C limit on global temperature rises, it is vital for the EU and its Member States to send strong, clear signals at the Informal about how it will fulfil – and indeed, step up – its commitments.

The Institutional Investors Group on Climate Change (IIGCC) is a network of over 150 European institutional investors overseeing more than €21 trillion in assets globally. Our members take a pro-active approach to managing the risks and opportunities related to climate change, and work through IIGCC whose central mission to mobilise capital for the low carbon future by amplifying the investor voice and collaborating with business, policy makers and fellow investors. In particular, we recognise that low carbon technologies, energy efficiency and renewables present significant investment opportunities which can promote economic growth in Europe and boost job creation, energy import savings, energy security, and citizens' health and wellbeing. This is why investors have not just welcomed but have been active participants in the recent shift towards renewable energy, which saw the highest growth rate of any energy source in 2017.

In parallel to stepping up investor commitments to sustainable and responsible investment, we also look to policy-makers to enable the scaling up and acceleration of this action with the right policy framework. Clear, long-term legislative programmes are critical to the ability of investors to assess and manage climate-related risks and to invest in opportunities that support a low carbon, more energy efficient and climate resilient world.

In this context, we were pleased to see that the position of the European Parliament has kept open the possibility of final agreements on governance of the Energy Union, energy efficiency and renewables which put in place the most cost-effective pathway to achieve the EU's 2030 targets and to realise the goals of the Paris Agreement. We now call on Ministers to recover a much-needed level of high-ambition:

- Energy Efficiency Directive

In our view, a 35% target is affordable given that the Commission's proposal assumes unrealistically high investment costs through the use of a single 10% discount rate rather than a more realistic, nuanced cost and benefit analysis. Having a target which is binding – and non-adjustable – at EU level also sends a very strong and positive signal to investors that legislators are serious about the target and that it will be implemented. Finally, the position on Article 7 ("Energy Savings Obligation") as voted by the European Parliament provides clarity to investors while at the same time allowing Member States to choose whichever measure or combination of measures they think best to meet their annual savings targets.

- Renewable Energy Directive

For investors, a target of an at least 30% share of energy coming from renewable sources by 2030, which is binding at EU level, would provide the confidence that regulators have faith in the future of this fast-growing sector.

- Governance Regulation

A strong framework to achieve both the energy efficiency and renewables targets in the EU is vital in order to provide investor confidence. Such a framework should be made up of clear provisions for

corrective measures in the event of any gaps in ambition to achieve the targets based on Member States' cumulative efforts, alongside sufficiently ambitious and frequent checkpoints over the period, based as much as possible on a predictable and stable trajectory. In addition, a role for private finance should be included in the national plans in order to provide transparency and sufficient detail in national policies. Finally, the Regulation should include a comprehensive 2050 strategy aligned with the objectives of the Paris Agreement, including a defined role for private finance as well as a long-term decarbonisation objective for the EU to be carbon neutral by 2050.

Such provisions will contribute to investor confidence in the EU's long-standing commitment to tackling climate change through robust policy-making, and support their decisions in allocating the capital needed to finance the low-carbon transition in Europe. We therefore call on you to put long-term, sustainable growth at the heart of your discussions in Sofia.

On behalf of the Institutional Investors Group on Climate Change,



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IIGCC Membership List March 2018

ACTIAM	HgCapital	South Yorkshire Pensions Authority
Aegon NL	HSBC Bank Pension Trust (UK) Limited	Stafford Sustainable Capital
Allianz Global Investors	HSBC Global Asset Management	Strathclyde Pension Fund
Amundi Asset Management	Impax Asset Management	Sycomore Asset Management
AP1 (First Swedish National Pension Fund)	Industriens Pension	Tellus Mater Foundation
AP2 (Second Swedish National Pension Fund)	Inflection Point Capital Management	TPT Retirement Solutions
AP3 (Third Swedish National Pension Fund)	Insight Investment	UBS Asset Management
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APG Asset Management	Joseph Rowntree Charitable Trust	Wermuth Asset Management
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BNP Paribas Asset Management	M&G Investments	
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BT Pension Scheme	Mercer Global Investments Europe Limited	Archbishops' Council
Caisse des Dépôts	Merseyside Pension Fund	Baptist Union of Great Britain
CalPERS	Mirova	Barrow Cadbury Trust
CBRE Investors	Mistra	BMS World Mission
CCLA Investment Management	MN	Charles Plater Trust
Central Finance Board of the Methodist Church	MP Investment Management	Christian Aid
CF Partners Services (UK) Limited	MPC Renewable Energies GmbH	Church in Wales
Church Commissioners for England	NEST	Church of Scotland
Church of England Pensions Board	Newton Investment Management	CIG South Africa
Church of Sweden	NextEnergy Capital Ltd	Diocese of Salford
CPEG (Caisse de prévoyance de l'Etat de Genève)	NN Group	Diocese of Westminster
Danske Bank	Nordea Investment Funds	Friends Provident Foundation
Deutsche Asset Management	Northern Trust Asset Management	Jesuits in Britain
Devon County Council	OFI Asset Management	Lutheran Council of Great Britain
Dragon Capital Group Ltd.	Ohman	Order of Preachers
Earth Capital Partners	Old Mutual Wealth	Panahpur
EdenTree Investment Management Ltd	OU Endowment Management	Polden-Puckham Charitable Foundation
Elo Mutual Pension Insurance Company	P+(DIP/JOEP)	Religious Society of Friends
Environment Agency Pension Fund	Pædagogernes Pension (PBU)	Representative Church Body of the Church of Ireland
ERAFP	PenSam	Roman Catholic Diocese of Plymouth
Finance in Motion	PensionDanmark	Roman Catholic Diocese of Portsmouth
Fonds de Réserve pour les Retraites	PFA Pension	Scottish Episcopal Church
Generation Investment Management LLP	PGGM	Servite Friars
Glenmont Partners	Pictet Asset Management	Trustees of the Methodist Church in Ireland
Greater Manchester Pension Fund	PKA	United Reformed Church Ministers Pension Fund
Guardian Media Group PLC	Rathbone Greenbank Investments	United Reformed Church South Western Synod
Hartree Partners	Robeco	United Reformed Church Trust
Hermes Investment Management	Royal London Asset Management	United Reformed Church Wessex Synod
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