Dear Minister, cc Deputy Permanent Representative

Energy Council - EU Institutional investors’ view

Following President Trump’s decision to withdraw the US from the Paris Agreement on Climate Change, we are encouraged to see the EU continuing and indeed stepping up its longstanding leadership and commitment to climate action by getting on with the task of implementing one of the most historic and important multilateral accords of recent years. Part of this implementation takes the form of the energy efficiency legislation which you will be discussing and deciding on at the upcoming Council of Energy Ministers on 26th June.

As institutional investors overseeing over €18 trillion in assets across nine European countries, we know that doing the right thing by the planet also makes sound economic sense. Investors recognise that mitigation of climate change is essential for the safeguarding of investments. We also see energy efficiency, low carbon technologies and renewable energy presenting significant investment opportunities which can foster economic growth in Europe and boost job creation, energy import savings, energy security, and citizens’ health and wellbeing. As investors, we are therefore stepping up our commitments to sustainable and responsible investment.

We strongly welcomed the Commission’s Clean Energy Package when it was published last November. But we are concerned by the apparent likelihood of these proposals being watered down in the Council, and by the risk that the final agreements do not deliver the most cost-effective path to achieving the 2030 climate and energy targets. It is therefore vital that Member States do their part in setting an appropriate and enduring policy framework to support low carbon investment today and for the future, by facilitating markets for green mortgages, retrofit bonds and energy efficiency payment for performance. At the Council, we strongly encourage you to support the following measures:

- A long-term decarbonisation objective embedded into Clean Energy Package legislation, which is aligned with the Paris Agreement and contains an investment strategy including the role of private finance.

- An at least 30% energy efficiency target which is binding at EU level, to send a clear and positive signal to investors, banks and companies, and to allow Member States to decarbonise swiftly enough to ensure a smooth transition to a low carbon economy. To reassure those with cost-effectiveness concerns, it should be noted that 30% is already overly conservative because it assumes unrealistically high investment costs through the use of a single, 10% discount rate rather than a more realistic, nuanced cost and benefit analysis.

- We support the extension of annual energy savings obligations post 2020 and recommend increasing ambition beyond the current level of 1.5%.

- Throughout the package, green and energy efficiency investment must be properly identified and ‘tagged’, and measurement must be based on actual - rather than measured - energy performance. This is necessary to develop, evaluate and improve financial instruments.

The financial sector will not be able to allocate sufficient capital to clean energy without policies like these to address investors’ needs. President Trump made a mis-guided decision in this regard; conversely, the EU has an opportunity to seize. We call on you to make your decisions the right ones.

On behalf of the Institutional Investors Group on Climate Change,

Stephanie Pfeifer, IIGCC CEO

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IIGCC Membership June 2017

Aegon
Allianz GI
Amundi Asset Management
AP1 (First Swedish National Pension Fund)
AP2 (Second Swedish National Pension Fund)
AP3 (Third Swedish National Pension Fund)
AP4 (Fourth Swedish National Pension Fund)
AP7 (Seventh Swedish National Pension Fund)
APG Asset Management
ATP
Aviva Investors
AXA Group
Bailie Gifford & Co
BBC Pension Trust
Bedfordshire Pension Fund
BlackRock
BMO Global Asset Management
BNP Paribas Asset Management
BT Pension Scheme
Caisse des Dépôts
CalPERS
CB Richard Ellis
CCLA Investment Management
Central Finance Board of the Methodist Church
CF Partners (UK) LLP
Church Commissioners for England
The Church of England Pensions Board
Church of Sweden
Climate Change Capital
Danske Bank
Deutsche Asset Management
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Dragon Capital Group Ltd.
Earth Capital Management
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Environment Agency Pension Fund
Environmental Technologies Fund
ERAIF
First State Investments
Fonds de Réserves pour les Retraites (FRR)
Generation Investment Management LLP
Greater Manchester Pension Fund
Guardian Media Group Plc
Hartree Partners
Hermes Investment Management
HgCapital
HSBC Investments
HSBC Bank Pension Trust (UK) Limited
Impax Asset Management
Inflection Point Capital
Insight Investment
Janus Henderson Investors International
JOEP
Joseph Rowntree Charitable Trust
JP Morgan Asset Management
Kempen Capital Management
Kent County Council Pension Fund
Kleinwort Benson Investors
La Banque Postale
Laegernes Pension
Legal & General Investment Management
London Borough of Islington Pension Fund
London Borough of Newham Pension Fund
London Pensions Fund Authority
Low Carbon Ltd
M&G Real Estate
Marguerite Advisor S.A.
Mayfair Capital Investment Management
Mercer Global Investments Europe Limited
Merseyside Pension Fund
Mirova
Mistra
Mn Services
MPC Capital
National Employment Savings Trust (NEST)
NextEnergy Capital Ltd
Nordea Investment Funds
Northern Trust Asset Management
OFI Asset Management
Ohman
OU Endowment Management
PBU
PenSam
PensionDanmark
The Pensions Trust
PFA Pension
PGGM Investments
Pictet Asset Management
PKA
Railpen Investments
Rathbone Greenbank Investments
Robeco
Royal London Asset Management
Russell Investments
Sampension
Sarasin & Partners LLP
South Yorkshire Pensions Authority
Stratchclyde Pension Fund
Tellus Mater Foundation
Temporis Capital
Unipension Fondsmaælkerselskab
Universities Superannuation Scheme
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Wermuth Asset Management
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Friends Provident Foundation
Heart of England Baptist Association
Jesuits in Britain
Lutheran Council of Great Britain
Order of Preachers
Panapur
Polden-Puckham Charitable Foundation
Religious Society of Friends
Representative Church Body of the Church of Ireland
Roman Catholic Diocese of Plymouth
Roman Catholic Diocese of Portsmouth
Scottish Episcopal Church
Servite Friars
The Church in Wales
Trustees of the Methodist Church in Ireland
URC Ministers Pension Fund
URC South Western Synod
URC Trust
URC Wessex Synod
William Leech Foundation