13th February, 2013

Dear Members of the Environment Committee

Ahead of the Environment Public Health and Food Safety (ENVI) committee meeting scheduled for 19th February, the Institutional Investors Group on Climate Change (IIGCC), whose members represent EUR 7.5trillion in assets under management, calls on MEPs to support the European Commission’s proposal to postpone the auction of carbon permits under the EU ETS.

The collapse of the carbon price and the direction of EU energy policy is creating uncertainty amongst investors and weakening the case for investment in Europe’s low-carbon sector. IIGCC has supported the implementation of carbon markets because we believe that a market mechanism placing a price on carbon emissions can help to drive emission reductions by catalysing innovation and driving investment in low carbon solutions.

In April 2012, our members supported a statement1 calling for an immediate action to define and implement, as soon as possible, the back-loading of carbon allowances to be followed by a structural review.

We, as a group of 81 investors with significant investment in the European power and industrial sectors, are calling for urgent action and call on the Environment Committee to vote in favour of amendments supporting back-loading and the Climate Change Committee to endorse the proposal as soon as possible.

Back-loading carbon credits is a crucial first step in tackling the structural problems underlying the Emissions Trading Scheme. A ‘yes’ vote would send a positive signal about the European Parliament’s commitment to its flagship emissions reduction scheme and begin to restore investor confidence in the EU’s energy policy.

We are happy to discuss this in further detail at your earliest convenience.

Yours sincerely,
On behalf of the IIGCC

Donald MacDonald
Chairman, IIGCC, Trustee Director of BT Pension Scheme

1 See IIGCC Statement on EU ETS Reform, 18th April, 2012.
Amundi
AP1 (First Swedish National Pension Fund)
AP2 (Second Swedish National Pension Fund)
AP3 (Third Swedish National Pension Fund)
AP4 (Fourth Swedish National Pension Fund)
APG Asset Management
ATP
Aviva Investors
AXA Real Estate
Baptist Union of Great Britain
BBC Pension Trust
Bedfordshire Pension Fund
BlackRock
BMS World Mission
BNP Paribas Investment Partners
BT Pension Scheme
CB Richard Ellis
CCLA Investment Management
Central Finance Board of the Methodist Church
CF Partners (UK) LLP
Church Commissioners for England
Church of Sweden
Climate Change Capital
Co-operative Asset Management
Corporation of London Pension Fund
Dragon Capital Group Ltd.
Earth Capital Partners
Environment Agency Pension Fund
Environmental Technologies Fund
ERAFP
Ethos Foundation
F&C Management Ltd
Five Oceans Asset Management
Generation Investment Management LLP
Greater Manchester Pension Fund
Grosvener Fund Management
Henderson Global Investors
Hermes
Hermes GPE LLP
HgCapital
HSBC Investments

Hudson Clean Energy Partners
Impax Asset Management
Insight Investment
Joseph Rowntree Charitable Trust
Kent County Council Pension Fund
Kleinwort Benson Investors
Legal & General Investment Management
London Borough of Hounslow Pension Fund
London Borough of Islington Pension Fund
London Borough of Newham Pension Fund
London Pensions Fund Authority
Low Carbon Investors Pte Ltd
Mayfair Capital Investment Management
Merseyside Pension Fund
Mercer Global Investments Europe Limited
Mn Services
Northern Trust
Nordea Investment Funds
Osmosis Investment Management
PGGM Investments
PKA
Platina Partners
PRUPIM
Railpen Investments
Robeco
Sampension
Saras & Partners LLP
Scottish Widows Investment Partnership
South Yorkshire Pensions Authority
Temporis Capital
The Church of England Pensions Board
The Church in Wales
The Roman Catholic Diocese of Plymouth
The Roman Catholic Diocese of Portsmouth
The Roman Catholic Diocese of Salford
United Reformed Church
Universities Superannuation Scheme
West Midlands Metropolitan Authorities Pension Fund
West Yorkshire Pension Fund
William Leech Charitable Trust