



# Climate & Energy Initiatives: The U.S. Perspective

David Gardiner

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# Overview



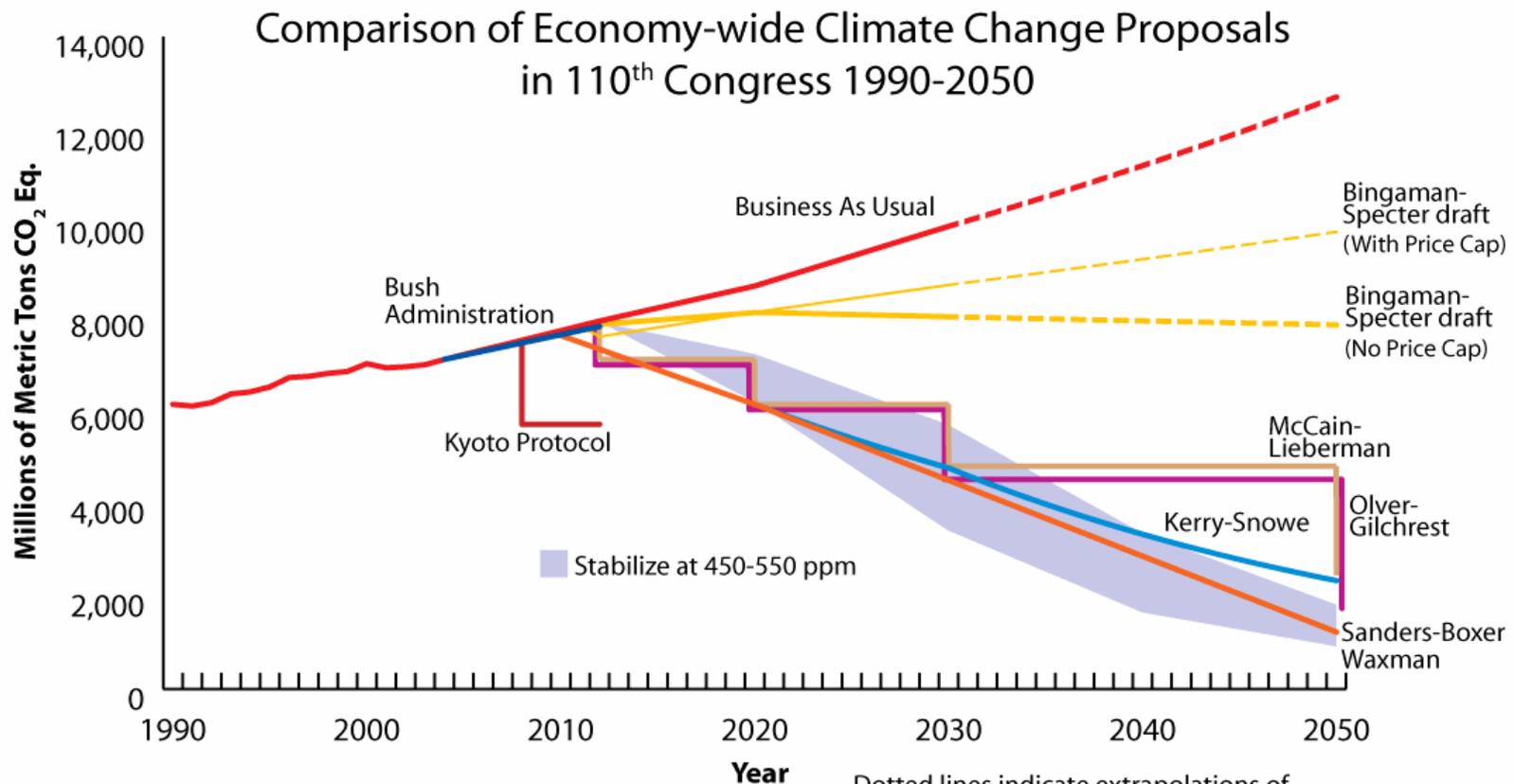
- Key Drivers in U.S.
  - Climate Policy
  - Energy Policy
  - Investors and Business
- What banks can do

# U.S. Climate Policy



- President Bush State of the Union:
  - Acknowledged the threat of global warming
  - 20% reduction in gasoline usage in 10 years
  - Mileage increase for cars, SUVs, and pickups to 34 mpg by 2017
  - 35 billion gallons of renewable and “alternative” fuels by 2017
- Carbon cap and trade proposals proliferating
- State governments are leading policy development

# Climate Bills in the 110<sup>th</sup> Congress



 WORLD RESOURCES INSTITUTE

Dotted lines indicate extrapolations of Energy Information Administration projections  
Modified: May 10, 2007

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# States with GHG Emission Targets

- In the absence of national leadership, states are taking the lead
- CA = a key leader
- FL, HI, IL, MN, NJ, OR, WA all passed laws in 2007



Source: Pew 2007

# Industry-Specific State Action

Twelve states (green) have adopted California's auto emissions tailpipe standard; five more (yellow) are considering joining.

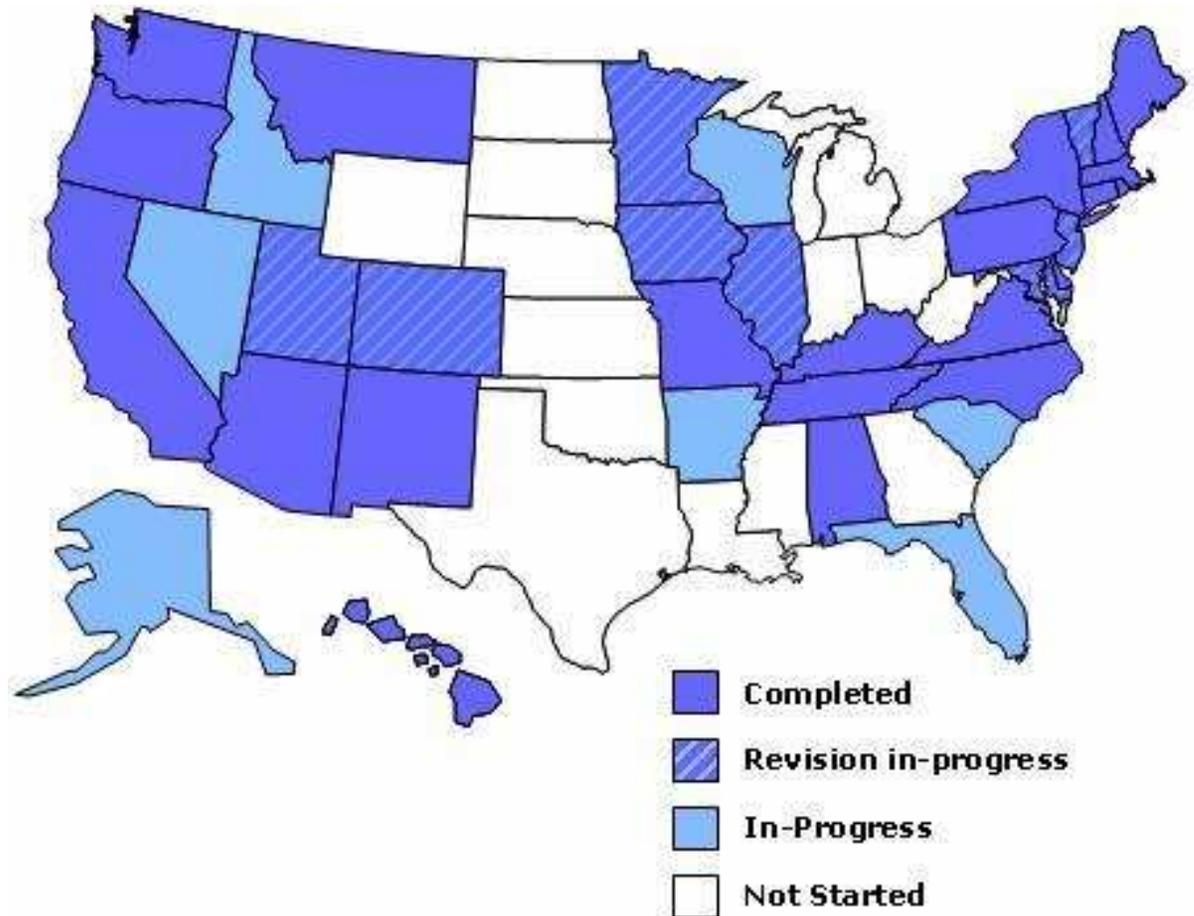


Source: [www.greencarcongress.com](http://www.greencarcongress.com),  
as of April 2007

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# States with Climate Action Plans

- States taking action to reduce their contribution to climate change



Source: Pew, September 2007

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# Energy Policy a Key Driver

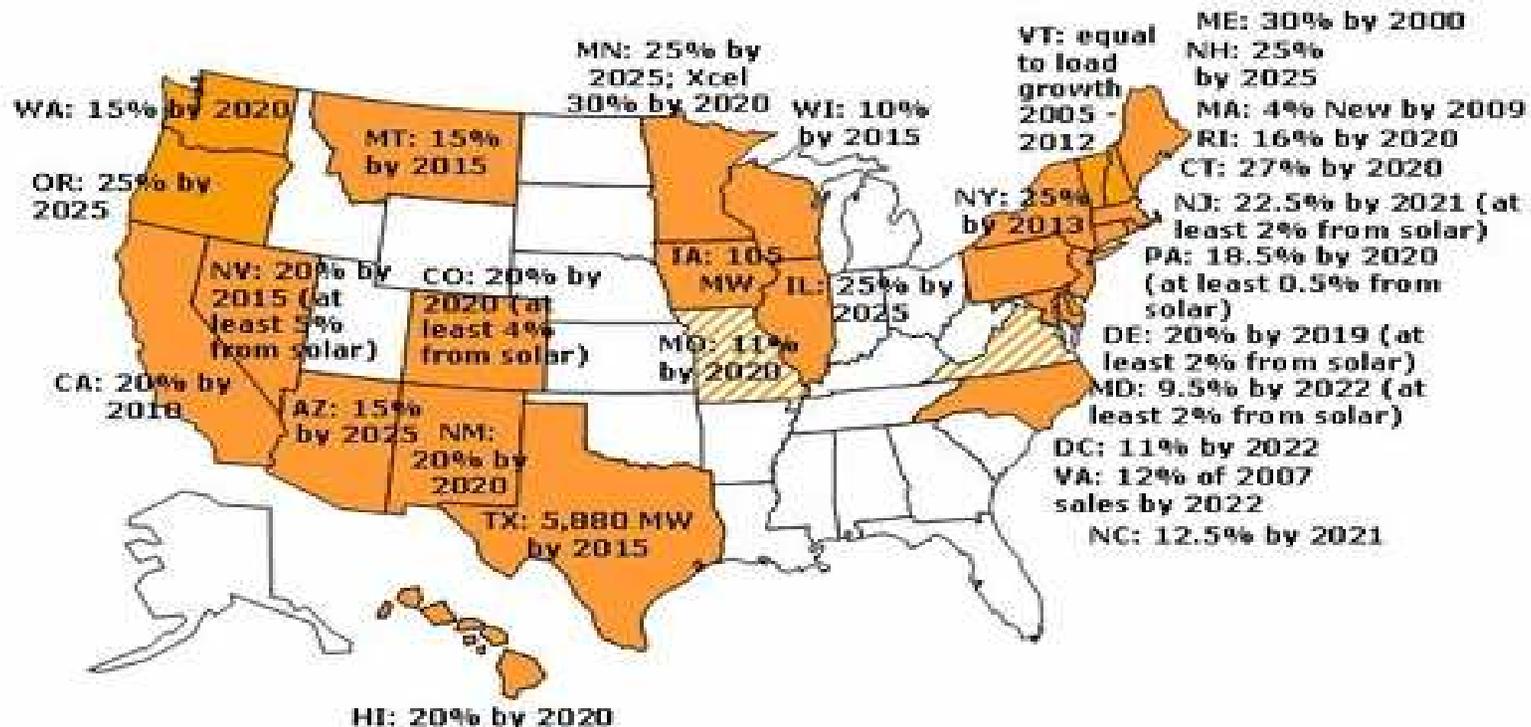


- Clean energy policies will be a stronger short-term driver than climate
  - High and volatile energy prices
  - National security
  - Economic opportunities
- Clean energy policies are proliferating
  - Renewable electricity
  - Renewable fuels
  - Energy efficiency in buildings and cars
- States driving new policies

# Congressional Energy Bills

	<b>HOUSE</b>	<b>SENATE</b>
<b>RPS</b>	15% by 2020 (up to 4% can be from efficiency)	<i>None</i>
<b>Tax title</b>	Repeals ~\$16 billion in oil industry tax breaks to pay for RE & EE credits, including extending the PTC	<i>None</i>
<b>Fuel efficiency</b>	<i>None</i>	35 mpg by 2020
<b>RFS</b>	<i>None</i>	36 billion gallons by 2022, with specific increases each year between 2008 and 2022

# Renewable Portfolio Standards



Source: Pew, August 2007



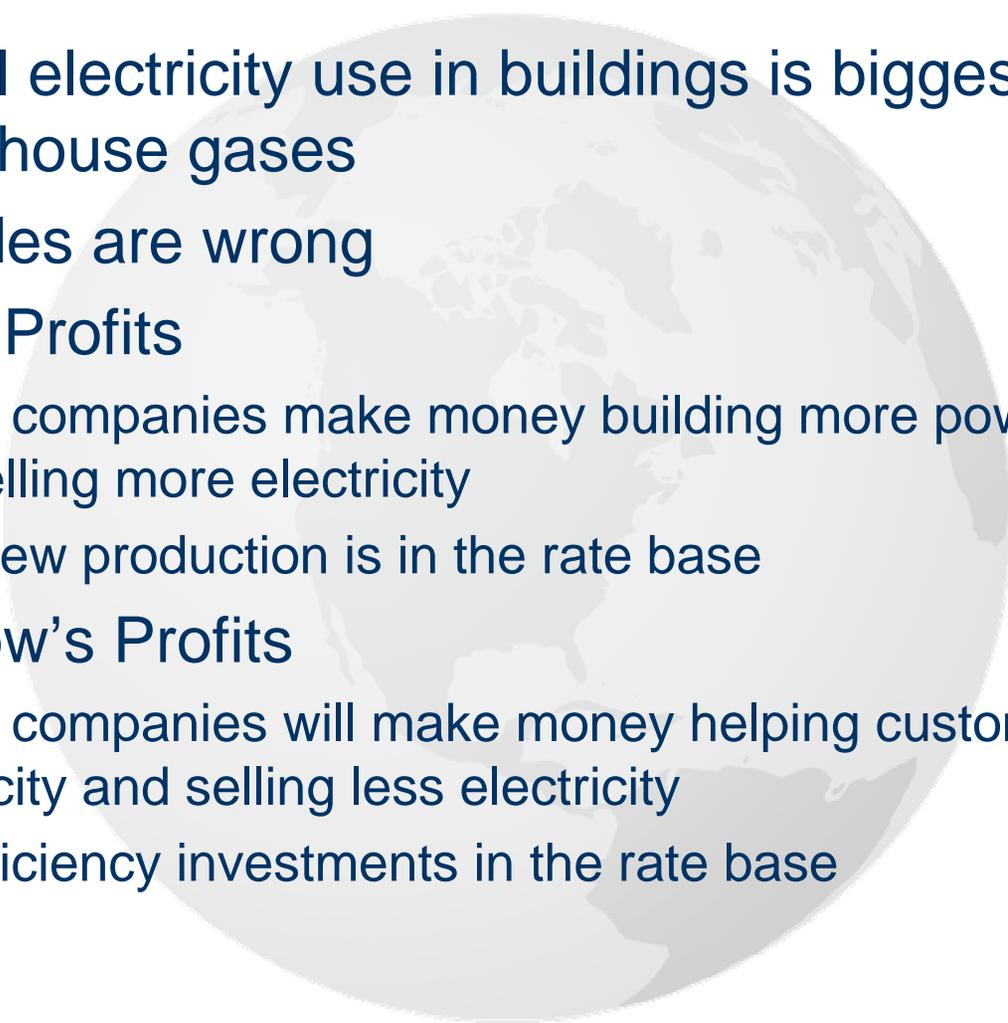
Mandatory RPS



RPS implemented through voluntary utility commitments

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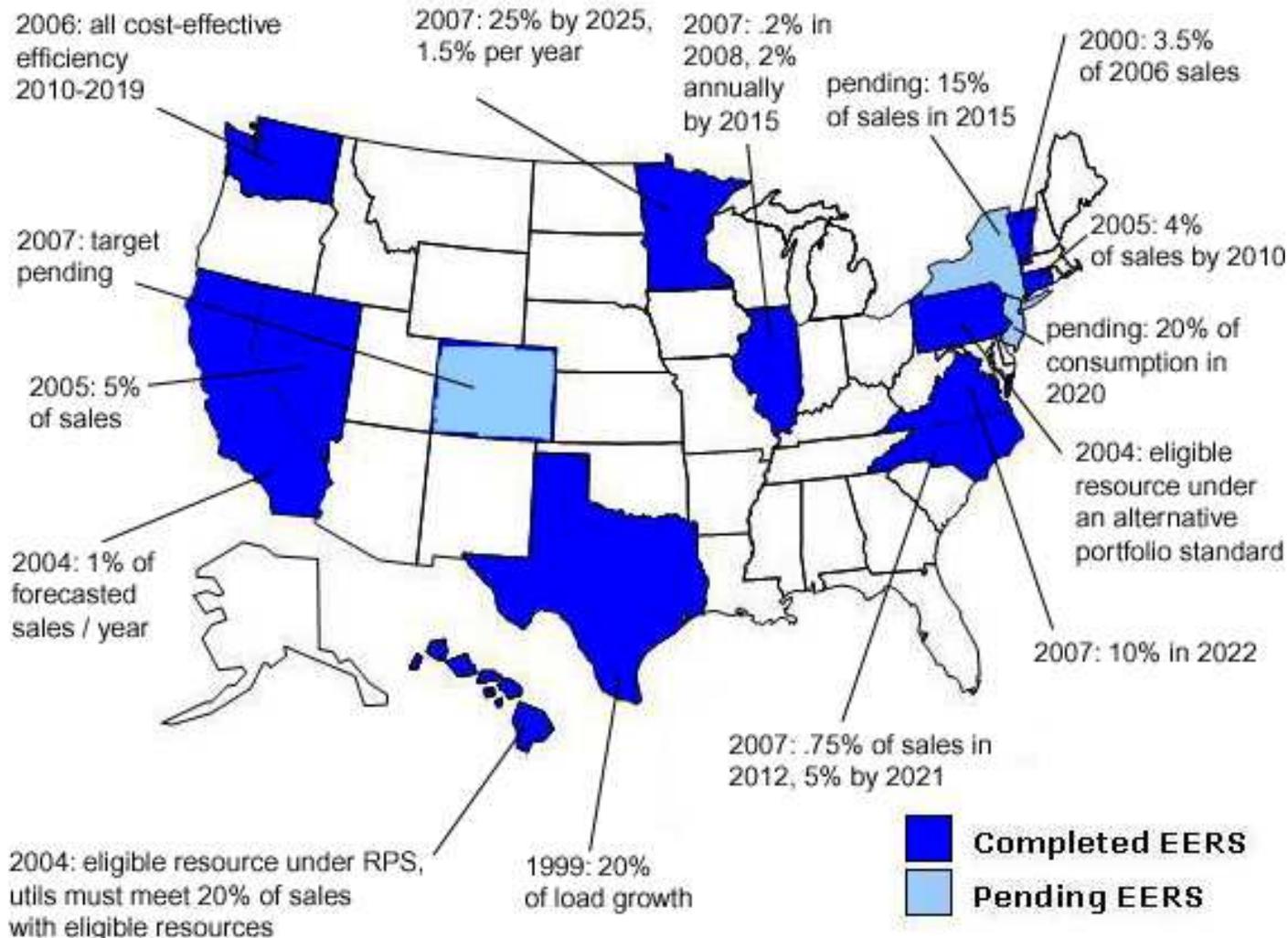
# Transforming Electric Power



- Wasteful electricity use in buildings is biggest source of greenhouse gases
- Utility rules are wrong
- Today's Profits
  - Power companies make money building more power plants and selling more electricity
  - Only new production is in the rate base
- Tomorrow's Profits
  - Power companies will make money helping customers save electricity and selling less electricity
  - Put efficiency investments in the rate base

# Energy Efficiency Resource Standards

## Energy efficiency standards for power companies



Source: Pew, 2006, updated DGA 2007

# California: Integrating Climate & Energy



- Global Warming Cap and Trade system
  - 1990 levels by 2020
  - Enforceable statewide trading cap starting in 2012
- Auto tailpipe standards
  - 30% reduction in emissions by 2014
- Low carbon fuel standard
  - 10% reduction of carbon intensity by 2020
- Renewable Portfolio Standard
  - 20% by 2018
- Stronger electricity energy efficiency standard
  - 1% of sales per year now, more to come

# Driver of the Debate: Business



- Climate and energy leadership
  - Business wants certainty
  - Active shareholder movement
  - High carbon investment viewed as risky
    - Coal-fired power plants
    - Tar sands
    - Oil Shale
  - New focus on economic opportunities
  - Strong policy statements and engagement

# Investors & Policy

Alcoa  
Allianz SE  
BP America  
DuPont  
Sun Microsystems  
Turner Enterprises

AFSCME  
CalPERS  
CalSTRS  
SEIU Master Trust Fund  
UNITE HERE  
United Steelworkers

Boston Common Asset Mgmt.  
Calvert  
Domini Social Investments  
Merrill Lynch

California, Connecticut, Kentucky,  
Maine, Maryland, New Jersey, New  
York, North Carolina, Oregon,  
Vermont, Washington

New York City

## Capital to the Capitol:

Investors and Business  
for U.S. Climate Action

March 19, 2007 • WASHINGTON, DC



- **65 investors and businesses worth more than \$4 trillion call for:**
- National climate policy reduce GHG emissions 60-90% below 1990 levels by 2050
- Realign energy and transportation policy to stimulate investment in clean technology
- SEC guidance on climate disclosure

**For a complete list of companies, see  
[www.ceres.org](http://www.ceres.org)**

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# Beyond green products: What banks can do

- Revamp carbon finance policies
  - Investment portfolio carbon cap - Bank of America
  - Beware high carbon investments
- Support clean energy and climate policy
  - Changing utility rules for efficiency/renewables
  - Building and auto efficiency standards
  - Put a price on carbon
  - 60-80% reductions by 2050
- Promote consumer benefits to all

# Summary



- Climate policy is moving forward
- Clean energy policy will move faster
- Investors and Business are engaging in and driving climate and energy debate
- Banks can step up policy engagement and develop policies to limit climate risky investments

# For more information

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