



September 23, 2020

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 5th Floor
Boston, MA 02110

Dear Secretary Marini,

As long-term investors with over \$40 billion in assets under management and advisement, we write to express support for the Massachusetts Attorney General's petition requesting that the Department of Public Utilities (DPU) perform an investigation into the future of the natural gas industry, with the goal of achieving a reliable, fair, and clean energy transition.¹ Similar undertakings have occurred in California² and New York³ as important steps in their paths toward decarbonization.

The Intergovernmental Panel on Climate Change's (IPCC) 2018 report clearly lays out the magnitude of the disaster facing us should we not take urgent action.⁴ Already companies are experiencing material costs and disruptions from climate change impacts including increased frequency of extreme storm and fire events, rising temperatures, supply chain disruptions, and loss of worker productivity, among others. In 2019, PG&E was thrust into the limelight for becoming what the Wall Street Journal referred to as the first "climate bankruptcy"—a signal of more to come.⁵

As investors, we are eager to see our natural gas-reliant companies transition to sustainable, long-term business models aligned with the Paris Climate Agreement, reducing the uncertainty and risk increasingly associated with fossil-heavy energy sourcing. Companies that do not act with deliberation and speed are likely to miss market opportunities, lag their competitors and, ultimately, lose value.

The changing economics of the low carbon energy market support this concern. Electric technologies like heat pumps are becoming increasingly cost-effective when compared to traditional natural gas

¹ The Office of the Massachusetts Attorney General, "Re: Petition of the Office of the Attorney General Requesting an Investigation into the impact on the continuing business operations of local gas distribution companies as the Commonwealth achieves its 2050 Climate Limits," 2020. <https://www.mass.gov/doc/dpu-gas-petition/download>

² The Public Utilities Commission of California, "Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and Perform Long-Term Gas System Planning," 2020. <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M324/K792/324792510.PDF>

³ "Proceeding on Motion of the Commission in Regard to Gas Planning Procedures," New York State Department of Public Service, 2020. <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=20-G-0131&submit=Search>

⁴ Intergovernmental Panel on Climate Change, "Global Warming of 1.5°C," 2018. <https://www.ipcc.ch/sr15/>

⁵ Russel Gold, "PG&E: The First Climate-Change Bankruptcy, Probably Not the Last," *The Wall Street Journal*, 2019. <https://www.wsj.com/articles/pg-e-wildfires-and-the-first-climate-change-bankruptcy-11547820006>



heating systems, including in colder climates.⁶ Heat pump and induction stove technologies improve indoor air quality and health and promote the decarbonization of buildings as power generation decarbonizes and decreases in cost.^{7,8} Strong policy direction can provide greater confidence and security to gas distribution companies as they map their future investments in these and other low carbon technology, while simultaneously spurring innovation that will benefit all.⁹

In the U.S., the commercial and residential building sector accounts for 12.3% of the nation's total carbon emissions.¹⁰ In Massachusetts, building heat is the second highest source of emissions for the state¹¹ and Massachusetts is among the top 10 states nationally for highest building emissions.¹² Natural gas infrastructure investments can have operational lifetimes of 40 or more years. As more cost effective energy technology is developed, carefully planning the gas to electric system transition will help Massachusetts avoid burdening ratepayers with maintenance of an aging gas system and minimize the risk of premature infrastructure stranding that creates losses for shareholders and ratepayers.

Early planning can also ensure that socioeconomically vulnerable communities are the first in line to receive the benefits of transitioning off natural gas as outlined above, and do not become saddled with higher costs as customers electrify and leave a smaller pool of ratepayers to maintain an increasingly outmoded and costly gas system. Similarly, thoughtful planning can identify and address potential disruptions and opportunities for workers.

The undersigned investors representing over \$40 billion assets under management therefore urge the DPU to open a proceeding consistent with the petition of the Attorney General to assist Massachusetts in planning for a managed and equitable energy transition. The proposed investigation can help Massachusetts achieve the Global Warming Solutions Act's commitment of 80 percent emissions reductions economy-wide by 2050, while ensuring the transition causes as little economic disruption as possible and is carried out in a just and equitable manner.¹³ Such coordination and planning will not only help ensure successful business planning but will position Massachusetts to lead in the creation of a sustainable future for all.

⁶ "The Economics of Electrifying Everything," Rocky Mountain Institute, 2018. <https://rmi.org/insight/the-economics-of-electrifying-buildings/>

⁷ David Roberts, "Gas stoves can generate unsafe levels of indoor air pollution," *Vox*, 2020. <https://www.vox.com/energy-and-environment/2020/5/7/21247602/gas-stove-cooking-indoor-air-pollution-health-risks>

⁸ "Gas Stoves: Health and Air Quality Impacts and Solutions," Rocky Mountain Institute, 2020. <https://rmi.org/insight/gas-stoves-pollution-health/>

⁹ Justin Gerdes, "Massachusetts Pilot Project Offers Gas Utilities a Possible Path to Survival," *Greentech Media*, 2020. https://www.greentechmedia.com/articles/read/can-gas-companies-evolve-to-protect-the-climate-and-save-their-workers?utm_medium=email&utm_source=Daily&utm_campaign=GTMDaily

¹⁰ "Sources of Greenhouse Gas Emissions," Environmental Protection Agency. <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

¹¹ The Office of the Massachusetts Attorney General, "Re: Petition of the Office of the Attorney General Requesting an Investigation into the impact on the continuing business operations of local gas distribution companies as the Commonwealth achieves its 2050 Climate Limits," 2020. <https://www.mass.gov/doc/dpu-gas-petition/download> pp. 2

¹² "The Impact of Fossil Fuels in Buildings," Rocky Mountain Institute, 2019. <https://rmi.org/insight/the-impact-of-fossil-fuels-in-buildings/>

¹³ "Global Warming Solutions Act Background," Massachusetts Executive Office of Energy and Environmental Affairs. <https://www.mass.gov/service-details/global-warming-solutions-act-background>



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We look forward to Massachusetts joining the vanguard and inspiring other states to follow its leadership.

We would be happy to discuss such matters further. To schedule a dialogue, please contact Lila Holzman, Energy Program Manager at lholzman@asyousow.org.

Sincerely,

Danielle Fugere
President
As You Sow

Investor signatories:

Boston Trust Walden
Congregation of Sisters of St. Agnes
Dana Investment Advisors
Dominican Sisters of Sparkill
Everence and the Praxis Mutual Funds
Figure 8 Investment Strategies
Leadership Team of the Felician Sisters of North America
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Seventh Generation Interfaith Investments
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