

From: Springer, Darren [Darren.Springer@vermont.gov]
Sent: Thursday, April 14, 2016 5:32 PM
To: GPS; Gray, Laura; Coriell, Scott
Subject: Fwd: Op Ed draft 2
Attachments: OpEd-Erickson-Divestment-14Apr16.docx; ATT00001.htm

Should be running soon....

Sent from my iPhone

Begin forwarded message:

From: Jon Erickson <Jon.Erickson@uvm.edu>
Date: April 14, 2016 at 4:25:28 PM EDT
To: "Springer, Darren" <Darren.Springer@vermont.gov>
Subject: Op Ed draft 2

Hi Darren,

Attached is the op ed. Thanks for the start. I'm ready to submit this to BFP. I'd welcome any feedback, edits, wordsmithing, etc. before I send. Hopefully the timing is right for a Sunday or Monday release. We'll see.

I hope to see you on Monday,
Jon

Vermont Divestment Makes Economic Sense

Governor Peter Shumlin and a majority in Vermont's House and Senate have called for divestment of state pension funds from coal and ExxonMobil.

The environment and economy are seen in conflict so often, that it may be shocking for many to learn that with divestment, the environmental and economic bottom lines are in full alignment. Coal becomes a worse investment every day.

The environmental case for divestment, we all know, is clear. It becomes even stronger with revelations that ExxonMobil's own climate scientists told executives for decades the human causes and consequences of climate change.

But for many, divestment is an economic issue. If we want to talk about the risk of fossil fuel stocks losing value as the global community moves away from fossil fuels, coal is exhibit A.

President Obama has halted new coal mining on federal lands, and coal's share of electric generation has plummeted. Many large coal companies have gone belly up, and this week the world's largest, Peabody, filed for bankruptcy. The Dow Jones Coal Index has free-fallen from nearly 750 eight years ago to the low 30's today. Even China is closing thousands of coal mines.

Chiza Vitta, a metals and mining analyst with the credit rating firm Standard & Poor's, noted that: "There are always going to be periods of boom and bust. But what is happening in coal is a downward shift that is permanent." As the recent New York Times article, "As Coal's Future Grows Murkier, Banks Pull Financing," pointed out, this is not a typical cyclical issue.

Some members of Vermont's Pension Investment Committee (VPIC) have raised fears that investment managers will charge exorbitant fees to sell our few coal stocks and never buy more. Our experience at the University of Vermont tells a different story. In recent years, some generous UVM donors have made their support conditional on investing in a portfolio without fossil fuel or nuclear power corporations. Not only were our fund managers able to create a Green Fund at normal costs, but it has far outperformed the University's broader portfolio.

The good news is that following action in the legislature, VPIC and State Treasurer Beth Pearce have agreed to work on these issues again after previously rejecting broad fossil fuel divestment. At the University of Vermont, we had a similar movement for broad fossil fuel divestment that was ultimately rejected. Perhaps this new action on the state level will encourage our Board of Trustees to take another look at divestment. The Governor is coming to UVM to talk with students, staff and faculty about divestment on April 18th, ahead of a very important date on May 3rd when the Treasurer is scheduled to report back with preliminary recommendations to legislators on divestment.

As someone who works with students every day, I fear they see our leaders speak to the urgency of action on climate change in one breath, but delay the first steps in the next. We

have the opportunity to show our children, the nation, and indeed the world that Vermont takes climate change seriously by putting our money where our mouth is. This targeted divestment is a modest step in the right direction.

The eyes of many will be on the State House on May 3rd. I hope that VPIC will rise to the occasion and protect our public pension funds and uphold our commitment to transition away from fossil fuels by recommending steps to divest.

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