

**From:** Gray, Laura [Laura.Gray@vermont.gov]  
**Sent:** Monday, February 01, 2016 1:35 PM  
**To:** Springer, Darren  
**Subject:** RE: DIVEST DRAFT Exec Privilege  
**Attachments:** Coal Divestment.docx

**Here's the draft. PDF won't preserve hyperlinks so here's word too.**

**Coal Divestment:**

The governor has called for our state to divest its pension funds from coal companies, Exxon Mobil and to study full divestment from fossil fuels.

“Our small state must partner with California, which manages hundreds of billions of dollars of state funds, and divest Vermont of coal. Let’s remember Vermont is downwind of the coal fired plants to our West; we’re the tailpipe to their dirty energy choices. Their pollution sickens our children, creates acid rain, dumps mercury on our forests and in our lakes and increases greenhouse gas emissions.”

**Coal and ExxonMobil divestment are good for the planet and consistent with Vermont’s strategic goals:**

- The combustion of coal resources is the single largest contributor to global climate change in the United States.
- Climate change affects all parts of the Vermont economy and environment, and the Legislature has adopted numerous laws to mitigate greenhouse gas emissions and to adapt to a changing climate. Investing in coal is inconsistent with and contradictory to the state’s future:
  - The legislature enacted requirements to reduce emissions of greenhouse gases from the 1990 baseline by (1) 25 percent by January 1, 2012; (2) 50 percent by January 1, 2028; and (3) if practicable using reasonable efforts, 75 - 90 percent by January 1, 2050. 10 V.S.A. § 578. The effects of coal combustion on emissions is undisputed.
  - In 2015 the Senate passed a resolution finding that “climate change is a real and present danger to the health and well-being of all Vermonters, that human activities make a substantive contribution to climate change, and that it is imperative Vermont fulfill its stewardship responsibilities, as expressed in the State’s statutory goals for reduced greenhouse gas emissions, by taking steps now to reduce its reliance on fossil fuels,” [SR 7](#).
  - The state has also participated in a number of aspirational agreements including the [Under2MOU](#), bringing together 127 jurisdictions around the world to commit to greenhouse gas reductions with the goal of limiting warming to below 2°c, which Intergovernmental Panel on Climate Change scientists say is needed to avoid dangerous climate change.
- Being invested in coal is not part of Vermont’s future and we should use every tool we can to adhere to the greenhouse gas reduction requirements and climate change mitigation goals the legislature has adopted.

**From a financial standpoint, coal is a stranded asset that will only continue to depreciate:**

- Coal is rapidly becoming a dying industry, especially with the global trend moving toward limiting global carbon and putting a finite limit on emissions.
- [Citigroup found](#) that the movement to limit global warming especially in light of the Paris accord could mean \$100 trillion in stranded assets.
- Moreover [Citi](#) found that the impact of unmitigated warming on GDP could be a staggering \$72 trillion.
- Eric Becker who runs Clean Yield Asset management in Norwich which manages \$280 million has testified in Senate Government Operations and in the legislature five times on divestment. He argues that Vermont has already forgone returns by staying invested in fossil fuel, especially coal.
- The Decarbonizer study released in November showed that over the past three years the Vermont pension funds forwent \$3.8 million in returns by being invested in coal.
- Eric Becker argues that the [NEPC findings](#) that have been used to demonstrate a \$9 million annual loss if funds were divested, are outdated and use faulty logic, relying on past performance rather than on the lackluster expected future returns of the industry.

**Vermont has a long history of using divestiture to do the right thing:**

- In 1986, the legislature enacted and Gov. Kunin signed into law, [S.249](#), an act directing the pension funds to be divested from companies doing business with South Africa.
- In 2007 then treasurer Spaulding [divested](#) the state pensions of companies doing business with the government of Sudan.
- In 1997 Treasurer Douglas [used divestment](#) to get the state out of the Big Tobacco business and the legislature [supported](#) his efforts with a resolution.

**ExxonMobil:** Governor Shumlin also called for divestment from ExxonMobil in his 2016 State of the State address:

“It has been clearly documented that since the 1980’s, ExxonMobil’s own scientists have long known about the dangers of global warming, and chose to conceal that from the public. At the same time that they were building their oil rigs taller to account for rising sea levels, they were funding front groups of scientists to deny climate change is real. This is a page right out of Big Tobacco, which for decades denied the health risks of their product as they were killing people. Owning ExxonMobil stock is not a business Vermont should be in.”

The California and New York Attorney Generals are currently [investigating](#) these deceptive practices. [Los Angeles Times](#) and [Inside Climate News](#) have documented and exposed the misleading tactics.

**Other groups that have divested:**

There are now more than 500 institutions with over \$3.4 trillion in assets that have committed to divesting from fossil fuels.

**COLLEGES/UNIVERSITIES** College of the Atlantic Georgetown University Green Mountain College Hampshire College Naropa University Pitzer College Prescott College San Francisco State University Stanford University Sterling College Syracuse University Unity College University of California University of Glasgow **CITIES** Seattle, WA San Francisco, CA Portland, OR Eugene, OR Berkeley, CA Boulder, CO Madison, WI Ithaca, NY Provincetown, MA Providence, RI Cambridge, MA **PENSION FUNDS** California

Public Employees' Retirement System (CalPERS) California State Teachers' Retirement System (CalSTRS)  
City of Providence, RI United Methodist Church General Board of Pension and Health Benefits  
**RELIGIOUS INSTITUTIONS** United Church of Christ – National World Council of Churches Lutheran World  
Federation Massachusetts United Church of Christ Minnesota United Church of Christ Evangelical  
Lutheran Church of Oregon First Unitarian Church of Salt Lake City First Parish Unitarian Universalist  
Church in Cambridge, MA First Unitarian Church of Pittsfield, ME First Unitarian Society of Milwaukee,  
WI First Presbyterian Palo Alto, CA Dover Friends Meeting, Dover, NH Unitarian Universalist Society of  
Amherst, MA Maine Council of Churches, ME **FOUNDATIONS** Divest-Invest Philanthropic Group  
Rockefeller Brothers Fund Sierra Club Foundation Wallace Global Fund Jubitz Family Foundation  
Educational Foundation of America Park Foundation Russell Family Foundation Compton Foundation KL  
Felicitas Foundation The Chorus Foundation Singing Field Foundation Nia Community Foundation John  
Merck Fund Joseph Rowntree Charitable Trust Solidago Foundation Jessie Smith Noyes Foundation  
Granary Foundation The Schmidt Family Foundation Ben & Jerry's Foundation Pax Fund Threshold  
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