



## Investor Network on CLIMATE RISK

a project of **Ceres**

October 1, 2015

Administrator Gina McCarthy  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

Secretary Anthony Foxx  
U.S. Department of Transportation  
1200 New Jersey Avenue, SE  
Washington, DC 20590

*Submitted Online*

Re. Greenhouse Gas Emissions and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles—Phase 2; EPA-HQ-OAR-2014-0827; NHTSA-2014-0132<sup>1</sup>

Dear Administrator McCarthy and Secretary Foxx,

As long-term investors representing over \$86 billion in assets, and as members of the Investor Network on Climate Risk (INCR), we are writing to urge EPA and NHTSA to strengthen the proposed Greenhouse Gas Emissions and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles—Phase 2. We support strong standards that go beyond EPA and NHTSA's proposed rule, and require a 40% reduction in heavy truck fuel consumption by 2025. Strong standards are feasible, cost effective, and represent a significant opportunity to drive economic growth by shielding us from oil price volatility, catalyzing investment in advanced truck technologies, and reducing climate risk.

Strong standards would be important drivers of economic growth, benefiting businesses, truck manufacturers and suppliers, and consumers. A joint analysis by Ceres and the Environmental Defense Fund found that strong standards would save \$0.21 per mile by 2040. The same study indicated that strong standards would reduce freight costs by 3% in 2030 and 7% in 2040, an estimated \$34 billion annual

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<sup>1</sup>These comments are submitted for consideration by both EPA and NHTSA.



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saving potential.<sup>2</sup> Furthermore, strong standards would also benefit consumers and the economy; as operating costs come down due to more fuel-efficient trucks, consumers will see cost savings, which in turn will be reinvested in the broader economy. Under strong standards, the average U.S. household stands to save \$250 per year in lower-priced goods.<sup>3</sup>

Strict standards are also crucial for the United States to retain its leadership position in efficient truck manufacturing and expand job opportunities in that sector. We are currently the world leader in the development, production and use of energy-efficient and hybrid trucks. Without strong standards in place, companies and investors will lack the requisite certainty to invest in the development and production of new technologies that will allow us to retain our primary position and increase job growth.

The environmental imperative for action is clear. Freight trucks already account for over 450 million tons of climate warming emissions a year and are the fastest growing single source of GHG emissions. Strong GHG rules for heavy trucks will rein in that growth and ensure the availability of efficient trucks in the future.

Lastly, strong standards will serve to mitigate the economic risks associated with our continuing dependence on oil as well as climate change. Strong standards would save an estimated 1.4 million barrels of oil per day by 2030.<sup>4</sup> In addition, climate change presents significant long-term risks to the global economy, and to investors across all asset classes. Strong standards will serve to mitigate that risk by providing significant GHG reductions; the standards we propose have the potential to save 270 million metric tons of GHG emissions annually by 2030.<sup>4</sup>

In sum, strong standards will strengthen our economy, spur innovation, and reduce both our dependence on oil and climate risk. Accordingly, we urge the agencies to adopt strong Phase 2 fuel efficiency and GHG standards requiring a 40% reduction in truck fuel consumption by 2025.

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<sup>2</sup> M. J. Bradley and Associates LLC, "EPA/NHTSA Phase 2 Fuel Efficiency & GHG Standards for Freight Trucks: Projected Effect on Freight Costs." May 2015. Web. <http://www.ceres.org/trucksavings>

<sup>3</sup> Cooper, Mark Dr. and Gillis, Jack. "The Consumer Benefits of Increasing the Fuel Economy of Medium and Heavy Duty Trucks." *The Consumer Federation of America*. February 2014. Web. <http://www.consumerfed.org/pdfs/Paying-the-Freight.pdf>

<sup>4</sup> American Council for an Energy-Efficient Economy (ACEEE), Environmental Defense Fund (EDF), Natural Resources Defense Council (NRDC), Sierra Club, and Union of Concerned Scientists (UCS). 2014. Big fuel savings available in new trucks. Web. <http://aceee.org/files/pdf/fact-sheet/truck-savings-0614.pdf>, Factsheet accessed June 29, 2015.



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Sincerely,

Lura Mack, Director of Portfolio Advisory Board, *Adrian Dominican Sisters*

Steven Heim, Managing Director, *Boston Common Asset Management, LLC*

Stu Dalheim, Vice President of Shareholder Advocacy, *Calvert Investments, Inc.*

Sister Sally Ann Brickner, OSF, *Congregation of Sisters of St. Agnes*

Denise L. Nappier, State Treasurer, *Connecticut Office of the State Treasurer*

Sister Louise Gallahue, D.C., Provincial, *Daughters of Charity, Province of St. Louise*

Susan Vickers, RSM, Vice President of Corporate Responsibility, *Dignity Health*

Mark Regier, Vice President of Stewardship Investing, *Everence and the Praxis Mutual Funds*

Steven J. Schueth, President, *First Affirmative Financial Network, LLC*

Jeffery W. Perkins, Executive Director, *Friends Fiduciary Corporation*

Leslie Samuelrich, President, *Green Century Capital Management, Inc.*

Andy Mims, Partner and Trustee, *Loring, Wolcott & Coolidge*

Ken Locklin, Director, *Impax Asset Management, LLC*

Molly Murphy, Chief Investment Officer, *Mercy Health*

Susan Makos, Vice President of Social Responsibility, *Mercy Investment Services, Inc.*

Barbara Jennings, CSJ, Coordinator, *Midwest Coalition for Responsible Investment*

Rev. William Somplatsky-Jarman, Coordinator for Mission Responsibility Through Investment, *Presbyterian Church (U.S.A.)*

Frank Sherman, Associate Director, *Seventh Generation Interfaith Coalition for Responsible Investment*

Peter Martin, Executive Director, *The Sierra Club Foundation*

Sister Ruth Geraets, Congregational Treasurer, *Sisters of the Presentation of the Blessed Virgin Mary*

Sr. Pat Daly, OP, *Sisters of St Dominic of Caldwell*

Danielle Ginach, Impact Manager, *Sonen Capital, LLC*



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Mary Beth Gallagher, Acting Director, *Tri-State Coalition for Responsible Investment*

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cc:

Mark R. Rosekind, Administrator, National Highway Traffic Safety Administration

Mary D. Nichols, Chairman, California Air Resources Board

Janet McCabe, Acting Assistant Administrator, EPA Office of Air and Radiation

Christopher Grundler, Director, EPA Office of Transportation and Air Quality

Dan Utech, Deputy Assistant to the President for Energy and Climate Change

Christy Goldfuss, Managing Director, White House Council on Environmental Quality

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