



Climate, Energy and Environment Policy Committee (CEEPC)

MEETING SUMMARY: MARCH 28, 2018

CEEPC MEMBERS IN ATTENDANCE: (*) Indicates participation by phone

- Hon. Mary Lehman, Prince George's County (Chair)
- Hon. Del Pepper, City of Alexandria (*)
- Daniel Lee, WMATA
- Maureen Holman, DC Water
- Edward Yim, DOEE
- Tim Stevens, Virginia Sierra Club
- Nick Bonard, NCPC
- Chris Sommers, Arlington County (*)
- Cindy Dyballa, City of Takoma Park
- Austina Casey, DDOT
- Stan Edwards, Montgomery County (*)
- Michele Blair, City of Laurel (*)
- Anna ReWalt, City of Laurel (*)
- Jennifer Passy, City of Fairfax
- Leta Mach, City of Greenbelt
- Dann Sklarew, GMU
- Dawn Hawkins-Nixon, Prince George's County DoE
- Tamara Toles O'Laughlin, ACPAC (*)
- Gina Mathias, City of Takoma Park (*)
- Michael Lake, Fairfax County DOT
- Dale Medearis, NVRC
- Dennis Cumbie, Loudoun County (*)
- Koran Saines, Loudoun County (*)
- Pamela Sebesky, City of Manassas (*)

ADDITIONAL ATTENDEES

- Gabriel Thoumi, Climate Advisers
- Raymond Ferrara, University of Maryland College Park Foundation (*)
- Cal Watson, Georgetown University
- Regina Moore, VDOT
- Susan Stillman, Community Enhancement Commission Vienna, VA (*)

COG STAFF IN ATTENDANCE:

- Steve Walz, COG Environmental Programs Director
- Amanda Campbell, COG Environmental Programs
- Maia Davis, COG Environmental Programs
- Leah Boggs, COG Environmental Programs
- Tim Masters, COG Environmental Programs

1. CALL TO ORDER, INTRODUCTIONS, APPROVE MINUTES, CHAIR'S REMARKS

Chair Mary Lehman called meeting to order. Introductions by those in attendance and on the phone followed. Meeting summary from the November CEEPC meeting was approved.

2. COMMITTEE REPORTS

A. Built Environment Energy Advisory Committee (BEEAC) (*Gina Mathias, Chair*)

- BEEAC is focusing on addressing its member's priorities identified in the 2018 BEEAC annual survey and linking the committee's work to the 2017-2020 Climate and Energy Work Plan.
- BEEAC has rolled out a three-workshop solar market series. BEEAC has focused on community solar and meeting large-scale renewable customer needs and have also discussed changes in the capacity market and the impact of those changes on customer participation in demand response programs.
- The final workshop in the solar market series is April 19 and will focus on technical considerations related to solar/PV systems, to include interconnection processes and timelines, vehicle to grid (V2G), solar and battery storage, and microgrid interconnections.
- RESF-12 – Energy Work Group: As a subcommittee of BEEAC, the RESF-12 Energy (*Regional Energy Support Function*) Work Group is developing projects to submit to the 2018 Urban Areas Security Initiative (UASI) grant funding process. Preliminary project solutions are due March 30. The final project solutions are due to the NCR's Homeland Security Executive Committee by April 26. Bill Eger, Energy Manager for the City of Alexandria is the chair of the work group. Bill or COG staff can be directly contacted with any questions.

B. Air and Climate Public Advisory Committee (ACPAC) (*Tamara Toles O'Laughlin, Chair*)

- ACPAC welcomed six new members this year, and Gretchen Goldman was reelected to chair the committee, and Tamara Toles O'Laughlin was reelected as Vice Chair.
- The Climate and Energy Leadership Awards program will launch on April 22 (Earth Day). The categories for the awards will be the same: government institutions, educational institutions, and nonprofit sector NGOs. ACPAC is asking those interested to send a pre-nomination form for any entity in one of these categories that is affecting climate and energy change.
- The Region Forward Coalition heard about ACPAC's Environmental Justice Toolkit and are now developing an equity framework as an offshoot from that project.

C. Member Updates

- *Nick Bonard, NCPD* – NCPD and DC Silver Jackets released a report called Flood Risk Management Planning Resources for Washington D.C in January. It provides an overview of 11 existing studies and tools, and a comparison of the latest sea level rise projections specifically for Washington D.C.
- *Maureen Holman, DC Water* – March 28, DC Water has an event at RFK Stadium for commissioning a portion of the Anacostia River tunnel, which will be bringing approximately 80 percent reductions in combined sewer overflows. It is now open and operational.
- *Mary Lehman, Prince George's County (Chair)* - Prince George's County Council unanimously supported and passed a resolution urging the State of Maryland to adopt a 100 percent renewable energy standard by 2035. A more rigorous standard was not adopted at this time, but it is planned to be readdressed next year. Yesterday, the County discussed an initiative that would urge Governor Hogan to dedicate some of the money from the Volkswagen settlement to zero emissions school buses for Prince George's County.
- *Edward Yim, DOEE* – DOEE submitted a proposal to the D.C. Public Service Commission regarding the Pepco transmission and substation project called Capital Grid. DOEE is asking the commission to consider an alternative proposal that would use energy efficiency

technologies, distributed generation, demand response and battery storage in lieu of building a new substation. The commission has ordered Pepco to consider this and respond by June.

- *Stephen Walz, COG* – COG is moving ahead and getting the final agreements with our cost sharing partners to look at a multi-year assessment of the tidal areas in the region and what infrastructure is going to be at risk of flooding. The study will do some modeling to show future water level changes and the types of actions that can be taken to protect the infrastructure in those areas.

3. 2018 CEEPC OUTLOOK

COG staff provided an update on projects and an overview of the 2018 CEEPC Outlook.

Stephen Walz, COG – The framework for the Regional Environmental Fund workplan is comprised of three core programs: climate and energy (primary focus of CEEPC), recycling and solid waste management, and green infrastructure programs. Within the climate and energy program, COG looks at policy issues, technical issues, infrastructure, efficiency and renewables, and resiliency. Much of this work is driven by implementation of the Regional Climate and Energy Action Plan, which COG aims to update every three years. The action plan emphasizes work advancing electric vehicle (EV) ownership and the infrastructure needed to support large-scale deployment of renewable energy and high-performance buildings. Some localities are talking about much bigger goals (e.g. up to 100% of new buildings being net zero energy buildings). Financing is an important issue. COG works to provide financing tools for the localities, such as green banks, PACE financing, and other tools.

Leah Boggs, COG – Much of COG's work related to alternative fuel vehicles and their infrastructure can be categorized into three core areas: planning, aggregating procurement, and funding. The Fleets for the Future (F4F) program fits these core areas. The purpose of the program is to achieve the economies of scale necessary to support regional green fleet needs by developing a regional aggregate procurement mechanism for the purchase of alternative fuel vehicles and their supporting infrastructure. The aggregate vehicle awards have just been released – awarded to three vendors for that bid process. That includes around 16 or 17 vehicle types that will be available for purchasing.

COG is on the Northeast Corridor steering committee, run by NESCAUM (Northeast States for Coordinated Air Use Management). The objective of the steering committee is to identify optimal charging station locations along the northeast corridor, running from New England area down to Virginia. COG is working to inform decisions related to Electrify America's placement of charging stations along the northeast corridor. COG recently submitted their proposal to Electrify America regarding their Cycle 2 funding.

COG held its last meeting at the 2018 Washington Auto Show, where CEEPC members and stakeholders identified regional priorities. Regional EV infrastructure and deployment planning was identified as a priority next step.

Maia Davis, COG – When CEEPC was first created, one of the first priorities that members set was for COG to continue tracking greenhouse gas (GHG) emissions for the region, which has since been an ongoing priority. COG has also received funding from a U.S. Department of Energy grant, where COG is part of an expert team working on GHG inventories and drivers of change in local communities. COG has updated some earlier inventory calculations for 2005 and 2012, while working on an inventory for the year 2015. COG is seeking members' input on the draft inventory results prior to April 13. Thereafter, staff will be working towards completing final products to be released in the summer.

COG staff asked CEEPC members for input on how often GHG inventories should be updated. COG suggests doing this once between now and 2020, and then again in 2020. The major portions of emissions are from the built environment and transportation. COG collects this data every year and

has this data available to share with COG members' local governments. The region has the 2020 goal of a 20% reduction below 2005 levels, so staff will need to redo these inventories to reflect the 2020 numbers.

Discussion:

- Members were generally in agreement that there should be one interim inventory prior to 2020. 2018 – suggested year. There was some discussion around the need to identify recommendations on sectors/areas that need improvement, based on the trends.

Tim Masters, COG – The Legislative Committee has been tracking legislation in the Virginia and Maryland General Assemblies, and in the DC Circuit. The general approach that the committee has taken is to oppose legislation if it creates restrictions on local governments ability to direct change or where it takes authority from localities. The committee has provided comment on several bills.

DC – Mayor Bowser has signed the Electric Vehicle Public Infrastructure Expansion Act of 2017. It establishes an EV charging station pilot program in DC.

Maryland – Three EV bills: 1) EV reserved parking spaces, 2) EV charging infrastructure, and 3) HOV lanes for EVs and hybrids. The first two bills received unfavorable reports from the Environment and Transportation Committee. The third bill passed. Three solar facility bills: 1) solar photovoltaic recycling, 2) decommissioning and restoration of solar electricity generating facilities, and 3) notice of sale or transfer of solar facilities. The first bill received an unfavorable report by the Economic Matters Committee. The second bill was withdrawn. The Legislative Committee opposed those bills, as they established funds and surcharges. The committee felt that decommissioning was the facility owner's responsibility. The third bill passed the House. The Legislative Committee supported this bill.

Virginia – Regional Greenhouse Gas Initiative (RGGI) bill – prohibits Governor/state agencies from adopting regulations establishing a carbon cap and trade program or bringing about the state's participation in a regional carbon market without approval of the House and Senate. This bill passed and is awaiting the governor's action by April 9th. The Legislative Committee sent a comment letter opposing this bill. Electric utility regulation bill – undoes a 2015 law that temporarily froze ratepayer rates for both Dominion Energy and Appalachian Power. They will have to refund customers some of the overearnings and some savings resulting from the recent federal tax cuts. It also allows rate increases for grid modernization efforts and renewable energy projects.

Stephen Walz, COG – Seeking guidance from the committee about inventories and EV infrastructure and what might be needed for deployment planning and gap analysis, and whether COG needs to do some type of framework update to the previous infrastructure plan.

4. FOSSIL FUEL DIVESTMENT

Gabriel Thoumi, Climate Advisors

Raymond Ferrara, University of Maryland College Park Foundation

Cal Watson, Georgetown University

The global movement for fossil fuel divestment asks institutions to shift investments away from companies involved in extracting fossil fuels. CEEPC's 2020 Regional Climate and Energy Action Plan includes a suite of voluntary action items for local implementation and has an additional item added in the 2020 edition – fossil fuel divestment. Panelists discussed approaches to divestment and local experiences in implementing divestment strategies and lessons learned.

Gabriel Thoumi, Climate Advisors – Fossil fuel divestment, as a theme, is over 20 years old. Trillium Asset Management launched a fossil fuel free product in 1999. Many institutions and communities have acted in recent years, including New York City and the Norwegian Sovereign Wealth Fund (valued at over \$1 trillion). There are over 800 different institutional investors around the world who

have divested. That includes institutions such as endowments, universities, municipalities, and other forms of government.

Sector transitions have occurred for hundreds of years, starting with whale oil divestment. There have been subsequent changes in the fuel mix around timber, coal and natural gas. There are two main considerations for divestment. The first being financial, the second being ethical. Financial decisions are usually based on margins or revenues. Competitiveness and technology may also play a part in these decisions. Ethical decisions are becoming increasingly important.

Raymond Ferrara, University of Maryland College Park Foundation – The University of Maryland College Park Foundation was approached by a group of concerned students regarding fossil fuel investments. After engaging with the investment committee, the following occurred: First, the president executive director of the Foundation wrote letters to all outside investment managers with whom the Foundation works to express the desire for them to avoid investing in fossil fuels, and that the Foundation prefers profitable opportunities in the clean energy space. Second, the committee agreed to stop investing in coal companies. The Foundation still has one coal investment that has another few years before termination. They have agreed not to invest directly into any carbon 100 companies. They invest in indices occasionally, which may contain fossil fuel investments. These indirect investments will be pursued if promising, as total divestment, from a fiduciary standpoint, is not seen as a wise decision. The Foundation created a new position – Director of Sustainability – to seek out clean energy business opportunities for investment. By 2025, the University of Maryland at College Park will be carbon neutral.

Cal Watson, Georgetown University – In 2013, Georgetown's Committee on Investments and Social Responsibility received a proposal from a student group for the University to divest its endowment of all major fossil fuel companies. The committee engaged with the student group and recommended that the university divest from coal companies, as this has the worst environmental and public health impacts in the sector. In June 2015, the Board of Directors approved a resolution to divest direct investments in companies whose principal business is coal mining and to encourage the university's external fund managers to move away from coal. The Board also formed a working group on socially responsible investments to develop a policy. In June 2017, the Board adopted a socially responsible investing (SRI) policy that is meant to align the investment strategy with the university's commitment to social justice, environmental stewardship, and promotion of the common good.

A few key lessons: 1) engaging with community members is crucial. It helps inform the work and develops a broad base of support. 2) Use all available tools. It is important to be aware of other strategies such as favoring investments in companies with superior ESG performance, engaging with companies to promote change, and making investments that provide attractive financial and social returns. 3) It is possible to get started in this work without a formal policy in place. Even without an official SRI policy, the conversation with investment managers can begin regarding ESG factors in their analysis and identifying investments that generate a positive social and financial impacts.

Maia Davis, COG on behalf of Linda Hermann, Montgomery County Retirement Board – The Montgomery County Council had the idea of divesting from the top 200 fossil fuel companies and passed a resolution in the spring of 2017 asking for semiannual reports from the Board of Trustees of the retirement board. They did not come to an agreement on divesting from the top 200 fossil fuel companies but did want to learn and understand the County's investments through regular reports. The Board of Trustees started work on this before any policy was in place. They recommend adopting an ESG policy and guidelines on how to make investments. Asking pension fund investment managers to evaluate potential new investments against those policies and guidelines is helpful. Hiring new private fund managers with specific experience in ESG investing is recommended. Montgomery County hired eight ESG investment managers and they invest in solar and clean energy options. For example, the county is investing in a fund called the New Energy Infrastructure Credit

Fund. They only invest in clean energy infrastructure, and report on carbon reductions from those portfolio investments. The County has not divested from fossil fuels, but they recommend engaging with companies like Exxon. It is important to build capacity of pension fund managers. Joining with other groups' pension fund managers, such as the Sears Investor Network, is also recommended.

Discussion:

- Trillions of dollars have been divested from fossil fuel finance, but not all that money was invested in fossil fuels. Is there a typical percentage that a pension fund portfolio or endowment fund portfolio may have invested in fossil fuels?
- *Gabriel Thoumi, Climate Advisers* – The positions inside an investment portfolio change over time. They will not sell those positions on day one. The Norwegian government pension fund might have \$20 billion or so in energy stocks.
- With regard to operationalizing the decision-making process into discrete factors, what does this look like? Is there a decision-making matrix or point-based system?
- *Gabriel Thoumi, Climate Advisers* – Value judgement. Each institution describes its own policy internally because each institution has its own culture on decision-making. Two popular approaches are negative exclusion and positive exclusion.
- Cal Watson talked about how more sustainable companies can be more profitable and about their fiduciary responsibility. How much of this is driven by reducing the risks that investments are facing over time by taking some of these decisions? And how much does that drive the decision-making process?
- *Cal Watson, Georgetown University* – It is an important consideration and there is recognition that holding investments in fossil fuels may not be the best investment decision. There is a financial component, as well as the moral and ethical factors that go into that process.
- *Gabriel Thoumi, Climate Advisers* – Climate Advisers specialize in pricing risk of publicly traded companies. They see trends in the oil and gas sector where there are declining earnings over time versus other sectors. On the other hand, there has been a lot of growth in the renewable sector with many recent investments proving to be very fruitful.
- Takoma Park is looking at this, both for the pension fund that has its own responsibilities and for the city's funds that has a different set of responsibilities. What advice have you got for smaller communities or local governments?
- *Gabriel Thoumi, Climate Advisers* – A government's funds, payrolls, and county administration funds are managed through a local bank. This is leverage that can be used to ask that bank to describe their commitment to the community.
- For institutions not ready to consider divestment, providing options in pension programs is also a possibility. Having a low carbon social choice fund allows the institution and individual contributors to demonstrate their commitments.
- In Virginia, there is a law that governs the type of investments that can be made with public funds. There was interest in understanding the level of flexibility local governments have. This question should be directed to the Treasury Department in Virginia.
- *Raymond Ferrara, University of Maryland College Park Foundation* – It's important to look for opportunities that not only have more options, but options where it would be a *good investment*. The Foundation's Director of Sustainability proactively looks for those opportunities.
- Prince George's County, in 2017, had a resolution seeking to divest the counties pension holdings in the 200 largest publicly traded fossil fuel companies in the world. To address stakeholder concerns, the resolution was amended to require 100% divestment by 2025 in Prince George's County's non-pension investments. The resolution passed at the end of the year.

5. ADJOURN

The meeting was adjourned. The next CEEPC meeting will be on Wednesday, May 23.