

Statement of
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Good morning. My name is Leslie Lowe. I direct the Energy & Environment Program at the Interfaith Center on Corporate Responsibility, an association of over 275 faith-based institutional investors whose collective assets exceed \$110 billion. ICCR members have been engaged with corporations on the issue of global warming since 1991 when the first greenhouse gas reduction resolution was filed with Chevron, DuPont and 3M. (We are proud to say that two of these companies are now Climate Leaders.)

In the past 16 years, we have moved from questions about whether climate change is real [it is] and whether the impacts will have a material effect on business [they will] – to the critical question for investors: what can corporations do to mitigate the adverse impacts and maximize opportunities that may be presented.

As we speak, top executives from DuPont, BP America and other leading companies are before the U.S. Senate's Environment and Public Works Committee, which is holding hearings on the proposals put forward by U.S. Climate Action Partnership that call on the federal government "to quickly enact strong national legislation to require significant reductions of greenhouse gas emissions."

This year, ICCR members filed resolutions with six companies calling on them to set voluntary carbon dioxide (CO₂) emissions reduction goals and report to shareholders on how they intend to meet those goals. I will focus my remarks on TXU and Sister Pat Daly will address some of the other companies we have asked to set reduction goals. The TXU emissions reductions resolution was filed by Sister Susan Mika on behalf of the Congregation of Benedictine Sisters, Boerne, TX.

Coal-burning power plants are responsible for 80% of the CO₂ emissions from all U.S. power plants and TXU, the tenth-largest emitter of CO₂ among U.S. power generators, plans to build 11 of the 16 new pulverized coal plants proposed in Texas.

TXU's new coal-burning plants, each with a 50-year life expectancy, will double its generating capacity and may increase TXU's yearly CO₂ emissions from 55 million tons in 2004 to 133 million tons in 2011. This plan has already created a groundswell of opposition in Texas. Investors are also voicing concern about TXU's plan to use 20th Century technology as we move forward toward a new, 21st Century energy paradigm.

TXU has stated it will invest in CO₂ capture and storage technology and will design eight of the new plants for retrofitting. However, pre-combustion CO₂ capture, the most efficient option, can only be used with coal gasification, such as Integrated Gasification Combined Cycle (IGCC) technology. Investors are, therefore, concerned that TXU's plants will not be competitive under future regulation that constrains CO₂ emissions.

Leading utilities like AEP, Duke, and others are moving forward with state-of-the-art IGCC technology. They will be positioned to act when Congress mandates emissions reductions. Investors want to know whether TXU, and other companies on the Climate Watch List, will be able to do likewise.

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