



Submitted via Regulations.gov

February 22, 2022

Docket: RM22-5

Federal Energy Regulatory Commission

888 First Street NE, Room 1A

Washington, DC 20426

To Whom It May Concern:

I submit these comments on behalf of members of the Interfaith Center on Corporate Responsibility (ICCR), a coalition of faith-based and values-driven institutional investors that are engaging energy utilities on the importance of a rapid and just transition to a clean energy economy. ICCR's membership comprises over 300 organizations, which includes faith-based institutions, socially responsible asset management companies, unions, pension funds, and colleges and universities that collectively represent over \$4 trillion in invested capital. Our members are deeply concerned about the threat of disruption posed by climate change to the economy and the well-being of our societies.

Since our founding fifty years ago, ICCR has pioneered the use of shareholder advocacy to press companies on environmental, social, and governance issues and continues to push for the same issues in our corporate engagements today. Many of these engagements are centered around the underlying principle of transparency.

In response to FERC's Questions 6, 7, and 9, we are very concerned with the current system, which permits utilities to recover trade association dues with very little transparency as to how these funds are being used. The costs and activities of industry trade associations are not generally available to shareholders, or the public, and it is our understanding that trade associations do not share this information with regulators.

Lobbying transparency for companies is a material issue for investors who are seeking to better understand company alignment between stated Environmental, Social, and Governance (ESG) objectives and public policy engagement. This is evidenced by increasing action from investors on this issue in recent years, which include:

- A [majority vote](#) by Chevron's shareholders in 2020, requiring the company to publish a report on the alignment between the company's commitment to the Paris Climate Agreement and climate-related lobbying, and a [significant number of majority shareholder votes in 2021](#) for similar proposals with a range of companies. Proposals filed with energy utility companies, Duke Energy, Entergy Corp. and First Energy Corp., which

were withdrawn by shareholders after agreements for greater disclosure by companies are indicative of investor concern with this sector. At the same time, we are concerned that company by company action is an inefficient, and imperfect means of obtaining this information.

- Inclusion of a [lobbying indicator](#) in the Climate Action 100+¹ company benchmark
- ICCR's [Paris Aligned Climate Lobbying Initiative](#), which works with investors to engage companies on aligning their lobbying and trade association membership with the goals of the Paris Agreement. Investors filed seven climate lobbying resolutions in the 2021 proxy season, and over twenty in the 2022 season.

Investors believe alignment with the goals of the Paris Agreement to keep warming well below 2°C is of critical importance for the energy utility industry specifically, as energy utilities are commonly recognized as one of the most important means to bring about broader, economy-wide decarbonization, and strong policy is needed to support a rapid and just transition. We commend the multiple utilities that have come out with net-zero goals, and continue to seek clarity on the targets, scope, and nature of how their net-zero targets integrate into their strategies and operations. We believe lobbying will continue to elevate as a point of concern, especially given the ambitious goals set forth for decarbonization by the Biden Administration, and various state governments. This elevation makes greater transparency into the utility sector's lobbying fundamentally important for investor understanding of a company's alignment and readiness for a transition to net-zero.

ICCR members are deeply concerned that the transition be a just one, for practical as well as moral reasons. Investors in our network and beyond have expressed concern about the impacts on communities as well as workers in the transition, concern recently expressed in an investor statement - [Statement of Investor Expectations for Job Standards & Community Impacts in the Just Transition](#) – garnering support from investors representing over \$3.8 trillion in AUM (currently AUM on the statement stands at over \$4.2 trillion). Signatories stated, “We also seek to ensure that local stakeholders play an active role in the design, implementation, and monitoring of policy development.” We recognize that industry trade associations engage in a wide variety of political and advocacy activities that benefit their utility members, but not necessarily ratepayers, and hold that this activity should not be funded by consumers. Representing long-term fiduciaries interested in illuminating alignment (or misalignment) between utility lobbying and climate commitments, we encourage FERC to promote transparency and accountability through its rulemaking.

For these reasons, we recommend that, to bring the appropriate transparency to industry association dues, FERC should move these payments to a below-the-line account, thereby making them presumptively non-recoverable. Under this approach, if a utility maintains an industry

¹ Climate Action 100+ is an investor-led initiative of 617 global investors, who are responsible for more than \$65 trillion in assets under management, developed to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. See Disclosure Indicator 7 for the Climate Policy Engagement indicator.

association is providing a specific recoverable service, it can detail that service, and its associated cost, and seek appropriate rate recovery. This approach would best serve the agency's transparency objectives and protect ratepayers from being forced to fund utility advocacy undertaken by utility trade associations that may not align with their interests.

Representing long-term fiduciaries interested in illuminating alignment (or misalignment) between utility lobbying and climate commitments, we encourage FERC to develop a robust rule on this issue.

Thank you,

A handwritten signature in cursive script, reading "Christina Herman".

Christina Coburn Herman
Program Director, Climate & Environmental Justice
Interfaith Center on Corporate Responsibility