



Testimony for CO2 Budget Trading Program Regulation
Pennsylvania Department of Environmental Protection
December 8, 2020

Kate Monahan, commenting on behalf of Friends Fiduciary Corporation
1700 Market Street Suite 1535
Philadelphia, PA 19103
kmonahan@friendsfiduciary.org

Good afternoon and thank you to the Department for the opportunity to provide comments today. My name is Kate Monahan and I am a resident of Henryville, Pennsylvania. I represent Friends Fiduciary Corporation as its Shareholder Engagement Manager. Headquartered in Philadelphia, Friends Fiduciary is a faith-based socially responsible investment firm. We invest over \$0.5 billion dollars on behalf of Quaker faith communities and other organizations in Pennsylvania and across the country. We invest consistent with the Quaker values of peace, integrity, equality, community, and care for creation.

As investors, Friends Fiduciary sees climate risk as the most serious systemic threat to our economy and society. In fact, earlier this year we changed our investment policy to exclude all fossil fuel companies, to recognize not only the environmental risks of a fossil fuel reliant economy but also the investment risks oil and gas companies face with a green transition. For this reason, we strongly support Pennsylvania's participation in the Regional Greenhouse Gas Initiative. We're not alone in seeing the climate crisis as a danger to our portfolios—just last month, the Federal Reserve acknowledged climate change's threat to the stability of the financial system, and the CEO of the world's largest investment company, BlackRock, has emphasized that "climate change has become a defining factor in companies' long-term prospects." Our entire economy is at risk. As the state with the fourth most polluting power sector in the U.S., it is imperative that Pennsylvania do its part to reduce emissions and mitigate climate change. And participating in RGGI will mean at least a 25% reduction in greenhouse gas emissions from our state's power sector, which is crucial for the Commonwealth to reach our emissions targets and avoid future environmental and economic catastrophe.

There are many environmental and public health arguments for participating in RGGI, as other testimony has highlighted so well. But there is also a very strong business case. As investors, we see implementing this carbon market program as a financially prudent step at this time. RGGI's cap and invest program is a proven, cost-effective and flexible way to internalize the existential costs from carbon to our economy and society.

Participation in RGGI would mean significant health cost savings, potentially easing the devastating public health burden disproportionately borne by communities of color. A recent study by Columbia University found that the air pollution reductions already generated by RGGI have saved health costs of up to \$350 million—and that's a conservative estimate.

The market is rapidly headed in this direction—it's only a question of whether PA takes advantage of the opportunity. According to data released by the Wolf administration in August, the clean energy sector is already adding jobs at a faster rate than the fossil fuel sector, and with

RGGI we will have the opportunity to add 27,000 more jobs, positioning our state as a leader in the burgeoning clean energy economy. And the significant proceeds from RGGI can be used to ensure that both fossil fuel workers and historically marginalized communities aren't left behind in this inevitable transition.

As an investment business based in Pennsylvania, with a significant number of clients in Pennsylvania, we at Friends Fiduciary believe that in the absence of comprehensive legislation, joining the Regional Greenhouse Gas Initiative is a financially prudent way to protect the long-term health of our communities and further strengthen our state's economy. Thank you for your consideration of our testimony.