

Ceres Investor Network Lauds Economic Benefits of Northeast Clean Fuels Standard

New Economic Analysis Shows Substantial Regional Benefits, Fuel Cost Savings

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BOSTON (August 17, 2011) Ceres President Mindy Lubber and two leading investors issued public statements today on the proposed Clean Fuels Standard for 11 Northeast states and the early release of NESCAUM's economic analysis showing clear economic benefits stemming from a Clean Fuels Standard (CFS).

The analysis modeled the impacts of a regional CFS under scenarios that would achieve a 5 to 10 percent reduction in the carbon intensity of transportation fuels over a 10-year period ending in 2022. The findings are available at www.ceres.org.

Mindy Lubber, who leads a national coalition of investors and public interest groups working to build a sustainable economy, said of the findings, "NESCAUM's analysis demonstrates that a Clean Fuels Standard would bring significant economic benefits to the region and foster investment in a strong regional clean fuels system. The standard would provide the market certainty that investors and businesses need to invest in the development and production of alternative fuels, creating a robust clean fuels market and minimizing our vulnerability to volatile oil prices. By investing at home, rather than spending billions on foreign oil, the standard will also help create badly needed jobs."

Matthew Fitzmaurice, Managing Partner of AWJ Capital Partners, LLC, a global fund of funds manager, and member of Ceres' Investor Network on Climate Risk (INCR) added, "America's overdependence on oil generally, and foreign oil specifically, is unacceptable, as it will weaken our competitiveness in a global economy. To change the status quo, we need clear standards. Investment capital now plays on a global stage, and capital represented by hedge funds will find its way into those economies and thus companies where clear standards exist. Failure to enact clean fuel standards will result in the U.S. becoming less competitive in the allocation of global investment capital."

Steven Heim, Managing Director and Director of ESG Research and Engagement of Boston Common Asset Management, LLC, and an INCR member said, "Rather than dictating the use of particular fuels, a performance standard like a CFS will promote innovation and allow the market to determine the most efficient way to reduce the carbon intensity of fuel."

The CFS analysis was undertaken by the Northeast States for Coordinated Air Use Management (NESCAUM) at the request of the Northeast states in 2009. The analysis assumed different scenarios accounting for uncertainties with gasoline and diesel demand, greenhouse gas emissions, fuel expenditures, delivery infrastructure and vehicle mix and macroeconomic factors such as employment and disposable income.

Though the specifics of a regional CFS are still under development by the states, it would generally require fuel providers to gradually decrease the carbon intensity of their fuel, either by adding cleaner fuels into their fuel mix, or by purchasing credits generated by alternative fuels such as electricity or natural gas. This transition would reduce regional dependence on imported oil by diversifying transportation fuels to include domestic alternatives such as advanced biofuels, electricity and natural gas.

The NESCAUM report findings, which will be formally released soon, show that a CFS would:

- reduce oil consumption in the 11 states by up to 29 percent, or 9 billion gallons annually, in 2022 when the program is fully implemented;
- increase total jobs by up to 50,000 over the 10-year period. The new jobs would be in various industries, including utility-related jobs due to increased demand for electricity and natural gas for transportation purposes, as well as manufacturing and construction jobs related to installing fueling infrastructure and building and operating biofuel and biogas production plants.
- increase cumulative net savings on transportation costs for households and businesses by up to \$74.7 billion by 2022.

Additionally, construction, manufacturing, forestry and agricultural services sectors would benefit. The health care and finance/insurance sectors would also experience positive indirect impacts.

Ceres leads a coalition of investors and public interest groups working with companies to address sustainability challenges such as climate change. Ceres also directs the Investor Network on Climate Risk, a network of 100 investors with nearly \$10 trillion of collective assets focused on the business impacts of climate change.