

Unlocking economic opportunity with a CAP on carbon

#1

Private investors are eager, but need a long-term price signal for carbon to invest.

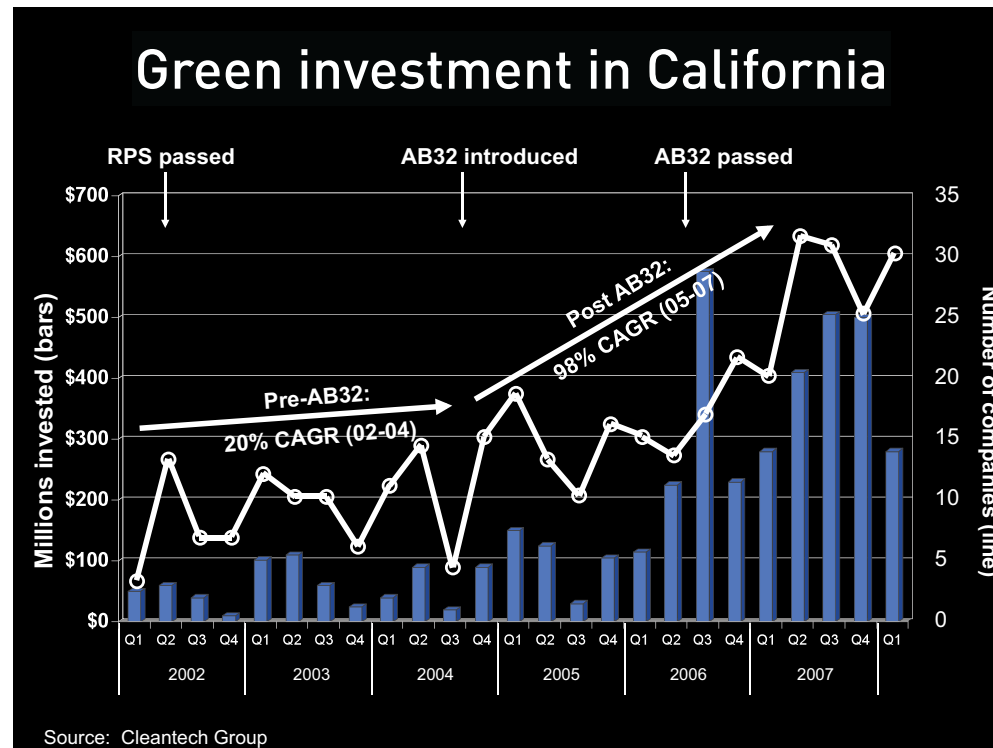
Last April, we testified before Congress that we and other leading investment firms have mobilized billions of dollars from blue-chip investors with a mandate to invest in the decarbonization of our economy. And we stand ready to do much more if Congress passes a law to set some long overdue rules of the road. A long-term stable price signal for carbon is imperative to encourage innovation and to promote investment. It needs to be long enough to reward investors for locking up their capital in asset-intensive, long lead-time energy projects and taking on the associated technical, construction and market risks. Moreover, only a long-term carbon price will motivate investment in the supply chain companies that must scale up and thrive if we're to drive down the price of low-carbon energy. While we're finding some attractive investments today, candidly we are also holding back a lot of "dry powder" — or uninvested capital — and the economic downturn is only partly to blame. The biggest factor is continued uncertainty over whether Congress will pass a cap-and-trade bill. Renewable loan guarantees, grants and tax credits from the stimulus package are helping us to finance the supply of low-carbon solutions, but without a cap-and-trade we won't see the market demand needed to fully pull those solutions through.

— **DANIEL R. ABBASI**, Senior Director, Mission Point Capital Partners (Original statement made before the Select Committee on Energy Independence and Global Warming, U.S. House of Representatives, April 16, 2008.)

#2

Introduction and passage of the Global Warming Solutions Act in California (AB 32) spurred significant investment.

Clean Tech investments grew from 20% compound annual growth rate after passage of a renewable portfolio standard (RPS) to 98% CAGR after introduction and passage of AB 32.



#3

A carbon cap will create customers for companies across the US that make up the entire value chain for low carbon technologies and products.

These maps tell the story of companies across the manufacturing heartland that will get new customers and create new jobs with a cap on carbon.

—Jackie Roberts, Director of Sustainable Technologies

EDF's new website, LessCarbonMoreJobs.org, shows the locations of companies in 12 states that are poised to benefit from a cap on carbon. The maps identify companies making components, finished products, building, selling or servicing renewable (green dots) and energy efficient technologies (blue dots). McKinsey's well-regarded report, "How Much at What Cost?," identified 250 climate solutions that serve as a road map for where investments must be made under a CAP. To illustrate the economic opportunity inherent in the entire value chain, Environmental Defense Fund, with the Building and Construction Trades Department (AFL-CIO), International Brotherhood of Boilermakers, Industrial Union Council (AFL-CIO), United Association of Plumbers and Pipefitters, sponsored a report to map the value chains of 7 of 250 of these solutions. Duke University's Center on Globalization, Governance & Competitiveness conducted the analysis found in the "Manufacturing Climate Solutions" report and at <http://www.cggc.duke.edu/environment/climatesolutions/>

Companies poised to benefit in Indiana

