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Street Calls For Carbon Control

Investors join petition for regulations to cut greenhouse gases.

By Jennifer Kho

Wall Street investors and a pack of companies want to put the screws on legislators to make changes that would reduce U.S. greenhouse gases.

Some 65 institutional investors and corporations signed a statement Monday calling for mandatory carbon controls in the United States and a goal of cutting greenhouse gas emissions to 60 to 90 percent below 1990 levels by 2050.

The signers—which together manage \$4 trillion in assets—said the Climate Call to Action is meant to signal to U.S. lawmakers that blue-chip businesses want legislation to reduce climate change and to counter long-held criticism that such regulations would be bad for business. Signers include Merrill Lynch, Allianz, Sun Microsystems, BP America, DuPont, and Alcoa, among others.

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For instance, investors and businesses don't know whether forestry companies would get credits for planting trees or leaving trees in the ground, or whether renewable-energy companies will gain a new source of income from credits, or a potentially smaller advantage from avoiding a carbon tax, said Robert Wilder, CEO of WilderShares, which manages three energy indices.

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The Climate Call to Action from large institutional investors is significant because it shows that the united front against climate-change regulation is peeling away, and that businesses now see climate change as an enormous business opportunity, Mr. Wilder said.

"Businesses are saying, 'somebody's going to benefit, and we need to be part of that discussion,'" he said. "While these are not the first companies to make these bold pronouncements, it used to be only the clean-energy companies, and now it's big blue-chip stocks."

If this announcement helps firm up carbon control regulations, expect to see investor activity in carbon taking off soon.