June 11, 2021

The Honorable Gary Gensler
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC  20549


Dear Commissioner Gensler:

The Energy Workforce & Technology Council (“The Council”) appreciates the opportunity to comment on the U.S. Securities and Exchange Commission’s (“Commission”) questions informing the review of current disclosure rules as they relate to climate change and ESG. We commend the Commission’s efforts to seek clarity and consistency to existing ESG and climate change disclosure and metrics.

The Council represents more than 600 energy technology and services companies working to deliver safe, profitable, and sustainable lower-carbon products. Like the rest of the energy sector, the companies that comprise our membership are diverse in size, scope, and governance models. Our members represent the spectrum from private sole proprietorships, to publicly held companies with thousands of employees. It is critical that policy makers not view the energy industry as a monolith, rather as a mosaic of operators, service providers, manufacturers, and others delivering clean, reliable energy to society. Recognizing this diversity, a one-size-fits-all approach to reporting does not work.

The Energy Workforce & Technology Council supports fair, achievable, and predictable disclosures, and metrics. The Council also supports maintenance of the current SEC materiality standard which has stayed constant throughout the history of the SEC and is grounded in the statutory authority of the agency.

In addition, we recognize that while the focus of this information gathering effort is focused on publicly traded companies, the Commission’s influence is broad, and any actions taken are likely to impact disclosure efforts beyond the Commission’s regulatory purview.

Based on the broad scope of questions, we have chosen to limit our responses to the questions having a direct impact on our sector and where we think we can provide the best suggestions to improve the current system.

We strongly believe that metrics and disclosure should not be a government-led activity, rather it needs to be a public-private partnership to assure goals and expectations are real, achievable, predictable, and that the collected data is used to improve climate change outcomes and not simply to make a case against one form of energy or another.

SEC Question #1

How can the Commission best regulate, monitor, review, and guide climate change disclosures in order to provide more consistent, comparable, and reliable information for investors while also providing greater clarity to registrants as to what is expected of them? Where and how should such disclosures be provided? Should any such disclosures be included in annual reports, other periodic filings, or otherwise be furnished?

Both public and privately held companies have been reporting through required and voluntary channels for many years. These include international, federal, state, local, and tribal governments, non-governmental organizations, as well as business-to-business relationships such as customers and vendors.
While many data gatherers, including the Commission, base their frameworks on standardized reporting platforms and tools such as the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), the data reporting structures vary greatly. We continue to have concerns about over and under reporting, follow-up requests for additional or clarifying information, and difficulty in effectively generating valid data comparisons.

Additionally, all data requested should be limited to information that is considered material by the issuer and its shareholders. Mandated data requests by the SEC that seek to impose major new climate disclosures that go beyond the scope of the longstanding materiality standard would run afoul of the SEC’s authority.

While data collection, analysis, and reporting continue to evolve, one constant remains: data requests continue to increase with little regard for the consistency of data reported, staff resources expended to produce the data, or alignment with an overarching set of achievable goals.

For the energy services sector, a key partner in developing the technologies needed to combat climate change, there is value in a base-level of reporting that includes consistent metrics, measurement standards, and a recognition of the importance of reporting in similar units of measure.

Should the Commission determine to mandate disclosure, it may wish to consider recommending a short, generalized disclosure worksheet to be “furnished” rather than “filed” with the Commission, while also allowing companies to continue to disclose information utilizing any commonly used reporting frameworks.

SEC Question #4

What are the advantages and disadvantages of establishing different climate change reporting standards for different industries, such as the financial sector, oil and gas, transportation, etc.? How should any such industry-focused standards be developed and implemented?

To the extent possible, the Energy Workforce & Technology Council supports simplification of disclosure criteria and minimizing the number of required data reporting entities. We recognize that some reporting criteria overlaps industries, and those commonalities should indicate an opportunity for cross-sector reporting along the same reporting standards, using the same metrics. Within the oil and gas industry, different companies are disproportionately impacted by different criteria. If one considers Scope, 1, 2, and 3 greenhouse emissions, different industries and different sectors within the same industries may have fundamentally different impacts on or from the three scopes. This can lead to misleading perceptions about an industry and that industry’s efforts to improve its emissions, proportional to another industry.

Many of our member companies work in oil and gas in addition to renewable energy and other technologies. As a result, The Council does not support specific “oil and gas” reporting standards and cannot see a way toward equal treatment under standardization across industries.

Question #5

What are the advantages and disadvantages of rules that incorporate or draw on existing frameworks, such as, for example, those developed by the Task Force on Climate-Related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), and the Climate Disclosure Standards Board (CDSB)?[7] Are there any specific frameworks that the Commission should consider? If so, which frameworks and why?

Consistent with our response to SEC Question #1 above, our membership uses SASB, TCFD and other frameworks as a common starting point for data topics to collect as well as other base-level information. Unfortunately, reporting frameworks, metrics, data gathering, and reporting have all become ESG “cottage industries.” We believe that making reference to the structures these organizations offer may provide improved simplified data requests. Our members continue to be concerned about multiple entities requesting disclosures with enough specific nuances that each report is distinct. This consumes incredible amounts of staff time and in some cases, requires new or additional software subscriptions, fees, and equipment to be purchased and installed in order to provide metrics.
With constantly evolving technology and other improvements, the Commission should commit to periodic reviews and regulatory updates with public engagement, through either the Administrative Procedures Act (APA) or other balanced, public mechanisms. This will assure standards and disclosure requirements keep pace with our ever-evolving society.

As stated in our introductory remarks, we strongly believe that metrics and disclosure should not be a government-led activity, rather it needs to be a public-private partnership to assure goals and expectations are real, achievable, predictable.

While many in our membership operate globally, The Council has serious concerns about submitting to a global standard. The U.S. energy industry is unique and while climate change is a worldwide issue where collaboration is necessary, the U.S. should always apply standards consistent with the best interests of the U.S. and U.S. citizens in mind which maintain the longstanding materiality standards of the SEC.

**Question #15**

In addition to climate-related disclosure, the staff is evaluating a range of disclosure issues under the heading of environmental, social, and governance, or ESG, matters. Should climate-related requirements be one component of a broader ESG disclosure framework? How should the Commission craft climate-related disclosure requirements that would complement a broader ESG disclosure standard? How do climate-related disclosure issues relate to the broader spectrum of ESG disclosure issues?

Should the Commission move forward with mandatory reporting requirements, the “E” of ESG disclosure criteria should be consistent with other environmental data being captured and disclosed. Do not create an additional cottage industry by making the “E” in ESG different. Any environmental data that is requested should be material to financial information pertinent to investors.

As the Commission is aware, the Administration is taking a “whole government approach” to climate change. By definition, ESG is a “whole entity approach” to sustainability as it relates to safety, diversity, profitability and community impact of any company. Climate change is one of the many aspects that our members are addressing when they implement ESG strategies. Climate change cannot be separated out from a broader ESG disclosure standard.

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The Energy Workforce & Technology Council and our members appreciate the Security and Exchange Commission’s efforts to solicit feedback and comments as part of this effort. As industry, we are also seeking improvements to the current reporting requirements and structures. Should the Commission decide to move forward with a rulemaking process, we urge the Commission to discourage multiple reporting streams, “data for the sake of data” gathering efforts, and a one-size-fits-all approach to data reporting.

We recognize that any actions taken by the Security and Exchange Commission in the realm of climate and ESG-related disclosure will have a guiding influence beyond the statutory and regulatory jurisdictions of the agency. Additionally, any new or amended disclosure requirements should be adopted in accordance with longstanding materiality standards and with the understanding that there needs to be an implementation period allowed with proper technical assistance offered to impacted entities.

We appreciate the opportunity to comment and look forward to participating in the Commission’s next steps.

Sincerely,

Leslie Beyer
Chief Executive Officer
Energy Workforce & Technology Council