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June 13, 2021

The Honorable Gary Gensler
Chair, U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Climate Disclosures – March 15, 2021 Request for Public Input

Chair Gensler:

On behalf of the Energy Strategy Coalition,[1] we are submitting these comments to the Securities and Exchange Commission (the Commission) in response to the March 15, 2021 request for public comment regarding the Commission's disclosure rules and guidance as they apply to climate-related disclosures.[2]

Our member companies operate and manage fossil-fuel, nuclear, hydropower, solar, wind, and other renewable generation, as well as electricity and natural gas transmission and distribution systems, serving tens of millions of customers across the United States. We are committed to reducing greenhouse gas (GHG) emissions and other air pollution consistent with federal, state, and regional programs and goals, and based on our experience, we can make investments in clean energy while improving electric system efficiency, increasing reliability and resilience, and maintaining quality and affordability of service for our customers.

We also understand that the increasing threats of climate change are factoring into operational and investment decisions of companies and investors. Our companies have undertaken a variety of industry-leading activities to assess and manage climate change risk, reduce GHG emissions, and increase the resilience of the electric system. This includes reporting on environmental, social, and governance information as well as undertaking significant investments and planning processes to reduce emissions and improve the resilience of energy infrastructure to climate change risks. Further, because clean electricity will play a central role in broader economic decarbonization and climate change mitigation, we recognize that our operations, and information surrounding those operations, are central to many other entities' climate change and economic plans.

The disclosure of information regarding these activities, as well as other climate-related aspects of our member companies' businesses, continues to be a priority for our member companies. Our member companies have long worked with investors and other stakeholders to ensure that information regarding material risks is available to facilitate informed investment decisions, as well as to identify and make available other non-material climate information of interest as possible.

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1 This letter is submitted on behalf of the MJB&A Energy Strategy Coalition: http://www.mjbradley.com/content/mjba-energy-strategy-coalition. The Energy Strategy Coalition is a diverse association. As such, the comments contained in this filing represent the position of the Energy Strategy Coalition as an organization but does not necessarily represent the views of any particular member with respect to any specific issue. We note for the purposes of this letter that some of our members are not subject to the U.S. Securities and Exchange Commission jurisdiction.

2 These comments respond to questions 1, 3, 4, 5, 6, and 7. The request for comment can be found here: https://www.sec.gov/news/public-statement/lee-climate-change-disclosures.

It is also important to note that each of our companies faces a unique set of potential climate-related business considerations that are dependent on a variety of factors, such as the regions in which we operate, state and local policies and goals, and the technological conditions of the grid. Each company, therefore, approaches decisions and investments differently and may consequently consider different climate-related impacts to be material. Based on this experience, we believe that many climate-related disclosures are best managed between registrants and investors; however, we also believe the industry could benefit from additional guidance on climate-related disclosures, including materiality, that allows for the disclosure of consistent and comparable information.

We appreciate the Commission's request for public input on this topic. We offer the following high-level comments on the Commission's efforts to guide climate-related disclosures, and look forward to engaging in more detail as the Commission takes further action.

A. We support development of industry-specific guidelines for climate-related disclosures.

Climate risks, as well as the materiality of those risks, vary widely across industries and geographies. Guidelines should be industry-specific, balanced with appropriate differentiation across sectors, and flexible enough to reflect differing climate impacts and regulatory environments across states. Development of such guidelines would improve business certainty for companies and allow for comparable disclosures.

Industry-specific guidelines could include additional detail on the types of climate-related information the Commission views as material, existing voluntary frameworks that the Commission recommends for each industry, or additional information the Commission recommends that companies furnish. However, the materiality of climate risks within a given industry can also vary between registrants due to a number of factors, such as business type, size, and products and services offered. Thus, we urge the Commission to avoid a highly prescriptive approach, as this may result in companies producing metrics that are not material and therefore incurring unnecessary costs in the provision of information that is not relevant or helpful to investors.

We recommend that the Commission work with each industry, in collaboration with investors and other stakeholders, to develop a set of guidelines for climate-related disclosures specific to each industry, while providing the flexibility necessary to allow each registrant to continue considering the company-specific materiality of its disclosures. This would help provide business certainty to registrants and support the Commission's interest in providing "consistent, comparable, and reliable information for investors while also providing greater clarity to registrants as to what is expected of them."

B. Industry-specific disclosure guidelines must be flexible and adaptable.

The impacts of climate change, and market and business responses to those impacts, are rapidly evolving, and the decisions of companies are increasingly based on a range of future climate conditions and analyses with varying levels of certainty. While we believe industry-specific guidelines for climate disclosures can increase business certainty and provide for more comparable disclosures, guidelines should also be flexible and adaptable to evolving climate and business landscapes. Frameworks should also allow for the continued incorporation of best practices that are developed as the disclosure of climate-related information evolves and matures.

Additionally, certain industries play a unique role in the climate change landscape. For example, the energy industry plays a critical role in the electrification of the transportation, building, and industrial sectors, along with strategies to rely on low-carbon fuels, which will all be necessary components in the achievement of economy-wide GHG emissions targets. Climate-related disclosure frameworks should be flexible and adaptable in order to capture and allow for the consideration of these unique business and market dynamics within each sector.

C. We urge the Commission to build on existing standards in developing industry-specific disclosure guidelines.

Existing standards for climate-related disclosures are already in use by many investors and registrants and could serve as the basis for industry-specific climate-related disclosure guidelines. For example, the Task Force on Climate-Related Financial Disclosures (TCFD) provides a flexible and adaptable framework for climate-related disclosures and scenario analyses. We urge the Commission to work with industry and investor stakeholders to identify which existing standards can be leveraged to define an industry-specific methodology for climate-related disclosures. This could include the Commission producing recommendations that registrants prioritize the use of certain existing frameworks to drive further intra-sector consistency. Any new Commission guidance should be developed through a notice-and-comment process, even where existing voluntary standards are being leveraged.

D. Additional Recommendations.

Should the Commission move forward with climate-related disclosure guidelines, we urge the Commission to consider designing the guidelines so information is furnished, rather than filed. This would allow companies to capture climate-related disclosures in existing frameworks, while following guidelines that would ensure disclosures are comparable. Also, given that climate scenario analyses are based on a range of future climate conditions with varying levels of certainty, it is important that any climate-related disclosures include the appropriate safeguards for forward looking information.

Additionally, because the impacts of climate change, and market and business responses to those impacts, are rapidly evolving, guidelines should be regularly updated to reflect changes in the reporting landscape. These updates could be due to changes in science, climate policies, market priorities, business practices, or other climate-related developments. We recommend that regular updates be undertaken by the Commission in collaboration with industry and investor stakeholders.

Ultimately, we believe the Commission can serve a valuable role in providing guidance to industry regarding climate-related disclosures. Guidelines that are industry-specific, flexible and adaptable, and focused on materiality can help to create a disclosure framework that provides business certainty and allows for comparable disclosures to meet investor needs.

We appreciate the opportunity to provide comments on the Commission's efforts to guide climate-related disclosures. We look forward to continuing to engage with the Commission on development of guidelines that allows for the disclosure of consistent and comparable climate-related information.

Sincerely,

Michael Bradley
M.J. Bradley & Associates