

Chancellor's Sustainability Committee Meeting
Monday, August 11th, 4:00-5:00, Cheadle 5123

Attendance:

Voting Members: David Auston, Bruce Tiffney, Pam Lombardo, Britt Ortiz, Constance Penley, Bill Shelor, Jennifer Suh, Nicholas Frey, Mark Brzezinski

Advisory members & staff: Mo Lovegreen, Bill Shelor, Jewel Snavely

Other attendance: Sarah Siedschlag, John Foran, Emily Williams, Heather Vest, Timothy Jacobs

4:05-4:10 Announcement:

- a) **2014/2015 Sustainability Champion** – Professor Ken Hiltner from the English department was chosen as this year's sustainability Champion.
- b) **GM MOU** – We are not moving forward with the GM proposal. We redid the calculations and weren't able to sell as much credits as we originally believed, for this reason the EVC office decided that it wasn't worth moving forward with the proposal.
- c) **Report of the First Meeting of President Napolitano's Global Climate Leadership Council**
UC President Janet Napolitano carbon neutrality initiative has established the Global Climate Leadership Council to achieve her initiative. The council meets three times a year and the work is being done by 10 council groups. During the first Council meeting in June Janet emphasized two main points:
 1. This is an amazing opportunity for the campuses to work together
 2. The UC can serve as a living and we can learn a lot along the way.

Nathan Brostrom and Wendell Brase the two co-chairs of the committee outlined four strategies for achieving the carbon neutrality goals:

1. Wholesale Electricity Purchases
2. Campus Energy Efficiency and Renewable Energy --- the UC is looking at setting up a system wide green revolving fund
3. Natural Gas and Biogas Procurement – this is seen as one of the biggest single challenges
4. Management of Environmental Attributes – refers to buying offsets however the President has indicated that she would only want this used as a last resort.

The applied research task for Co-Chaired by David Auston is charged with identifying grand challenges. A workshop will be hosted at UCSB to identify where research is needed and to make recommendation for research funding. 30 to 35 individuals will participate in the workshop, including two representatives from each campus; one research representative, and one facilities representative. The Vice Chancellor's for research also have a December meeting in Washington to brief federal agencies on the initiative and inquire about possible funding.

4:10-4:12 Minutes:

- a) Review meeting min. from July – Bruce Tiffney – all in favor

4:12-4:30 Discussion:

- a) Fossil Free – The discussion began with a summation from our July meeting by the co-chair, and then he offered new information to be brought to the forth.

b) Discussion/ information brought forth

Financial analysis --

- Since our last meeting UCOP and the Aperio Group both ran an analysis of divestment for three scenarios(see appendix 1):
 - divestment from all fossil fuels in the whole energy sector
 - divestment from the top 200 publicly traded fossil fuel companies with the largest carbon reserves,
 - divestment from the top 100 coal companies

The study looked at tracking error, which measures the deviation from a benchmark and actual return on investment (ROI). Anything less than 100 basis points, or 1% of standard deviation from the benchmark, is a low tracking error. This can also be thought of as a 1% change in ROI when divested as compared to the original investment portfolio. The analysis of the top 200 fossil fuel companies and the top 100 coal companies both reveal very low tracking error, especially for coal and especially when optimized (optimized means replacing what they took out with something that looks as similar as possible to the original). When you then factor in the carbon bubble (which is being taken very seriously by groups such as Morgan Stanley), such a tiny tracking error pales in comparison to the potential dramatic loss that would be incurred by remaining invested in these companies.

Research grants –

- Fossil free addressed the concern previously brought up about potential threat to research grants funded by fossil fuel companies. They noted that the proportion of our research grants funded by these companies is minuet.
- The research funding that has been mentioned is a real issue but we shouldn't be deterred by that argument because with divestment will come additional research funding for renewables.
- Faculty members were engaged when the academic senate voted on divestment—the minority of individuals on the Academic senate who didn't support divestment had the easy option of gathering 10 signatures to bring it to a full Faculty vote, but they didn't take that action.

Arguments for divestment brought forward: UCSB as a leader in sustainability –

- We pride ourselves on sustainability here at UCSB and the IPCC says we cannot afford to lose another decade, if we are going to see real change; we need to move our investments from this area to solutions.
- While we do extremely well in other areas in the STARS rating system, we get 0 for investments.
- UCSB was the first to start ES department and our efforts can promote others who look at us as leaders.
- Ten days ago a UC letter in support for divestment started circulating, there is 170 faculty signatures, of this 65 are from UCSB

Arguments for divestment brought forward: Our responsibility – several individuals spoke about our obligation as an institution of higher education to divest.

- We have an absolute obligation to take action now, this is about our students lives and they will be affected.
- Heather vest Co-Chair of EAB spoke on behalf of EAB: we want the next generation to learn about what we did, not what we could have done. We offer classes on social and environmental justice that as students we pay for and for that money to be used to invest in fossil fuel companies seems hypocritical.
- UCSB students are very passionate about this issue and support divestment. I think it is very ironic that the institution that I am learning about climate change from is investing in fossil fuels.

Reinvesting in renewables --

- General consensus was formed around the idea that one of the greatest appeals of divesting from fossil fuels, is reinvesting in renewables. But concerns were also raised about the practicality of reinvesting all of the money in renewables.
- The point was made that divesting from fossil fuels and reinvesting in renewables is synergetic with our Presidents Carbon neutrality initiative.

Seeking Consensus – Do we all agree that?

1. Global warming is a real threat. – all agreed
2. CO₂ from fossil fuels is a primary cause – all agreed
3. The uneven effects of global warming pose a threat to social justice – all agreed
4. The University has a responsibility to be a leader in advancing the well-being of our state, nation and the planet --- all agreed
5. That coal, oil and gas cannot be humanity's primary source of energy in the future
 - a. Discussion preceding this question: – isn't it more the byproducts of their use that is unacceptable? Perfect carbon capture will make renewable energy cheaper.
 - b. Hypotheses – the extinction of 85 to 95% of all life was aided by the overturn of CO₂ from the oceans. Humans have great ideas but they can backfire. Carbon capture could just be handing off the problem for future generations.
 - c. The statement was redrafted as follows and agreed upon: That coal, oil, and gas cannot be humanity's primary source of energy in the future without extraction, which in the near future is economically and technically infeasible.
6. Coal in short term and oil and gas in long-term aren't viable investment within the next 50 years --- no disagreement. –
 - a. Best climate science says we cannot use fossil fuels in 50 years. In 10 years need to cut 70% in developing countries in.
 - b. We couldn't replace fossil fuels with renewables today and would need some time to transition.
 - i. Divestment will help speed up this transition
 - ii. treating it as BAU lead the consumer to think nothing is wrong

4:30-5:00 Action Items:

- A voting member of the committee indicated that he would like to abstain from voting and consult with his department chair, but the observation was made by another member that this committee isn't a representative committee for the department but is collectively appointed by the chancellor for our own expertise and he ultimately decided to participate in a vote.
 - A brief conversation then took place regarding the need for a carbon tax for real sustainability and it was generally agreed upon that the divestment motion is a way to signal that we are seriously concerned and would be a political statement.

Where did the 200 come from?

They are the top 200 hundred publically traded companies with the most reserves in the ground. It was cut off at 200 because the top 200 hold enough resources in the ground to keep us within 2 degrees.

- Does this mean we are getting out of the mutual funds? Yes and Mutual funds were part of the financial analysis that UCOP conducted.
- Concerns were made about the complexity of divesting from mutual funds and hedge funds.

Motions:

- a) Support complete divestment from the top 200 publicly traded coal, oil, and gas companies with the most fossil reserves in the ground and reinvest in renewable energy companies in a period of not more than 5 years - All in favor – 9 in favor, no one sustained, no opposed.
 - a. A letter to the chancellor will be drafted and it will be circulated for feedback from voting and nonvoting members.
 - b. Fossil free asked for an addendum to the letter requesting that the chancellor meets with fossil free UCSB for any clarification was made.