Major pension funds ask for climate change study

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Some of the largest pension funds in the U.S. and the world are worried that major fossil fuel companies may not be as profitable in the future because of efforts to limit climate change, and they want details on how the firms will manage a long-term shift to cleaner energy sources.

In a statement released Thursday, leaders of 70 funds said they're asking 45 of the world's top oil, gas, coal and electric power companies to do detailed assessments of how efforts to control climate change could impact their businesses.

"Institutional investors must think over the long term, which means that we must take environmental risks into consideration when we make investments," New York State Comptroller Thomas DiNapoli told The Associated Press in a statement. The state's Common Retirement Fund manages almost $161 billion of investments.

Fossil fuels currently provide about 80 percent of all the energy used in the world. The pension funds say that because it takes decades to recoup the huge investments required for fossil fuel exploration, there's a significant chance that future regulations will limit production or impose expensive pollution-control requirements that would reduce the fuels' profitability.

Others signers of the letter include the comptrollers or treasurers of California, New York City, Maryland, Oregon, Vermont and Connecticut, as well as The Church of England Pensions Board, the

Scottish Widows Investment Partnership, the investment firm Rockefeller & Co. and dozens of other funds that control a total of about $3 trillion. Only a fraction of that is with fossil fuel companies, however.

The funds sent letters to the fossil fuel companies last month, asking for studies to be finished by spring.

The American Petroleum Institute, which represents the industry, was examining the statement and did not immediately comment. Shell Oil Co. declined to comment.

"The underlying question here is the billions of dollars that are being invested" in exploration for fossil fuels every year, and whether that's a prudent investment, said Jack Ehnes, the head of the California's State Teachers' Retirement System, which has about $5.4 billion invested in major fossil fuel companies.

Ehnes made clear that his fund is not seeking to punish the fossil fuel companies but rather work with them to study the issue and identify long-term options that will be good for shareholders, the environment and the firms.

"The scientific trajectory that we're on is clearly in conflict" with the business strategy of the companies, Ehnes added, referring to the overwhelming consensus among top scientists from around the world that global warming is a man-made threat, that pollution from fossil fuels is the biggest problem and that many of the already-discovered fossil fuel reserves will need to stay in the ground to avoid extreme climate change.

Boston-based Ceres, a coalition of investors and companies that advocate for sustainable business practices, estimates that $674 billion was invested in developing fossil fuel resources around the world in 2012, compared with $281 billion for renewables.