



California State Teachers'
Retirement System
Aeisha Mastagni
Portfolio Manager
100 Waterfront Place, MS-4
West Sacramento, CA 95605
916.414.7410

February 3, 2023

RE: EPA-HQ-OAR-2021-0317
U.S. Environmental Protection Agency,
EPA Docket Center, WJC West Building, Room 3334,
1301 Constitution Avenue, NW,
Washington, DC 20004

Dear Administrator Regan,

The California State Teachers' Retirement System (CalSTRS) was established in 1913 for the benefit of California's public-school teachers. CalSTRS' serves the investment and retirement interests of more than one million plan participants and is the largest educator-only pension fund in the world. As of January 1, 2023, the CalSTRS' portfolio value reached more than \$302 billion.

CalSTRS believes climate change is one of the greatest threats to our future, with undeniable links to business and financial investments. Climate change impacts health and safety, the environment, and the global economy, which puts the CalSTRS Investment Portfolio at risk. Virtually all companies and assets in our portfolio are affected by climate risk and must prepare for the transition to a low carbon economy.

In September 2021, the Teachers' Retirement Board (TRB) pledged to achieve net zero greenhouse gas emissions across the CalSTRS Investment Portfolio by 2050, or sooner. In August 2022, the TRB set a science-based interim goal to reduce emissions from the portfolio by 50% by 2030. CalSTRS views the rule proposed by the U.S. Environmental Protection Agency (EPA) as a significant step toward reducing greenhouse gas and volatile organic compounds emissions from the Oil and Natural Gas Industry, in the short-term.

At least a quarter of today's global warming is caused by methane (CH₄) emissions from human sources and in the United States methane accounts for more than 10% of all U.S. greenhouse gas emissions from human activities.ⁱ Methane is a short-term climate forcer, 86 times more potent than carbon dioxide over a 20-year period, meaning reducing emissions now can buy valuable time to address the climate crisis. In the U.S., oil and gas production is the largest industrial source of methane emissions.

A recent Intergovernmental Panel on Climate Change report identifies methane pollution as one of the key drivers of climate change and underscores the urgent need for protective action to reduce methane emissionsⁱⁱ. The threat posed by unmitigated warming to our economy and societies is potentially catastrophic, and strong action to rein in greenhouse gases is urgently needed.

We welcome EPA's improvements upon its standards in the earlier draft rule released in 2021 and were glad to see many strong provisions maintained from the original proposal. The standards laid out

in EPA's supplemental proposal are an important step in addressing oil and gas methane emissions, and CalSTRS urges EPA to finalize strong methane emission performance standards that:

- Maintain strengthened provisions to require regular leak monitoring of all sites with leak-prone equipment, including high-polluting, smaller wells, while providing flexibility for compliance by allowing advanced technologies to be used if they deliver equal or better reductions
- Maintain strong provisions to phase out polluting pneumatics controllers and pumps in favor of zero-emitting alternatives
- Build on the proposed framework to address flaring by ensuring that operators at wells capture associated gas and limit flaring of that gas to instances in which it is necessary for safety or maintenance reasons, in line with regulations in Colorado and New Mexico
- Establish a transparent, credible, and empirically based methane emissions reporting framework to improve the accuracy and credibility of reported methane emissions data, and enable us, as investors, to clearly differentiate between leaders and laggards

Reducing methane pollution from the oil and gas industry is a cost-effective and pragmatic way to slow climate change while mitigating transition risks to oil and gas investments. Additionally, CalSTRS believes these changes will increase energy security in the U.S., lower global emissions and create additional opportunities for U.S. producers in international markets, such as the European Union, where efficiency standards exceed those currently established in the U.S.

We encourage the EPA to continue to build on the progress in the supplemental proposal and to move swiftly to finalize comprehensive standards.

Thank you for your consideration,



Aisha Mastagni
Portfolio Manager

ⁱ <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks>

ⁱⁱ https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_SPM.pdf