

Dear Councillor

You voted a year ago for the Dyfed Pension fund to divest from fossil fuels and reinvest in local renewable energy.

I am sure by now you would have expected divestment to be well underway, and many local renewable energy projects to be in the process of installation.

However, the Dyfed Pension Fund Committee met on 24/6/2020 and resolved to do nothing, and moreover to not inform you of their decision (https://carmarthenshire.public-i.tv/core/portal/webcast_interactive/493698 - 41 minutes 40 seconds in).

Full details are below in a letter sent to the Pension Fund Committee.

I hope you will be able to apply pressure on the Committee, and Council officers in general to ensure that physical work to make a real impact on tackling the Climate Emergency now progresses, rather than just accepting the usual empty platitudes and waiting for more reports.

It's time for action. And it's really simple. Start installing solar panels and battery backup on all Council properties, to make at least the Council 100% renewably self-powered, and soon the whole of Carmarthenshire.

This will directly improve the lives of your electorate by reducing the impacts of the Climate Emergency, and above all, this will save the Council money, which you can then use to improve the lives of your electorate further.

I look forward to hearing how you progress. Carmarthenshire Energy is available to help if needed - just let me know.

Thank you

Greg



Greg Parker, Chair
Carmarthenshire Energy / Ynni Sir Gâr
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Dear Councillor Williams, Councillor Cundy, Councillor Thomas and Councillor Jones

I was at the full Council meeting on 9/10/19 when the Council voted for the “Dyfed Pension Fund to divest from fossil fuels within the next two years and invest the funds in local renewable energy schemes”.

This was very welcome news to help tackle the Climate Emergency.

I was keen to help, and discussed what steps could be taken by the Dyfed Pension fund and Carmarthenshire County Council to expedite this motion. See below and attached correspondence with the Pension fund officers and with the Chief Exec.

It is now more than a year into this two year target and I wanted to check on the progress made.

The amount invested by the pension fund in fossil fuel companies at 9/10/19 was estimated to be £141m. Would you please confirm what the value is now, a year later.

I listened to the Dyfed Pension Fund Committee meeting on 24/6/2020 which discussed this motion. Unfortunately, it sounded as though absolutely nothing has been done and there is no intention to do anything.

1. The excuses given were much the same as given to me in writing by Councillor Williams following my public question at the full council meeting on 9/10/19. These were rebutted in detail and presented to the fund officers in the attached document (*DyfedPensionFundDivestment.pdf* – footnotes *ii*). However, none of these comments seem to have been taken on board by the officers. Tackling these excuses again briefly:
 - a) “It’s our fiduciary duty to obtain best financial return for its members and minimise risk.”
 - If it is, then it is not responsible investing in fossil fuel companies when \$87bn has been wiped off the value fossil fuel companies in the last 9 months: <https://www.theguardian.com/business/2020/aug/14/seven-top-oil-firms-downgrade-assets-by-87bn-in-nine-months>
 - It is also a duty of pension funds to consider other aspects such as the Climate Emergency. This is being reinforced by Pension Schemes Bill coming into law soon: <https://www.gov.uk/government/news/landmark-pension-schemes-bill-proceeds-to-house-of-commons>

- Investing in local renewable energy can produce 10s of times higher returns than the fossil fuel investments at very low risk, as covered in the attached Really Simple Plan.
- If nothing is done about the Climate Emergency, and the tipping point for Climate Disaster is reached within 8 years, all pension investments are likely to become very quickly worthless anyway. Tackling the Climate Emergency is the number one priority for ensuring the long term security of the pension fund members' investments.

b) "The pension fund has lots of different groups as members and the committee has to reflect the wishes of all of the members."

- Two of the largest members are Carmarthenshire County Council and Ceredigion County Council, both of which passed motions for the fund to divest from fossil fuels and reinvest in local renewable energy.
- The committee does not consult all members of all individual investment decisions. This £141m is a fairly small 5.8% of the £2.4bn assets, so hardly needs to be discussed at length by all of the contributing bodies which may cause long delays, but I suspect the vast majority of the 47,000 members would agree to divesting from fossil fuel companies if asked publicly.

c) "The pension fund is invested in pooled investments and it is difficult to find which parts are invested in certain companies and some of the fossil fuel companies have renewable parts."

- Many funds find it no problem to invest ethically
<https://www.ethicalconsumer.org/money-finance/shopping-guide/ethical-pensions>
- During the full council meeting it was explained that the Dyfed Pension Fund had previously managed to withdraw from an underperforming fund and reinvest within a matter of months. So when it is necessary, it can be done.

d) "We prefer 'Active Engagement' rather than 'Divestment' as e.g. fossil fuel companies have investments in renewable energy."

- Shell was mentioned a lot in the meeting, with officers saying how good they were "delivering a lot in renewable energy", and patting themselves on the back for investing in them. Shell has invested \$2bn invested in renewable energy from 2016 to 2020, which sounds great on the face of it. However, over same period, they have invested \$120bn in new fossil fuel development. This 1.6% investment is a token gesture only, in order to continue exploiting fossil fuels, and no reason to invest the remaining

98.4% in damaging fossil fuels. It is truly naïve to think that you are going a good job for the Climate Emergency by investing in Shell.

If you invested £1m in Shell, they may allocate £16k to renewable energy projects – enough to purchase a solar power system for a single domestic house, whereas if you invested your £1m directly into renewable energy you would have a 1MW solar power plant with 1MWh battery backup.

<https://www.edie.net/news/10/Royal-Dutch-Shell-may-fail-to-reach-green-energy-targets/>

- BP is many times worse than even Shell. They have invested \$66m in renewable energy out \$303bn (0.02%) in last annual report (definitely no reason to invest the remaining 99.98% in damaging fossil fuels):
<https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-annual-report-and-form-20f-2018.pdf>
- One example of “Active Engagement” was given in Councillor Williams’ reply: “The Fund was one of the prime movers/supporters of the strategic resilience shareholders resolutions put to BP and Shell’s recent AGMs”. All the resolutions say is that more information is to be provided in annual returns to say what is being done about emissions management and low carbon research:
<https://shareaction.org/wp-content/uploads/2016/03/Expectations-2015resolutions.pdf>
i.e. they do not require any action to be taken. In-fact one of the responses at the AGM made clear that BP have no intention of doing anything:
“We don’t think it is productive to go for targets” – it’s not always that easy, e.g. gas is harder to get out of the ground so may produce more emissions. Targets are “not always productive” but the company is “keen to get the right developments.
We are not ready to set targets on emissions. If we are serious about a low carbon economy we need to steer from the demand side. Carbon pricing is critical to stimulate demand.”
i.e. we’re not going to do anything out about. It’s up to governments to increase taxes so that consumers move away from fossil fuels. While consumers are willing to purchase, we will sell as much as we can – it’s our core business.

2. The officers did not even bring up the critical second part of the motion that the funds should be reinvested in **local** renewable energy. I am glad Councillor Thomas called them to account on this. But saddened that you accepted the answer that there were no suitable projects. I myself submitted a very clear proposal (copy attached here – *DyfedPensionFundDivestment.pdf* and *CCCCalcs.xls*) and discussed with the officers and Carmarthenshire County Council (correspondence copied

below). This explains how to invest locally in renewable energy and the returns expected. The figures are clear, the references extensive, and it is not beyond the wit of Carmarthenshire County Council to implement such a plan, especially as you now have a full time Carbon Reduction Officer in addition to a Sustainable Development Manager to run such projects. Carmarthenshire Energy has offered their help if needed.

There are also community renewable energy schemes in West Wales who are actively looking for investment, for example Ynni Teg recently did a bond offer last month for their wind turbine near Meidrim, and Cwm Arian Renewable Energy based in Pembs are will soon be launching their share offer. Many community renewable energy projects will have been funded by Development Bank of Wales and are refinancing operational schemes by bonds/shares, so the risks are low.

3. I am additionally concerned that this important point raised by Councillor Thomas did not make it to the written minutes and resolution, despite explicitly being requested by the Chair (“agreed with comments by Councillors...”). Indicating a lack of wishing to be accountable.
4. The committee decided that it was not necessary to report back to County Council their decision. This is a disingenuous way of hiding that nothing is being done. Many county councillors assume, that once a motion has been passed in full council, then the officers will get on and do it. So they have no reason to chase it up.
5. There was talk about increasing the investment in “UK Passive” funds, which the independent advisor at the meeting warned was high in fossil fuels and carbon. This seemed to pass without comment, despite the fact that it would achieve completely the opposite of the motion requested by the Council, by increasing, not decreasing the investment in fossil fuel companies.
6. Cllr Williams said “Green investments are well overvalued so not a good investment now”. Some may be, but that is no excuse for not finding others that are not overvalued. For example investing directly along the lines of the attached plan, producing much higher returns than any of the funds that are currently invested in.

As Councillors, I am sure you feel powerless to have a significant impact much of the time. But you do in this instance. You have the opportunity to set a powerful example to other pension fund managers across the country and the world, which would make a significant impact on tackling the Climate Emergency. You are representatives of your constituencies, running a tax payer funded public organisation. The officers are responsible to the public through you. If the officers are not carrying out their job in the manner that you direct, then it is within your power to fire them, and get on board a team who is willing to make an effort to improve the lives of people locally and globally.

The Council finally declared there is a Climate Emergency in February 2019. We have 8 years before the tipping point for the Emergency becomes an irreversible Disaster. Doing things

the way they have always been done is no longer an option. We have to make a change to become carbon negative within that time. Everyone needs to do their bit to tackle this.

You have the duty as members of the pension fund committee to ensure that it is operating responsibly. Funding fossil fuel development is not responsible. So you must act now.

I have met with a couple of organisations keen to, and with the resources to pursue legal action against the Dyfed Pension Fund should no action be taken, and their case appears strong. I would prefer not to go down this route as it ties up the time of officers and tax payers' money legally defending a morally indefensible case, when the time and resources would be better spent actually reducing the Climate Emergency. So I hope you will take action soon.

I look forward to hearing from you and finding out what action has been taken, and I am happy to help where I can.

Thank you

Greg



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Copy of communication with Carmarthenshire County Council officers follows:

From: Marie Bennett-Williams <MWBennett-Williams@carmarthenshire.gov.uk> **On Behalf Of** Chief Executive

Sent: 16 December 2019 11:24

To: Greg Parker <greg@solutions-factory.co.uk>; Chief Executive

[<chiefexecutive@carmarthenshire.gov.uk>](mailto:chiefexecutive@carmarthenshire.gov.uk)

Cc: Jason Jones [<JaJones@carmarthenshire.gov.uk>](mailto:JaJones@carmarthenshire.gov.uk); Cllr. Aled Vaughan Owen

[<avaughanowen@sirgar.gov.uk>](mailto:avaughanowen@sirgar.gov.uk); Cllr. Cefin Campbell [<CACampbell@carmarthenshire.gov.uk>](mailto:CACampbell@carmarthenshire.gov.uk); Cllr.

Rob James [<RobJames@carmarthenshire.gov.uk>](mailto:RobJames@carmarthenshire.gov.uk); board@yannisirgar.org; sioned@yannisirgar.org

Subject: RE: Net Zero Carbon Local Authority meeting - Follow up

Dear Greg,

I hope you are keeping well and thank you for your email. It's great to see from the trail below that since our meeting you have met with various Council officers, with some good suggestions of possible future projects that Ynni Sir Gâr can help us with. I will gladly ensure that officers continue to positively engage with you, but I will be honest with you in that there will be some information that we just cannot share with you as an external body for reasons of commercial confidentiality. I will do my very best to ensure that you have the information you need in order to be able to help us with some of our ideas.

I know that Jason is open to discussing with you council owned land that might be suitable for new renewable energy development, appreciating that there might be national planning policy matters that will need to be considered in this context. I note that Kendal has referred you to Ian Llewelyn (forward planning manager), who will be able to provide planning policy advice. I will ask Jason to make arrangements for the three of you to meet to consider land opportunities further if you think that this would be helpful.

With regard to the Dyfed Pension Fund and divestment in Fossil Fuels, the Fund very much recognises climate change as a significant risk factor for the pension fund investments and engages actively and productively with companies to influence the agenda and have an impact on tackling and reducing the carbon risk. The Fund also has an increasing level of investment in renewable and low carbon energy production. I understand you had a good meeting Mr Chris Moore and colleagues to discuss your proposal in terms of local renewable energy and whilst the officers had some questions over the appropriateness of the investment for the Fund, the officers did agree to review your proposal and come back to you with comments. This will happen but unfortunately officers are having to deal with critical budget issues at the moment and will also need to discuss this further with the Pension Fund Committee. I will ask Chris and team to let you know when they will be in a position to meet again. The Fund Committee has a long term Investment Strategy and any investment must be in-line with the Strategy and will always be invested in a responsible manner. The Pension Committee meets on a quarterly basis and the motion to County Council, plus your proposals will be discussed further at the next meeting, which is March 2020.

In the meantime, I do believe that there is an opportunity for us to benefit from your experience and knowledge of the 'Energy Local' model. Can I suggest that this forms the initial focus of your activity to support and help us to deliver our carbon reduction ambition.

I am also pleased to hear that Sioned has confirmed, on behalf of Ynni Sir Gâr, that you are pleased to accept Kendal's offer of bi-monthly meetings, so that ideas can be shared and initiatives developed. This will, I am sure, set a firm foundation for a positive working relationship moving forward and I look forward to receiving regular updates on progress.

Can I take this opportunity to wish you a Merry Christmas and a healthy and happy 2020 and I look forward to continuing to work with you.

Regards,

Wendy Walters
Chief Executive

From: Greg Parker <greg@solutions-factory.co.uk>
Sent: 14 November 2019 16:07
To: 'Randal Hemingway' <RHemingway@carmarthenshire.gov.uk>
Cc: 'Mary Gillie' <mary@energylocal.co.uk>
Subject: RE: Dyfed Pension Fund Divestment Meeting Follow Up

Hi Randal

Details on Energy Local are at <http://www.energylocal.co.uk/>

The Bethesda project is described at

<http://www.energylocal.co.uk/cyd-ynni/>

The prices that members are currently charged are given at:

<https://energylocal.org.uk/group/4>

You can see the renewable energy generator is selling direct to consumers at the “Match Tariff” of 11.5p i.e. the same income you would get for selling your renewable energy.

The Time of Use Tariff are the prices paid by the customer direct to the supply company when you are not generating sufficient.

These prices are negotiated within the particular Energy Local group to benefit all parties.

I met with Mary Gillie, the founder of Energy Local, today, as Radio 4 was interviewing us for a their “In Business” program about Energy Local. We discussed whether the model would be sustainable if the Council were to invest the full £141m (141MWp, 141GWh/year) in local energy, and it seems Octopus Energy would be keen to support this volume without problem – they are keen to support this model as it helps them de-risk their purchase of energy in advance, and ensures they maintain long term customers. There is no need to approach Octopus Energy directly – Energy Local will handle everything. Mary would be pleased to answer any questions (address in cc).

Mary, Randal is Head of Financial Services at Carmarthenshire County Council and is looking into divesting the Dyfed Pension fund from fossil fuel companies and reinvesting directly into local renewable energy. I attach the overview documents I have prepared for this, and the worldwide example we discussed.

Regards

Greg

From: Randal Hemingway <RHemingway@carmarthenshire.gov.uk>
Sent: 13 November 2019 10:11
To: Greg Parker <greg@solutions-factory.co.uk>
Subject: RE: Dyfed Pension Fund Divestment Meeting Follow Up

Many thanks Greg. Please could you let me know any of the details you have on the Octopus scheme you mention in Gwynedd as I cant seem to find it on the web? With thanks in advance, Randal

From: Greg Parker [<mailto:greg@solutions-factory.co.uk>]
Sent: 12 November 2019 14:59
To: Chris Moore <CMoore@carmarthenshire.gov.uk>; Randal Hemingway <RHemingway@carmarthenshire.gov.uk>; Anthony Parnell <AParnell@carmarthenshire.gov.uk>
Cc: Chris A Davies <CDavies@carmarthenshire.gov.uk>; board@ynnisirgar.org
Subject: Dyfed Pension Fund Divestment Meeting Follow Up

Dear Chris, Anthony and Randall

Thank you very much for meeting with me last week.

As discussed, I have prepared and attach a long term profit & loss forecast to illustrate the long term benefits to the pension fund of investing directly in local renewable energy.

This includes:

1. Replacement / repair of inverters every 14 years. NB. These usually have at least 5 year guarantees. The usual components to fail are the capacitors, so it is more environmentally friendly to just replace the capacitors, but full replacement cost has been factored in.
2. Replacement / repair of batteries every 16 years. NB. They are performance guaranteed for 10 years, so any failure within that time is repaired free of charge. They are likely to last longer than 16 years, but with lower storage capacity, so rather than complete replacement it may be more environmentally friendly to just purchase additional storage to make up the shortfall rather than a complete replacement, but full replacement cost has been factored in.
3. Replacement of solar panels and mounting frames every 50 years. Including at the end of the 100 years, so you can see the full ongoing income for at least another 50 years, rather than you might think you would write off the equipment at the end of life of the panels and so the assets would be zero valued when compared to stock / bond investments – but clearly they are not.
4. A comparison with stock / bond / property investments returning 6% per year.
5. We discussed what amount needs to be withdrawn from the fund each year to pay contributions to current pensions. It was easy to see that from the all Wales figures, but not clear from the Dyfed Pension Fund figures. It would be nice to see the Dyfed Pension Fund figures in the same format as the national ones (endnote vi), but when comparing figures in the spreadsheet I have found it does not actually make a difference what this amount is. If

you need to draw out 0.9m a year or 5m a year it has the same effect on both the renewable energy scheme and the existing investment fund.

6. Feel free to adjust the figures with yellow background to investigate different scenarios. The starting one I have set shows the renewable energy scheme returning 37 times the income of the standard investment fund. NB. I have set the reinvestment into panels to stop when we reach 9,850 GWh/year (notionally the total energy requirements for the area including electricity, heating, transport, aviation). At that point I have also set the reinvestment of the standard fund to stop to make a like for like comparison. Clearly, in practice, reinvestment can take place for both schemes from this date, rather than drawing all the profits out.
7. Inflation has not been taken into account. Electricity sales income will increase significantly if it is taken into account. Additionally, cost of replacement and re-invested equipment will continue to fall as demand increases. All of this will improve the returns. What is modelled is a conservative estimate. Long term, of course, is entirely hypothetical for both renewable energy and the current pension fund model of stocks / bonds / property. E.g. electricity prices may fall if there is a surplus of worldwide renewable energy, or they may skyrocket if we continue with fossil fuels and the full effects of climate change take place. The long term future of stocks / bonds / property are just as volatile.

I have also clarified the calculation for the total energy consumption for the Dyfed Pension Area in endnote *vii*. This is only an illustration and not relevant to the profitability and environmental benefit of the scheme.

We spent quite a bit of time discussing whether it would be better for the fund to remain invested in fossil fuel companies as they are also investing in renewables. Most of what we discussed is covered in endnote *ii*. It is largely irrelevant anyway, as the fund has been mandated to divest and reinvest in local renewable energy. But for your peace of mind and due diligence, looking in more detail as to whether fossil fuel companies are making a serious investment in renewable energy or just paying lip service:

Latest BP annual report: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-annual-report-and-form-20f-2018.pdf>

Income: \$303,738 million, Profit: \$16,723 million, Total Equity: \$101,548 million. Amount invested in solar power \$66million (0.02% of income) (\$200million in all low carbon investment).

If we say all the £141m Dyfed Pension Fund is invested in BP, this is approx. 0.13% of the total equity of BP. So the amount invested in solar power by the Dyfed Pension fund is \$90k. This is a paltry amount compared to the investment, and does not justify keeping the £141m invested.

Please let me know if you need any further clarification, and when you would like us to help with the investment in solar panels and battery backup. We are having a meeting with Jason Jones and Kendall Davies tomorrow, so might be able to start identifying the first sites.

Best regards

Greg



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