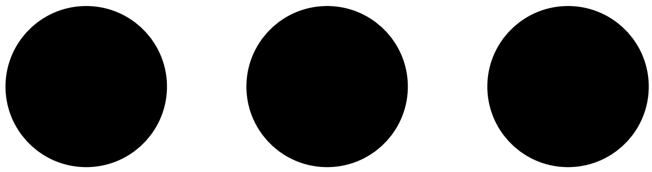
Written by James Murphy on December 3, 2022

States Unite Against Vanguard Purchases of Utility Companies Due to ESG Concerns

Attorneys general from no fewer than thirteen states have filed a motion with the Federal Energy Regulatory Commission (FERC) to block a purchase of utility company stock by investment advisor group Vanguard. The investment behemoth is looking to purchase over $10 million in shares of public utility companies.



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The state attorneys general argue that such a purchase would be at odds with Vanguard's embrace of ESG (environmental, social and governance), or "woke," policies, which look to do away with fossil fuels.

In May, Vanguard pledged to actively manage assets that align with the goal of achieving net-zero greenhouse gas emissions by 2050 or sooner. Utility companies, which must use fossil fuels to keep up with customer energy demands, would appear to clash with that goal.

"Vanguard's environmental mandates impose costs on its portfolio companies, and it is highly plausible that those costs are passed on to consumers directly or indirectly by hampering access to capital or foreclosing certain revenue-generating opportunities," the attorneys general wrote. "A holding company of Vanguard's size and influence should not be overlooked; to do so would be an abdication of the Commission's statutory duty to safeguard the energy markets."

Vanguard, one of the world's largest investment firms, currently boasts some $6.7 trillion in assets. The AGs argue that allowing a company with stated ESG goals to combat climate change might be "contrary to the public interest."

"The groups Vanguard joined (despite Vanguard's specific commitments to the commission) aim to shift global electricity production from natural gas and coal from approximately 67% of global electricity to approximately 0%," the AGs wrote. "This will undoubtedly affect the cost and reliability of energy supplies."

AGs from Alabama, Arkansas, Indiana, Kentucky, Louisiana, Mississippi, Montana, Nebraska, Ohio, South Carolina, South Dakota, Texas, and Utah are participating in the complaint.

According to the AGs, Vanguard was also requiring Berkshire Hathaway Energy, owned by Warren Buffett, to publish frequent reports on climate-related risks and greenhouse-gas emission targets.

Because of Vanguard's insistence on climate-friendly ESG operations, consumers in some states "would be harmed if their costs went up because of closure of these facilities or substitution of more expensive energy sources," the AGs noted.

The push for a regulatory review of Vanguard's practices was initiated by Utah AG Sean Reyes. The other states that have joined the complaint all have investor-owned utilities in their states.

Kentucky AG Daniel Cameron stated that his office will "oppose any effort that will undermine Kentucky's economy, destroy good paying jobs, and make it harder for Kentuckians to heat their homes and feed their families."

The state attorneys general accused Vanguard of "engaging in environmental activism and using its financial influence to manipulate the activities of the utility companies in its portfolio."

In a statement, Vanguard claims it welcomes regulatory review:

"As an investor-owned asset manager, Vanguard's role is to promote long-term value creation for investors in our funds, leaving management and policy decisions to companies and policymakers. We look forward to working through the regulatory process," the company said.

It's yet another example of individual states fighting back against investment firms that value climate activism and "woke" politics over making money for their investors. Just this week, Florida announced it was pulling $2 billion in state investments from BlackRock, which Florida's CEO Jimmy Patronis accused of "using Florida's cash to fund BlackRock's social-engineering project."

West Virginia, a huge coal-producing state, has already stated that it will not contract with banks that are "engaged in boycotts of fossil fuel companies."

And earlier this month, five Republican senators — Chuck Grassley of Iowa, Tom Cotton of Arkansas, Marsha Blackburn of Tennessee, Mike Lee of Utah, and Marco Rubio of Florida — joined together in a letter warning 51 law firms that their clients insisting on ESG initiatives may be running afoul of antitrust violations.

The senators accused ESG proponents of doing an end run around the democratic process to gain their end goals.

"The ESG movement attempts to weaponize corporations to reshape society in ways that Americans would never endorse at the ballot box. Of particular concern is the collusive effort to restrict the supply of coal, oil, and gas, which is driving up energy costs across the globe and empowering America's adversaries abroad," the senators wrote.

Indeed, the globalist push toward making all things ESG-friendly has opened up yet another front in the war against globalism. And firms like Vanguard and BlackRock are using their investors' own money to create a world that those investors don't want.