Office of the New York State Attorney General

Letitia James Attorney General

August 27, 2026

The Honorable Paul S. Atkins
Chairman
David Woodcock, Esq.
Director, Division of Enforcement
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Messrs. Atkins and Woodcock:

On April 22, 2026, 23 attorneys general from U.S. states with significant oil and gas interests sent a 33-page letter (the "Letter") to America's three largest credit rating agencies: S&P Global Ratings ("S&P"), Fitch Ratings, Inc. ("Fitch"), and Moody's Corporation ("Moody's") (together, the "Ratings Agencies"), as well as to you as the Chairman of the Securities and Exchange Commission ("SEC") and its Director of Enforcement.[1] The Letter asserts that the Ratings Agencies should not consider environmental and transition risks in evaluating the credit ratings of fossil fuel companies or of states and municipalities with fossil fuel production revenues.[2] The Letter demands that the Ratings Agencies "provide a written explanation of the specific, quantified financial (not ESG [environmental, social, and governance]) basis for each maintained downgrade of fossil fuel companies and states, or reverse all such ESG-driven downgrades."[3] The Letter further threatens that "[f]ailure to take these corrective actions will inform the undersigned attorneys general's assessment of whether enforcement action under state UDAP [unfair and deceptive acts and practices] laws, antitrust investigation, referral to the SEC's Office of Credit Ratings, or coordination with the U.S. Department of Justice is warranted."[4]

Insofar as the Letter, by addressing itself to the SEC's Chair and Director of Enforcement, suggests that the SEC should investigate the Ratings Agencies for incorporating climate and energy transition risks into their ratings of issuers, we, the undersigned state attorneys general, dispute that the Letter provides a legitimate basis for doing so. First, the Letter's conclusions are based on factual inaccuracies and distortions to support the flawed proposition that, in light of the current

[1] *See* Letter at 1.
[2] *See, e.g.*, *id.* at 23, 27-28.
[3] *Id.* at 27.
[4] *Id.* at 28.

U.S. federal administration, climate and energy transition risks are no longer valid concerns. By doing so, the Letter ignores the very real financial risks and opportunities posed by climate change and the energy transition. Second, the Letter paints a grossly incomplete picture of the status of public and private initiatives to address climate change and the energy transition. Finally, the Letter could be read to inappropriately pressure the Ratings Agencies to abandon fact-based ratings methodologies and change their independent ratings of, and ratings methodologies for, oil and gas companies and state issuers.[5]

1) The Letter Ignores Real Financial Risks and Opportunities Posed by Climate Change and the Energy Transition

The Letter asserts that the Ratings Agencies downgraded fossil fuel companies by "presuming a decades-long climate transition that is not occurring."[6] But this thesis ignores important realities about climate change and the energy transition. There is no question that climate change is real, supported by ample evidence, and has major financial impacts. Oil and gas companies are highly susceptible to physical risks posed by climate change — risks that are entirely independent of any national policy or political affiliation. Moreover, while the Letter relies heavily on the 2025 IEA World Energy Outlook (the "IEA World Energy Outlook") to support its arguments, its selective citations to the report distort what the outlook actually says.

a) Climate change is real and has major financial impacts

Credible science dispositively shows that climate change has had and will continue to have a dramatic impact on both the country and the world. In a recent survey, more than 98% of independently confirmed climate experts agreed that climate change is occurring and is caused by humans.[7] A majority of U.S. voters — regardless of political affiliation — support climate-related policies, including those that could have material financial impacts on public companies. Indeed, 75% of registered voters support regulating CO_2 as a pollutant, while 63% support requiring fossil fuel companies to pay for the damage caused by global warming.[8]

The World Meteorological Organization has confirmed that 2015-2025 were the warmest 11 years on record (with 2025 the second or third warmest year ever recorded).[9] The rate of sea-

[5] While, for all the reasons discussed below, the undersigned do not believe that the Letter provides a basis for opening an enforcement investigation against the Ratings Agencies, we take no position on the conduct of the Ratings Agencies themselves.
[6] *See* Letter at 6.
[7] Krista F. Myers et al., *Consensus revisited: quantifying scientific agreement on climate change and climate expertise among Earth scientists 10 years later*, Environ. Res. Lett. 16 (2021), https://iopscience.iop.org/article/10.1088/1748-9326/ac2774/pdf (last visited Aug.12, 2026).
[8] Anthony Leiserowitz et al., *Climate Change in the American Mind*, POL. AND POL'Y (Spring 2025), https://climatecommunication.gmu.edu/all/climate-change-in-the-american-mind-politics-and-policy-spring-2025/ (last visited Aug.12, 2026).
[9] *See* WORLD METEOROLOGICAL ORG., State of the Global Climate 2024, WMO-No 1391, at 8 (2026), https://library.wmo.int/records/item/69807-state-of-the-global-climate-2025 (last visited Aug.12, 2026).

level rise has almost doubled since the 1990s.[10] And experts analyzing the 22 largest climate-related disasters of 2025 — floods, storms, droughts, heatwaves, and wild fires — found that climate change made 17 of them more severe or more likely to occur.[11] According to Munich Re, the world's largest reinsurance company, "climate change is showing its claws," with one "record-breaking high after another — the consequences are devastating."[12] Indeed, in 2024 the total losses from natural catastrophes rose to $320 billion (up from $268 billion in 2023).[13] It was "only by chance that the world was spared more extreme losses in 2025 . . . ."[14]

b) Oil and gas companies are highly susceptible to the physical risks of climate change, irrespective of political boundaries

By ignoring or understating the impact of climate change, the Letter implicitly discounts the significant financial impacts that the physical consequences of climate change have on the fossil fuel industry and its customers across the country.[15] These include direct and residual costs from natural disasters, sea-level rise and other weather changes that impact not only the fossil fuel companies, but also those on whom they depend as consumers and investors.[16] Over the last ten years, the U.S. has experienced 199 severe weather events in which overall damages and costs for

---

[10] *See id.* at 12; *see also* Rebecca Lindsey, *Climate Change: Global Sea Level*, NOAA (Aug. 2023), https://www.climate.gov/news-features/understanding-climate/climate-change-global-sea-level (last visited Aug.12, 2026) (describing how global warming causes sea levels to rise as a result of melt water from glaciers and ice sheets, along with the thermal expansion of water as oceans warm).

[11] *See* Matteo Civillini, *"New era of climate extremes" as global warming fuels devastating impacts in 2025*, Climate Home News (Feb. 10, 2026), https://www.climatechangenews.com/2025/12/30/new-era-of-climate-extremes-as-global-warming-fuels-devastating-impacts-in-2025/ (last visited Aug.12, 2026).

[12] *See* Munich RE, *Climate change is showing its claws: The world is getting hotter, resulting in severe hurricanes, thunderstorms and floods* (Jan. 9, 2025), https://www.munichre.com/en/company/media-relations/media-information-and-corporate-news/media-information/2025/natural-disaster-figures-2024.html (last visited Aug.12, 2026).

[13] *Id.*

[14] *See* Munich RE, *Climate change and its dramatic consequences* (Feb. 2026), https://www.munichre.com/en/risks/climate-change.html (last visited Aug.12, 2026).

[15] *See* NASA, *Extreme Weather and Climate Change,* (Oct. 23, 2024),https://science.nasa.gov/climate-change/extreme-weather/ (last visited Aug.12, 2026) ("As the climate changes, the frequency and intensity of extreme weather events are increasing"); *see also* DTN, *How Extreme Weather Disrupts the Oil and Gas Sector*, https://www.dtn.com/how-extreme-weather-disrupts-the-oil-and-gas-sector/ (last visited Aug.12, 2026).

[16] *See, e.g.*, NOAA NAT'L CTR. FOR ENV'T INFO, *Billion-Dollar Weather and Climate Disasters* (2025), https://www.ncei.noaa.gov/access/billions/ (last visited Aug.12, 2026) ("In 2024, there were 27 confirmed weather/climate disaster events with losses exceeding $1 billion each to affect United States"); *see also* Swiss Re, *Beyond broken infrastructure – the cascading effects of natural catastrophes* (June 12, 2024), https://www.swissre.com/institute/research/sonar/sonar2024/beyond-broken-infrastructure.html (last visited Aug.12, 2026) (highlighting the "cascading (negative) effects" of severe weather on the "systems that underpin society, including energy, water and transport infrastructure" and to economic development and the public); Mark Segal, *Companies Anticipating $900 Billion Losses from Extreme Weather: CDP Report*, ESG Today (May 14, 2026), https://www.esgtoday.com/companies-anticipating-900-billion-losses-from-extreme-weather-cdp-report/ (last visited Aug.12, 2026) (companies report $900 billion in expected financial losses from extreme weather across short- and long-term horizons, including from increased costs, higher insurance premiums, and supply chain disruption).

each event reached or exceeded $1 billion, with the combined total cost reaching $1.5 trillion.[17] Twelve such events, costing $31.9 billion and killing 183 people, have occurred in 2026 so far.[18]

Climate change has significantly harmed many of America's oil producing states, a number of whose attorneys general signed the Letter. Since 1980, Texas has been the national leader in both the frequency of such weather events and their financial costs and damages, followed by Louisiana and Florida, respectively.[19] These weather events have ranged in type from severe storms and heat waves, to flooding and wildfires, and continued increases in such weather events are expected over the next decade.[20] Federal regulators continue to document and forecast major impacts from severe weather, including recent and projected increases in precipitation and costly flooding, notably in Midwestern states near the Missouri and Mississippi Rivers.[21] These observations coincide with other recent federal agency forecasts of stronger and more frequent hurricanes impacting U.S. Gulf Coast states such as Alabama, Florida, Mississippi, Louisiana, and Texas.[22]

In documenting these risks and impacts, regulators have stressed the significant financial effects such weather events have on fossil fuel production and consumption,[23] on secondary services such as transportation and infrastructure that underpin the ability to deliver those fuels to

---

[17] *See* Climate Central, *U.S. Billion-Dollar Weather and Climate Disasters* (June 2026), https://www.climatecentral.org/climate-services/billion-dollar-disasters (last visited Aug.12, 2026) (This "billion-dollar disasters analysis demonstrates the economic impact of extreme weather and climate events . . . helping communicate the real-world consequences of climate change").
[18] *Id.*
[19] *See* Laura Leining, *Texas has the most billion-dollar disasters nationwide*, TEXAS 2036 (Mar. 20, 2024), https://texas2036.org/posts/texas-has-the-most-billion-dollar-disasters-nationwide/ (last visited Aug.12, 2026).
[20] *Id.*
[21] *See Transportation and Infrastructure*, U.S. Climate Resilience Toolkit, https://toolkit.climate.gov/transportation-and-infrastructure (last visited Aug.12, 2026) ("Heavy precipitation events in the Midwest have increased in frequency and intensity since 1901 and are projected to continue to increase through this century").
[22] *See* U.S. ENERGY INFO. ADMIN. *Refining industry risks from 2025 hurricane season* (May 20, 2025), https://www.eia.gov/todayinenergy/detail.php?id=65304 (last visited Aug.12, 2026) (estimating the 2025 hurricane season to exceed the 1991-2020 average). Climate change, of course, also has a significant impact on states who are signatories to this letter. By example, between 1980 and 2024, floods, wildfires, and other natural disasters influenced by climate change, caused between $50 and $100 billion in losses throughout Colorado. *See* NOAA NAT'L CTR. FOR ENV'T INFO., *Billion-Dollar Weather and Climate Disasters* (2025), https://www.ncei.noaa.gov/access/billions/summary-stats/CO/1980-2024 (last visited Aug.12, 2026); *see also* Bolinger et al., *Climate Change in Colorado*, COLO. CLIMATE CTR., at 54-58 (3d ed. 2024), https://climatechange.colostate.edu/downloads/CCC%202024%20Climate%20Assessment%20Report%20pages%20view.pdf (last visited Aug.12, 2026).
[23] *See* U.S. ENERGY INFO. ADMIN, *Refining industry risks from 2025 hurricane season*, (May 20, 2025). https://www.eia.gov/todayinenergy/detail.php?id=65304 (last visited Aug.12, 2026) (stating that "[t]he potential for a stronger hurricane season suggests heightened risk for weather-related production outages in the U.S. oil industry, including potential refinery outages along the U.S. Gulf Coast"); *see also Winter Fuels Outlook 2025-26*, U.S. ENERGY INFO. ADMIN. (Oct. 15, 2025), https://www.eia.gov/outlooks/steo/report/perspectives/2025/10-winterfuels/article.php (last visited Aug.12, 2026) (identifying weather as a "significant source of uncertainty" in forecasting household fuel demand and pricing for the 2025-26 season).

consumers, and on the time and costs of doing so.[24] These events impact every level of the industry, and sector participants themselves have publicized how volatility in the oil and gas sector, due to severe weather, has frequent and outsized effects on prices, supply, and demand, even after efforts to harden facilities and limit disruption.[25] As noted above, the most cited weather causes and effects were: (i) hurricanes in the Southeast U.S. and resulting flooding, which particularly impact petroleum refining and natural gas processing; (ii) extreme heat, affecting the flow pressure of liquids and access to electricity needed to run refineries at full capacity; and (iii) extreme cold, causing power outages that negatively impact gas producers and lead to shortages and closures during periods of peak demand at facilities across the Southern United States, including in Texas, Oklahoma, and Louisiana, among others.[26] Yet the Letter essentially demands that the Ratings Agencies completely ignore such physical and economic risks that are reasonably considered in analyzing an issuer's creditworthiness.

c) The Letter distorts the 2025 IEA World Energy Outlook

Although the Letter selectively cites the IEA World Energy Outlook to support its claims regarding the future of the energy transition, it distorts what the report actually says. For example, the Letter cites the IEA World Energy Outlook to support its contention that oil and gas demand will continue to rise through 2050 and that coal will remain a dominant source of power generation for decades.[27] But, the Letter relies on just one of three potential scenarios set forth in the IEA World Energy Outlook — none of which are meant to be actual forecasts — to support that contention.[28] The Current Policies Scenario ("CPS") relied upon throughout the Letter is based on the unlikely assumption that there will be "no change" in global energy policy going forward.[29] And, predictions from the IEA World Energy Outlook's other scenarios — including the Stated

[24] *See Transportation and Infrastructure*, U.S. Climate Resilience Toolkit, https://toolkit.climate.gov/transportation-and-infrastructure (last visited Aug.12, 2026) (noting how extreme precipitation events and drought conditions severely impact transportation systems and infrastructure such as bridges, roadways, and shipping); *see also* NOAA, *El Niño and high tide flooding, a possible double whammy for some coastal communities in 2026* (May 15, 2026), https://oceanservice.noaa.gov/news/may26/el-nino-flooding.html (last visited Aug.12, 2026) (predicting El Niño to emerge by July 2026 and continue through the winter and, in conjunction with sea-level rise, lead to increased flooding in coastal states, including the U.S. Gulf and Southeast Coasts).
[25] *See* DTN, *How Extreme Weather Disrupts the Oil and Gas Sector*, https://www.dtn.com/how-extreme-weather-disrupts-the-oil-and-gas-sector/ (last visited Aug.12, 2026).
[26] *Id.*
[27] *See* Letter at 2.
[28] *See* INT'L ENERGY AGENCY, WORLD ENERGY OUTLOOK 2025, at 17-18, 29 (Nov. 12, 2025), https://iea.blob.core.windows.net/assets/9753df19-0a71-422a-b725-012c555763b3/WorldEnergyOutlook2025.pdf (last visited Aug.7, 2026). The IEA notes that "there is no single storyline about the future of energy, which is why the [report] presents multiple scenarios, none of which is a forecast . . . ." Two of the scenarios "set starting conditions and then examine where they lead – the Current Policies Scenario (CPS) and the Stated Policies Scenario (STEPS)," while a "third, the Net Zero Emissions by 2050 (NZE) Scenario, maps out a pathway to achieve specific energy and climate-related goals." *Id.* at 17.
[29] *Id.* at 17, 32, 105. Indeed, the CPS scenario only "considers a snapshot of policies and regulations that are already in place" and therefore "builds on a narrow reading of today's policy settings . . . assuming no change even where governments have indicated their intention to do so." *Id*. at 17, 105.

Policies Scenario ("STEPS") — that would contradict its claims are not mentioned in the Letter.[30] For example:

- The Letter claims, citing to the CPS scenario, that oil and natural gas demand will increase by 16% in 2035 and continue to rise through 2050.[31] Yet, according to the IEA World Energy Outlook's STEPS scenario, oil demand would peak by 2030[32] and natural gas demand would plateau by 2035.[33]

- The Letter claims, citing to the CPS scenario, that coal's peak has been pushed back and that it will remain the largest source of electricity until 2040.[34] Yet, according to the STEPS scenario, coal demand will "soon peak" with demand in 2035 falling to 20% below 2024 levels.[35]

- The Letter argues that there has been an electric vehicle ("EV") rollback.[36] But it ignores the IEA World Energy Outlook's assessment that, even under the CPS scenario, the share of EVs in passenger car sales will hit around 40% by 2035,[37] while under the STEPS scenario the share of EVs in new car sales will climb above 50%.[38] Moreover, according to the IEA's 2025 Oil Analysis and Forecast to 2030 (the "IEA Oil Report"): "Global electric car sales will continue their remarkable growth trajectory," with EVs continuing to "erode gasoline and diesel consumption . . . ."[39]

- The Letter claims, citing to the CPS scenario, that new fossil fuel projects will not become stranded assets.[40] However, the Letter ignores the IEA World Energy Outlook's statements that, *inter alia*: (i) under STEPS existing oil-refining capacity is sufficient to meet demand through 2050 (highlighting the lack of need for new projects);[41] (ii) 55 countries have committed to phase out unabated coal-power;[42] and (iii) under STEPS, coal-fired generation is expected to fall by 20% by 2035 and

[30] *Id.* at 18, 173.
[31] *See* Letter at 9.
[32] *See* INT'L ENERGY AGENCY, WORLD ENERGY OUTLOOK 2025, *supra* note 28, at 208.
[33] *Id.* at 214.
[34] *See* Letter at 9.
[35] *See* INT'L ENERGY AGENCY, WORLD ENERGY OUTLOOK 2025, *supra* note 28, at 219.
[36] *See* Letter at 2, 10, 14.
[37] *See* INT'L ENERGY AGENCY, WORLD ENERGY OUTLOOK 2025, *supra* note 28, at 126.
[38] *Id.* at 22.
[39] *See* INT'L ENERGY AGENCY, OIL 2025 ANALYSIS AND FORECAST TO 2030, at 22-23 (June 17, 2025), https://iea.blob.core.windows.net/assets/c0087308-f434-4284-b5bb-bfaf745c81c3/Oil2025.pdf (last visited Aug.20, 2026).
[40] *See* Letter at 2, 6, 9.
[41] *See* INT'L ENERGY AGENCY, WORLD ENERGY OUTLOOK 2025, *supra* note 28, at 237.
[42] *Id.* at 197-98.

nearly 60% by 2050.[43] Moreover, according to the IEA Oil Report, the trends impacting the refining industry indicate that in 2025 "over 1 mb/d of capacity will be closed — making it the largest single year of rationalization since 2022."[44] This would require even more refining capacity to shut down, "with high-cost plants in Europe and on the US West Coast expected to be hardest hit."[45] Indeed, recent studies have found that stranded assets could result in more than $2.2 trillion in losses globally by 2040.[46]

The Letter also ignores several of the IEA's statements that bode well for alternative energy and are challenging for the fossil fuel industry. For example:

- Renewables are the fastest growing major energy source under all scenarios,[47] and under STEPS, are expected to account for nearly 55% of global electricity by 2035.[48] According to the IEA, in 2024, renewables comprised nearly 75% of the overall increase in power generation.[49]

- Under STEPS, low emission electricity's share of power is expected to climb from roughly 40% in 2024 to over 60% by 2035,[50] as fossil fuel's share drops below 40%.[51]

- Costs of clean energy solutions continue to plunge, with the Clean Energy Equipment Price Index hitting a record low in 2024 and prices for solar PV and EV batteries dropping by 80% over the last decade.[52]

Another common consideration across all three scenarios is the renewal of interest and investment in nuclear energy, whose capacity is expected by 2035 to increase by at least a third,[53]

---

[43] *Id.* at 198.
[44] *See* INT'L ENERGY AGENCY, OIL 2025 ANALYSIS AND FORECAST TO 2030, at 102. Indeed, according to the Energy Information Administration, U.S. total refining capacity fell for a second consecutive year in 2025 following the closure of two major refineries without any new additions. *See* Opus, *US Total Refining Capacity Down Again in 2025 After Two Refinery Shutdowns: EIA* (June 26, 2026), https://www.opis.com/resources/energy-market-news-from-opis/us-total-refining-capacity-down-again-in-2025-after-two-refinery-shutdowns-eia/ (last visited Aug.13, 2026).
[45] *See* INT'L ENERGY AGENCY, OIL 2025 ANALYSIS AND FORECAST TO 2030, *supra* note 44, at 10.
[46] *See* Liza Hartley et al., *Stranding: Modelling the UK's Exposure to At-Risk Fossil Fuel Assets*, UK SUSTAINABLE INVESTMENT AND FINANCE ASSOCIATION at 2 (Mar. 2025), https://uksif.org/wp-content/uploads/2025/03/UKSIF-Stranded-Assets-Report-March-2025.pdf (last visited Aug. 6, 2026).
[47] *See* INT'L ENERGY AGENCY, WORLD ENERGY OUTLOOK 2025, *supra* note 28, at 20.
[48] *Id.* at 31.
[49] *See* INT'L ENERGY AGENCY, GLOBAL ENERGY REVIEW 2025, at 26 (Mar. 2025),https://iea.blob.core.windows.net/assets/5b169aa1-bc88-4c96-b828-aaa50406ba80/GlobalEnergyReview2025.pdf (last visited Aug.6, 2026).
[50] *See* INT'L ENERGY AGENCY, WORLD ENERGY OUTLOOK 2025, *supra* note 28, at 199.
[51] *Id.* at 198.
[52] *Id.* at 112.
[53] *Id.* at 21.

which would further reduce reliance on fossil fuels. Moreover, the policy momentum for renewables remains strong globally — with 143 countries having "established targets to promote expansion of renewable electricity" as of 2024.[54] Furthermore, investments in clean energy eclipse those in fossil fuels. Global energy transition investment reached a record $2.3 trillion in 2025, up 8% from 2024 — more than double the amount being invested in fossil fuels.[55] And, clean electricity investment dwarfs investments in fossil fuels in advanced economies by 12:1, in China by 6:1, and in other emerging and developing markets by 2:1.[56] The Letter, however, distorts the IEA World Energy Outlook by taking none of this into account. The Letter also ignores the impact of recent events on the energy transition. According to the head of the IEA, while the energy transition was proceeding strongly even before the war in Iran, he expects that "one of the responses to this crisis will be [an] acceleration of renewables. Not only because they are helping to reduce the emissions but also, they are [a] homegrown domestic energy source."[57]

2) The Letter Paints a Misleading Narrative Regarding the Status of Public and Private Initiatives Addressing Climate Change and the Energy Transition

a) National and local governments continue to move forward with policies and regulations to address climate change and combat the use of fossil fuels

The Letter's claim that the "governments most relevant to publicly traded fossil fuel companies are not setting stricter policies and regulations on climate change"[58] ignores the many important climate policies that have been implemented around the world over the past several years. While the United States at the federal level has, under the current administration, reversed course to promote fossil fuel production and consumption, much of the rest of the world continues to push forward in addressing the impact of climate change. The same is true for many U.S. states.

i) Global Efforts

Even with the U.S. withdrawal from the Paris Agreement, 194 countries have ratified the agreement and have publicly committed to limiting "the increase in the global average temperature

---

54 *Id.* at 199.

55 *See* INT'L ENERGY AGENCY, WORLD ENERGY INVESTMENT 2025 10TH EDITION, at 6 (June 2025) https://iea.blob.core.windows.net/assets/1c136349-1c31-4201-9ed7-1a7d532e4306/WorldEnergyInvestment2025.pdf (last visited Aug.7, 2026); BloombergNEF, *Energy Transition Investment Trends*, https://about.bnef.com/insights/finance/energy-transition-investment-trends/#overview (last visited Aug.13, 2026).

56 *See* Will Atkinson, *Five Takeaways from IEA's Report on World Energy Investment*, RMI (June 9, 2025), https://rmi.org/five-takeaways-from-ieas-report-on-world-energy-investment/ (last visited Aug.7, 2026).

57 *See* Sam Meredith, *"Asia's Ukraine Moment": How the Iran war could accelerate a shift into renewables*, CNBC (Mar. 25, 2026), https://www.cnbc.com/2026/03/25/iran-war-renewables-solar-wind-oil-gas-energy-strait-of-hormuz.html?msockid=07675a77de1c614d28c84d1fdf6560f2 (last visited Aug.7, 2026).

58 Letter at 7.

to well below [two degrees Celsius] above pre-industrial levels."[59] Indeed, besides the U.S., the only countries not party to the Paris Agreement are Iran, Libya, and Yemen.[60]

Around the world, countries continue to pursue policies to combat climate change. The European Union has adopted: (i) the Corporate Sustainability Reporting Directive (which requires covered companies to report on how sustainability issues impact their businesses and how their business activities impact the environment and society);[61] (ii) the Sustainable Finance Disclosure Regulation (which requires financial market participants to disclose sustainability information transparently);[62] (iii) the Corporate Sustainability Due Diligence Directive (which requires covered companies to address their adverse human rights and environmental impacts);[63] and (iv) the Carbon Border Adjustment Mechanism (which imposes carbon tariffs on greenhouse gas emissions embedded in products imported into the European Union).[64] Even with the recent loosening of the strictest parts of some of these regulations, they still apply to and impact numerous large, multi-national institutions, including oil and gas companies. Beyond the European Union, as of June 2025, around three dozen countries (including Australia, Canada, China, Japan, Mexico, and the United Kingdom), have adopted or otherwise use the IFRS Sustainability Disclosure Standards (which provide a global baseline for sustainability reporting) or are finalizing steps to introduce the standards into their regulatory frameworks.[65] Just this June, the U.K. set a new target to reduce carbon emissions 87% by 2040.[66]

---

[59] *See* United Nations Framework Convention on Climate Change, *The Paris Agreement*, https://unfccc.int/process-and-meetings/the-paris-agreement (last visited Aug.7, 2026).
[60] *See* Natural Resource Defense Council, *Paris Climate Agreement; Everything You Need to Know* (Jan. 23, 2025), https://www.nrdc.org/stories/paris-climate-agreement-everything-you-need-know#sec-whatis (last visited Aug.7, 2026).
[61] *See* European Commission, *Corporate sustainability reporting* (Jul. 3, 2026), https://finance.ec.europa.eu/financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en (last visited Aug.7, 2026); EY, *CSRD simplified: key impacts of the Omnibus Directive* (March 2026), https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/technical/csrd-technical-resources/documents/ey-gl-eu-sustainability-developments-revised-delegated-act-on-eu-taxonomy-enters-into-force-03-2026.pdf (last visited Aug.7, 2026).
[62] *See* European Commission, *Implementing and delegated acts –SFDR* (Feb. 17, 2023), https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/sustainable-finance-disclosures-regulation_en (last visited Aug.7, 2026).
[63] *See* European Commission, *Corporate sustainability due diligence,* https://commission.europa.eu/topics/business-and-industry/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en (last visited Aug.6, 2026).
[64] *See* Organisation for Economic Co-operation and Development, *EU Carbon Border Adjustment Mechanism, what is it, how does it work and what are the effects?* (Mar. 21, 2025), https://www.oecd.org/en/blogs/2025/03/eu-carbon-border-adjustment-mechanism-what-is-it-how-does-it-work-and-what-are-the-effects.html (last visited Aug.7, 2026).
[65] *See* International Financial Reporting Standards Foundation (IFRS), *IFRS Foundation publishes jurisdictional profiles providing transparency and evidencing progress towards adoption of ISSB Standards* (Jun. 12, 2025), https://www.ifrs.org/news-and-events/news/2025/06/ifrs-foundation-publishes-jurisdictional-profiles-issb-standards/ (last visited Aug.7, 2026); *see also* IFRS, *Use of IFRS Sustainability Disclosure Standards by jurisdiction,* https://www.ifrs.org/ifrs-sustainability-disclosure-standards-around-the-world/use-by-jurisdiction/ (last visited Aug.7, 2026).
[66] Mark Segal, *UK Sets Target to Reduce Carbon Emissions by 87% by 2040*, ESG TODAY (June 2, 2026), https://www.esgtoday.com/uk-sets-target-to-reduce-carbon-emissions-87-by-2040/ (last visited Aug.7, 2026).

With regard to China, the Letter discusses the country's continued efforts to build coal plants but ignores other recent developments, including China's commitment to reduce greenhouse gas emissions by 7-10% below its peak level by 2035, expand wind and solar capacity by 2035 to six times its 2020 levels, and raise the share of non-fossil fuels to more than 30% of energy consumption.[67] In December 2025, it was reported that global shipments of thermal coal declined for the first time since 2020 — in large measure due to China's reduction in thermal imports by more than 40 million tons (12%) compared to the prior year.[68] Electric car sales accounted for almost 55% of new cars sold in China in 2025,[69] and the country's oil consumption could decline by 5.5% in 2026 due to higher gas prices and the push towards EVs.[70] According to one recent report: "China's clean energy transition is fundamentally reshaping the economics of energy across the world . . . ."[71] Indeed, the accelerating deployment of renewables, grids, storage, and the electrification of transport, buildings and industry is "bringing China itself towards a peak in energy-related fossil fuel use, while also reducing costs and accelerating uptake of clean electro-technologies in other countries," thereby "creating the conditions for energy related fossil fuel use globally to peak and decline."[72]

Thus, while U.S. federal agencies have (for the time being) shifted climate-related policies to support fossil fuels, nearly all of the rest of the world continues to pursue and encourage clean and renewable energy as a matter of policy.

ii) State Efforts

Beyond ignoring clear global trends that continue favoring alternative energy sources over fossil fuels, the Letter misleadingly asserts that a number of "blue states" including California, New York, and Illinois (who are signatories to this letter) are abandoning efforts to address climate change, promote alternative energies, and curtail the use of fossil fuels.[73] This is also incorrect.[74]

---

[67] *See* Yukan Zhang and Ryan Woo, *China's Xi Announces New Climate Targets,* REUTERS (Sept. 24, 2025), https://www.reuters.com/sustainability/cop/chinas-xi-announces-new-climate-targets-2025-09-24/ (last visited Aug.7, 2026).

[68] *See* Gavin McGuire, *Global coal exports post rate decline in 2025 on China cuts,* REUTERS (Dec., 2025), https://www.reuters.com/markets/commodities/global-coal-exports-post-rare-decline-2025-china-cuts-2025-12-16/, (last visited Aug.7. 2026).

[69] *See* INT'L ENERGY AGENCY, GLOBAL EV OUTLOOK 2026 (May 2026), https://www.iea.org/reports/global-ev-outlook-2026/executive-summary (last visited Aug.7, 2026).

[70] *See* Michael Kern, *China's Gasoline Consumption Could Plunge 5.5% in 2026 as Oil Prices Surge,* OILPRICE.COM, https://oilprice.com/Latest-Energy-News/World-News/Chinas-Gasoline-Consumption-Could-Plunge-55-in-2026-as-Oil-Prices-Surge.html (last visited Aug.7, 2026).

[71] Muyi Yang et al., *China Energy Transition Review 2025*, EMBER, at 6 (Sept. 9, 2025), https://ember-energy.org/app/uploads/2025/09/China-Energy-Transition-Review-2025.pdf (last visited Aug.7, 2026).

[72] *Id*.

[73] *See* Letter at 7.

[74] While we are focusing our attention on those "blue states" specifically referenced by the Letter, numerous states have implemented significant policies to combat climate change and promote clean energy. Colorado, as just one example, has recently updated its GHG pollution targets of 65% by 2035, 75% by 2040, and 100% by 2050; has created two iterations of a Greenhouse Gas Pollution Reduction Roadmap; and has adopted strategies to reduce GHG pollution from electric generation sources, oil and gas production, transportation, industrial and manufacturing

(1) California

California has not reversed course on mitigating climate change, but rather is undertaking comprehensive efforts to meet its statutory statewide carbon neutrality goals as set forth in its Scoping Plan for Achieving Carbon Neutrality — an ambitious and aggressive approach to decarbonize all sectors of the state's economy. [75] These efforts include:

- The 100 Percent Clean Energy Act, which sets targets for 60% renewable energy procurement for retail sales of electricity by 2030 and 100% by 2045,[76] targets toward which the State has been making steady progress in recent years; [77]

- The Cap and Invest program, which imposes a declining economy-wide cap on greenhouse gas emissions, provides utility bill support for Californians, and generates additional revenues that the Legislature has used to fund projects that reduce harmful emissions, protect public health, and support natural environments.[78] Regulatory amendments strengthening the program were adopted in May 2026;[79]

- The Low Carbon Fuel Standard, a progressive reduction in the carbon intensity of transportation fuels targeting a 30% reduction below 2010 levels by 2030 and a

sources, large commercial and residential buildings, the delivery of natural gas for end use consumers, and municipal solid waste landfills. *See* COLO. REVISED STAT. § 25-7-102 (2023); COLO. ENERGY OFF., GREENHOUSE GAS POLLUTION REDUCTION ROADMAP (2026), https://energyoffice.colorado.gov/ghg-pollution-reduction-roadmap (last visited Aug. 20, 2026) (describing Colorado's first roadmap in 2021 and its most recent, updated roadmap in 2024); S.B. 23-198, 74th Gen. Assemb., 2023 Reg. Sess. (Colo. 2023); 5 COLO. CODE REGS. § 1001-9: B. VII & VIII; 5 COLO. CODE REGS. § 1001-31: B.I; 5 COLO. CODE REGS. § 1001-32: C.I.; COLO. REVISED STAT. § 40-3.2-108; 4 COLO. CODE REGS. §§ 723-4: 4525, 4527; 5 COLO. CODE REGS. § 1001-35; S.B. 21-260, 73rd Gen. Assemb., 2021 Reg. Sess. (Colo. 2021); 5 COLO. CODE REGS. § 1001-24; 2 COLO. CODE REGS. § 601-22:8.00.

[75] *See* CALIFORNIA AIR RESOURCES BOARD (CARB), *California releases final proposal for world-leading climate action plan that drastically reduces fossil fuel dependence, slashes pollution*, https://ww2.arb.ca.gov/news/california-releases-final-2022-climate-scoping-plan-proposal (last visited Aug.7, 2026).

[76] S.B. 100, 2018 Gen. Assemb. (C. 2018), https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB100 (last visited Aug. 20, 2026).

[77] *See* CALIFORNIA ENERGY COMMISSION, ESTIMATED ANNUAL CLEAN ENERGY, https://www.energy.ca.gov/data-reports/clean-energy-serving-california/estimated-annual-clean-energy (last visited Aug. 20, 2026) (estimating 67% clean energy use in 2024).

[78] *See* CARB, CAP-AND-INVEST PROGRAM, https://ww2.arb.ca.gov/our-work/programs/cap-and-invest-program/about (last visited Aug.7, 2026); Press Releases, Office of Governor Gavin Newsom, *New report shows Cap-and-Invest dollars are improving air quality in California's most polluted communities* (Jul. 2025), https://www.gov.ca.gov/2025/07/25/new-report-shows-cap-and-invest-dollars-are-improving-air-quality-in-californias-most-polluted-communities/ (last visited Aug.7, 2026).

[79] *See* CARB, *CARB adopts updates to California's Cap-and Invest Program to support affordability and align with climate goals* (May 29, 2026), https://ww2.arb.ca.gov/news/carb-adopts-updates-californias-cap-and-invest-program-support-affordability-and-align-climate (last visited Aug. 7, 2026).

90% reduction by 2045, [80] for which regulatory amendments focused on improved public and private sector investment towards increasing cleaner fuel and transportation options and accelerating the deployment of zero-emission infrastructure were finalized in June 2025;[81] and

- Multifaceted carbon management efforts, including programs to support geologic storage of industrial emissions as well as resilient carbon sinks in California's natural and working lands via carbon removal and sequestration initiatives.[82]

California continues to develop, strengthen, and implement all of these programs. The Letter's claims to the contrary are misleading at best.[83] The referenced debate among California legislators circled around the most effective way to meet the state's science-backed targets, not around retreating from the state's emission reduction goals themselves.

As Governor Newsom recently stated when introducing California's first solar-covered canal, California remains "committed to investing in clean energy and developing cutting-edge technologies to address climate and water challenges."[84] As far as California is concerned:

> It's all hands-on deck to combat the climate crisis. Protecting our communities from pollution, extreme weather, and the economic devastation of climate change requires leadership at all levels of society . . . . California is teaming up with global partners to protect our environment, strengthen biodiversity, and deliver real solutions to the climate crisis.[85]

---

[80] *See* CARB., OVERVIEW OF THE LOW CARBON FUEL STANDARD (NOV. 2025), https://ww2.arb.ca.gov/sites/default/files/2025-11/LCFS%20Basics_post11-20-25_final.pdf (last visited Aug. 20, 2026).

[81] *See* CARB, *CARB announces latest LCFS updates will be implemented next month* (June 27 2025), https://ww2.arb.ca.gov/news/carb-announces-latest-lcfs-updates-will-be-implemented-next-month (last visited Aug. 6, 2026).

[82] *See* CARB, CARBON SEQUESTRATION: CARBON CAPTURE, REMOVAL, UTILIZATION, AND STORAGE, https://ww2.arb.ca.gov/our-work/programs/carbon-sequestration-carbon-capture-removal-utilization-and-storage/about (last visited Aug. 20, 2026); *see also* CARB, 2022 SCOPING PLAN FOR ACHIEVING CARBON NEUTRALITY (2022), https://ww2.arb.ca.gov/sites/default/files/2023-04/2022-sp.pdf (last visited Aug. 20, 2026).

[83] *See* Letter at 7-8.

[84] *See* Press Release, Office of Governor Gavin Newsom. *Governor Newsom announces the completion of first-of-its-kind solar-covered canal in the Central Valley — piloting a new way to save water and reduce costs* (Apr. 29, 2026), https://www.gov.ca.gov/2026/04/29/governor-newsom-announces-the-completion-of-first-of-its-kind-solar-covered-canal-in-the-central-valley-piloting-a-new-way-to-save-water-and-reduce-costs/ (last visited Aug.7, 2026).

[85] *See* Press Release, Office of Governor Gavin Newsom, *As Trump destroys the planet and green jobs, Governor Newsom announces California joins world's largest environmental protection organization* (Apr. 24, 2026), https://www.gov.ca.gov/2026/04/24/as-trump-destroys-the-planet-and-green-jobs-governor-newsom-announces-california-joins-worlds-largest-environmental-protection-organization/ (last visited Aug.7, 2026).

(2) New York

The Letter also asserts that New York is abandoning its climate targets.[86] While New York's Governor and Legislature recently amended the state's Climate Act, the amendment added a 60% greenhouse gas reduction target by 2040 and maintains the mandate of an 85% reduction by 2050.[87] The amendment further requires the State to adopt regulations necessary to meet its emissions goals by 2028.[88] New York continues to be a leader in clean energy, investing more than $88.7 billion in clean energy development over the past five years.[89] New York recently allocated $1 billion of the state budget to the Sustainable Future Program, which helps fund the state's climate plan, while at the same time making the clean-energy transition more affordable for New Yorkers.[90]

Over the past three years, New York has added nearly 3,700 gigawatt hours of renewable energy generation to its electricity grid, representing an 83% increase from 2022 to 2025 (when considering verified, acquired generation).[91] This number does not even include additional renewable energy projects that are in the pipeline and committed to joining the grid.[92] Examples of New York's recent success in renewable energy development include the NY-Sun program,[93] which, through December 2025, had 7,841 MW of distributed solar energy operational, with an additional 2,820 MW in the pipeline also as of December 2025.[94] This means that New York is expected to exceed its goal of 10.5 GW distributed solar by 2030 — four years ahead of schedule.[95] Another recent clean energy achievement is the Champlain Hudson Power Express ("CHPE"). This high-voltage transmission line, with a 1,250 MW capacity delivering hydropower from

---

[86] *See* Letter at 7.
[87] *See* Steven C. Russo, et al., *New York Budget Amends the State's Climate Leadership and Community Protection Act* (May 26, 2026), https://natlawreview.com/article/new-york-budget-amends-states-climate-leadership-and-community-protection-act (last visited Aug.10, 2026); *see also* S.B. S9008C Part VV §4(1), 2025-2026 Legis. Sess., N.Y. Legis. Assemb. (N.Y. 2026), https://www.nysenate.gov/legislation/bills/2025/S9008/amendment/C (last visited Aug.13, 2026).
[88] Russo, *supra* note 87.
[89] *See* N.Y. STATE GOVERNOR'S OFFICE, GOVERNOR HOCHUL'S OP-ED IN EMPIRE REPORT: CLIMATE ACTION AND AFFORDABILITY CAN AND MUST GO HAND-IN-HAND (Mar. 20, 2026), https://www.governor.ny.gov/news/icymi-governor-hochuls-op-ed-empire-report-climate-action-and-affordability-can-and-must-go (last visited Aug.13, 2026).
[90] *See* N.Y. STATE GOVERNOR'S OFFICE, GOVERNOR HOCHUL ANNOUNCES ENERGY AFFORDABILITY PACKAGE TO HELP NEW YORKERS STRUGGLING WITH HIGH UTILITY COSTS AND SOARING GAS PRICES AT THE PUMP (May 28, 2026), https://www.governor.ny.gov/news/governor-hochul-announces-energy-affordability-package-help-new-yorkers-struggling-high (last visited Aug.13, 2026).
[91] *See* N.Y. STATE, CLEAN ENERGY DASHBOARD (data current through 2025 Q4), https://www.nyserda.ny.gov/About/Clean-Energy-Dashboard/View-the-Dashboard (last visited Aug.13, 2026).
[92] *Id.*
[93] N.Y. STATE ENERGY RSCH. AND DEV. AUTH., *NY-Sun*, https://www.nyserda.ny.gov/All-Programs/NY-Sun (last visited Aug.13, 2026).
[94] *See* Climate Act Dashboard, last updated June 5, 2026, https://climate.ny.gov/dashboard#overview (last visited Aug.13, 2026).
[95] *Id.*

Quebec to New York City, officially came online in summer 2026.[96] It will power 20% of New York City's electric load, as well as the entirety of the city's government operations.[97] As Governor Hochul has said: "All New Yorkers should be immensely proud that their home state is a national leader for clean energy and climate action."[98]

(3) Illinois

Similarly, the Letter's implication that Illinois is backtracking on its commitment to renewables is also false.[99] Illinois has just enacted major new legislation — the Clean and Reliable Grid Affordability Act — to rein in rising electricity costs while making one of the largest clean energy investments in the state's history.[100]

b) ESG investments and commitments remain strong

The Letter claims that S&P incorrectly predicted, in January 2021, the growing adoption of ESG investment mandates by global investors and financial institutions.[101] To support its claim that S&P's forecast was incorrect, the Letter cites recent net outflows in ESG investments and the withdrawal of asset managers from net-zero alliances to support its claim.[102] However, investors continue to adopt ESG mandates.[103]

While there were $84 billion in outflows from sustainable mutual and exchange traded funds in 2025 (compared to $38 billion in inflows in 2024), much of these outflows actually came from redemptions by large U.K. institutional investors "who reallocated their assets from standard, off-the-shelf ESG funds to bespoke ESG segregated accounts that give them more control over how their money was invested."[104] Thus, a significant portion of these outflows just went from

---

[96] Mona Zhang & Benjamin Storrow, *New York City's hydropower contract kicks off*, E&E NEWS POLITICO (June 2, 2026), https://www.eenews.net/articles/new-york-citys-hydropower-contract-kicks-off/ (last visited Aug. 20, 2026).
[97] *Id.*
[98] *See* GOVERNOR HOCHUL'S OP-ED IN EMPIRE REPORT: CLIMATE ACTION AND AFFORDABILITY CAN AND MUST GO HAND-IN-HAND, *supra* note 89.
[99] *See* Letter at 8.
[100] *See* Jesús Canchola Sánchez, *Governor Pritzker Signs Clean and Reliable Grid Affordability Act into Law*, NRDC (Jan. 8, 2026), https://www.nrdc.org/press-releases/governor-pritzker-signs-clean-and-reliable-grid-affordability-act-law (last visited Aug.13, 2026).
[101] *See* Letter at 6, 11.
[102] *Id.* at 11-12.
[103] The Letter also claims that the withdrawal of asset managers from net-zero alliances demonstrates that the adoption of ESG investment mandates has reversed. *See id*. This argument, however, ignores the role the authors played in pressuring the withdrawal of those asset managers from the alliances. Asset managers, insurers, and others withdrew from these alliances after many of the Letter's attorneys general in 2023 threatened antitrust liability for participating in them. *See* September 13, 2023 Dear Financial Service Provider Letter from Tennessee Attorney General Jonathan Skrmetti, https://www.tn.gov/content/dam/tn/attorneygeneral/documents/pr/2023/pr23-37-letter.pdf (last visited Aug. 20, 2026). The Letter incorrectly equates firms' decisions to exit these alliances after these repeated threats with a reduced interest in sustainable investing. Moreover, as discussed further below, 86% of asset owners expect to increase their allocations to sustainable investments over the next two years.
[104] *See* Hortense Bioy, *ESG Funds: 2025 Closes With Continued Outflows Amid Persistent Headwinds*, MORNINGSTAR (Feb. 4, 2026), https://global.morningstar.com/en-nd/sustainable-investing/esg-funds-2025-closes-with-continued-outflows-amid-persistent-headwinds (last visited Aug.13, 2026).

one sustainable fund to another. Moreover, as of first quarter of 2026, the global sustainable fund industry returned to net inflows.[105]

Even with the outflows described in the Letter, global sustainable fund assets were up by approximately 4% to $3.9 trillion as of fourth quarter 2025 — over $2 trillion more than the approximately $1.75 trillion that had been invested at the end of 2020[106] (around the time of the S&P predictions challenged by the Letter). According to the Morningstar report cited by the Letter, despite recent headwinds, "[s]ince the end of 2018, global sustainable fund assets have grown more than sixfold, from roughly USD 600 billion, driven by growing investor interest in sustainability issues (particularly climate change), but also by supportive regulation (especially in Europe), improved ESG data, and product innovation."[107]

Many investors remain intently focused on sustainable investing. According to a recent study by the Morgan Stanley Sustainability Institute, 88% of global individual investors are interested in sustainable investing,[108] with the younger generation showing "the greatest interest, signaling that sustainability will become an even stronger focus as their financial interest grows."[109] Similarly, the study found that 86% of asset owners expect to increase their allocations to sustainable investments over the next two years,[110] with two thirds of the largest firms by assets under management having maintained sustainable investing programs for at least five years.[111]

3) Ratings Agencies Should Not Be Pressured for Partisan Purposes

The Letter claims, among other things, that the ratings of the oil and gas sector and fossil fuel companies contravene the agencies' methodologies and the law, and that the Ratings Agencies' participation in groups like the U.N. Principles for Responsible Investment ("PRI") raise "serious" antitrust concerns.[112] The Letter further compares the Ratings Agencies' consideration of ESG factors to their past rating activity involving Residential Mortgage Backed Securities ("RMBS"), which resulted in settlements of more than $2 billion.[113] The Letter then "requests," among other things, that the Ratings Agencies withdraw from PRI (or disclose their participation in the organization as a material conflict of interest), revise their oil and gas methodologies to either

---

105 *Sustainable Fund Flows Turn Positive in Q1 2026*, Morningstar (June 8, 2026), https://www.morningstar.com/business/insights/blog/global-sustainable-fund-flows-quarterly-data (last visited Aug. 13, 2026).

106 *See* Bioy, *ESG Funds*, *supra* note 104.

107 *Id.*

108 *See Morgan Stanley Sustainable Signals: Individual Investors Continue to Show Levels of Interest in Sustainable Investing in New Survey,* Morgan Stanley (April 30, 2025), https://www.morganstanley.com/press-releases/morgan-stanley-sustainable-signals-report (last visited Aug. 10, 2026).

109 *Id.*; *see also* Bioy, *ESG Funds*, *supra* note 104.

110 *Morgan Stanley Sustainable Signals*, *supra* note 108.

111 *See* MORGAN STANLEY INSTITUTE FOR SUSTAINABLE INVESTING, SUSTAINABLE SIGNALS: INSTITUTIONAL INVESTORS 2025, at 2, 6 (2025), https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/MS_ISI_Signals_Institutional_Investors_2025_Report.pdf (last visited Aug. 10, 2026).

112 Letter at 25-26.

113 *Id.* at 26.

remove or cabin transition risks, and reverse all of their "ESG driven downgrades" unless they provide a basis for the downgrade that does not include any ESG-related risks.[114] According to the Letter, failure to accede to these demands "will inform the undersigned attorneys general's assessment of whether enforcement action under state UDAP laws, antitrust investigation, referral to the SEC's Office of Credit Ratings, or coordination with the U.S. Department of Justice is warranted."[115] Not only are the Letter's underlying legal claims disingenuous, but any demand by regulators for the Ratings Agencies to change their ratings or methodologies could be inconsistent with the Credit Rating Agency Reform Act of 2006.

The Letter's claims that the Ratings Agencies' participation in the U.N.-backed PRI initiative implicate antitrust concerns are at best not properly supported or explained, and at worst thinly-veiled, politically-motivated threats. The PRI's statement on ESG in credit ratings emphasizes that "[c]redit rating agencies must be allowed to maintain full independence in determining which criteria may be material to their ratings."[116] The Letter fails to demonstrate how participation in PRI, joined by 1,500 investment institutions with the primary stated goal of providing information, education, and tools for meeting individual firm goals and benchmarks, constitutes an antitrust violation.

The Letter's attempt to analogize the Ratings Agencies' consideration of ESG factors to the inflation of RMBS credit ratings that resulted in multi-billion-dollar settlements is a false equivalence. The inflated credit ratings for RMBS were caused, in large measure, by the credit rating agencies' abuse of their "issuer-pays" model that incentivized them to issue inflated ratings for securities issued by the very clients that paid them to rate their securities.[117] Specifically, the ratings agencies "declined to downgrade underperforming assets because [they were] worried that doing so would hurt the company's business," which may have helped the Ratings Agencies "avoid disappointing . . . clients," but "did major harm to the larger economy . . . ."[118] It is ironic that the Letter attempts to equate the Ratings Agencies' alleged conduct to the conduct that resulted in the RMBS settlements, given that the Letter is demanding that the Ratings Agencies engage in the very misconduct that the RMBS settlements were meant to address — changing their ratings and methodologies to avoid disappointing the signatory states (and their fossil fuel industry companies) whom they are rating.

---

[114] *Id.* at 27-28.
[115] *Id.* at 28.
[116] *See* PRI, *Statement on ESG in Credit Ratings*, pri-statement-on-esg-in-credit-ratings.pdf (last visited Aug.13, 2026).
[117] *See, e.g.*, Rena Miller, CONG. RSCH. SERV., IF1196, CREDIT RATING AGENCIES: BACKGROUND AND REGULATORY ISSUES 1 (2024); Deryn Darcy, *Credit Rating Agencies and the Credit Crisis: How the "Issuer Pays" Conflict Contributed And What Regulators Might Do About It*, 2009 COLUM. L. REV. 623, 666-68 (2009).
[118] *See* U.S. DEPARTMENT OF JUSTICE PRESS RELEASE, *Justice Department and State Partners Secure $1.375 Billion Settlement with S&P for Defrauding Investors in the Lead Up to the Financial Crisis* (Feb. 3, 2015), https://www.justice.gov/archives/opa/pr/justice-department-and-state-partners-secure-1375-billion-settlement-sp-defrauding-investors (last visited Aug. 20, 2026).

Taken as a whole, the Letter can easily be read as a threat to prosecute the Ratings Agencies unless they revise their oil and gas ratings and methodologies to adopt its signatories' partisan points of view regarding climate change and the energy transition. While it is well within the rights of interested entities to voice good faith concerns about a ratings agency's methodologies and conflicts, or to ask questions related to their own credit ratings, the Letter does not do so.[119] Ratings should be based on facts, not threats. As the Letter itself states, "[i]nformation cannot be independent and objective when it is shaped by political objectives . . . ."[120]

Any imposition of partisan pressure and threats of legal action against the Ratings Agencies to compel changes in their independent processes and ratings for partisan purposes would be improper, set dangerous precedent, and potentially overstep the Credit Rating Agency Reform Act of 2006, which prohibits the SEC or any state or local government from regulating "the substance of credit ratings or the procedures and methodology pursuant to which [a ratings agency] determines credit ratings."[121] Thus, any attempts by the Letter's signatories to pressure the Ratings Agencies to alter their policies or ratings based on the partisan priorities of the signatory states, or to assert that the SEC should investigate the Ratings Agencies for their refusal to do so, should be soundly rejected. The Ratings Agencies should be permitted to use independent, fact-based methodologies to evaluate climate and transition risks and incorporate those risks into their ratings.

Respectfully submitted,

LETITIA JAMES
Attorney General of New York

ROB BONTA
Attorney General of California

[119] Indeed, even the politically charged leading questions to the Ratings Agencies posed by the Letter demonstrate that the Letter is intended to make a partisan point rather than neutrally gather information. *See, e.g.,* Letter at 28 ("Explain why your Ratings Agency has not reversed downgrades of the fossil-fuel sector or fossil-fuel companies . . . even when the Downgrades' core assumptions have been proven incorrect").

[120] *See id* at 27.

[121] Securities and Exchange Act of 1934, 15 U.S.C. § 78o-7(c)(2). Of course, the SEC has the right to require disclosure of rating methodologies, to regulate various aspects of credit rating behavior, and to ensure that the rating agencies follow their disclosed methodologies. Similarly, the states retain their rights to pursue actions against rating agencies under state laws, including those relating to unfair and deceptive practices, that are not inconsistent with the Credit Rating Agency Reform Act of 2006. We do not condone conflicts of interest, failures to apply rating methodologies, or any deception related to credit ratings.

PHILIP J. WEISER
Attorney General of Colorado

BRIAN L. SCHWALB
Attorney General of the District of Columbia

ANNE E. LOPEZ
Attorney General of Hawaii

ANTHONY G. BROWN
Attorney General of Maryland

KEITH ELLISON
Attorney General of Minnesota

JENNIFER DAVENPORT
Attorney General of New Jersey

WILLIAM TONG
Attorney General Connecticut

KATHLEEN JENNINGS
Attorney General of Delaware

KWAME RAOUL
Attorney General of Illinois

ANDREA JOY CAMPBELL
Attorney General of Massachusetts

AARON D. FORD
Attorney General of Nevada

RAÚL TORREZ
Attorney General of New Mexico

DANIEL RAYFIELD
Attorney General of Oregon

PETER NERONHA
Attorney General of Rhode Island

CHARITY CLARK
Attorney General of Vermont

JAY JONES
Attorney General of Virginia

NICHOLAS W. BROWN
Attorney General of Washington

JOSHUA L. KAUL
Attorney General of Wisconsin