

WHEREAS:

Utilities face unprecedented disruptions to their business model driven by growth in non-carbon-emitting sources of electric power.

In 2014, Barclays downgraded bonds for the entire U.S. electric utility sector due to the rapidly declining costs of solar power and energy storage technologies. UBS projects solar systems and batteries will cause a huge disruption in the energy industry, noting, "Large-scale power stations could be on a path to extinction." Deutsche Bank predicts total solar photovoltaic power costs will reach parity with average electricity prices (grid parity) in 36 U.S. states as soon as 2017.

Distributed generation of electricity is expanding through residential rooftop solar and corporate installations of renewable power. Forty-three percent of Fortune 500 and 60 percent of Fortune 100 companies have set renewable energy, energy efficiency, and/or greenhouse gas (GHG) reduction targets. The country's 25 largest corporate solar buyers have now deployed over 445 MW of solar.

The U.S. EPA recently released its final Clean Power Plan that requires states to achieve 32 percent GHG reductions on average nationwide (from 2005 levels), listing renewable energy as a key pillar of the plan.

These developments portend change for the industry. 94 percent of international electric power industry representatives surveyed by PricewaterhouseCoopers predict the power utility business model will be completely or significantly transformed by 2030.

Moody's reports "a proactive regulatory response to distributed generation is credit positive as it gives utilities improved rate designs and helps in the long-term planning for their infrastructure." Navigant Research notes, "Utilities that proactively engage with their customers to accommodate distributed generation - and even participate in the market themselves - limit their risk and stand to benefit the most."

Energy recognizes the importance of a "diverse, modern and efficient" generation portfolio, acknowledging "factors that could affect market prices for electricity and fuel" include the "availability of competitively priced alternative energy sources and the requirements of a renewable portfolio standard." However, distributed energy resources and renewables account for only a tiny portion of Energy's generation capacity. Further, as Energy faces challenges relicensing and decommissions more non-emitting nuclear generation plants, the GHG profile of Energy's portfolio could increase.

BE IT RESOLVED:

With board oversight, shareholders request that Energy create a report by October 2016 (at reasonable cost and omitting proprietary information) describing how Energy could adapt its company-wide business model to significantly increase deployment of distributed-scale non-carbon-emitting electricity resources as a means of reducing societal greenhouse gas emissions and protecting shareholder value.

SUPPORTING STATEMENT:

Shareholders suggest that the report consider revenue models for significantly increased deployment of distributed non-carbon-emitting electricity resources for commercial, industrial and residential customers (including but not limited to community solar, energy efficiency, demand response, and electric car charging stations).