

**WHEREAS:**

Global governments agree that to avoid the worst effects of climate change, global temperatures must not increase beyond 2 degrees Celsius. According to a recent study, meeting this 2 degree carbon limit would require 80% of coal reserves to remain unburned. (McGlade, Elkins; Nature 2015)

FirstEnergy is a coal intensive utility. In 2013, FirstEnergy was the 6th largest consumer of coal among all U.S. power producers; it created – on its own -- approximately 1.2% of total U.S. energy-related carbon dioxide emissions. (Ceres 2015, EIA 2015). While many utilities are reducing coal use, FirstEnergy's coal use increased 22% between 2008 and 2013. In the same period, the nation as a whole reduced coal consumption by 18%. (Ceres, 2015 & 2010; EIA, 2015 & 2010).

Because coal is the source of 77% of energy-related carbon emissions in the U.S., laws designed to slow or mitigate climate change are likely to target coal. (EPA, Electricity Sector Emissions) Indeed, the U.S.' first major climate regulation, the Clean Power Plan, is designed to reduce carbon emissions from coal-intensive utilities. HSBC noted that the Clean Power Plan's clean air requirements could "increase the stranding risk for U.S. coal producers and coal heavy utilities." In comments to the EPA opposing the Clean Power Plan, a group of utilities claimed that coal pollution regulation will "result in billions of dollars in stranded assets." (Coalition for Innovative Climate Solutions).

FirstEnergy's coal generation assets are already at risk of stranding. FirstEnergy has aggressively pursued a bail-out of its costly, aged, polluting coal plants in Ohio. Pending approval, the deal would permit FirstEnergy to pass unknown costs, estimated at nearly \$4 billion by the Ohio Consumers' Counsel, for its uneconomic coal plants on to customers at above-market power rates. FirstEnergy, whose stock (as of November 2015) is down over 60% from its 2008 high, informed the press that the Company needs the bail-out because its coal plants "just aren't making money in the open market". (Bloomberg, 2015) Despite this temporary fix, FirstEnergy's investors remain exposed to significant risk from stranded assets. Rather than proposing long term solutions for reducing the Company's climate risk, in recent years FirstEnergy has fought energy efficiency and renewable energy policies that could help displace coal power in states where it operates.

BE IT RESOLVED:

Shareholders request that FirstEnergy prepare a report by September 2016, omitting proprietary information and at reasonable cost, quantifying the potential financial losses to the company associated with stranding of its coal generation facilities under a range of climate change driven regulation scenarios that mandate greenhouse gas reductions beyond those required by the Clean Power Plan.