



WHEREAS:

According to the World Bank, climate change could drive 100 million people into extreme poverty. A Stanford study predicts climate change could depress global incomes by 23%. To limit climate change to 2 degrees Celsius, the level required to mitigate the worst impacts of climate change, the IPCC estimates that the U.S. will need to reduce its greenhouse gas emissions nearly 80% by 2050 (relative to 1990 levels).

“Reducing emissions from electricity generation is crucial to addressing risks of anthropogenic climate change.” (Oxford University Stranded Assets Program, 2014). Reducing emissions from electricity requires decreasing coal power, as coal power causes 77% of U.S. electric power sector carbon emissions. (EPA)

Great Plains Energy is coal intense. In 2013, Great Plains Energy was the 26th largest U.S. power producer, but had the 17th largest coal generation and the 21st highest carbon emissions. (Ceres, 2015). In 2014, 81% of Great Plains’ fuel mix was coal, compared to a national average of 39%. (10K 2015; EPA). In contrast to peers, Great Plains’ coal generation rose 16% between 2008 and 2013. The U.S. as a whole reduced its coal consumption by 18% in the same period. (Ceres, 2015 & 2010; EIA, 2015 & 2010).

Regulations designed to slow or mitigate climate change, as well as climate change related market changes, are likely to strand utility coal assets. In June 2015, the U.S. adopted its first major climate regulation, the Clean Power Plan, which requires the electric power sector to significantly reduce carbon emissions. 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 regulation of coal pollution will “result in billions of dollars in stranded assets.” (Comment from Coalition for Innovative Climate Solutions).

Renewable power could also strand coal generation assets. According to a 2014 Rocky Mountain Institute report: “the point at which solar-plus-battery systems reach grid parity [...] is well within the 30-year planned economic life of central power plants and transmission infrastructure. Such parity and the customer defections it could trigger would strand those costly utility assets.”

BE IT RESOLVED:

Shareholders request Great Plains Energy prepare a report by September 2016, omitting proprietary information and at reasonable cost, quantifying the company’s potential financial losses associated with stranding of its fossil fuel generation facilities under a range of climate regulation scenarios requiring greenhouse gas reductions beyond Clean Power Plan reductions. Shareholders request that Great Plains quantify its exposure to stranding of its fossil fuel generation facilities under a scenario limiting global carbon emissions to 2 degrees Celsius.