

Climate Change and Increased Renewable Energy

WHEREAS:

The United States and 114 other nations have signed the Copenhagen Accord on climate change, which recognizes that “the increase in global temperature should be [kept] below two degrees Celsius,” to avoid potentially devastating societal harm, and “deep cuts in global emissions are required” in order to do so.

In its 2012 Annual Energy Outlook, the International Energy Agency (IEA) states, “No more than one-third of proven reserves of fossil fuels can be consumed prior to 2050 if the world is to achieve the 2 °C goal...” and, “Almost two-thirds of these carbon reserves are related to coal...” The Obama administration has set a goal of 80% reduction in carbon emissions by 2050.

In May 2011, a National Academy of Sciences report warned that the risk of dangerous climate change impacts grows with every ton of greenhouse gases emitted. The report also emphasized that, “the sooner that serious efforts to reduce greenhouse gas emissions proceed, the lower the risks posed by climate change, and the less pressure there will be to make larger, more rapid, and potentially more expensive reductions later.”

PwC’s 2013 Global Power and Utilities Survey found that, “Many in the industry expect the existing power utility business model in their market to transform or even be unrecognizable in the period between now and 2030. 94% predict complete transformation or important changes to the power utility business model.”

A 2013 report by the Edison Electric Institute (EEI) stated that, “technological and economic changes are expected to challenge and transform the electric utility industry. These ‘disruptive challenges’ arise due to a convergence of factors, including: falling costs and enhanced focus on distributed generation and other distributed energy resources (DER); increasing customer, regulatory, and political interest in demand-side management technologies (DSM)... The timing of such transformative changes is unclear, but with potential for technological innovation (e.g., solar photovoltaic or PV) becoming economically viable due to this confluence of forces, the industry ...must proactively assess the impacts and alternatives available to address disruptive challenges..”

A 2013 report by Citi estimates that of the \$9.7 trillion anticipated investment in power generation globally by 2035, 71% will be invested in renewables or clean technologies.

RESOLVED:

Shareholders request that the company prepare a report, reviewed by a board committee of independent directors, on policies the company could adopt to take additional near-term actions to reduce its greenhouse gas emissions consistent with the national goal of 80% reduction in greenhouse gas emissions by 2050. The report should be published by October 1, 2014 at a reasonable cost and omit proprietary information.

Supporting statement:

Such policy options shall consider innovative technologies and strategies for energy generation, such as placing greater emphasis on distributed clean energy sources or strategies to deploy centralized renewable energy generation in the Company's geographic region, as well as consideration of the most advanced practices and policies of utility peers in the US and worldwide.