TREASURER WOODEN JOINS GLOBAL INVESTORS INITIATIVE TO TACKLE CARBON POLLUTION AT COUNTRY'S LARGEST POWER UTILITIES

COALITION REPRESENTING $1.8 TRILLION IN GLOBAL ASSETS SETS NET-ZERO CARBON DEADLINE FOR BIG POLLUTERS

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(HARTFORD, CT) - Connecticut State Treasurer Shawn T. Wooden has joined a coalition of institutional investors representing some $1.8 trillion in combined assets to demand the 20 largest publicly traded electricity generators in the U.S. commit to achieving net-zero carbon emissions.

Decarbonizing these companies would eliminate nearly half of the power sector's carbon emissions and put the country on track to building a sustainable power grid and a sustainable economy.

The 20 signatories, including some of the biggest institutional investors in the world, have asked the board chairs of the 20 utilities to make the net-zero commitment within the next six months.

Wooden said Connecticut is engaging with the electric utility companies in which the state invests in order to work toward the goals of the Paris Climate Agreement and reduce their carbon emissions.

"The negative impacts of climate change for our planet and our country are not some hypothetical scenario decades from now," Wooden said. "This is a crisis that is very real today. That's why Connecticut and other long-term investors in electric utilities are taking action."

The companies to which the investors' statement were sent are: Duke Energy Corporation; The Southern Company; Exelon Corporation; Vistra Energy (acquired Dynegy in 2018); NextEra Energy Inc.; Entergy; American Electric Power; Dominion Energy (acquired SCANA Corp. in 2019); NRG Energy; Xcel Energy; Public Service Electric & Gas Company; Evergy, Inc. (Merger of Westar and Great Plains); DTE Energy; Ameren; WEC Energy Group; PPL Corporation; Pacific Gas and Electric Company and The AES Corporation.

The Connecticut Retirement Plans and Trust Funds invests in nearly all of these companies, with aggregate exposure to equities in the utilities sector valued at approximately $126.4 million and bonds valued at $16.4 million.

Climate change is one of the largest systemic risks facing the economy and financial markets, and is a risk that cannot be diversified from long-term investor portfolios. The UN Intergovernmental Panel on Climate Change (IPCC) concluded in October 2018 that we must achieve net-zero carbon emissions economy-wide by 2050 at the latest to have at least a 50% chance of limiting warming to 1.5˚C above pre-industrial levels.

The U.S. Fourth National Climate Assessment warns of mounting costs reaching hundreds of billions of dollars each year to the U.S. economy alone by the end of this century resulting from continued emissions growth.

"We have seen noteworthy progress in the business models of some electric utilities as they shift their fuel sources to reduce overall carbon emissions," Wooden said. "We must, however, continue to press for measurable, tangible action and measurable results. The work of the Climate Majority Project, Climate Action 100+ and our fellow investors is essential to this effort."

Investors, led by New York City Comptroller Scott M. Stringer, have further asked the targeted utilities to implement four key governance reforms in advance of their 2020 proxy statements to achieve the net-zero target.

1) Identify who on the board is responsible for overseeing execution of the net-zero transition.
2) Develop and publish a detailed transition plan to achieve net-zero emissions from electricity generation by 2050 at the latest, with clear near-term benchmarks and plans for 2025 and 2030.
3) Incorporate transition milestones into executive compensation metrics.
4) Disclose how political, lobbying and trade association activities will be brought into alignment with the net-zero commitment.

Today, the electric power sector is one of the largest sources of U.S. carbon emissions, and U.S. power sector emissions increased in 2018. Failure of electric utilities to decarbonize poses material risks for long-term investors.

At the same time, carbon-free electrification of transportation and other sectors presents electric utilities with once-in-a-generation growth opportunities. Investors have a fiduciary obligation to ensure that the electric power sector is on track to achieve net-zero emissions by 2050 at the latest – which most utilities are not.

As the Climate Majority Project report details, the twenty companies that are the focus of this investor initiative are estimated to generate nearly 50 percent of the U.S. electric power sector's CO_2 emissions.

Of the twenty, only one (Xcel Energy) has committed to a net-zero by 2050 target. Seven have set long-term targets that are not yet in line with the net-zero by 2050 objective, and the remaining twelve have not set any long-term targets at all.

The full report may be viewed here: https://www.climatemajority.us/net-zero-report

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