

ELECTRIC POWER RESOLUTION

WHEREAS:

A 2005 statement from the scientific academies of 11 nations, including the U.S., stated that, “The scientific understanding of climate change is now sufficiently clear to justify nations taking prompt action. It is vital that all nations identify cost-effective steps that they can take now, to contribute to substantial and long-term reductions in net global greenhouse gas emissions.”

A 2004 Conference Board report declared that, “scientific consensus that the climate is changing is growing steadily stronger over time; Corporate boards will be increasingly expected to evaluate potential risks associated with climate change; and, the global economy will become less carbon-intensive over time...The real questions are what the pace of the transition will be and who will be the winners and losers.”

A 2003 Department of Defense report outlined a plausible abrupt climate change scenario that “would challenge the United States national security in ways that should be considered immediately.”

U.S. power plants are responsible for nearly 40 percent of the country’s carbon dioxide emissions, and 10 percent of global carbon dioxide emissions.

In June 2005, a majority of U.S. Senators voted in favor of a resolution stating that, “...before the end of the 109th Congress, Congress should enact a comprehensive and effective national program of mandatory, market-based limits on emissions of greenhouse gases that slow, stop, and reverse the growth of such emissions...”

Attorneys general from eight states have filed a public nuisance lawsuit demanding that Cinergy, American Electric Power Co., Southern Co., Xcel Energy and Tennessee Valley Authority reduce carbon dioxide emissions 3 percent per year for the next 10 years.

In a July 2004 Newsweek story, the insurance company AXA estimated that 20 percent of global GDP is affected by climatic events and, “climatic risk in numerous branches of industry is more important than the risk of interest rates or foreign exchange risk.”

In 2004, AEP, Cinergy, TXU, and Southern Company issued comprehensive reports to shareholders about their financial exposure under potential emissions control scenarios. AEP stated, “some initial mandatory reductions of greenhouse gas emissions are likely in the next decade, the economic impact of controlling greenhouse gas and other emissions thus depends on the company’s ability to meet these goals... Management and the Board have a fiduciary duty to carefully assess and disclose to shareholders appropriate information on the company’s environmental risk exposure.”

[THE COMPANY] is proposing to build a XX Megawatt pulverized coal-fired power plant with an estimated investment of \$XX billion, which will emit approximately XX million tons of CO₂ per year.

RESOLVED: The company disclose (at reasonable cost and omitting proprietary information) by September 1, 2006, how future CO₂ emissions would affect the operation and valuation of the proposed coal plant(s) if CO₂ reaches feasible costs of \$10, \$25, and \$50 per ton of carbon dioxide over a 30-year timeframe.

Supporting statement:

In February 2005, the Kyoto Protocol took effect, imposing mandatory greenhouse gas limits on the 148 participating nations. Companies with operations in those nations are required to reduce or offset a portion of their greenhouse gas emissions. Market-based programs are developing to trade CO₂. In January 2005, the European Union launched a greenhouse gas emissions trading program, and CO₂ has regularly traded for more than \$25 per ton.

Nine northeastern states are developing the Regional Greenhouse Gas Initiative, which aims to significantly reduce emissions from electric power companies and develop a market to trade emissions allowances. .

The California Public Utilities Commission now expects all utilities to add a greenhouse gas cost of \$8/ton of CO₂ in all long-term power contracts, and the Colorado Public Utilities Commission agreed that Xcel Energy should assume a \$9 per ton cost for a new coal power plant.