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2023 INDUSTRY PRIORITIES



Clean
Energy
& ESG



Resilience &
Grid Security



Storm
Response
& Wildfire
Mitigation



Siting &
Permitting
Reform



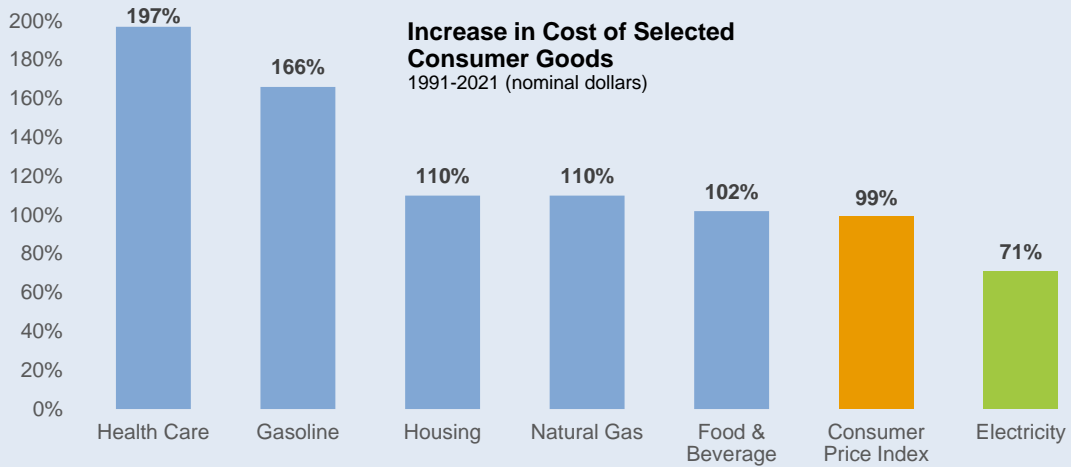
Electric
Transportation



DEI &
Workforce
Development

AFFORDABILITY: ELECTRICITY IS A GREAT VALUE

(Percent)



Sources: U.S. Department of Labor, Bureau of Labor Statistics, and U.S. Department of Energy, Energy Information Administration (EIA).

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IRA'S CLEAN ENERGY TAX PACKAGE

**\$272
Billion**



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INDUSTRY FINANCIAL HIGHLIGHTS: OVERVIEW

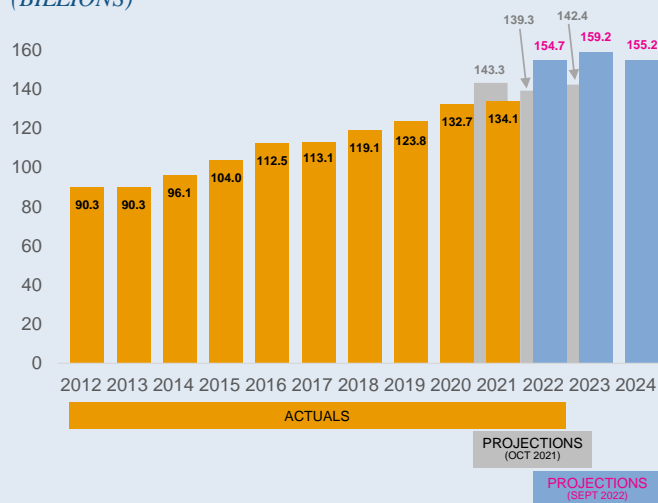
	EEI Index	DJIA	S&P 500	NASDAQ
1-year	1.15%	-7.02%	-18.32%	-33.51%
2-year	18.47%	13.38%	6.08%	-18.68%
3-year	17.09%	23.93%	25.16%	17.00%
5-year	52.70%	48.82%	56.08%	50.59%

- Dividends
 - Yield = 3.4%
 - 38 of 39 companies are currently paying a dividend
 - 87% of companies increased their dividend in 2022
- Credit Ratings
 - BBB+ Average Industry Credit Rating
 - Outlook 86% Stable or Positive

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INDUSTRY FINANCIAL HIGHLIGHTS: ELECTRIC UTILITY INDUSTRY CapEX

(BILLIONS)

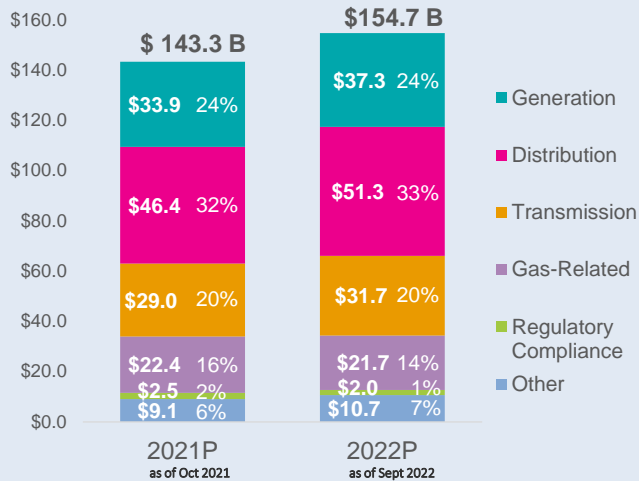


- Chart represents total company spending of U.S. Investor-Owned Electric Companies, consolidated at the parent or appropriate holding company.
- Note: At the industry level, CapEx tends to be overestimated for the current, or first year's projection, and underestimated for the two following years. Although the chart indicates investments are trending down in 2024 relative to 2023 levels, we expect a continued level of elevated spending after accounting for the historical trend of over- and underestimation.
- Source: EEI Finance Department, member company reports, and S&P Global Market Intelligence (updated Sept. 2022).

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INDUSTRY FINANCIAL HIGHLIGHTS: PROJECTED FUNCTIONAL Capex

(BILLIONS)



- Chart represents total company functional spending of U.S. Investor-Owned Electric Companies. Individual years may not sum to 100% due to rounding error.
- Note: Each annual functional projection is compiled during the calendar year for which it is reported and is not revised to align with the actual total. Therefore, the projected total dollar amounts in the functional chart do not align with the actual totals reported on the enclosed industry capital expenditures chart.
- Source: EEI Finance Department, company reports, and S&P Global Market Intelligence (updated Sept. 2022).

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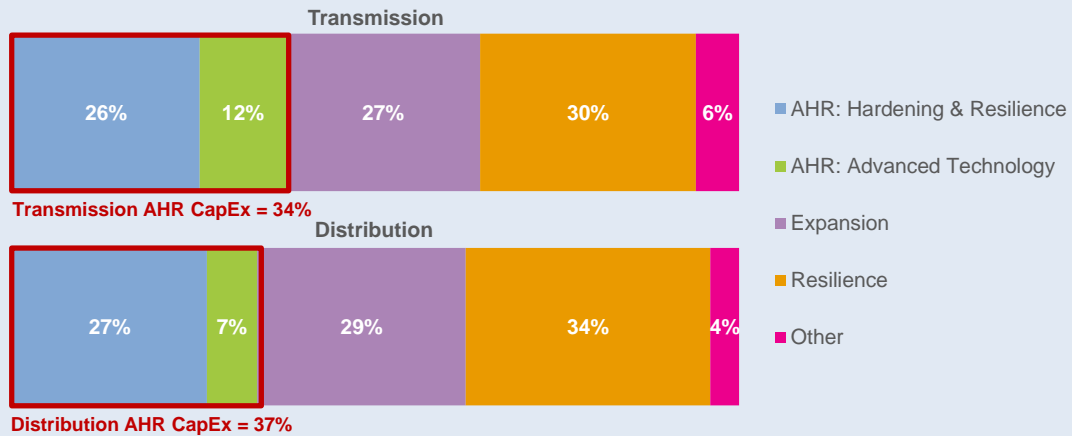
ADAPTATION, HARDENING, & RESILIENCE (AHR)

- Smart investments in AHR allow electric companies, communities, and customers to operate through challenging conditions.
- In a higher-cost inflationary environment, it is critical that electric companies can continue to make needed investments today that will help them to deliver a resilient clean energy future tomorrow.
- While investments in AHR have increased significantly over the past decade, more investments are needed to meet the challenges of climate change and to enhance the overall reliability and resilience of the energy grid.

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AHR AS A DRIVER OF FUTURE ELECTRIC T&D INVESTMENT



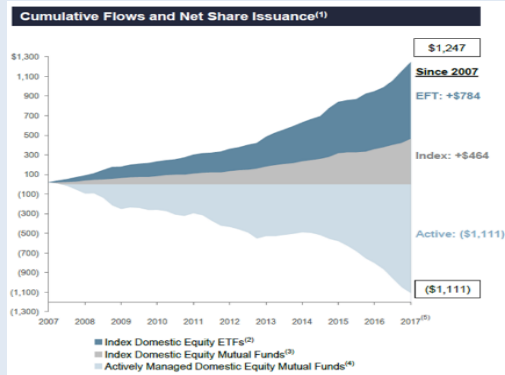
AHR AS A DRIVER OF FUTURE ELECTRIC T&D INVESTMENT

Note: Individual years may not sum to 100% due to rounding error.
Source: EEI Financial Analysis and Business Analytics, EEI member company survey.

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MACRO DRIVERS FOR ESG

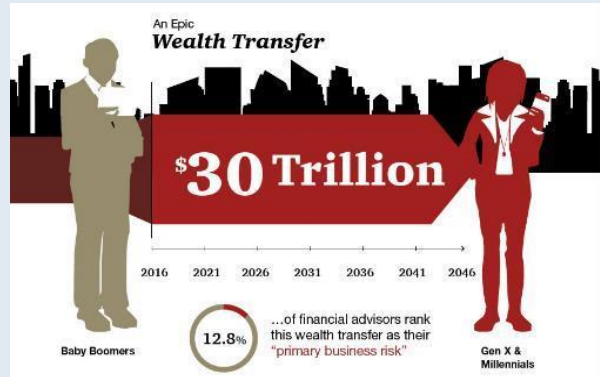
Neither Woke Capitalism, Nor a Proxy for Financial Performance



Notes:
dividends.

- (1) Equity mutual fund flows include net new cash flow and reinvested Data excludes mutual funds that invest primarily in other mutual funds.
- (2) ETF distribution channel.
- (3) All mutual index funds (excludes ETFs).
- (4) All mutual funds that are not index funds.
- (5) Data only available for 1Q 2017.

Source:
Lazard, FactSet, P&I and Simfund.



Source: PwC, <https://www.pwc.com/us/en/industries/financial-services/library/managing-millennial-money.html>.

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ESG ISSUES FOR THE ELECTRIC UTILITY SECTOR

Environment

- GHG & energy use
- Air quality
- Coal ash
- Water stewardship
- Energy efficiency
- Flaring
- Physical Resilience

Social

- Human Capital Management
- Diversity, Equity and Inclusion
- Hiring and advancement
- Health & safety
- Environmental Justice

Governance

- Board diversity and experience
- Cybersecurity Resilience
- Executive Compensation Structure
- Political Spending

ESG LEADERSHIP FOR OUR SECTOR

- EEI-AGA pioneered first sector-wide ESG reporting template more than 5 years ago (<https://www.eei.org/issues-and-policy/esg-sustainability>)
 - First-of-its-kind, sector wide, voluntary ESG reporting template
 - A dashboard of the key ESG information needed by investors, currently on Version 3, TCFD aligned
- Ongoing collaborative process working with the largest investors, policymakers and other key stakeholders to revise the template and anticipate emerging ESG trends
 - Led by EEI's ESG Committee
 - Meeting 2X per year hosted by Wall Street Banks
 - Recognition that ESG disclosure provides a strategic window for long-term strategy and goals
 - Push back on greenwashing assertions, and nuisance proxy initiatives
 - Engaged with but not co-oped by international frameworks led by NGOs
 - SASB, IFRS, ISSB, SBTi, CSRD, EFRAG

SEC ESG-RELATED RULEMAKINGS

- EEI advocated for reporting of financially material **ESG climate change disclosure** that provides helpful disclosures for issuer companies and investors. We asked that the final rule:
 - Remove the assurance requirements for scope 1 and 2 emissions
 - Allow greater flexibility for relevant scope 3 reporting
 - Strengthen the safe harbor for scope 3 reporting and add scopes 1 and 2 climate goals to that safe harbor
 - Remove the proposed changes to Reg. S-X, including the 1-percent materiality threshold
 - Lengthen the compliance phase-in period by at least an additional year
- Regarding SEC's proposed rule on **ESG cyber governance and disclosure**, EEI advocated for a rule that provides adequate disclosures of cyber events to investors, while ensuring that national security considerations are respected.

KEY ENVIRONMENTAL REGULATIONS


- The U.S. Supreme Court's decision in *West Virginia v. EPA* provided clarity on EPA's authority to regulate greenhouse gas emissions.
- EPA proposed new 111 regulation this year for fossil fuel-based generation, EEI is advocating for the continued responsible use of natural gas to help deploy renewable energy reliably and affordably.
- EEI continues to support EPA's efforts to finalize its proposed methane regulations, which are essential to ensuring the continued use of natural gas as a 24/7 on-demand energy source.

LEADING ON CLEAN ENERGY

Changing U.S. Energy Mix
>40%
CARBON-FREE




↓ **CO₂**
CARBON EMISSIONS
From the U.S. Power Sector
ARE AS LOW AS THEY WERE IN 1984.
While Electricity Use Is Up 73% Since Then



Increasing Investments
>\$130 Billion
Per Year on Average
**TO MAKE THE ENERGY GRID
SMARTER, CLEANER, STRONGER,
MORE DYNAMIC, AND MORE SECURE**




>60%
Over the Past 10 Years,
More Than 60% of New Electricity
Generation Capacity Was
WIND AND SOLAR




More than
21 Gigawatts
of
RENEWABLE TECHNOLOGIES
added in 2022



Investing
>\$4 Billion
to Deploy
**EV CHARGING
INFRASTRUCTURE**



Using
93%
of all
U.S. ENERGY STORAGE



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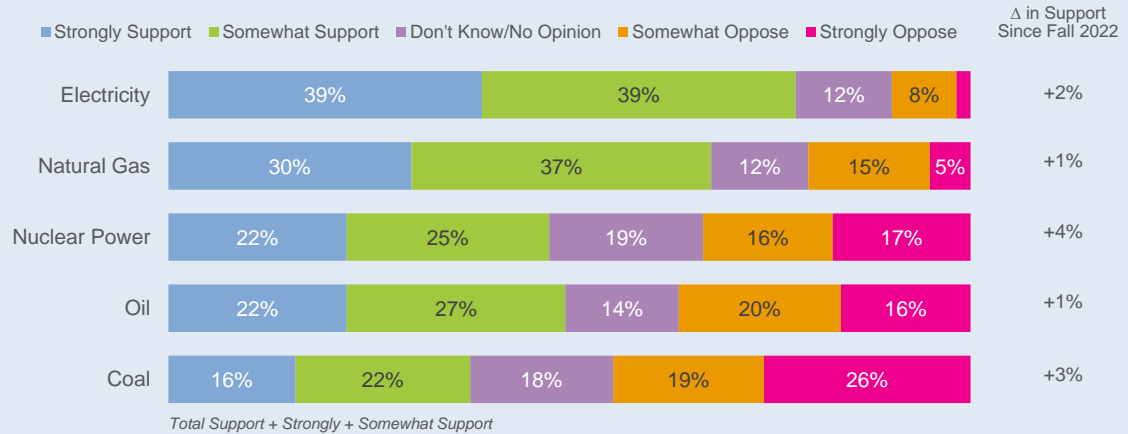
GAS REMAINS FAVORABLE

MORNING CONSULT

NATURAL GAS: BENCHMARKS

Similarly, support for using more natural gas has remained high since the fall.

Do You support or oppose using more...

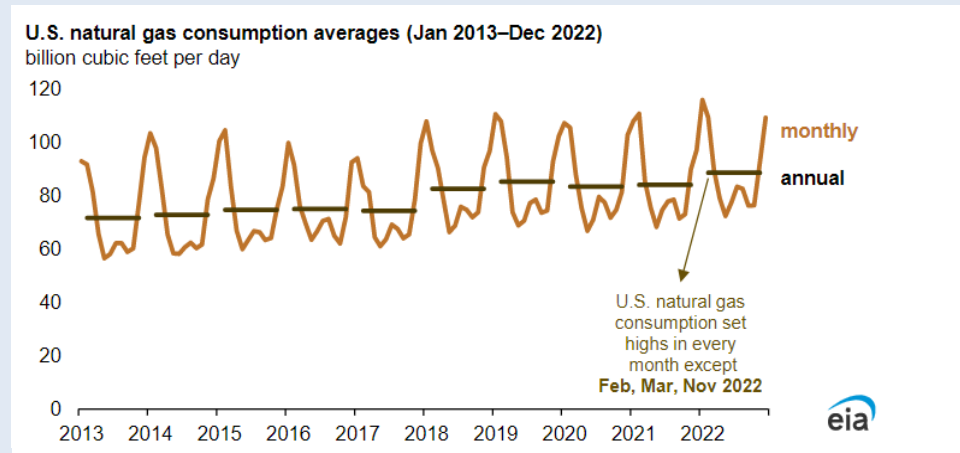


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GROWTH CONTINUES

U.S. Natural Gas Consumption Set Nine Monthly Records and An Annual Record in 2022



Data Source: U.S. Energy Information Administration, Natural Gas Monthly

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GROWTH CONTINUES

Customers:

- The number of residential natural gas consumers grew by 1.5 million between 2019 and 2021
- There are 77.7 million natural gas customers in the US:
 - 71.9 Residential Customers
 - 5.6 Commercial Customers
 - 82,000 Industrial
- The industry continues to add more than a customer a minute for every minute of the year.

Natural Gas Residential End-Users By State Top 20 Net Additions Since 2019 (Thousands)

Rank	State	2019	2021	Net Change
1	Texas	4,787	5,011	224
2	California	11,112	11,233	120
3	North Carolina	1,305	1,368	63
4	New Jersey	2,844	2,904	60
5	Michigan	3,322	3,380	58
6	Ohio	3,370	3,428	58
7	Florida	786	840	55
8	Colorado	1,813	1,867	54
9	Utah	976	1,029	53
10	Arizona	1,277	1,330	53
11	South Carolina	714	758	44
12	Indiana	1,769	1,813	44
13	Pennsylvania	2,821	2,865	44
14	Minnesota	1,560	1,603	43
15	Georgia	1,842	1,882	40
16	Kentucky	747	787	40
17	Nevada	888	923	35
18	Massachusetts	1,548	1,582	34
19	Tennessee	1,180	1,213	33
20	Illinois	3,941	2,973	32
	Total	70,431	71,936	1,505



NATURAL GAS FACTS

Efficiency:

- Natural gas efficiency and the growth of renewable energy have led to energy-related carbon dioxide emissions hitting 30-year lows.
- The natural gas delivery system is 92% efficient from production to customer.
- As little as 0.1% of the natural gas delivered is emitted from local distribution systems.

Reliability:

- With underground and looped pipeline infrastructure, the natural gas system's physical characteristics provide stability to the energy system.
- Unplanned outages only affect about 1 in 800 natural gas customers per year.
- With 3,368 trillion cubic feet of natural gas and 2.6 million miles of pipelines, natural gas is available where and when you need it.



POST METER EMISSIONS – WHAT WE KNOW

- There are no documented risks to respiratory health from natural gas stoves from the regulatory and advisory agencies and organizations responsible for protecting residential consumer health and safety.
- According to the study “Cooking Fuels and Prevalence of Asthma: A Global Analysis of Phase Three of the International Study of Asthma and Allergies in Childhood (ISAAC),” **there is “no evidence of an association between the use of gas as a cooking fuel and either asthma symptoms or asthma diagnosis.”** The study analyzed 512,707 primary and secondary school children from 108 centers in 47 countries
- As concerns over emissions from gas ranges are raised and debated, the natural gas industry is focused on bringing objective technical information to the discussion.



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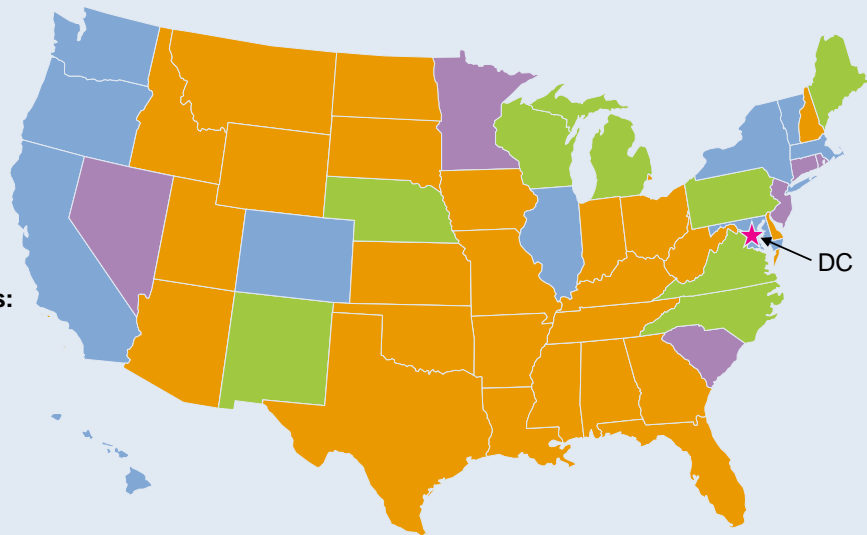
IN THE STATES: ENERGY POLICY

Fuel Choice States:

- Enacted
- Proposed

Local Gas Bans and/ or State Electrification Codes in New Buildings:

- Adopted
- Proposed



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There are many gas utility solutions to reducing emissions

- Differentiated Gas
- Leak Detection and Repair Programs
- More Accurate Emissions Measurement
- Replacement of Higher Emitting Pipe and Equipment
- Operational and Maintenance Measures



- Expansion of gas Energy Efficiency Programs
- Building Envelope Improvements
- Emerging Highly Efficient Gas Technologies



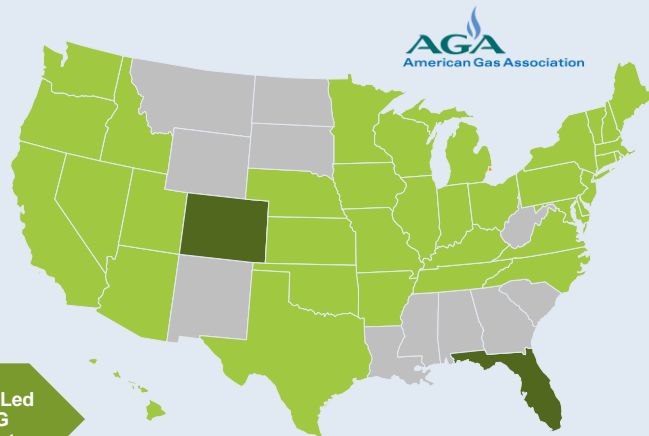
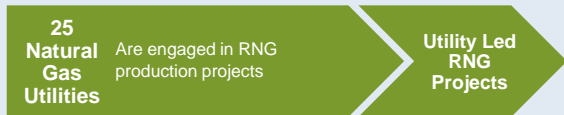
- Carbon Capture and Sequestration
- Direct Air Capture
- Greenhouse Gas Emissions Offsets

- Renewable Natural Gas
- Hydrogen Blending
- Methanated Hydrogen
- Dedicated Hydrogen Infrastructure



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RENEWABLE NATURAL GAS STATE ACTIVITY



Activity in 37 states to promote the use of RNG in the residential or commercial sector through either legislative, regulatory, or utility led action.

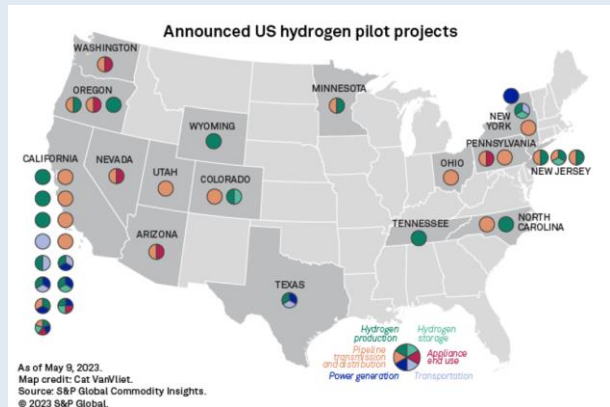


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HYDROGEN

Gas Utilities are innovating for the future:

- The integration of clean hydrogen into gas systems can expand options and accelerate our nation's ability to reduce emissions
- There are 39 projects in 25 states where utilities are actively engaged in hydrogen research, testing or projects
- 16 major hydrogen projects have been proposed across 36 states to seek hydrogen hub funding



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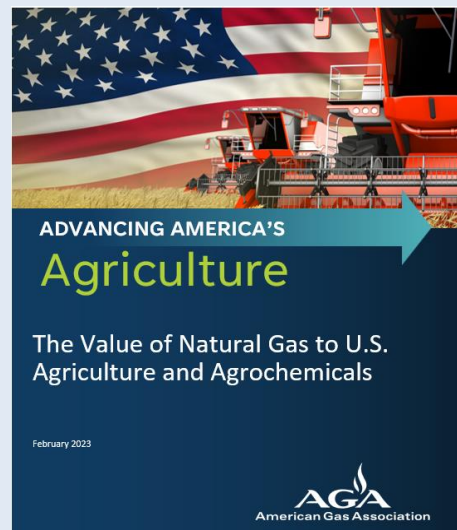
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ADVANCING AMERICA SERIES

AGA's **Advancing America** series, examines how natural gas is critical to many sectors of the U.S. economy.

The series will provide hard data on how abundant, affordable natural gas is essential to four major industries.

- Agriculture
- Hospitality (recreation, accommodation & food service)
- Healthcare (Hospitals, universities)
- Pharmaceutical Manufacturing



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