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Major Power Companies' Planned Investments Will Undermine their Decarbonization Targets, New Report Warns

Duke Energy, Dominion Energy, and Southern Company Together Produce over 4% of all U.S. CO_2 Emissions

Planned Fossil Fuel Investments Risk Emitting CO_2 Far Beyond Net-Zero Trajectory

WASHINGTON D.C. -- Three major power companies—Duke Energy, Dominion Energy, and Southern Energy—are on the path to fail to achieve the decarbonization targets they set to address climate change, a new report released today by Synapse Energy Economics and commissioned by Majority Action revealed. In the report, *Investing in Failure: How Large Power Companies are Undermining their Decarbonization Targets*, Synapse analyzes regulatory filings from these companies and demonstrates that each company's planned investments place them off track to achieve net-zero emissions by 2050.

"Duke, Dominion and Southern all made decarbonization commitments to their shareholders, yet their investment plans will significantly undermine their chances of achieving net-zero emissions by 2050," said **Eli Kasargod-Staub**, executive director of **Majority Action**. "In order to reach these targets, the boards and leadership of these companies must publish comprehensive and credible plans for how they will re-align their capital investments to achieve net-zero carbon emissions, tie executive pay to achieving these goals, and align their policy influence activities accordingly."

The three major power companies featured in the report—Southern Company, Dominion Energy, and Duke Energy— own over 12.7 percent of U.S. generation capacity and are directly responsible for 4.2 percent of total U.S. CO_2 emissions and 12.4 percent of U.S. power sector CO_2 emissions—a significant percentage of the emissions that need to be cut to net-zero by 2050 to curb catastrophic climate change, according to the United Nations Intergovernmental Panel on Climate Change (IPCC) 2018 report. The three power companies combined serve over 15 million U.S. customers, making them the largest providers across the Southeast region of the United States.

"Our analysis of the companies' resource plans finds that all three companies are missing the mark," said **Bruce Biewald**, founder and CEO of **Synapse Energy Economics**. A "zero by 2050" goal requires substantial CO_2 emissions reductions by 2040. However, looking ahead to 2040, Southern Company, Dominion Energy, and Duke Energy's power plant fleets are all heading to emit roughly double the quantity of CO_2 emissions required to decarbonize by 2050."

Of particular concern is all three companies' continued and prevalent use of fossil fuel-based power. Approximately two thirds of the coal capacity the companies had online in 2012 is still online today, and the vast majority (75 percent) of the companies' remaining coal capacity is planned to still be online beyond 2030. Further, the companies plan to replace the majority of the coal that is retired with new gas-fired capacity, not renewables. Of the coal plants that the companies have retired since 2012, 72% of retired capacity has been replaced by carbon-emitting gas capacity, which the companies are slated to expand.

The three companies plan to add over 22 GW of new natural gas combined cycle (CC) and combustion turbine (CT) plants over the next 10 to 20 years, representing nearly a third more gas capacity coming online than coal capacity being retired over the next 20 years. Meanwhile, the companies' investment in renewables and battery storage has lagged significantly— while each has made some incremental investments, they are by and large doing the minimum required to meet state RPS requirements, regulations, and commission orders.

"Utilities are making lofty pledges to tackle the climate crisis, but some of the biggest polluters aren't on track to meet their goals. Duke, Southern, and Dominion are some of the nation's biggest contributors to climate change, and they need to commit to concrete transition plans that will get us to 100 percent clean, renewable energy," said **Mary Anne Hitt**, director of the Beyond Coal Campaign at **Sierra Club**. "Driven by grassroots action, America is moving off of dirty coal fast, and these utilities need to phase out their coal by 2030. As they do, we can't just replace coal with another dirty fossil fuel like fracked gas. As more coal plants retire, these companies need to reject climate-disrupting fossil gas and create jobs with clean power like wind and solar."

The Office of the New York City Comptroller and Majority Action launched a $1.8 trillion investor coalition in 2019 calling on the top 20 U.S. electric utilities to commit to net-zero carbon emissions by 2050 at the latest, and align their corporate governance, capital spending, executive compensation, and political influence to that goal. Since then, five of these largest power companies have made new net-zero commitments, but to date have not published plans detailing how they plan to align their capital expenditures and retirements to achieve these goals.

"Power utilities have the largest role to play in decarbonizing our economy in order to tackle the existential threat of climate change, and possibly the most to gain," said **New York City Comptroller Scott Stringer**, lead signatory to the Net-Zero Investor Coalition on behalf of three New York City pension funds, which have submitted shareholder proposals requesting an independent board chairman at Duke, Dominion, and Southern. "The boards of Duke, Dominion, and Southern must lead large-scale change that is commensurate with the level of urgency that climate change poses for their industry."

The report concludes by calling on the companies to take at minimum the following steps to put the companies on the path to decarbonization by 2050: (1) Develop science-based CO_2 trajectories upon which all future plans and actions should be rooted; (2) Conduct robust retirement and replacement analysis to determine the least cost path to retire each company's existing fossil fleet and replace it with alternative zero-carbon portfolios; (3) Invest in renewables and demand-side resources to meet future resource needs; (4) Invest in grid-modernization solutions in tandem with retirement of existing resources and development of renewables; (5) And finally, evaluate and plan for changing system needs, including load growth driven by electrification instead of traditional steady demand.

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