



**Excerpts from Selected Utility Company SEC Reports
to illustrate
“Best Practices” in Current Environmental Disclosures**

This summary was developed by reviewing the 2009 Reports on Form 10-K of selected electric utility companies. It focuses on the eight disclosure commitments made by Xcel and Dynegy in their settlements with the New York Attorney General, and illustrates that many electric utilities already make disclosures that address those commitments. In addition, we collected some additional disclosures that address the topics urged for disclosure by Ceres and other advocates for greater mandatory environmental disclosures in SEC filings.

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I. Existing SEC rules require environmental disclosures.

Item 101 of SEC Regulation S-K requires disclosure about the material effects that compliance with federal, state, and local provisions regulating the discharge of materials into the environment, such as greenhouse gases, or otherwise relating to the protection of the environment, may have on the capital expenditures, earnings, and competitive position of the company. In addition, it requires disclosure of material estimated capital expenditures for environmental control facilities.

Item 103 of SEC Regulation S-K requires disclosure about material legal proceedings, including proceedings contemplated by governmental authorities. Administrative or judicial proceedings where a governmental authority is a party to a proceeding and the proceeding involves potential monetary sanctions, the proceeding must be described unless the company reasonably believes that the proceeding will result in no monetary sanctions or monetary sanctions of less than \$100,000.

Item 303 of SEC Regulation S-K requires management, in its MD&A, to discuss, among other things, known trends and uncertainties that are reasonably likely to have a material impact on the company's financial condition or operating performance.

Item 503 of SEC Regulation S-X requires risk factors disclosure.

II. Settlement agreements with the Attorney General of the State of New York

The settlement agreements between Xcel and Dynegy and the Attorney General of the State of New York require the following disclosures:

1. An analysis of material financial risks associated with existing laws and regulations relating to greenhouse gas emissions and laws and regulations relating to greenhouse gas emissions that are likely to be adopted in the future.

- **Duke-** provided estimate of cost to comply with Lieberman-Warner bill

Duke Energy estimated its compliance costs under the Lieberman- Warner model to be between approximately \$930 million to \$2.8 billion in the first year of the program (2012), which represented the cost to purchase emission allowances needed for compliance over and above what might be allocated to Duke Energy at zero-cost. Duke Energy would have continued to incur similar or greater annual compliance costs in subsequent years for continued allowance purchases until such time as new lower-and zero-emitting technologies could be deployed to reduce emissions. Duke Energy's compliance costs at that time would then include the cost of purchasing and deploying new generation technologies.

- **AES, Ameren, Xcel-** raising capital could be difficult and financing costs could increase

AES-In addition to government regulators, other groups such as politicians, environmentalists and other private parties have expressed increasing concern about GHG emissions. For example, certain financial institutions have expressed concern about providing financing for facilities which would emit GHGs, which can affect our ability to obtain capital, or if we can obtain capital, to receive it on commercially viable terms. In addition, rating agencies may decide to downgrade our credit ratings based on the emissions of the businesses operated by our subsidiaries or increased compliance costs which could make financing unattractive.

Xcel-To the extent financial markets view climate change and emissions of GHGs as a financial risk, this could negatively affect our ability to access capital markets or cause Xcel Energy to receive less than ideal terms and conditions.

Ameren-Future federal and state legislation or regulations that mandate limits on the emission of greenhouse gases would result in significant increases in capital expenditures and operating costs, which, in turn, could lead to increased liquidity needs and higher financing costs. Excessive costs to comply with future legislation or regulations might force UE, Genco, CILCO (through AERG) and EEI and other similarly situated electric power generators to close some coal-fired facilities and could lead to possible impairment of assets. As a result, mandatory limits could have a material adverse impact on Ameren's, UE's, Genco's, CILCO's (through AERG) and EEI's results of operations, financial position, or liquidity.

- **Dynegy, AES-** provide estimate of future costs to comply with RGGI

Dynegy-Assuming that 2009 CO₂ emissions from our generating facilities in New York, Maine and Connecticut are comparable to 2008 CO₂ emissions from these facilities (5.2 million tons), our estimated cost of allowances necessary to operate these facilities in 2009 would be about \$17 million, based on the average cost of allowances purchased to date for the 2009 allocation year.

AES- For forecasting purposes, the Company has modeled the impact of CO₂ compliance for 2009-2011 for its businesses that are subject to RGGI and that may not be able to pass through compliance costs. The model includes a conversion from metric tonnes to short tons as well as the impact of some market recovery by merchant plants and contractual and regulatory provisions. The model also utilizes an allowance price of \$3.38 per allowance under RGGI. The source of this per tonne allowance estimate was the clearing price in the second RGGI allowance auction held in December 2008. Based on these assumptions, the Company estimates that the

RGGI compliance costs could be approximately \$29.1 million per year from 2009 through 2011, which is the last year of the first RGGI compliance period.

2. An analysis of material financial risks from litigation that involves the company and relates to climate change.

- **AEP, Southern-** disclose public nuisance lawsuits

AEP - Carbon Dioxide Public Nuisance Claims

In 2004, eight states and the City of New York filed an action in federal district court for the Southern District of New York against AEP, AEPSC, Cinergy Corp, Xcel Energy, Southern Company and Tennessee Valley Authority. The Natural Resources Defense Council, on behalf of three special interest groups, filed a similar complaint against the same defendants. The actions allege that CO₂ emissions from the defendants' power plants constitute a public nuisance under federal common law due to impacts of global warming, and sought injunctive relief in the form of specific emission reduction commitments from the defendants. The dismissal of this lawsuit was appealed to the Second Circuit Court of Appeals. Briefing and oral argument concluded in 2006. In April 2007, the U.S. Supreme Court issued a decision holding that the Federal EPA has authority to regulate emissions of CO₂ and other greenhouse gases under the CAA, which may impact the Second Circuit's analysis of these issues. The Second Circuit requested supplemental briefs addressing the impact of the Supreme Court's decision on this case which we provided in 2007. We believe the actions are without merit and intend to defend against the claims.

Alaskan Villages' Claims

In February 2008, the Native Village of Kivalina and the City of Kivalina, Alaska filed a lawsuit in federal court in the Northern District of California against AEP, AEPSC and 22 other unrelated defendants including oil & gas companies, a coal company, and other electric generating companies. The complaint alleges that the defendants' emissions of CO₂ contribute to global warming and constitute a public and private nuisance and that the defendants are acting together. The complaint further alleges that some of the defendants, including AEP, conspired to create a false scientific debate about global warming in order to deceive the public and perpetuate the alleged nuisance. The plaintiffs also allege that the effects of global warming will require the relocation of the village at an alleged cost of \$95 million to \$400 million. The defendants filed motions to dismiss the action. The motions are pending before the court. We believe the action is without merit and intend to defend against the claims.

- **Southern- Carbon Dioxide Litigation**

New York Case

In July 2004, three environmental groups and attorneys general from eight states, each outside of Southern Company's service territory, and the corporation counsel for New York City filed complaints in the U.S. District Court for the Southern District of New York against Southern Company and four other electric power companies. The complaints allege that the companies' emissions of carbon dioxide, a greenhouse gas, contribute to global warming, which the plaintiffs assert is a public nuisance. Under common law public and private nuisance theories, the plaintiffs seek a judicial order (1) holding each defendant jointly and severally liable for creating, contributing to, and/or maintaining global warming and (2) requiring each of the defendants to cap its emissions of carbon dioxide and then reduce those emissions by a specified percentage each year for at least a decade. The plaintiffs have not, however, requested that damages be awarded in connection with their claims. Southern Company believes these claims are without merit and notes that the complaint cites no statutory or regulatory basis for the claims. In September 2005, the U.S. District Court for the Southern District of New York granted Southern Company's and the

other defendants' motions to dismiss these cases. The plaintiffs filed an appeal to the U.S. Court of Appeals for the Second Circuit in October 2005, but no decision has been issued. The ultimate outcome of these matters cannot be determined at this time.

Kivalina Case

On February 26, 2008, the Native Village of Kivalina and the City of Kivalina filed a suit in the U.S. District Court for the Northern District of California against several electric utilities (including Southern Company), several oil companies, and a coal company. The plaintiffs are the governing bodies of an Inupiat village in Alaska. The plaintiffs contend that the village is being destroyed by erosion allegedly caused by global warming that the plaintiffs attribute to emissions of greenhouse gases by the defendants. The plaintiffs assert claims for public and private nuisance and contend that the defendants have acted in concert and are therefore jointly and severally liable for the plaintiffs' damages. The suit seeks damages for lost property values and for the cost of relocating the village, which is alleged to be \$95 million to \$400 million. On June 30, 2008, all defendants filed motions to dismiss this case. Southern Company believes that these claims are without merit and notes that the complaint cites no statutory or regulatory basis for the claims. The ultimate outcome of this matter cannot be determined at this time.

3. An analysis of material financial risks from the physical impacts associated with climate change, including any impacts from sea-level increases, extreme weather events, droughts, and changes in temperature.

- **PG&E**- risks with hydro facilities

A report issued on June 16, 2009 by the U.S. Global Change Research Program (an interagency effort led by the National Oceanic and Atmospheric Administration) states that climate changes caused by rising emissions of carbon dioxide and other heat-trapping gases have already been observed in the United States, including increased frequency and severity of hot weather, reduced runoff from snow pack, and increased sea levels. The impact of events or conditions caused by climate change could range widely, from highly localized to worldwide, and the extent to which the Utility's operations may be affected is uncertain. For example, if reduced snowpack decreases the Utility's hydroelectric generation capacity, there will be a need for additional generation capacity from other sources. Under certain conditions, the events or conditions caused by climate change could result in a full or partial disruption of the ability of the Utility, or one or more entities on which it relies, to generate, transmit, transport or distribute electricity or natural gas. The Utility has been studying the potential effects of climate change on the Utility's operations and is developing contingency plans to adapt to those events and conditions that the Utility believes are most likely to occur. Events or conditions caused by climate change could have a greater impact on the Utility's operations than has been forecast and could result in lower revenues or increased expenses, or both. If the CPUC fails to adjust the Utility's rates to reflect the impact of events or conditions caused by climate change, PG&E Corporation's and the Utility's financial condition, results of operations, and cash flows could be materially adversely affected.

- **Xcel, AES, Exelon**- general disclosure of physical risks

Xcel - We are subject to physical and financial risks associated with climate change.

There is a growing consensus that emissions of GHGs are linked to global climate change. Climate change creates physical and financial risk. Physical risks from climate change include an increase in sea level and changes in weather conditions, such as an increase in changes in precipitation and extreme weather events. Xcel Energy does not serve any coastal communities so the possibility of sea level rises does not directly affect Xcel Energy or its customers. Our customers' energy needs vary with weather conditions, primarily temperature and humidity. For residential customers, heating and cooling represent their largest energy use. To the extent

weather conditions are affected by climate change, customers' energy use could increase or decrease depending on the duration and magnitude of the changes. Increased energy use due to weather changes may require us to invest in more generating assets, transmission and other infrastructure to serve increased load. Decreased energy use due to weather changes may affect our financial condition, through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. Weather conditions outside of the company's service territory could also have an impact on Xcel Energy revenues. Xcel Energy buys and sells electricity depending upon system needs and market opportunities. Extreme weather conditions creating high energy demand on our own and/or other systems may raise electricity prices as we buy short-term energy to serve our own system, which would increase the cost of energy we provide to our customers. Severe weather impacts Xcel Energy service territories, primarily through thunderstorms, tornadoes and snow or ice storms. We include storm restoration in our budgeting process as a normal business expense and we anticipate continuing to do so. To the extent the frequency of extreme weather events increases, this could increase our cost of providing service. Changes in precipitation resulting in droughts or water shortages could adversely affect our operations, principally our fossil generating units. A negative impact to water supplies due to long-term drought conditions could adversely impact our ability to provide electricity to customers, as well as increase the price they pay for energy. We may not recover all costs related to mitigating these physical and financial risks.

To the extent climate change impacts a region's economic health, it may also impact Xcel Energy revenues. Xcel Energy's financial performance is tied to the health of the regional economies we serve. The price of energy, as a factor in a region's cost of living as well as an important input into the cost of goods, has an impact on the economic health of our communities. The cost of additional regulatory requirements, such as a tax on GHGs or additional environmental regulation, would normally be borne by consumers through higher prices for energy and purchased goods. To the extent financial markets view climate change and emissions of GHGs as a financial risk, this could negatively affect our ability to access capital markets or cause Xcel Energy to receive less than ideal terms and conditions.

AES - Furthermore, according to the Intergovernmental Panel on Climate Change, physical risks from climate change could include, but are not limited to, increased runoff and earlier spring peak discharge in many glacier and snow fed rivers, warming of lakes and rivers, an increase in sea level, changes and variability in precipitation and in the intensity and frequency of extreme weather events. Physical impacts may have the potential to significantly affect the Company's business and operations. For example, extreme weather events could result in increased downtime and operation and maintenance costs at the electric power generation facilities and support facilities of the Company's subsidiaries. Variations in weather conditions, primarily temperature and humidity, attributable to climate change, also would be expected to affect the energy needs of customers. A decrease in energy consumption could decrease the revenues of the Company's subsidiaries. In addition, while revenues would be expected to increase if the energy consumption of customers increased, such increase could prompt the need for additional investment in generation capacity. Changes in the temperature of lakes and rivers and changes in precipitation that result in drought could adversely affect the operations of the fossil-fuel fired electric power generation facilities of the Company's subsidiaries. Changes in temperature, precipitation and snow pack conditions also could affect the amount and timing of hydroelectric generation.

Exelon - In general, weather patterns and the related impact on electricity and gas usage affect Exelon's results of operations. Temperatures above normal levels in the summer tend to increase summer cooling electricity demand and revenues, and temperatures below moderate levels in the winter tend to increase winter heating electricity and gas demand and revenues. As a corollary, moderate temperatures in the winter adversely affect the usage of energy and resulting revenues. Extreme weather conditions may stress ComEd's and PECO's transmission and distribution systems, resulting in increased maintenance and capital expenditures and challenging their ability

to meet peak customer demand, thereby causing detrimental effects on ComEd's and PECO's operations. ComEd and PECO take steps to reduce extreme peak demand by implementing a number of programs, such as demand response and energy efficiency programs that will help to defer the need for additional transmission and distribution investment and support system reliability. In addition, ComEd and PECO analyze and plan using worst case scenarios and incorporate contingencies into their planning for extreme weather conditions.

Generation's operations are also affected by weather, both in terms of demand for electricity and in operating conditions. The effects of unusually warm or cold weather on Generation's results of operations depend on the nature of its market position at the time of the unusual weather. Generation plans its business based upon normal weather assumptions while performing analysis and necessary planning for severe weather driven scenarios. To the extent that weather is warmer in the summer or colder in the winter than assumed, Generation may require greater resources to meet its contractual requirements. Extreme weather conditions or storms may affect the availability of generation and transmission capacity, limiting Generation's ability to source or deliver power to where it is needed. These conditions, which cannot be reliably predicted, may have an adverse effect by requiring Generation to seek additional capacity at a time when wholesale markets are tight or to seek to sell excess capacity at a time when those markets are weak. Generation incorporates contingencies into its planning for extreme weather conditions, including potentially reserving capacity to meet summer loads at levels representative of warmer-than-normal weather conditions.

Additionally, Exelon is affected by the occurrence of extreme weather events such as hurricanes and storms in its service territories and throughout the United States. Severe weather or other natural disasters could be destructive, which could result in increased costs, including supply chain costs. An extreme weather event within Exelon's service areas can also directly affect Exelon's capital assets, causing disruption in service to customers due to downed wires and poles or damage to other operating equipment. Finally, climate change could affect the availability of a secure and economical supply of water in some locations, which is essential for Exelon's continued operation, particularly the cooling of generating units. Exelon is engaged in several projects to identify opportunities for increasing water use efficiency, reducing water supply vulnerabilities and reducing water supply costs.

4. Strategic analyses of climate change financial risks and emissions management, including the company's current position on climate change.

- **Dominion-** general strategy

ENVIRONMENTAL STRATEGY

We are committed to being a good environmental steward. Our ongoing objective is to provide reliable, affordable energy for our customers while being environmentally responsible. Our integrated strategy to meet this objective consists of four major elements:

- Conservation and load management;
- Renewable generation development;
- Other generation development to maintain our fuel diversity, including clean coal, advanced nuclear energy, and natural gas; and
- Improvements in other energy infrastructure.

Conservation plays a role in meeting the growing demand for electricity. Virginia re-regulation legislation enacted in 2007 provides incentives for energy conservation and sets a goal to reduce electricity consumption by retail customers in 2022 by ten percent of the amount consumed in

2006 through the implementation of conservation programs. A description of our conservation and load management programs is detailed below.

We are working to improve our own energy efficiency, both in using less fuel to produce the same amount of energy and to use less energy in our operations. Recent uprates of our facilities have resulted in significant increases in generation capacity and a lower emitting fleet to meet the needs of our customers.

Renewable energy is also an important component of a diverse and reliable energy mix. Both Virginia and North Carolina have passed legislation setting targets for renewable power. We are committed to meeting Virginia's goal of 12% renewable power by 2022 and North Carolina's renewable portfolio standard of 12.5% by 2021.

We are actively assessing development opportunities in our service territories for renewable technologies. In November 2007, we issued a request for proposals (RFP) for renewable energy projects in Virginia, North Carolina or elsewhere in the PJM Interconnect region. The RFP seeks the purchase of renewable energy generation projects, as well as renewable energy credits. Our regulated utility currently provides approximately two percent of its generation from renewable sources. We also anticipate using at least 10% biomass (woodwaste) at the Virginia City Hybrid Energy Center.

In addition, Dominion is a 50% owner of the NedPower wind energy facility in Grant County, West Virginia. Our share of this project produces 132 Mw of renewable energy. Dominion has also acquired a 50% interest in a joint venture with BP to develop the Fowler Ridge wind-turbine facility in Benton County, Indiana. The facility is expected to be built in two phases and generate a total of 650 Mw. The first phase will total 300 Mw and is expected to reach full commercial operations in early 2009. We have a long-term agreement with the joint venture to purchase 200 Mw of energy, capacity and environmental attributes from this first phase. We are currently in discussions with BP regarding development of the final 350 Mw phase. BP has developed an additional 100 Mw facility in which Dominion does not have an ownership interest.

We have announced a comprehensive generation growth program, referred to as *Powering Virginia*, which involves the development, financing, construction and operation of new multi-fuel, multi-technology generation capacity to meet the growing demand in our core market of Virginia. We expect that these investments collectively will provide the following benefits: expanded electricity production capability; increased technological and fuel diversity; and a reduction in the carbon dioxide (CO₂) emission intensity of our generation fleet. A critical aspect of the *Powering Virginia* program is the extent to which we seek to reduce the carbon intensity of our generation fleet by developing generation facilities with zero CO₂ and low CO₂ emissions, as well as economically viable facilities that can be equipped for CO₂ capture and storage. There is no current economically viable technological solution to retro-fit existing fossil-fueled technology to capture and store greenhouse gas (GHG) emissions. Given that new generation units have useful lives of up to 55 years, we will give full consideration to CO₂ and other GHG emissions when making long-term decisions. See *Dominion Generation-Properties* for more information.

Finally, we plan to make a significant investment in improving the capabilities and reliability of our electric transmission and distribution system. These enhancements are primarily aimed at meeting our continued goal of providing reliable service. An additional benefit will be added capacity to efficiently deliver electricity from the renewable projects now being developed or to be developed in the future. See *Global Climate Change* under *Regulations* for more information.

Conservation and Load Management Programs

We have conducted a series of short-term pilot programs focused on energy conservation and demand response. The pilots were offered to a selection of 4,550 customers in our electric utility's central, eastern and northern Virginia service areas. To help ensure that the results were representative, solicitations were given to select customers. No customer could participate in

more than one pilot. We reported results from the pilots at least quarterly to the Virginia Commission staff to help evaluate their effectiveness. Most of these pilots had ended as of December 31, 2008.

The pilots approved by the Virginia Commission included:

- 1,000 residential customers in each of four different energy-saving pilots. The pilots were designed to cycle central air conditioning units during peak-energy demand times, inform customers about their real-time energy consumption patterns, promote programmable thermostats that allow customers to control their use of electricity, and educate customers about the value of reducing energy use during peak-use times.
- Free energy audits and energy efficiency kits to 150 existing residential customers, 100 new homes meeting energy efficiency guidelines set by the EPA, and 50 small commercial customers. In addition, 250 new customer accounts received energy efficiency welcome kits.
- Incentives for commercial customers to reduce load during periods of peak demand by running their generators to produce up to 100 Mw of electricity. This is in addition to existing Dominion options in which commercial and industrial customers have reduced demand by more than 300 Mw during peak-demand periods.

In June 2008, we announced an energy conservation and load management plan that, if implemented, is expected to produce long-term environmental benefits while providing our electric utility customers with cost savings. The plan is part of our *Powering Virginia* strategy to meet the future needs of customers. We expect to launch the plan in early 2010, subject to approval by the Virginia Commission and the North Carolina Commission, as applicable.

A key component of the plan is the potential installation of “smart grid” technologies that are designed to enhance our electric distribution system by allowing energy to be delivered more efficiently. Dependent upon the outcome of demonstration projects taking place in 2009, we expect to make a significant investment in replacing all of our existing meters with Advanced Metering Infrastructure. The technology is expected to lead to improvements in service reliability and the ability of customers to monitor and control their energy use. Additionally, programs in the conservation plan include:

- Incentives for construction of energy-efficient homes that meet the federal government’s Energy Star[®] standards;
 - Incentives for residential and commercial customers to install energy-efficient lighting;
 - Energy audits and improvements for homes of low-income customers;
 - Incentives for residential customers who voluntarily enroll to allow the Company to cycle their air-conditioners and heat pumps during periods of peak demand;
 - In-home display devices that display the amount and cost of electricity customers are using; and
 - Incentives for residential and commercial customers to improve the energy efficiency of their heating and/or cooling units.
- **AEP, Dynegy, Exelon** - provide views on proposed legislation

AEP-We support the adoption of an economy-wide, cap-and-trade GHG reduction program that allows us to provide reliable, reasonably priced electricity to our customers and that fosters the international participation that is necessary to make meaningful global progress on this global challenge.

In July 2007, we, along with several other utilities and labor unions, including the IBEW, announced support for the Low Carbon Economy Act of 2007. This legislation requires GHG reductions beginning in 2012 through an economy-wide cap-and-trade program. It contemplates

reducing GHG emissions to their 2006 levels by 2020, and to their 1990 levels by 2030. Allowances to emit GHG would be allocated, auctioned or a combination of each, including a safety valve allowance price of \$12 per metric ton, subject to increasing adjustments. The legislation also includes incentives for other nations to adopt measures to limit GHG emissions. We endorse this legislation because it sets reasonable and achievable reduction targets and includes key elements of the AEP-IBEW principles. We also support the Edison Electric Institute (EEI) principles for federal climate change legislation, including the consensus approach developed by EEI for the allocation of emission allowances.

Dynegy-For the last several years, there has been an ongoing public debate about climate change, or global warming, and the need to reduce emissions of greenhouse gases (“GHG”), primarily CO₂ and methane emissions. While no federal legislation has been enacted to control GHG emissions, several state regulatory initiatives are being developed or implemented to reduce GHG emissions, as discussed below. Our position is that since climate change is a global issue, any regulation of GHG emission sources in the United States should be undertaken by the federal government in coordination with developed and developing countries around the world. We believe that the focus of any federal program addressing climate change should include three critical, interrelated elements: the environment, the economy and energy security.

Exelon-Exelon supports the enactment, through Federal legislation, of a cap-and-trade program for GHG emissions that is mandatory, economy-wide and designed in a way to limit potential harm to the economy and protect consumers. Exelon believes that any mechanism for allocation of GHG emission allowances should include significant free grants of allowances to electric (and potentially gas) distribution companies to help offset the cost impact of GHG regulation to the end-use consumer. Over the last few years, Exelon has worked with other businesses and environmental organizations that participate in the United States Climate Action Partnership to support the development of an integrated package of recommendations for the Federal government to address the climate change issue through Federal legislation, including aggressive emission reduction targets for total U.S. emissions and robust cost containment measures to ensure that program costs are reasonable.

- **Calpine, FPL**- state they have an upside because of their portfolio of assets

Calpine-The environmental profile of our power plants reflects our commitment to environmental stewardship. We have the lowest overall emissions of CO₂, SO₂, NO_x and Hg per MWh generated among the major U.S. independent power producers. The combination of our Geysers Assets and our high efficiency portfolio of natural gas-fired power plants results in substantially lower emissions of these gases compared to our competitors’ power plants using other fossil fuels, such as coal or oil. To condense steam, we use cooling towers with a closed water cooling system, or air cooled condensers and do not employ “once-through” water cooling which uses large quantities of water from adjacent waterways negatively impacting aquatic life. As a result of our efforts to reduce potentially harmful air emissions and to minimize our impact on water resources, we believe it will not be necessary in the near term to make substantial additional investments in costly environmental

projects. We also believe that we will be less impacted by cap-and-trade limits, carbon tax, required environmental upgrades as a result of potential GHG or water regulations than our competitors who use other fossil fuels or steam condensation technologies.

Natural Gas-Fired Generation. Our fleet consumes significantly less fuel to generate power than conventional boiler/steam turbine power plants and emits less air pollution into the environment per MWh of power produced as compared to coal-fired or oil-fired power plants. All of our natural gas-fired power plants have air emissions controls and most have selective catalytic reduction to further reduce emissions of nitrogen oxides, a known precursor of atmospheric ozone. In addition, we have implemented a program of proprietary operating procedures to reduce natural gas consumption and lower air pollutant emissions per MWh of power generated. The table below

summarizes approximate air pollutant emission rates from our natural gas-fired power plants compared to the average emission rates from U.S. coal-, oil-, and gas-fired power plants as a group, based on the most recent statistics available to us.

Air Pollutants	Air Pollutant Emission Rates— Pounds of Pollutant Emitted		
	Per MWh of Power Generated Average U.S. Coal-, Oil-, and Natural Gas-Fired Power Plant(1)	Calpine Natural Gas- Fired, Combined- Cycle Power Plant(2)	Compared to Average U.S. Coal-, Oil-, and Natural Gas-Fired Power Plant
Nitrogen Oxide, NOx Acid rain, smog and fine particulate formation	2.72	0.20	92.8% less
Sulfur Dioxide, SO₂ Acid rain and fine particulate formation	6.71	0.0045	99.9% less
Mercury, Hg Neurotoxin	0.000035	—	100.0% less
Carbon Dioxide, CO₂ Principal GHG—contributor to climate change	1,863	790	57.6% less

- (1) The average U.S. coal-, oil-, and natural gas-fired power plant's emission rates were obtained from the U.S. Department of Energy's Electric Power Annual Report for 2007. Emission rates are based on 2007 emissions and net generation. The U.S. Department of Energy has not yet released 2008 information.
- (2) Our natural gas-fired power plant estimated emission rates are based on our 2007 emissions and power generation data as measured under the EPA reporting requirements.

Although we cannot predict the ultimate effect any future climate change legislation or regulations could have on our business, we believe we face a lower compliance burden than some of our competitors due to the relatively low GHG emission rates of our fleet.

We anticipate a neutral to positive business impact from RGGI, given the efficiency of our power plants in RGGI states.

Since our entire fleet emits about 200 tons of SO₂ per year, we believe that our compliance expense for this program will be relatively insignificant compared with many of our competitors.

In general, we expect GHG regulations will be favorable to us due to the efficiency of our natural gas fleet. Our combined-cycle, natural gas-fired power plants emit less than half the CO₂ per unit of power generated compared to a traditional coal-fired unit.

FPL - Based on current reference data available from government sources, FPL Group is among the lowest emitters of greenhouse gases in the United States measured by its rate of emissions to generation in pounds per megawatt-hour.

The RGGI greenhouse gas reduction requirements will affect 12 NextEra Energy Resources fossil electric generating units, requiring those electric generating units to reduce emissions or to acquire CO₂ allowances for emissions of CO₂ beginning in 2009. All RGGI states have enacted legislation and regulations. Based on NextEra Energy Resources' clean generating portfolio in

the RGGI marketplace, NextEra Energy Resources expects that the requirement will have a positive overall impact on NextEra Energy Resources' earnings in 2009.

- **Southern, Progress-** portfolio mix of gas, nuclear, IGCC, DSM

Southern - The Company is actively evaluating and developing electric generating technologies with lower greenhouse gas emissions. These include new nuclear generation, including proposed construction of two additional generating units at Plant Vogtle in Georgia; proposed construction of an advanced IGCC unit with approximately 50% carbon capture in Kemper County, Mississippi; and renewables investments, including the proposed conversion of Plant Mitchell in Georgia from coal-fired to biomass generation. The Company is currently considering additional projects and is pursuing research into the costs and viability of other renewable technologies for the Southeast.

Progress - We are actively engaged in energy-efficiency and conservation programs and a variety of alternative energy projects, including solar, hydrogen, biomass and landfill-gas technologies. We are evaluating the feasibility of producing electricity from hog waste and other plant or animal sources and currently partner with organizations throughout our service territories to support hydrogen, solar and other forms of renewable and alternative energy. We have invested in research for alternative energy sources that might subsequently be determined to not be cost-efficient or cost-effective, thus subjecting us to the risks of further expanding our generation or purchasing additional power on the open market at then-prevailing prices.

5. The company's estimates (in tons) of its greenhouse gas emissions for the most recent fiscal year.

- **AEP** - provides GHG emissions, others provide CO₂ emissions

Through the end of 2007, we reduced our emissions by a cumulative 46 million metric tons from adjusted baseline levels in 1998-2001 as a result of these voluntary actions. Our total GHG emissions in 2007 were 155.8 million metric tons. We estimate that our 2008 emission will be approximately 155 million metric tons and our cumulative reductions will be in excess of 51 metric million tons.

- **Exelon-** describes the types of GHG emissions and sources of emissions

By virtue of its significant investment in low-carbon intensity assets, Generation's emission intensity, or rate of carbon dioxide (CO₂) emitted per unit of electricity generated, is among the lowest in the industry. Exelon does produce GHG emissions from the direct combustion of fossil fuels, primarily at its generating plants; CO₂, methane and nitrous oxide are all emitted in this process, with CO₂ representing the largest portion of these GHG emissions. GHG emissions from Generation's combustion of fossil fuels represent approximately 90% of Exelon's total GHG emissions; this is also a highly variable component of its GHG emissions to forecast due to the primarily intermediate and peaking profile of Exelon's fossil generating fleet. However, only approximately 6% of Exelon's total electric supply is provided by its fossil fuel generating plants. Other GHG emission sources at Exelon include natural gas (methane) leakage on the gas pipeline system and the coal piles at its generating plants, sulfur hexafluoride (SF₆) leakage in its electric operations and refrigerant leakage from its chilling and cooling equipment as well as fossil fuel combustion in its motor vehicles and usage of electricity in its facilities. Despite its small carbon footprint, Exelon believes its operations could be significantly affected by the possible physical risks of climate change and by mandatory programs to reduce GHG emissions.

- **Xcel, Dynegy, Mirant, Dominion** - provide current year emissions

Xcel-This year, Xcel Energy has adopted a new methodology for calculating CO₂ emissions based on the recently issued reporting protocols of The Climate Registry. (Xcel Energy is a "founding reporter" under The Climate Registry.) Although actual historic emissions from facilities providing power to Xcel Energy customers have not changed, the new accounting methodology

has resulted in an increase in Xcel Energy's reported CO₂ intensity and mass emission numbers. To enable accurate comparisons and analysis of emissions trends, Xcel Energy has recalculated historical emissions data to reflect the new accounting methodology. As third-party CO₂ reporting protocols continue to evolve, Xcel Energy expects additional changes in reporting methodology and reported CO₂ emissions.

Based on The Climate Registry's current reporting protocol, Xcel Energy has estimated that its current electric generating portfolio, which includes coal- and gas-fired plants, emitted approximately 66 million tons of CO₂ in 2008. Xcel Energy has also estimated emissions associated with electricity purchased for resale to Xcel Energy customers from generation facilities owned by third parties. Xcel Energy estimates that these third-party facilities emitted approximately 21 million tons of CO₂ in 2008. Estimated total CO₂ emissions, associated with service to Xcel Energy electricity customers, declined by 3.2 million tons in 2008 compared to 2007, with a combined cumulative reduction of over 21.9 million tons of CO₂ since 2003. Xcel Energy anticipates that its ownership share of Comanche 3, a new coal-fired generation project scheduled for completion in the fall of 2009, will result in CO₂ emissions of approximately 762,650 tons in 2009. Thereafter, based on Xcel Energy's emissions estimates, 3.4 million tons of CO₂ per year will be attributable to Xcel Energy's ownership share of Comanche 3. Comanche 3, an efficient supercritical pulverized coal unit, will provide low-cost, base load power and help maintain a reliable, reasonably priced and environmentally sound electricity supply in Colorado. Operation of Comanche 3 will help support Xcel energy's efforts to develop renewable energy, retire older, less-efficient resources and take other steps to reduce emissions across its system. Xcel Energy plans to implement aggressive clean resource development and conservation plans that will result in overall reductions in Xcel Energy's CO₂ emissions, both in absolute terms and per Kwh of electricity produced.

Dynegy - Power generating facilities are a major source of CO₂ emissions — in 2008, the facilities in our Midwest, West and Northeast segments emitted approximately 24.9 million, 5.2 million and 5.2 million tons of CO₂, respectively. The amounts of CO₂ emissions from our facilities during any time period will depend upon their dispatch rates during the period.

Mirant - In 2009, we expect to produce approximately 16.6 million tons of CO₂ at our Maryland, Massachusetts and New York generating facilities. The RGGI regulations require those facilities to obtain allowances to emit CO₂ beginning in 2009.

We expect to produce approximately 18.3 million tons of CO₂ at all of our generating facilities in 2009.

Dominion - For Dominion Generation, our direct CO₂ emissions, based on ownership, were approximately 56 million metric tonnes in 2007. For 2007, DTI's direct CO₂ equivalent emissions were approximately 2.3 million metric tonnes, Dominion East Ohio's direct CO₂ equivalent emissions were approximately 1.4 million metric tonnes and Dominion E&P's direct CO₂ equivalent emissions were approximately 0.4 million metric tonnes. While we do not have final 2008 emissions data for Dominion Generation, DTI, Dominion East Ohio or Dominion E&P, we do not expect a significant variance in emissions from 2007 amounts. With respect to electric generation, the emissions reported are for CO₂ directly emitted to the atmosphere based on the combustion of carbon-based fuels. Direct CO₂ emissions are provided based on emissions from primary stack and emissions from any auxiliary combustion equipment located at the electric generation facility. Primary facility stack emissions of CO₂ from carbon based fuel combustion are directly measured via methods set forth under 40 CFR Part 75 of the United States Code (USC). For those emission sources not covered under 40 CFR Part 75 requirements, quantification is based on fuel combustion and emission factors consistent with industry best

practices. For DTI, the protocol used to calculate the non-combustion related emissions reported above was *Greenhouse Gas Emission Estimation Guidelines for Natural Gas Transmission and Storage, Volume 1 – GHG Estimation Methodologies and Procedures. Revision 2, September 28, 2005* developed by the Interstate Natural Gas Association of America. For Dominion East Ohio, the protocol used to calculate the non-combustion related emissions was the *American Gas Association's Draft Greenhouse Emissions Estimation Methodologies and Procedures for Natural Gas Distribution Operations*. For Dominion E&P emissions, the protocol used was the *American Petroleum Institute February 2004 Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Gas Industry*.

- **Dominion** - provides detail on how they count emissions-see above
- **Duke** - states its percentage of total U.S. CO₂ and GHG emissions

Greenhouse gas (GHG) emissions are produced from a wide variety of human activities. The U.S. EPA publishes an inventory of these emissions annually. Carbon dioxide (CO₂), an essential trace gas, is a by product of fossil fuel combustion and currently accounts for about 85% of U.S. greenhouse gas emissions. Duke Energy currently accounts for about 1.5% of total U.S. CO₂ emissions, and about 1.3% of total U.S. GHG emissions.

6. Estimates (in tons) of expected increases in greenhouse gas emissions from planned generation projects.

- **Xcel**- quantifies anticipated emissions from its new Comanche plant

Xcel Energy anticipates that its ownership share of Comanche 3, a new coal-fired generation project scheduled for completion in the fall of 2009, will result in CO₂ emissions of approximately 762,650 tons in 2009. Thereafter, based on Xcel Energy's emissions estimates, 3.4 million tons of CO₂ per year will be attributable to Xcel Energy's ownership share of Comanche 3. Comanche 3, an efficient supercritical pulverized coal unit, will provide low-cost, base load power and help maintain a reliable, reasonably priced and environmentally sound electricity supply in Colorado. Operation of Comanche 3 will help support Xcel energy's efforts to develop renewable energy, retire older, less-efficient resources and take other steps to reduce emissions across its system. Xcel Energy plans to implement aggressive clean resource development and conservation plans that will result in overall reductions in Xcel Energy's CO₂ emissions, both in absolute terms and per Kwh of electricity produced.

7. Company's strategies to reduce greenhouse gas emissions, the results of strategies to date, and the expected future results of such steps, including greenhouse gas emission-reduction goals.

- **Ameren, Exelon, Xcel, Dynegy, TVA** - describes voluntary steps taken

Ameren - Ameren has taken actions to address the global climate issue. These include:

- seeking partners to develop wind energy for our generation portfolio;
- participating in DOE-sponsored research into the feasibility of sequestering CO₂ underground in the Illinois basin, the Plains sequestration partnership, and a Missouri sequestration project to be conducted in Southwest Missouri;
- increasing the operating efficiency and capacity of our nuclear and hydroelectric plants to provide more energy to offset fossil generation;

- participating in the PowerTree Carbon Company, LLC, whose purpose is to reforest acreage in the lower Mississippi valley to sequester carbon;
- using coal combustion byproducts as a direct replacement for cement, thereby reducing carbon emissions at cement kilns;
- participating in a DOE and state of Missouri Department of Natural Resources project evaluating Missouri wind resources for the next generation of wind turbines;
- funding a project investigating opportunities to reduce nitrous oxide (N₂O), a potent greenhouse gas from agricultural usage, and tracking those reductions;
- participating in the Illinois Clean Energy Community Foundation, a program that supports energy efficiency, promotes renewable energy, and provides educational opportunities;
- establishing Pure Power, UE's voluntary renewable energy program that allows UE's electric customers to support development of wind farms and other renewable energy facilities in the Midwest;
- purchasing Renewable Energy Credits, as when the Ameren Illinois Utilities purchased 415,000 renewable energy credits in April 2008; and
- participating in funding the new Consortium for Clean Coal Utilization research center at Washington University, which will investigate clean coal technologies, such as oxy-fuel combustion and CO₂ capture and storage.

Exelon - Exelon's Voluntary Climate Change Efforts. In a world increasingly concerned about global climate change, nuclear power as well as other virtually non-GHG emitting power will play a pivotal role. As a result, Exelon's low-carbon generating fleet is seen by management as a competitive advantage. Exelon believes that the significance of its low GHG emission profile can only grow as policymakers take action to address global climate change.

Despite Exelon's low GHG emission intensity and the absence of a mandatory national program in the United States, Exelon is actively engaged in voluntary reduction efforts. Exelon announced on May 6, 2005 that it had established a voluntary goal to reduce its GHG emissions by 8% from 2001 levels by the end of 2008. The 8% reduction goal represents a decrease of an estimated 1.3 million metric tons of GHG emissions. Exelon has incorporated recognition of GHG emissions and their potential cost into its business analyses as a means to promote internal investment in activities that produce fewer GHG emissions. Exelon made this pledge under the EPA's Climate Leaders program, a voluntary industry-government partnership addressing climate change. As of December 31, 2008, Exelon had achieved its 2008 voluntary GHG reduction goal through its planned GHG management efforts, including the previous closure of older, inefficient fossil-fueled power plants, reduced leakage of SF 6 and methane, increased use of renewable energy and its energy efficiency initiatives. The cost of achieving the voluntary GHG emissions reduction goal did not have a material effect on Exelon's future competitive position, results of operations, earnings, financial position or cash flows.

On July 15, 2008, Exelon announced a comprehensive business and environmental plan. The plan, Exelon 2020, details an enterprise-wide approach and a host of initiatives being pursued by Exelon to reduce Exelon's GHG emissions and that of its customers, communities, suppliers and markets. Exelon 2020 sets a goal for Exelon to reduce, offset, or displace more than 15 million metric tons of GHG emissions per year by 2020, which is more than Exelon's current annual carbon footprint.

Through Exelon 2020, Exelon is pursuing three broad strategies: reducing or offsetting its own carbon footprint, helping customers and communities reduce their GHG emissions, and offering more low-carbon electricity in the marketplace. Initiatives to reduce Exelon's own carbon footprint include reducing building energy consumption by 25%, reducing the vehicle fleet emissions, improving the efficiency of the generation and delivery system for electricity and natural gas, and developing an industry-leading green supply chain. Plans to help customers reduce their GHG emissions include ComEd's new portfolio of energy efficiency programs, a similar portfolio of energy efficiency programs in development at PECO to meet the requirements of the recently enacted PA Act 129, the implementation of smart-meters and real-time pricing programs and a

broad array of communication initiatives to increase customer awareness of approaches to manage their energy consumption. Finally, Exelon will offer more low-carbon electricity in the marketplace by increasing its investment in renewable power, adding capacity to existing nuclear plants through uprates, and through the potential addition of new low-carbon natural gas and nuclear generation.

Exelon is committed to achieving the Exelon 2020 goal but also recognizes that the changing economy and market outlook may require it to refine or alter the timing of some of these initiatives and update the 2020 roadmap accordingly. The anticipated economic stimulus package currently being considered in Congress and other new energy policies will also likely have an impact on initiatives under the plan.

Exelon has incorporated Exelon 2020 into the company's overall business plans and has an organized implementation effort underway. This implementation effort includes a periodic review and refinement of Exelon 2020 initiatives in light of changing market conditions. The amount of expenditures to implement the plan will depend on economic and policy developments, and will be made on a project-by-project basis in accordance with Exelon's normal project evaluation standards.

Xcel - Current Initiatives

Xcel Energy pursues environmental leadership through management of environmental policy initiatives. Xcel Energy actively evaluates public policy proposals and promotes environmental initiatives that are designed to assure compliance with state initiatives, appropriately manage long-term customer costs and, where appropriate, provide growth opportunities. These initiatives include the following:

- Xcel Energy is the nation's largest utility wind energy provider and the nation's fifth largest solar energy provider. Xcel Energy is pursuing new wind, solar and other renewable energy acquisitions and investments to meet some of the nation's most aggressive RESs in the states in which Xcel Energy operates. These standards provide for favorable cost recovery mechanisms and investment opportunities in order to allow Xcel Energy to meet the requirements.
- Xcel Energy has implemented voluntary emission reduction programs in Minnesota and Colorado. These programs have resulted or will result in substantial emission reductions from existing facilities. They also incorporate enhanced cost recovery mechanisms that allow for a construction work-in-process return and an incentive based ROE mechanism.
- Xcel Energy has announced plans for construction of the largest biomass generating plant in the Midwest. Xcel Energy has proposed installing technology at the Bay Front Generating Station in Ashland, Wis. to allow it to generate electricity from biomass in all three operating units. Xcel Energy currently has 67 MW of biomass generating capacity in Minnesota and Wisconsin.
- Xcel Energy has a number of environmental initiatives focused on our customers. Xcel Energy has the largest customer-driven wind program in the nation called WindSource®. In Colorado, Xcel Energy manages a growing customer-sited solar program, known as Solar*Rewards. Xcel Energy also has an increasing portfolio of customer energy efficiency and conservation programs. Xcel Energy is allowed financial performance incentives associated with our programs in Minnesota and Colorado.
- Xcel Energy is also working to apply intelligence to its electric grid, creating a smart grid, to provide customers with more choice, reliability and control over their energy use. Xcel Energy is building the nation's first fully integrated SmartGridCity™ in Boulder, Colo.

- Xcel Energy is a leader in promoting new clean energy technologies for the future. Pursuant to state statute, NSP-Minnesota manages a renewable development fund derived from customer renewable energy charges in Minnesota that allows it to promote renewable technology advancement. Xcel Energy has recently proposed the creation of an innovative clean technology program in Colorado that creates a funding mechanism to explore innovative renewable and other environmentally sustainable technologies. Xcel Energy has also undertaken small-scale projects to study the technical and economic aspects of energy storage and the use of hydrogen. Xcel Energy is a leader in supporting the advancement of solar energy technology. Xcel Energy is also exploring the use of clean coal and is evaluating whether and how to best take advantage of state and federal incentives for clean coal development.

Dynegy - Carbon Initiatives. We participate in several programs that partially offset or mitigate our CO₂ emissions. In the lower Mississippi River Valley, we have partnered with the U.S. Fish & Wildlife Service to restore more than 45,000 acres of bottomland forests by planting more than 2 million bottomland hardwood seedlings. In California, we are evaluating the use of bio-fuels as a means of reducing reliance on traditional fuels. At our Bridgeport facility, we are currently experimenting with running a plant on recovered methane. In Illinois, we are funding prairie, bottomland hardwood and savannah restoration projects in partnership with the Nature Conservancy. We also have a program to reuse ash produced at our coal-fired generation units through agreements with cement manufacturers that incorporate the material into cement products.

Through memberships in organizations such as the Edison Electric Institute and the Electric Power Research Institute, we participate in research aimed at reducing or mitigating emissions of CO₂ from electric power generation.

TVA - In 1995, TVA was the first utility in the nation to participate in "Climate Challenge," a DOE-sponsored voluntary greenhouse gas reduction program. Over the past decade, TVA has reduced, avoided, or sequestered over 305 million tons of CO₂ under this program. TVA also participates in the President's Climate VISION program which calls on the electric utility sector, along with other industry sectors, to help meet a national goal of reducing the greenhouse intensity of the U.S. economy by 18 percent from 2002 to 2012.

TVA has taken and is continuing to take significant voluntary steps that will reduce the carbon intensity of its electric generation, including the recovery of Browns Ferry Unit 1, planned power up-rates of Browns Ferry Units 1, 2 and 3 (which will increase the generating capability of the units resulting in additional avoided emissions of CO₂), the completion of Watts Bar Unit 2, and the completion of the hydroelectric modernization program. TVA has also filed with the NRC a combined operating license application for two advanced nuclear reactors at the Bellefonte Nuclear Plant near Hollywood, Alabama, and requested that the NRC reinstate the construction permit for Bellefonte Nuclear Units 1 and 2, although no decision has been made to complete those units or to build the new reactors. TVA is also committed to increasing its renewable energy by adding regional renewable energy sources to its generation portfolio.

In addition, TVA is a member of the Southeast Regional Carbon Sequestration Partnership and is working with the Electric Power Research Institute and other electric utilities on projects investigating technologies for CO₂ capture and geologic storage, as well as carbon sequestration via reforestation.

- **AEP, National Grid, Exelon** - identify goals

AEP - We participate in a number of voluntary programs to monitor, mitigate and reduce GHG emissions, including the Federal EPA's Climate Leaders program, the DOE's GHG reporting program and the Chicago Climate Exchange. Through the end of 2007, we reduced our

emissions by a cumulative 46 million metric tons from adjusted baseline levels in 1998-2001 as a result of these voluntary actions.

National Grid- Climate change

We continued with our climate change initiative and increased our energy efficiency programmes, focusing on initiatives that are cost effective and regulated. We see our 80% greenhouse gas emissions reduction target as being industry leading within the UK and US.

Our key performance indicator to monitor our performance in this area is the percentage reduction in our greenhouse gas emissions against our baseline. We also measure absolute emissions.

As reported last year, we have adopted a long-term target of reducing our Scope 1 and 2 greenhouse gas emissions by 80% against our baseline by 2050. We have now set an intermediate objective of a 45% reduction in our emissions by 2020. These targets remain at the centre of our efforts to identify and implement measures to meet our commitment to safeguard our global environment for future generations. In 2009/10, we will be evaluating the inclusion of Scope 3 emissions into these targets.

This year, we have focused our efforts on educating our workforce on the targets and the means by which we will achieve them. We have conducted an inventory of our greenhouse gas emissions to ensure that we have up-to-date information on the magnitude of the reductions necessary and the areas of the operations where reductions can take place. We have also established internal working teams tasked with developing opportunities to achieve our 80% target.

Our climate change initiative is being embedded in all areas and operations of the Company through the establishment of teams working in such areas as introducing low emission vehicles for our fleets, developing low carbon design features for our asset replacement programmes and incorporating a cost of carbon methodology in our investment decision making processes.

During 2009/10, we will implement carbon budgets. For each financial year, each business will be set a maximum level of greenhouse gas emissions which can be emitted. Subsequent years will see a reduction in these budgets that is needed to achieve our 2020 and 2050 targets.

In 2008/09, we completed a detailed review of our greenhouse gas emission inventory for the year ended 31 March 2008 and included the operations acquired as part of the KeySpan transaction as if we had owned them for the entire year. On this basis, our total Scope 1 and 2 emissions for 2007/08 would have been approximately 12.1 million tonnes CO₂ equivalent compared with the approximate 4.1 million tonnes reported.

Emissions from the electricity generating plants on Long Island account for approximately 50% of the total for National Grid.

Currently, we are using a reporting baseline of 1990 for the majority of our greenhouse gas emissions.

As noted on page 30, the 2008/09 performance is currently unavailable. We expect it to become available in J will then be presented on our website.

Greenhouse gas emissions (Scope 1 and 2)

[table omitted]

2007/08 data restated as if KeySpan acquisition had occurred at beginning of year. Previously published figure, excluding KeySpan, was 38%.

Protecting the environment

We will help to protect the environment for future generations and we are committed to continuously improving our environmental performance.

The performance indicators that we monitor in this area include the amount of waste we generate and recycle, activity in land contamination management and the number of significant direct environmental incidents.

At 31 March 2009, approximately 80% of our employees worked to certified ISO 14001 environmental management systems compared to 66% at the same time last year. The main reason for this increase is the certification in November 2008 of the gas operations we acquired as part of the KeySpan acquisition. During 2009, we will be seeking certification of KeySpan electricity operations acquired.

The number of significant environmental incidents in 2008/09 arising directly from our operations was 12, which included 4 contractor-related incidents, compared with 34, including 25 contractor-related incidents in 2007/08 and 40, including 20 contractor-related incidents in 2006/07. Incidents outside of our control resulting from third party or weather-related damage to our networks were 1 compared with 1 in 2007/08 and 13 in 2006/07. The results prior to 2008/09 did not include KeySpan and so are not directly comparable. There was 1 contractor-related prosecution resulting from these incidents. In the US, we received 6 environmental citations in 2008/09 compared with 6 in 2007/08 and 9 in 2006/07, attracting a total of \$86,500 in fines. Data prior to 2008/09 does not include KeySpan, so is not directly comparable. In the UK, we received 1 improvement notice.

In our 2009 employee survey, 62% (2008: 55%) of respondents considered National Grid acts responsibly in a dealings, including environmental management.

Significant environmental incidents

[table omitted]

Data prior to 2008/09 excludes KeySpan.

Significant environmental incidents

Third party/weather

[table omitted]

Data prior to 2008/09 excludes KeySpan.

We manage an inherited portfolio of historically contaminated land including former manufactured gas plants, industrial landfills, former and current gas holders and electricity substations on our transmission and distribution networks. Sites can sometimes have a complex mix of contamination dating back over 100 years.

National Grid manages land contamination issues on 678 sites, the majority of which were previously used for gas production. In the US, this includes obligations in relation to land owned by third parties.

During 2008/09, environmental work stages were completed on 316 sites of which 22 included remediation. As a proportion of the programme in the UK is linked to the redevelopment of brownfield sites, the economic downturn has adversely influenced the number of remediation work stages completed.

We also take seriously the issues that surround electric and magnetic fields. We recognise that there is scientific uncertainty as to whether the electric and magnetic fields that are produced by some of our assets have an effect on health or not, and that this produces public concern. We monitor the science carefully (this year has seen new studies on issues such as Alzheimer's disease and damage to genes) but we look to relevant independent bodies such as the World Health Organization and the UK's Health Protection Agency for authoritative advice. In all our operations, as a minimum, we aim to comply with the relevant regulations, guidelines or practices in force in the different jurisdictions in which we operate. In addition, we actively support high-quality research and open communication (including maintaining a website at www.emfs.info) and we look for more constructive and less confrontational ways of handling this issue. All these activities are governed by our public position statement on electric and magnetic fields, which we review annually.

Exelon - Exelon announced on May 6, 2005 that it had established a voluntary goal to reduce its GHG emissions by 8% from 2001 levels by the end of 2008. The 8% reduction goal represents a decrease of an estimated 1.3 million metric tons of GHG emissions. Exelon has incorporated recognition of GHG emissions and their potential cost into its business analyses as a means to promote internal investment in activities that produce fewer GHG emissions. Exelon made this pledge under the EPA's Climate Leaders program, a voluntary industry-government partnership addressing climate change. As of December 31, 2008, Exelon had achieved its 2008 voluntary GHG reduction goal through its planned GHG management efforts, including the previous closure of older, inefficient fossil-fueled power plants, reduced leakage of SF 6 and methane, increased use of renewable energy and its energy efficiency initiatives. The cost of achieving the voluntary GHG emissions reduction goal did not have a material effect on Exelon's future competitive position, results of operations, earnings, financial position or cash flows.

On July 15, 2008, Exelon announced a comprehensive business and environmental plan. The plan, Exelon 2020, details an enterprise-wide approach and a host of initiatives being pursued by Exelon to reduce Exelon's GHG emissions and that of its customers, communities, suppliers and markets. Exelon 2020 sets a goal for Exelon to reduce, offset, or displace more than 15 million metric tons of GHG emissions per year by 2020, which is more than Exelon's current annual carbon footprint.

Through Exelon 2020, Exelon is pursuing three broad strategies: reducing or offsetting its own carbon footprint, helping customers and communities reduce their GHG emissions, and offering more low-carbon electricity in the marketplace. Initiatives to reduce Exelon's own carbon footprint include reducing building energy consumption by 25%, reducing the vehicle fleet emissions, improving the efficiency of the generation and delivery system for electricity and natural gas, and developing an industry-leading green supply chain. Plans to help customers reduce their GHG emissions include ComEd's new portfolio of energy efficiency programs, a similar portfolio of energy efficiency programs in development at PECO to meet the requirements of the recently enacted PA Act 129, the implementation of smart-meters and real-time pricing programs and a broad array of communication initiatives to increase customer awareness of approaches to manage their energy consumption. Finally, Exelon will offer more low-carbon electricity in the marketplace by increasing its investment in renewable power, adding capacity to existing nuclear plants through uprates, and through the potential addition of new low-carbon natural gas and nuclear generation.

Exelon is committed to achieving the Exelon 2020 goal but also recognizes that the changing economy and market outlook may require it to refine or alter the timing of some of these initiatives and update the 2020 roadmap accordingly. The anticipated economic stimulus package currently being considered in Congress and other new energy policies will also likely have an impact on initiatives under the plan.

Exelon has incorporated Exelon 2020 into the company's overall business plans and has an organized implementation effort underway. This implementation effort includes a periodic review

and refinement of Exelon 2020 initiatives in light of changing market conditions. The amount of expenditures to implement the plan will depend on economic and policy developments, and will be made on a project-by-project basis in accordance with Exelon's normal project evaluation standards.

8. Information about corporate governance actions concerning climate change, including the role of the company's board of directors, as well as a statement on whether environmental performance, including meeting climate change objectives, is incorporated into officer compensation decisions.

- **Xcel, TVA** - reference board of directors' role

Xcel - The foundation for Xcel Energy's environmental leadership strategy resides with its environmental policy. Under this policy, the Xcel Energy Board of Directors, acting through the Nuclear, Environmental and Safety Committee, establishes environmental performance goals and oversees Xcel Energy's environmental compliance program and policy initiatives. The policy is available on our website at www.xcelenergy.com. Xcel Energy has created an environmental management system that provides employees with training and documentation of Xcel Energy's compliance responsibilities, creates processes designed to minimize the risk of noncompliance and audits Xcel Energy's environmental performance. Environmental performance goals, which include the goal of carbon reduction, are incorporated into officer and employee job responsibilities and compensation.

TVA - Due to the increasing level and complexity of environmental requirements and expectations, TVA completed a new high-level environmental policy to align with and execute the direction in the Strategic Plan. The Environmental Policy ("Environmental Policy") was approved by the TVA Board on May 19, 2008, and is intended to be an integrated framework which provides policy-level guidance to carry out TVA's mission of providing cleaner, affordable energy, sustainable economic development, and proactive environmental stewardship. The TVA Environmental Policy sets out environmental objectives and critical success factors in six environmental dimensions: climate change mitigation, air quality improvement, water resource protection and improvement, waste minimization, sustainable land use, and natural resource management.

To determine the cause of the event, TVA retained AECOM to perform a root-cause analysis. On June 25, 2009, the findings and analysis of a six-month AECOM study on the root cause was released. The report indicates that a combination of the high water content of the wet ash, the increasing height of ash, the construction of the sloping dikes over the wet ash, and the existence of an unusual bottom layer of ash and silt were among the long-evolving conditions that caused the ash spill.

At a July 21, 2009 public meeting, the TVA Board received a report from McKenna Long & Aldridge LLP ("MLA"), a law firm retained by the TVA Board on January 9, 2009, to conduct an independent examination of the facts surrounding the Kingston ash spill and its implications for TVA's systems, controls, and culture. The MLA report identified several problem areas with TVA's practices and procedures concerning impoundments at fossil plants, including inappropriate and insufficient organizational structures and institutional controls for overseeing the impoundments.

At its July 21, 2009 meeting, the TVA Board approved a resolution in which it directed the Chief Executive Officer ("CEO") and senior management to:

- Present by August 20, 2009, a formal Fossil Remediation Plan, covering not only the Kingston cleanup but all other fossil ponds and including all mitigation plans or remediation actions that are in process,
- Present by August 20, 2009, a remediation plan to eliminate identified deficiencies in systems, standards, and controls and to further a culture of accountability in order to earn and maintain public trust,
- Present an Enterprise Risk Management System plan designed to identify top financial and non-financial risks, and inform the TVA Board in a timely manner of those risks along with appropriate responses for management,
- Present to the TVA Board a plan to review the compliance functions for the areas of environment, health, and safety, and to incorporate best practices into TVA's Enterprise Risk Management System to ensure design functions, operational procedures, and maintenance practices do not allow risks to go undetected such as occurred at Kingston,
- Establish a Compliance and Performance Assessment group, as a complement to the TVA Inspector General's audit function, to provide senior management and the TVA Board with assessments of compliance and performance of TVA's programs, activities, and functions relative to best practices or established standards, and
- Institute a situation alert process which utilizes state-of-the-art communication technologies to inform the CEO, his direct reports, and certain other key employees of incidents that could have a material impact on TVA.

On July 28, 2009, TVA's Office of Inspector General ("OIG") publicly released a July 23, 2009 report about the Kingston ash spill root cause study and TVA's ash management practices. This report included the following observations:

- TVA failed to review its management practices in light of the ash spill and to publicly disclose any such practices that might have contributed to the incident.
- TVA narrowed the scope of AECOM's investigation in such a way as to limit potential exposure to liability for the ash spill.
- TVA failed to make recommended safety modifications that could possibly have prevented the ash spill after being informed of concerns about the stability of the ponds by both TVA employees and outside consultants.
- Marshall Miller & Associates, Inc., an engineering consultant hired by the OIG, concluded that AECOM's report overemphasized the significance of the thin discontinuous, soft foundation layer as a cause of the Kingston ash spill.
- Despite internal knowledge of risks associated with ash ponds, TVA's formal Enterprise Risk Management process had not identified ash management as a risk. In addition, TVA decided not to place ash ponds under its Dam Safety Program, which would have required substantially more rigorous inspections and engineering.
- Attitudes and conditions at TVA's fossil plants that emanate from a legacy culture impacted the way TVA handled coal ash.

The information about management practices relating to greenhouse gas emissions and corporate governance matters are not the types of disclosures that are required under SEC rules. These additional disclosures may become the best practices for disclosure, and investors and analysts may want these disclosures from all public companies. Companies may be forced to make these disclosures rather than they have no strategies to deal with the effects of climate change.

III. CERES and other institutional investors are also demanding more disclosures about climate change financial risks.

Many groups of institutional investors and environmental groups have urged the SEC to issue interpretive guidance relating to public companies' disclosure obligations concerning climate change risks. They are asking companies to make the following disclosures:

1. Historical, current and projected greenhouse gas emissions.

- See above

2. Strategic analyses of the companies' climate risk and emissions-management practices, which includes disclosure about the company's position on climate change, an explanation of significant emissions management actions taken by the company, and a description of corporate governance actions taken to address climate change financial risk.

- **Exelon, Dominion** - state it is part of their business analyses

Exelon - Exelon has incorporated recognition of GHG emissions and their potential cost into its business analyses as a means to promote internal investment in activities that produce fewer GHG emissions.

Exelon has incorporated Exelon 2020 into the company's overall business plans and has an organized implementation effort underway. This implementation effort includes a periodic review and refinement of Exelon 2020 initiatives in light of changing market conditions. The amount of expenditures to implement the plan will depend on economic and policy developments, and will be made on a project-by-project basis in accordance with Exelon's normal project evaluation standards.

Dominion-Given that new generation units have useful lives of up to 55 years, we will give full consideration to CO₂ and other GHG emissions when making long-term decisions.

3. Assessments of the physical risks to their businesses from climate change.

- See above

4. Analyses of regulatory risks relating to climate change.

- **AES, Dynegy** - quantify estimate for RGGI.

AES- For forecasting purposes, the Company has modeled the impact of CO₂ compliance for 2009-2011 for its businesses that are subject to RGGI and that may not be able to pass through compliance costs. The model includes a conversion from metric tonnes to short tons as well as the impact of some market recovery by merchant plants and contractual and regulatory provisions. The model also utilizes an allowance price of \$3.38 per allowance under RGGI. The source of this per tonne allowance estimate was the clearing price in the second RGGI allowance auction held in December 2008. Based on these assumptions, the Company estimates that the RGGI compliance costs could be approximately \$29.1 million per year from 2009 through 2011, which is the last year of the first RGGI compliance period.

Dynegy-Assuming that 2009 CO₂ emissions from our generating facilities in New York, Maine and Connecticut are comparable to 2008 CO₂ emissions from these facilities (5.2 million tons), our estimated cost of allowances necessary to operate these facilities in 2009 would be about

\$17 million, based on the average cost of allowances purchased to date for the 2009 allocation year. We expect these increased costs to be at least partially reflected in future market prices.

- **Ameren** - states that excessive costs to comply with future regulations might force it and other similarly situated electric power generators to close some of its coal-fired plants

Ameren-Excessive costs to comply with future legislation or regulations might force UE, Genco, CILCO (through AERG) and EEI and other similarly situated electric power generators to close some coal-fired facilities and could lead to possible impairment of assets.

IV. Other

- AES- provides an international summary

International

In July 2003, the European Community "Directive 2003/87/EC on Greenhouse Gas Emission Allowance Trading" was created, which requires member states to limit emissions of CO₂ from large industrial sources within their countries. To do so, member states are required to implement EC-approved national allocation plans ("NAPs"). Under the NAPs, member states are responsible for allocating limited CO₂ allowances within their borders. Directive 2003/87/EC does not dictate how these allocations are to be made, and NAPs that have been submitted thus far have varied their allocation methodologies. For these and other reasons, uncertainty remains with respect to the implementation of the European Union Emissions Trading System ("EU ETS") that commenced in January 2005. The European Union has announced that it intends to keep the EU ETS in place after 2012, even if the Kyoto Protocol is not extended. The Company's subsidiaries operate seven electric power generation facilities, and another subsidiary has one under construction, within six member states which have adopted NAPs to implement Directive 2003/87/EC. Based on its current analyses, the Company does not expect that achieving and maintaining compliance with the NAPs to which its subsidiaries are subject will have a material impact on its consolidated operations or results. In particular, the risk and benefit associated with achieving compliance with applicable NAPs at several facilities of the Company's subsidiaries are not the responsibility of the Company's subsidiaries as they are subject to contractual provisions that transfer the costs associated with compliance to contract counterparties. However, in the event that such counterparties challenge or dispute these provisions, there can be no assurance that the Company and/or the relevant subsidiary would prevail in any such dispute. Furthermore, even if the Company and/or the relevant subsidiary does prevail, it would be subject to the cash and administrative burden associated with such dispute. Certain Company subsidiaries will, however, bear some or all of the risk and benefit associated with compliance with applicable NAPs at certain facilities. Based upon anticipated operations, CO₂ emission allowance allocations, and the costs to acquire offsets and emission allowances for compliance purposes, the Company's subsidiaries have not to date incurred material costs to comply with Directive 2003/87/EC and applicable NAPs, however, there can be no guarantees that compliance will not have a material adverse effect on our business in future periods.

On February 16, 2005, the Kyoto Protocol became effective. The Kyoto Protocol requires the industrialized countries that have ratified it to significantly reduce their GHG emissions, including CO₂. The vast majority of developing countries which have ratified the Kyoto Protocol have no GHG reduction requirements. Many of the countries in which the Company's subsidiaries operate have no reduction obligations under the Kyoto Protocol. In addition, of the 29 countries that the Company's subsidiaries currently operate in, all but two—the United States (including Puerto Rico) and Kazakhstan—have ratified the Kyoto Protocol. While we have developed and are implementing certain climate solutions projects under the Clean Development and Joint Implementation Mechanisms of the Kyoto Protocol, there is no guarantee that we will be successful in developing these. To date, compliance with the Kyoto Protocol and EU ETS has not had a material adverse effect on the Company's consolidated results of operations, financial condition and cash flows. In December 2008, a United Nations Climate Change Conference was held in Poznan, Poland. Over 180 countries sent representatives and a majority agreed to continue to negotiate further reductions in GHG emissions for the period beginning after 2012 when Kyoto Protocol expires. At present, the Company cannot predict whether compliance with

the Kyoto Protocol or any agreements reached at the Climate Change Conference will have a material impact on the Company in future periods.

Even though it has been announced that the EU ETS will remain in place even if the Kyoto Protocol expires in 2012, there remains significant uncertainty with respect to the implementation of NAPs post-2012. The EU has indicated that a portion of the emission allowances given to member states will need to be auctioned under the NAPs and the Company cannot predict with any certainty if compliance with such programs will have a material adverse effect on its consolidated operations or results.

Countries in Latin America and Asia in which subsidiaries of the Company operate may also choose to adopt regulations that directly or indirectly regulate GHG emissions from coal plants. For example, in April 2008 a Chilean law, was enacted that requires a percentage of all new power purchase contracts held after August 31, 2007 be supplied by renewable sources. The Company's subsidiary has developed a plan for complying with the law. See Regulatory Matters—Latin America—Chile. Another example is in China. One of the ways that China has chosen to address its stated goals of energy conservation and CO₂ emissions reduction is by putting regulations and procedures in place that govern the shut down of certain small coal and oil-fired power plants and encourage replacement with larger more efficient power plants. The Hefei project, formerly operated by subsidiaries of the Company in China, was shut down pursuant to these regulations. A termination agreement with the Hefei offtaker was executed on March 30, 2008 and a subsidiary of the Company received a termination payment in the amount of \$39 million on March 31, 2008. The Company does not currently anticipate that implementation of such regulations would have a material adverse effect on the Company's consolidated financial condition or results of operations. See Regulatory Matters—Asia & Middle East—China. Although the Company does not currently believe that CO₂ laws and regulations that have been adopted to date in countries in Latin America and Asia in which subsidiaries of the Company operate will have a material adverse effect on the Company's consolidated financial condition or results of operations, the Company cannot predict with any certainty if future laws and regulations in these countries regarding CO₂ emissions will have a material adverse effect on the Company's consolidated financial condition or results of operations.

- **TVA, Mirant** - disclose ash pond risks

TVA-Kingston Fossil Plant

The Event. On December 22, 2008, a dike failed at Kingston, allowing approximately five million cubic yards of water and coal fly ash to flow out onto approximately 300 acres, primarily Watts Bar Reservoir and shoreline property owned by the United States and managed by TVA. Only eight acres of property not managed by TVA was directly impacted by the ash. Fly ash is a by-product of a coal-fired plant. At Kingston, fly ash is placed in wet ash containment areas. The involved containment area covered approximately 84 acres. The depth of the containment area was approximately 60 feet. The event resulted in about 60 acres of contained wet ash being displaced.

To determine the cause of the event, TVA retained AECOM to perform a root-cause analysis. On June 25, 2009, the findings and analysis of a six-month AECOM study on the root cause was released. The report indicates that a combination of the high water content of the wet ash, the increasing height of ash, the construction of the sloping dikes over the wet ash, and the existence of an unusual bottom layer of ash and silt were among the long-evolving conditions that caused the ash spill.

Mirant- The generation of electricity produces non-hazardous and hazardous materials, and we incur substantial costs to store and dispose of waste materials. The EPA and the states in which we operate coal-fired units may develop new regulations that impose additional requirements on facilities that store or dispose of materials remaining after the combustion of fossil fuels, including

types of coal ash. If so, we may be required to change the current waste management practices at some facilities and incur additional costs.

We may be required to shut down facilities (including ash sites) if we are unable to comply with the requirements, or if we determine the expenditures required to comply are uneconomic.

- **Progress** - discloses risks associated with emission control equipment for SOX and NOX

The operation of emission control equipment to meet the emission limits will increase our operating costs, net of recovery of costs through cost-recovery clauses, and reduce the generating capacity of our coal-fired plants. O&M expenses will significantly increase due to the additional personnel, materials and general maintenance associated with the equipment. Operation of the emission control equipment will require the procurement of significant quantities of reagents, such as limestone and ammonia. Future increases in demand for these items from other utility companies operating similar equipment could increase our costs associated with operating the equipment. The operation of emission control equipment may result in development of collateral issues that require further remedial actions, resulting in additional expenditures and operating costs.