In January 1933, EEI began representing America’s investor-owned electric companies, just as electricity truly was beginning to revolutionize daily life and to propel our nation’s economy. Ninety years later, we stand at a global energy inflection point—and demand for electricity continues to grow. In fact, U.S. electricity output hit a record annual high last year: an astonishing 4,142,901 gigawatt-hours, up 2.8 percent from 2021, and 0.7 percent above the previous record year of 2018.

Today, America’s investor-owned electric companies remain focused on ensuring that customers have the energy they need when and where they need it, affordably and reliably, as we work to get this energy as clean as we can as fast as we can. And, we have fully embraced a strategy that will deliver secure and resilient clean energy across our economy.

The Bipartisan Infrastructure Law, which EEI strongly supported and which passed Congress in late 2021, provides significant research, development, demonstration, and deployment (RDD&D) funding for new clean energy technologies and the infrastructure that will be needed to achieve our net-zero goals. Now, we continue to lead implementation efforts to ensure that electric companies and state governments are coordinating and are ready to take advantage of this once-in-a-generation investment in America’s infrastructure.

As important as it was to get this historic legislation across the finish line, there was—and still is—more work to be done.

Last year, EEI arranged more than 100 meetings with congressional leaders and key Members of Congress
and also participated in a roundtable meeting at the White House with President Biden and senior Administration officials to advocate for new clean energy tax incentives to help accelerate the clean energy transformation and to make it more affordable for customers.

When President Biden signed the Inflation Reduction Act (IRA) into law, we applauded lawmakers for their unprecedented commitment to addressing climate change by building smarter, more resilient energy infrastructure and deploying more clean energy. This bill—which EEI worked tirelessly to get across the finish line—includes a robust, almost $272 billion clean energy tax package.

Importantly, the critical cost-savings benefits of the tax provisions flow directly through to our customers. Customers also are able to benefit immediately from a number of individual and business tax credits and rebate programs, including home energy-efficiency savings, tax credits for the purchase of electric vehicles (EVs), and credits for the installation of residential clean energy.

While we continue to highlight the significance of these monumental new laws for our customers and for our companies alike, we recognize that we face headwinds as well.

We are in a rising cost environment, and our suppliers and our customers are experiencing inflation levels that we have not seen for decades. At the same time, geopolitical tensions remain high, and energy still is being used as a weapon of war by Russia in Ukraine and across Europe. This continues to create fuel supply risks and to drive higher prices for energy resources across the globe, while also impacting supply chains and significantly increasing cyber and physical security threats.

Despite these challenges and others, we are focused on the opportunities before us—and we are certain that our industry’s future is bright.

Today—just as we were 90 years ago—we are committed to demonstrating Power by Association℠ and to seizing the moment to deliver enduring benefits for our customers.

Here is how we are doing this.

Credible studies that consider how we achieve a net-zero economy by 2050 find that the amount of transmission infrastructure in the United States will have to expand by two—if not three—times to support greater electrification and the integration of an increasing amount of clean energy.

Yet, one persistent challenge to deploying more clean energy is today’s inefficient siting and permitting process for critical energy infrastructure—including transmission, renewable energy facilities, and natural gas pipelines and facilities.

Critical low- and zero-emission domestic energy infrastructure projects frequently require federal permits and are subject to environmental reviews under a variety of federal and state statutes, including the National Environmental Policy Act, the Clean Water Act, and the Endangered Species Act, among others.
Right now, it can take federal agencies and local authorities years to complete environmental reviews and to issue necessary permits. And, increasingly, these statutes and the projects themselves are the focus of protracted litigation that disrupts the deployment of clean energy resources, delays the creation of clean energy jobs, and adds time and cost to these critical projects.

To maximize the investments and funding provided by the Bipartisan Infrastructure Law and the clean energy tax package and to facilitate investment in much-needed energy infrastructure, we need a coordinated, consistent, and efficient siting and permitting regulatory framework. EEI supports environmental and regulatory processes that are clear, transparent, and as efficient as possible, while meeting environmental requirements.

Thanks largely to the clean energy leadership of EEI’s member companies, carbon emissions from the U.S. electric power sector today are as low as they were almost 40 years ago, while electricity use has climbed 73 percent since then. Already, 50 EEI member companies have announced ambitious emissions reduction commitments, 41 of which aim for net-zero or equivalent by 2050 or sooner.

The Evolving Energy Mix

We are proud that more than 40 percent of our nation’s electricity now comes from clean, carbon-free sources, including nuclear energy, hydropower, wind, and solar energy. Nuclear energy currently supplies more than 44 percent of our nation’s carbon-free electricity. And, over the past decade, more than 60 percent of new generation capacity was wind and solar—more than 78 percent of new generation has been wind and solar since 2020.

According to the U.S. Energy Information Administration, more than half of new capacity additions this year will be large-scale solar; the next-largest addition will be batteries.

Electric companies are the main drivers of growth in energy storage, accounting for 93 percent of all energy storage in operation today. Electric companies were expected to deploy 4.5 gigawatts of battery storage technologies in 2022—approximately equal to the total deployed between 2013 and 2021. Electric companies are expected to continue to lead energy storage growth and will add more than 49 gigawatts of battery storage through 2026.

Natural gas also plays an essential—and changing—role in our energy mix. Natural gas accelerates the clean energy transition by allowing our member companies to integrate more renewables into the energy grid while ensuring resilience, reliability, and resource adequacy. And, while we recognize that the critical role of natural gas will change over time, our strategic planning already accounts for these changes. In many cases, electric companies are proposing new, more efficient natural gas generating units that are certified to use cleaner fuel blends, incorporating emissions-free sources like hydrogen and ammonia.

Now is not the time to take tools out of the energy toolbox. Instead, we must focus on adding new tools and on ensuring that we develop and deploy new energy sources, technologies, and innovations that help us to reduce emissions faster and more affordably.
The Role of New and Developing Carbon-Free Technologies

Our path toward a clean energy future depends on new and developing carbon-free technologies. Recent innovative technology developments, including the design certification for a new small modular nuclear reactor and the recent breakthrough in nuclear fusion, show how RDD&D efforts can further revolutionize our changing energy landscape.

EEI continues its work to accelerate the pace of innovation. In 2021, we partnered with industry leaders and leading environmental groups to launch the Carbon-Free Technology Initiative (CFTI), with the goal of identifying and advocating for specific policies that can help to ensure commercial availability of new, affordable, 24/7 carbon-free technologies by the early 2030s. Last year, EEI and our member companies launched the second round of CFTI to update policy recommendations and specific policy proposals.

We also are supporting the development and commercialization of key clean energy technologies by working closely with the financial community and by engaging investors. Over the past year, EEI has conducted a series of forums and events hosted by Guggenheim Partners and Morgan Stanley, among others. These forums bring together leaders from Wall Street, electric companies and breakthrough technology companies, the U.S. Department of Energy (DOE), and key policymakers to focus on commercialization and deployment of advanced nuclear and small modular reactors, hydrogen, long-duration energy storage, and more.

Building on the foundation laid by CFTI and these forums and other initiatives, the Edison Foundation this year is launching the Institute for the Energy Transition (IET)—a new program that will assess the key 24/7 zero-emitting technologies necessary to achieving our carbon emissions reduction goals reliably and affordably. IET will continue to explore the demonstration of these key technologies, adding a new focus on the current economics of each technology and expected future cost curves. IET also will focus on identifying and proposing solutions to the legal, regulatory, and policy issues that must be addressed to ensure that these technologies can be deployed as soon as they are demonstrated and economic.

These key technologies include hydrogen, battery electric storage and long-duration energy storage, carbon capture and storage for power generation, and advanced nuclear technologies. IET's goal is to provide an assessment for each technology in the next year and then to engage in periodic updates to reflect significant developments, including improved economic fundamentals.

As first steps, IET will:

- Provide accessible qualitative summaries of the current economics of key carbon-free technologies, based on a rigorous and defensible assessment of their development status.

- Identify critical barriers to deployment, including technological, commercial, and regulatory impediments. IET also will identify any other factors, including supply chain constraints or public acceptance, that would impede the ability of electric companies to deploy these technologies.

- Summarize takeaways from key demonstration projects already undertaken domestically and abroad. IET also will summarize in-progress or near-term plans and goals for other demonstration projects.

- Develop materials to educate the public, as well as member companies, executives, policymakers, regulators, and other stakeholders about these technologies, focusing on their costs and the key issues that need to be addressed to deploy them reliably and affordably in advancing clean energy goals.
Partnerships with experts and other stakeholders are crucial to the success of these efforts. IET will be working with industry-leading experts, including researchers from EPRI and DOE’s National Labs, as well as with electric company leaders, to achieve its goals.

**Energy Efficiency Gains**

Energy efficiency is foundational to an affordable clean energy transition and depends on a set of carbon-efficient tools and technologies that drive reductions in emissions, while also helping customers to save energy.

According to the Edison Foundation’s Institute for Electric Innovation (IEI), electric company customer-funded energy efficiency programs saved 237 terawatt-hours of electricity in 2021, the latest year for which data are available, or enough electricity to power 33 million U.S. homes for one year. These programs are cost-effective, delivering energy savings at a cost of roughly 2.5 cents per kilowatt-hour over the lifetime of the investment. IEI estimates energy efficiency expenditures have averaged $7 billion annually, with more than $500 million benefiting low-income households.

**We Are Advancing Key Regulatory Policy Issues**

EEI works to secure favorable regulatory outcomes for our member companies at both the federal and state levels. Our current areas of focus include:

**IRA Implementation**

Following congressional passage of the IRA, EEI and our member companies have been leading implementation efforts at the U.S. Department of the Treasury. Our focus is on achieving rules to ensure that our customers receive the greatest benefit from the law’s clean energy incentives, while also addressing the implementation of the corporate alternative minimum tax (CAMT).

To date, EEI has submitted formal comments in response to two Treasury Notices, one issued October 5 and the other on November 3, asking for guidance and clarification on a range of tax credits and related issues. In response to the October 5 notice, which broadly requested input on energy generation incentives, credit enhancements, and credit monetization, EEI focused on issue areas that are critical for the industry, including:

- Transferability rules
- Tax credit adders—domestic content and energy communities
- Prevailing wage and labor requirements
- The nuclear production tax credit
- Energy storage technology
- Pumped storage
- Transition rules

In response to the November 3 notice, which focused on specific tax credits in the IRA, EEI submitted comments on clean hydrogen, EVs, and carbon capture.

With regard to implementation of the 15-percent CAMT on book income, our focus is on achieving proper guidance from Treasury, and we are:
Advocating that Treasury issue regulations to clarify that taxpayers are permitted to reduce adjusted financial statement income (AFSI) repair costs deductible for regular tax purposes that are capitalized for financial statement purposes.

Advocating that Treasury provide guidance confirming a number of general depreciation adjustments (e.g., cost of goods sold and other items) when determining an applicable corporation’s AFSI, including adjustments for differences in financial statement basis and tax basis of depreciated property.

Requesting guidance for member companies with respect to the methods by which they may allocate consolidated CAMT to members of a consolidated group.

Advocating that certain extraordinary transactions and unrealized gains/losses be excluded from AFSI for the computation of the CAMT.

Asking for clarity with respect to how normalization rules apply to the CAMT.

Treasury released a Notice on initial CAMT guidance in December, to which EEI will respond with formal comments addressing the above issues.

In addition to submitting formal comments, EEI has met with Treasury, the National Economic Council, and members of the Biden Administration and Congress to discuss impacts of the CAMT without proper guidance.

A Holistic Approach to Environmental Regulations

Every electric company has access to different generating resources, and it is important that environmental regulations offer companies the flexibility they need to find the most affordable and reliable path to compliance. Regulatory certainty is essential, and EEI supports the Environmental Protection Agency’s (EPA’s) efforts to take a holistic approach to rulemaking.

In late June 2022, the U.S. Supreme Court issued its decision in West Virginia v. EPA, which addressed the scope of EPA’s authority to regulate greenhouse gas emissions (GHG) from existing electric generating units under section 111(d) of the Clean Air Act. EEI filed an amicus brief supporting EPA’s authority and the benefits of clear and stable regulations. In its decision, the U.S. Supreme Court limited, but ultimately preserved, EPA’s authority to regulate GHGs.

As EPA works to propose new regulations this year for fossil fuel-based generation using its Section 111 authorities, EEI is advocating for the continued responsible use of natural gas to help deploy massive amounts of renewable energy reliably during this decade and to support the resilience of the energy grid in the face of increasingly frequent extreme weather events.

EEI also is advocating for compliance flexibilities that provide for increased emissions reductions while ensuring that critical capacity is available to preserve reliability during these next pivotal years of the energy transition.

EEI also continues to support EPA’s efforts to finalize its proposed methane regulations. We are working with other stakeholders to develop tools to reduce emissions from the natural gas supply chain now and to reduce emissions from natural gas-based generation going forward.

ESG-Focused Rulemakings on Climate Change and Cybersecurity

EEI remains active at the Securities and Exchange Commission (SEC) on a range of important regulatory and disclosure issues. For example, in response to the SEC’s proposal addressing climate disclosures, EEI advocated for a reporting framework for financially
material climate change information, with the goal of achieving a durable rule that provides helpful disclosures for issuer companies and investors. Specifically, we advocated for:

- Removing the assurance requirements for scope 1 and 2 emissions.
- Allowing greater flexibility for relevant scope 3 reporting.
- Strengthening the safe harbor for scope 3 reporting and adding scopes 1 and 2 climate goals to that safe harbor.
- Removing the proposed changes to Reg. S-X, including the 1-percent materiality threshold.
- Lengthening the compliance phase-in period by at least an additional year.

The SEC also has proposed a rule on cyber governance and disclosure. EEI is advocating for a rule that provides adequate disclosures of cyber events to investors, while ensuring that national security considerations are respected. The electric power sector is included as one of 16 critical sectors regarding cyber threats, and we are advocating for SEC’s cyber rule to provide for consistency with existing obligations to federal and state agencies with responsibilities for cyber events.

**FERC and State Regulation**

To achieve our clean energy goals in the fastest and most cost-effective manner—while also helping to facilitate the development of critical infrastructure—we need favorable public policies. First, we need to take a more holistic view of transmission system needs and to work to improve policies and processes to evaluate and to promote the development of cost-effective interregional, multi-regional, or cross-interconnection transmission facilities. We also need a coordinated, consistent, and efficient siting and permitting regulatory framework.

EEI and our member companies continue working closely with the Federal Energy Regulatory Commission (FERC) as it considers reforms in transmission planning, cost allocation, and generator interconnection to ensure that needed investments continue to be made at the regional and local levels. These are complicated issues, and we will continue to work with lawmakers on Capitol Hill, as well as with FERC and the National Association of Regulatory Utility Commissioners, to tackle them.

In addition to our focus on transmission, EEI last year supported the development and refinement of critical reliability standards, including extreme cold weather standards, to ensure these regulatory requirements are specific and actionable; that they improve reliability and security; and that they are feasible for electric companies to implement.

Importantly, since formalizing EEI’s state practice in 2018, the work to provide member companies direct assistance on regulatory initiatives has continued to grow. In 2022, EEI assisted 61 member companies across 41 states and the District of Columbia in more than 225 instances on issues such as affordability, energy grid modernization, and electric transportation infrastructure growth, while also highlighting the benefits of the regulated business model for customers.

“We are focused on the opportunities before us, and we are certain that our industry’s future is bright.”
EEI’s long-held position is that we need to take an economy-wide approach to reducing carbon emissions. This means transitioning more of the U.S. economy to clean, efficient electric energy—starting with the industrial and transportation sectors, especially as the latter has been the leading source of carbon emissions in the United States since 2016.

There are more than 3 million EVs already on U.S. roads, and EEI projects there will be 26 million on our roadways in 2030. That increase will require approximately 140,000 EV fast charging ports across the country—a 10-fold increase over today. This requires an all-hands-on-deck approach, with support from our industry, private-sector stakeholders, and our federal and state government partners.

EEI’s member companies are investing more than $4 billion in programs to accelerate electric transportation, including the deployment of EV charging infrastructure. Our efforts and our investments are complemented by funding provided through the Bipartisan Infrastructure Law, the clean energy tax credits, and the CHIPS and Science Act, all of which include important provisions aimed at accelerating electrification of the transportation sector.

Today, EEI continues to coordinate with the newly formed Joint Office of Energy and Transportation and other agencies to guide the more than $20 billion of electric transportation-related funding in the Bipartisan Infrastructure Law, including by sharing best practices as members engage with state departments of transportation to implement the $5 billion National Electric Vehicle Infrastructure program.

Last December, EEI celebrated the first anniversary of the National Electric Highway Coalition (NEHC), a collaboration among more than 60 electric companies that are committed to providing a foundational network of EV fast charging stations that will allow the public to drive EVs with confidence along major U.S. travel corridors by the end of 2023. The NEHC is the largest alliance of electric companies organized around the common goal of deploying EV fast charging infrastructure to support the growing number of EVs and to help ensure that the transition to EVs is seamless for drivers.

EEI also continues to lead efforts to prioritize the customer experience of driving electric. To better define a positive customer charging experience, EEI, as coordinator of the NEHC, engaged with multiple parties from across the EV charging ecosystem, including driver advocacy groups, equity groups, electric companies, automakers, charging providers, equipment manufacturers, and more. From these conversations, we developed a customer experience vision statement to guide efforts to ensure that making the switch to EVs is seamless for customers.

Additionally, we are focused on being trusted advisors and partners as more fleet operators go electric. We especially are focused on helping school districts across the country that have applied for and have received federal funding to purchase electric school buses. EEI is proud to be working closely with EPA on its Clean School Bus Program, which will help to drive deployment of new zero- and low-emissions school buses that will help to improve local air quality.

Going forward, we will continue to lead the way on electric transportation, as we take advantage of new opportunities to utilize clean electricity to drive down carbon emissions from other energy-intensive processes, particularly in the commercial and industrial sectors.
EEI is working across our industry and with our government partners to maintain and to enhance America’s energy security. We have faced no shortage of grid reliability and resilience challenges in recent years. These include a growing number of extreme weather events and related resource adequacy concerns; cyber and physical security threats; and ongoing disruptions in global energy supply chains.

As always, we are facing these challenges head on, working to identify the policies and new technologies needed to help enhance our collective resilience. The strong partnership between industry and government is key to our defenses, and we value the nonstop work of government officials at all levels to help defend this most critical infrastructure.

Following an uptick in physical security incidents across the nation, EEI is working with key industry and government partners to share information about the nature of these attacks, to highlight leading practices for protecting critical infrastructure, and to support common-sense, risk-based security investments that address these threats.

Increasing penalties and fully prosecuting attacks on critical infrastructure are important deterrents for malicious actors. Every incident must be taken seriously, and those responsible should be identified, arrested, and prosecuted. People who attack critical infrastructure should face real consequences, and we are working with federal and state policymakers to increase the criminal penalties for such attacks.

No single policy or investment can eliminate all risks. Instead, we must continue to collaborate across our sector and with our government partners to prioritize and to drive down risk. As always, we emphasize the value of learning from the experiences of others as we work to further enhance the security of the grid and to make the system more resilient.

The Electricity Subsector Coordinating Council

One of our greatest strengths as an industry is our ability to convene, share information, and adapt quickly to changing circumstances and challenging events that threaten our nation’s most critical infrastructure.

Resilience and constant vigilance are critical. Fortunately, we have strong collaboration across our industry and with our member companies. EEI continues to lead efforts to enhance grid security and resilience through the CEO-led Electricity Subsector Coordinating Council (ESCC). Since its formation 10 years ago, the ESCC has served as the centerpiece of our efforts to harness the strength of our entire industry to confront a host of cyber, physical, and extreme weather threats and to coordinate with our government partners at the highest levels.

In support of our ongoing industry efforts through the ESCC, EEI established the Culture of Security Initiative to emphasize better understanding of, and to drive continuing improvements to, security as a fundamental component of electric companies’ individual corporate cultures. A security culture encompasses a set of values and a sense of responsibility and behaviors, demonstrated by an organization’s workforce, that contribute to the protection and safeguarding of a company’s assets and operations from security threats.

Adaptation, Hardening, and Resilience Investments

Recent events reinforce the continued need for strategic and responsible investments in adaptation, hardening, and resilience (AHR). Over the past decade, EEI’s member companies have invested
more than $1 trillion in critical energy infrastructure. And, in 2022 alone, nearly $30 billion was invested in AHR initiatives to strengthen the nation’s transmission and distribution infrastructure.

While investments in AHR have increased significantly over the past decade, more investments are needed to meet the challenges of climate change and to enhance the overall reliability and resilience of the energy grid.

The benefits of smart investments in AHR are clear and allow electric companies, communities, and customers to be better equipped to operate through challenging conditions. In Florida, for example, the state’s hardened energy infrastructure largely withstood a direct hit by Hurricane Ian last year. Moreover, the investments made in smarter energy infrastructure at the distribution level helped to avoid hundreds of thousands of customer outages—and significantly sped restoration times for customers who were impacted.

While we now are operating in a higher-cost, inflationary environment, it is critical that electric companies are able to continue to make needed investments today that will help them to deliver a resilient clean energy future tomorrow. This is why EEI will continue our work to educate regulators and stakeholders about the importance of stable, constructive policies to support the investments our members are making and the benefits they provide to our customers.

America’s electric companies also depend on having clear and stable policies in place for cost-recovery of the expenses incurred during unforeseen emergencies, such as storm restoration costs. This stability helps to ensure ready access to capital at affordable rates that enable planned investments in clean energy and in AHR.

EEI also continues to promote the benefits of the regulated business model. The regulatory compact that this model provides includes an important responsibility for EEI’s member companies to serve every customer and every community. It also creates the process for open and transparent rate reviews that result in the ability for member companies to recover their costs and to have a reasonable rate of return.

This important rate review process allows state regulators, consumer advocates, local officials, customers, environmental groups, electric companies, and other stakeholders to have input and to ensure that additional spending is needed, expenditures are prudent, and rates remain reasonable for customers.

**Wildfire Mitigation**

Over the past year, EEI’s Wildfire CEO Task Force and the ESCC’s Wildfire Working Group, which includes EEI member companies, electric cooperatives, and public power utilities, have continued to focus on enhancing mitigation, detection, and response capabilities as part of our wildfire strategy.

The ESCC’s Wildfire Working Group has succeeded in convening industry and federal officials on a monthly basis to identify opportunities to implement more effective wildfire mitigation and response efforts. These monthly meetings with officials from the highest levels of government are being complemented by in-person meetings with staff from the federal agencies’ regional offices to help drive further efficiencies and to permit the work needed to mitigate wildfire risks more efficiently.

Collectively, our industry has improved our real-time situational awareness capabilities. We are investing heavily in sensors, high-definition cameras, and weather stations that are placed in the field to give companies and government partners visibility into near-real-time conditions. And, we are engaging with the Federal Aviation Administration on several important issues around the operation of unmanned aerial systems, or drones, for wildfire prevention efforts and other infrastructure inspections. Electric companies in the West now have some of the most advanced weather tracking systems in the country.

EEI also is coordinating with various federal agencies through DOE to establish shared information platforms that will allow access to mapping tools, satellite data, fire-spread modeling, and other analytics that will help to drive real-time decisions and actions.
Supply Chain Challenges

EEI’s member companies continue to address shortfalls of critical equipment, specifically distribution transformers, and we are working closely with government partners, as well as suppliers, vendors, and logistics providers to meet demand for key components that are essential to providing electric service to our customers.

EEI also continues to work with member companies, suppliers, and policymakers to address cyber risks, as well as ESG-related concerns, for key products. EEI is leading a supply chain task force of chief procurement officers to address these issues holistically, including by working with DOE to secure critical electric infrastructure.

In addition, EEI is engaging with Treasury on how to implement domestic content requirements in the IRA to maximize the benefits of these credits for our member companies, which is critical in the midst of ongoing supply chain constraints.

We Are Supporting Our Customers, Communities, and Workforce

As we work to deliver resilient clean energy, EEI and our member companies understand that customer affordability and reliability remain paramount. In today’s rising cost environment, we recognize that customers are facing challenging economic times, and we are working to keep bills as low as possible and to assist customers in need.

At the federal level, EEI continues to advocate for maximum federal funding for the Low Income Home Energy Assistance Program (LIHEAP)—a vital source of aid to millions of vulnerable families. We continue to raise awareness of this program, and, together with the National Energy Assistance Directors Association and the National Association of State Utility Consumer Advocates, we are focused on streamlining the process for connecting eligible customers to LIHEAP resources in their communities.

Last year, EEI collaborated with member companies on an initiative to better understand and to serve low-to moderate-income customers who do not qualify for existing income-based support programs. Today, our members are continuing to develop innovative new support programs to further tailor their offerings for these and other customers in need.

Diversity, Equity, and Inclusion

EEI’s member companies are committed to ensuring that justice and equity are built into the clean energy transformation. As an industry, we are working to attract, retain, and develop a diverse and well-trained workforce that mirrors the communities we serve, benefiting our customers, our employees, and our businesses. In addition, EEI’s Business Diversity Program, created nearly 40 years ago, works to establish long-term relationships with diverse suppliers.

We are proud that our member companies continue to take meaningful—and measurable—actions to address racial and gender gaps and to continue reaching and supporting those suffering from systemic racism, poverty, and economic disadvantages.

Through EEI’s industry-wide diversity, equity, and inclusion (DEI) initiative, we have integrated workforce development and DEI priorities into one strategic initiative. And, we are proud to have 100-percent participation among EEI member companies.

By supporting EEI’s DEI initiative, our member companies are promoting racial and social justice,
advancing DEI goals, and diversifying their workforce at all levels. They also are providing more equitable access to employment opportunities for underrepresented and underserved members of their communities. Finally, we do anticipate that the SEC will issue a proposed rule on ESG Human Capital Management this spring. EEI is working actively with the commission to ensure that our members’ DEI leadership is recognized in the SEC’s approach.

Environmental Justice

EEI and our member companies understand that our responsibilities extend far beyond supplying electricity. As part of our commitment to build a clean energy future that benefits all Americans in all communities, we are working to understand and to address environmental justice concerns and equity considerations.

EEI is focused on supporting the Biden Administration’s Justice40 initiative and other initiatives to ensure that investments targeting clean energy and electric transportation, as well as resilience, are being made in underserved communities. EEI’s member companies are essential partners in these efforts and are engaging with community leaders and other stakeholders to increase access to jobs and contracting opportunities and to expand access to clean energy, while maintaining our focus on customer affordability.

We Are Delivering Strong Financial Performance

The electric power industry is our nation’s most capital-intensive industry, and EEI’s member companies have invested more than $1 trillion over the past decade to build smarter energy infrastructure and to integrate new generation into the energy grid.

These investments are critical to achieving our clean energy goals. They also help to protect the grid from extreme weather events and cyberattacks; help to predict, mitigate, and prevent outages; and help companies to restore electricity faster when outages do occur. Total industry capital expenditures for 2022 are projected at $154.7 billion, an 11th consecutive year of record-high capex.

The EEI Index, with a total return of 1.5 percent, outperformed the major averages in 2022. The Dow Jones Industrial Average, S&P 500 Index, and Nasdaq Composite declined by 7.0 percent, 18.3 percent, and 33.5 percent, respectively. The EEI Index has produced a positive total return in 17 of the last 20 years, producing returns greater than 10 percent in 13 of the 17 positive years. Notably, the combined market capitalization for the 39 companies included in the EEI Index has exceeded $1 trillion during the last two calendar years.

Our industry also extended its long-term trend of widespread and consistent dividend increases in 2022. A total of 34 companies increased or reinstated their dividend in 2022, compared to 32 in 2021, 34 in 2020, 37 in 2019, 39 in 2018, and 36-40 companies annually from 2012 through 2017. The percentage of companies that raised or reinstated their dividend in 2022 was 87 percent, up from 82 percent in 2021 and aligned with the 85 percent to 93 percent range seen from 2015 through 2020.
Our industry’s dividend payout ratio was 69.4 percent for the 12 months ended September 30, 2022, leading among the other major U.S. business sectors. As of December 31, 2022, 38 of the 39 companies in the EEI Index were paying a common stock dividend.

Finally, our industry’s average credit rating at the parent company level in 2022 remained at BBB+ for a ninth straight year, with no ratings changes occurring at the parent level. Total ratings activity, including both parent companies and subsidiaries, which was historically low at 35 changes, included 25 upgrades and 10 downgrades. Last year was, by far, the quietest year for ratings activity since our dataset’s inception in 2000. By comparison, there were 59 actions in 2021, 90 in 2019, and an annual average of 68 over the last decade.

Most of the upgrades in 2022 resulted from favorable regulatory outcomes or strengthened financial metrics under new ownership. The few downgrades focused on increased debt and cash flow pressures that impacted credit metrics, as well as slow recovery of planned capital expenditures in some cases.

At the close of last year, 77.3 percent of parent-level company ratings outlooks were “stable,” 9.1 percent were “positive,” 11.3 percent were “negative,” and 2.3 percent were “developing.”

Overall, the underlying parent-level credit quality has experienced a steady strengthening over the past decade, having declined only modestly in recent years.

“Today—just as we were 90 years ago—we are committed to demonstrating Power by Association℠ and to seizing the moment to deliver enduring benefits for our customers.”
Thomas Edison once predicted: “Great days are ahead of this nation and the world. And electricity will have a great part to play, granted only that it can be unfettered, with full opportunity for the largest possible individual initiative and energy.”

When EEI took up the mantle of representing America’s investor-owned electric companies in 1933, we already were building upon Edison’s strong track record of innovating to meet the evolving needs of our customers. And, over the past 90 years, we have demonstrated a strong record of progress as an industry. Together, we have created powerful momentum to carry forward our vision, and, today, we have more tools available than ever before to help us.

As we celebrate 90 years of Power by Association—and as we begin our next 90 years by engaging on our ambitious agenda in Washington and in the states—we must recognize just how correct Edison was: great days were ahead for our nation and the world, and electricity had a major part to play. Edison is still correct today—and EEI and our member companies will be the catalyst for delivering resilient clean energy and for achieving a clean energy economy as quickly and affordably as possible.

“Great days are ahead of this nation and the world. And electricity will have a great part to play, granted only that it can be unfettered, with full opportunity for the largest possible individual initiative and energy.”

– THOMAS ALVA EDISON, 1928