



WHEREAS: Energy utilities play a critical role in achieving the Paris Agreement’s goal of limiting global warming to 1.5 degrees Celsius (1.5°C). Electricity production accounts for 25% of national greenhouse gas emissions, and burning natural gas for heat in buildings accounts for approximately 11%.¹ Utilities also provide energy to some of the most greenhouse gas (GHG) intensive economic sectors.

The International Energy Agency’s Net Zero Scenario is clear on the trajectory necessary to achieve 1.5°C, calling for net zero emissions from power generation by 2035 in advanced economies and globally by 2040, while requiring a 40% reduction of emissions from the building sector by 2030.

Fossil fuels, including natural gas, have significant upstream emissions associated with their production.^{2,3} Many utilities’ net zero climate targets fail to account for the significant and material value chain emissions associated with upstream production of gas, downstream burning of gas by customers, and purchased power from the grid.

The Climate Action 100+ initiative, a coalition with \$68 trillion in assets, issued a Net Zero Benchmark (“Benchmark”) outlining metrics that create climate accountability for companies and transparency for shareholders.⁴ Indicators 1 through 5 of the Benchmark seek reporting on companies’ Net Zero emissions ambitions; short, medium, and long-term GHG reductions goals; and action plans to achieve decarbonization targets. The Science Based Targets Initiative (SBTi) similarly requires that material Scope 3 emissions be included in company GHG reduction targets.⁵

CenterPoint discloses operational emissions and emissions from use of sold products.⁶ It fails, however, to disclose upstream product emissions, which are likely significant, adding between 16 to 65 percent to natural gas combustion emissions.⁷ With regard to target setting, CenterPoint has committed to achieve net zero emissions by 2035 for its operational emissions, and to reduce emissions from use of sold products by 20 to 30%.⁸ These targets fail to address the remaining 70 to 80 percent of use of sold products and all other Scope 3 value chain emissions, including upstream natural gas emissions.

¹ <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

² https://globalenergymonitor.org/wp-content/uploads/2022/03/GEM_CCM2022_final.pdf

³ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6223263/>

⁴ <https://www.climateaction100.org/wp-content/uploads/2021/03/Climate-Action-100-Benchmark-Indicators-FINAL-3.12.pdf>

⁵ <https://sciencebasedtargets.org/resources/legacy/2020/06/SBTi-Power-Sector-15C-guide-FINAL.pdf>

⁶ <https://sustainability.centerpointenergy.com/esg-data-center/#emissions>

⁷ <https://iopscience.iop.org/article/10.1088/1748-9326/abef33>

⁸ <https://sustainability.centerpointenergy.com/net-zero/>



AS YOU SOW

30 YEARS 1992 – 2022

2023 Shareholder Resolution

CenterPoint Energy Inc | Scope 3 Greenhouse Gas Target Setting

In contrast, peer utilities are starting to account for value chain emissions. PSEG and NRG committed to set a net zero target through the Science Based Targets initiative. Sempra, Duke, and Dominion set net zero targets covering full Scope 3 value chain emissions, while Xcel and CMS have expanded their net zero targets to include customer use of natural gas.

BE IT RESOLVED: Shareholders request that the Board disclose all Scope 3 emissions and set Paris-aligned, 1.5°C, Scope 3 targets across its full range of value chain emissions, including short, medium, and long-term targets.

SUPPORTING STATEMENT: Proponents suggest, at management’s discretion, the report:

- In setting targets, take into consideration approaches used by advisory groups such as the Science Based Targets Initiative;
- Provide a timeline for setting a 1.5°C aligned Net Zero by 2050 GHG reduction target, and 1.5 degree-aligned interim goals;
- Provide an enterprise-wide climate transition plan to achieve net zero emissions.