



**WHEREAS:** Utilities face unprecedented disruptions to their business model driven by growth in non-carbon-emitting sources of electric power, and by state driven climate policy imperatives working toward the goal of limiting global warming to well below 2 degrees Celsius.

Utility leaders recognize the need for change; a PwC Global Power & Utilities Survey found that 97 percent of international electric power industry representatives expect the power utility business model to experience medium to high levels of disruption by 2020.

The effects are evident. In 2014, Barclays downgraded bonds for the entire United States electric utility sector due to the rapidly declining costs of solar power and energy storage technologies. UBS projects solar systems and batteries will cause a huge disruption, noting, "Large-scale power stations could be on a path to extinction." In 2016, credit rating agency Moody's announced it would begin assessing carbon transition risk based on scenarios consistent with the Paris Accord, noting the high carbon risk exposure of the power sector.

Over half of global utility executives believe distributed generation will cause revenue destruction, according to an Accenture survey. Accenture further noted that those who embrace distributed generation can turn the threat into an opportunity. Moody's stated, "a proactive regulatory response to distributed generation is credit positive as it gives utilities improved rate designs and helps in the long-term planning for their infrastructure." Navigant Research noted, "Utilities that proactively engage with their customers to accommodate distributed generation - and even participate in the market themselves - limit their risk and stand to benefit the most."

Distributed generation of electricity is expanding through residential rooftop solar and corporate installations of renewable power. As of November 2017, 114 major brands had committed to work towards 100 percent renewable energy by signing on to the RE100 Pledge. Utilities must either meet these customers' demand, or risk losing them as they pursue solutions like distributed renewable generation independently.

International growth in distributed energy portends changes in the United States. EY reported approximately half of Germany's installed capacity is distributed generation.

Though Entergy is the 7<sup>th</sup> largest United States utility, and has the 16<sup>th</sup> highest level of carbon emissions among United States power producers (Ceres, Benchmarking Utility Air Emissions 2015), the Company is among the lowest ranked investor-owned utilities on clean energy deployment with very little distributed energy. Entergy ranked 26<sup>th</sup> of 30 on clean energy sales; 28<sup>th</sup> of 30 on incremental annual energy efficiency; and 29<sup>th</sup> of 30 on lifecycle energy efficiency. (Ceres, Benchmarking Utility Clean Energy Deployment 2016).

**BE IT RESOLVED:** With board oversight, shareholders request that Entergy prepare a report (at reasonable cost and omitting proprietary information) describing how the Company could adapt its enterprise-wide business model to significantly increase deployment of distributed-scale non-



AS YOU SOW

**2018 Shareholder Resolution**

**Entergy Corp.**

**Request: Report on Distributed Generation**

**Lead filer: Arjuna Capital**

carbon-emitting electricity resources as a means of reducing greenhouse gas emissions consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels.