



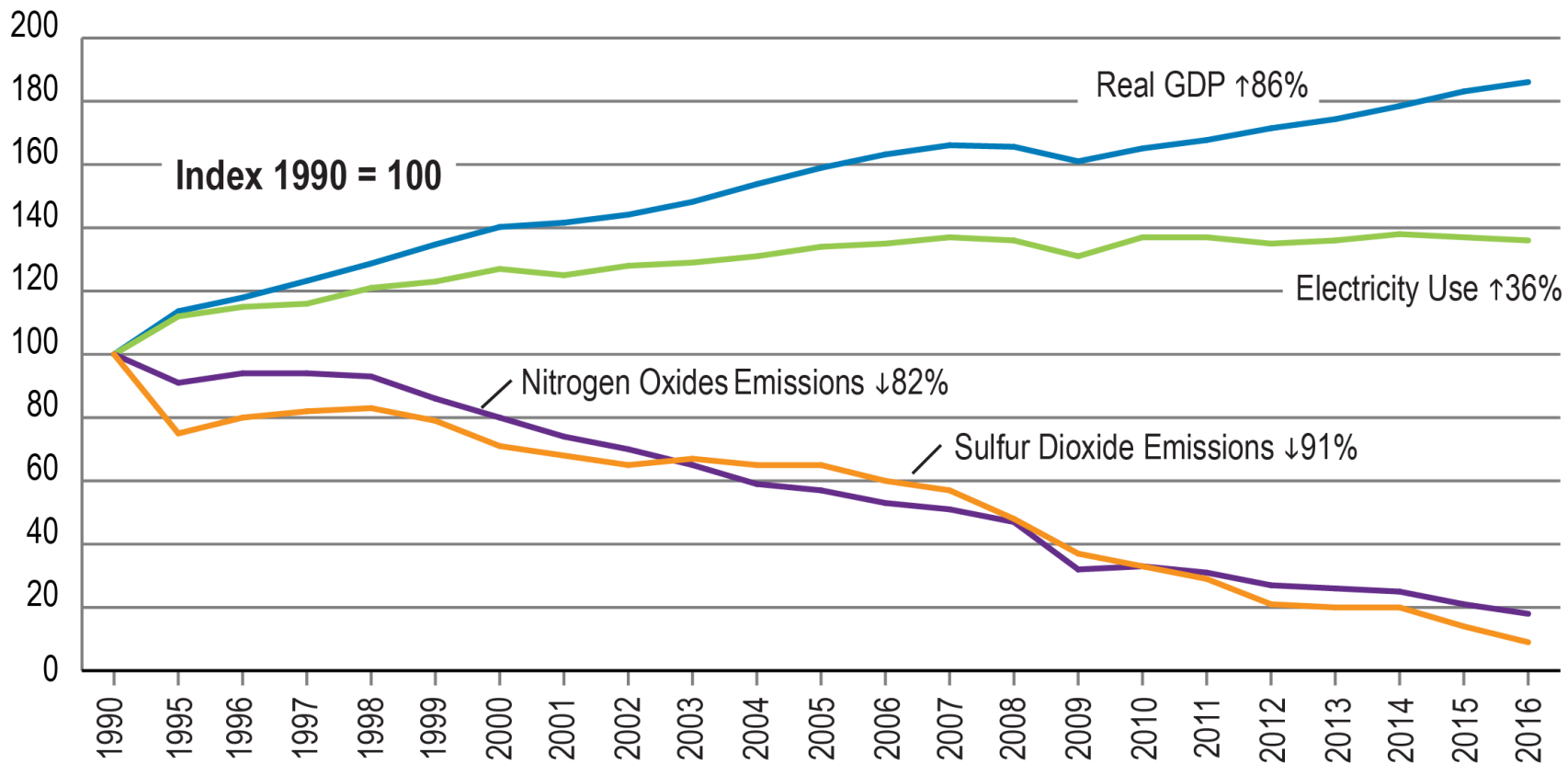
Edison Electric
INSTITUTE

One View From the Electric Power Sector

NACAA Spring Membership Meeting

Washington, D.C. – May 1, 2017

Power Plant SO₂ and NO_x Emissions Reduced Significantly

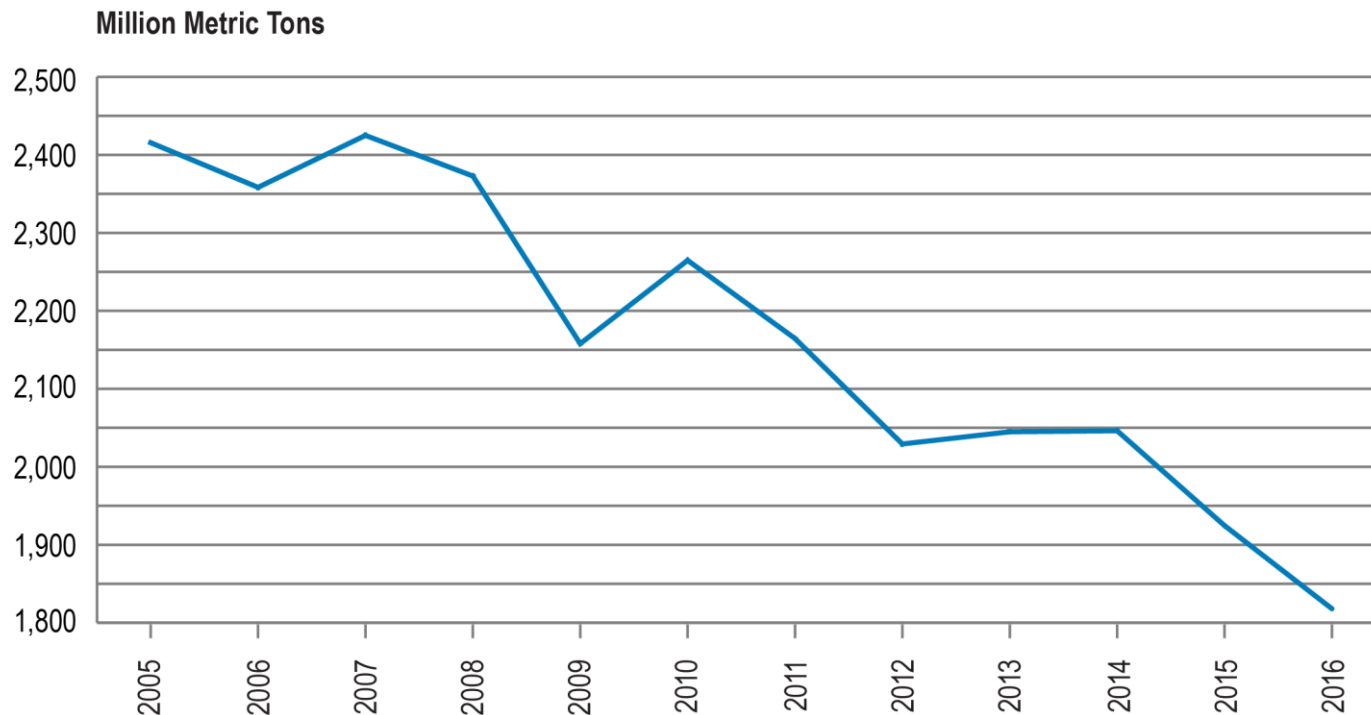


1990 represents the base year. Graph depicts increases or decreases from the base year.

Sources: U.S. Department of Energy, Energy Information Administration (EIA), U.S. Environmental Protection Agency (EPA), and U.S. Bureau of Economic Analysis.

U.S. Power Sector Carbon Dioxide Emissions Declining (2005-2016)

- 1/3 of U.S. power generation comes from zero-emissions sources
- As of 2016, industry CO₂ emissions were nearly 25 percent below 2005 levels
- Trajectory will continue based on current trends

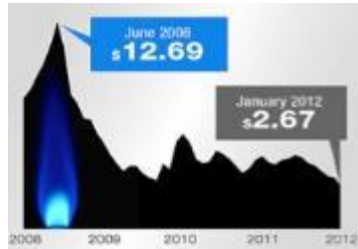


Transformation Drivers

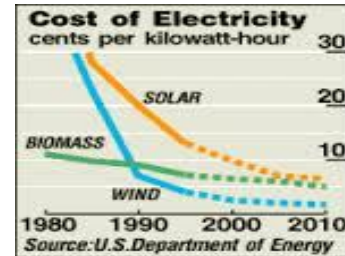
New technologies, models and uses



Low natural gas prices



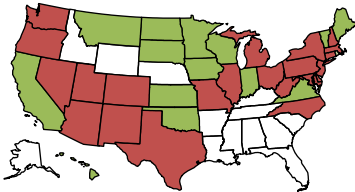
Declining technology costs



Diversification



Public policies



Financial incentives



Customer demand

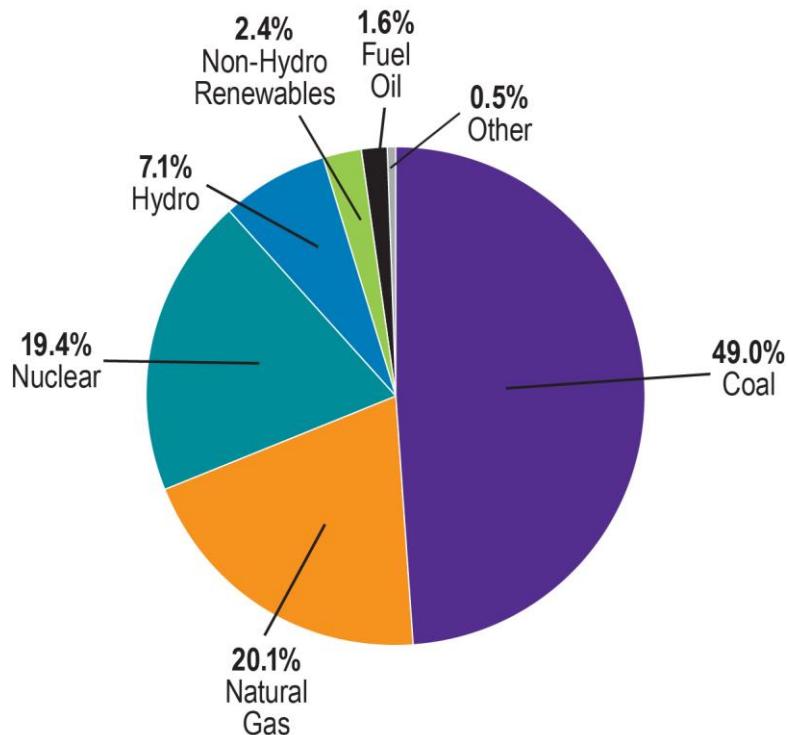


Environmental regulations

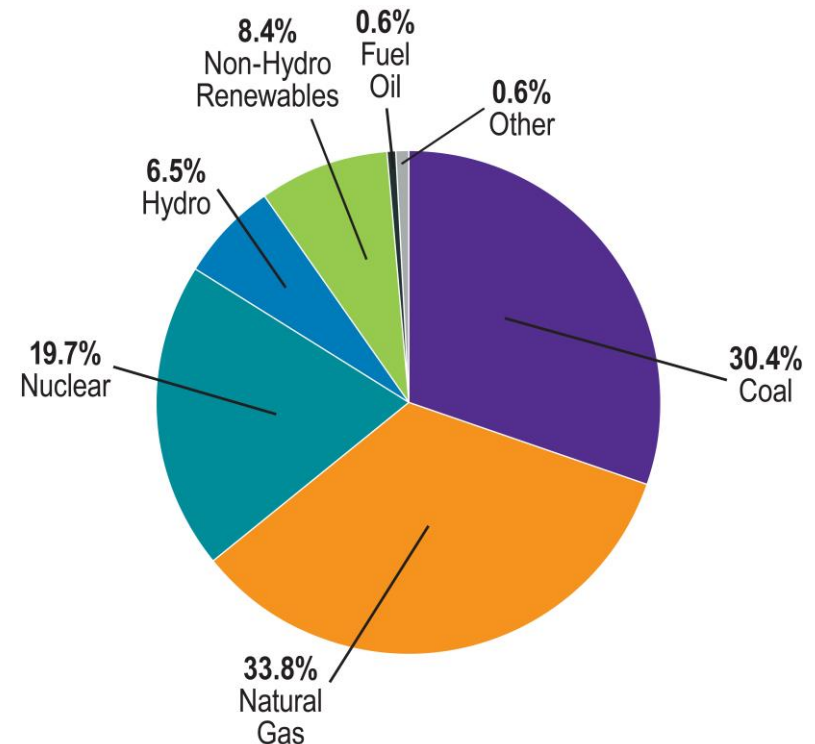


The Mix of Resources Used to Generate Electricity Is Changing Dramatically

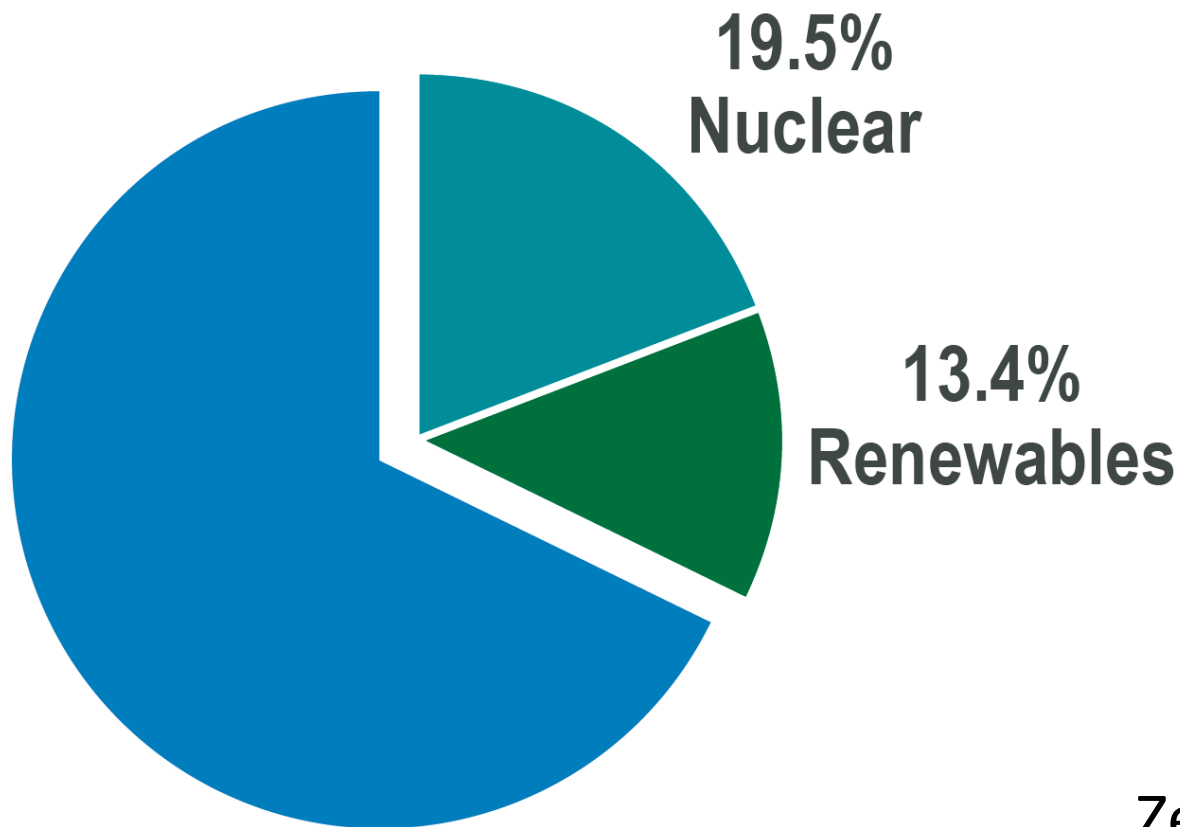
2006 National Energy Resource Mix



2016 National Energy Resource Mix (Preliminary)



Cleaner – More Zero-Emission Sources



1/3
of 2015 U.S.
Power Generation
Came From
Zero-Emissions Sources
(Nuclear and Renewables)

Smarter Energy Infrastructure and Customer Solutions

- New technologies that enable customer choice and a smarter, more reliable energy grid:
 - Electric transportation charging infrastructure
 - Smart cities
 - Microgrids
 - Energy storage
 - Distributed generation
 - Renewable energy sources
- Safe, reliable integration of new distributed energy technologies with traditional centralized generation
- Significant air quality and other environmental co-benefits

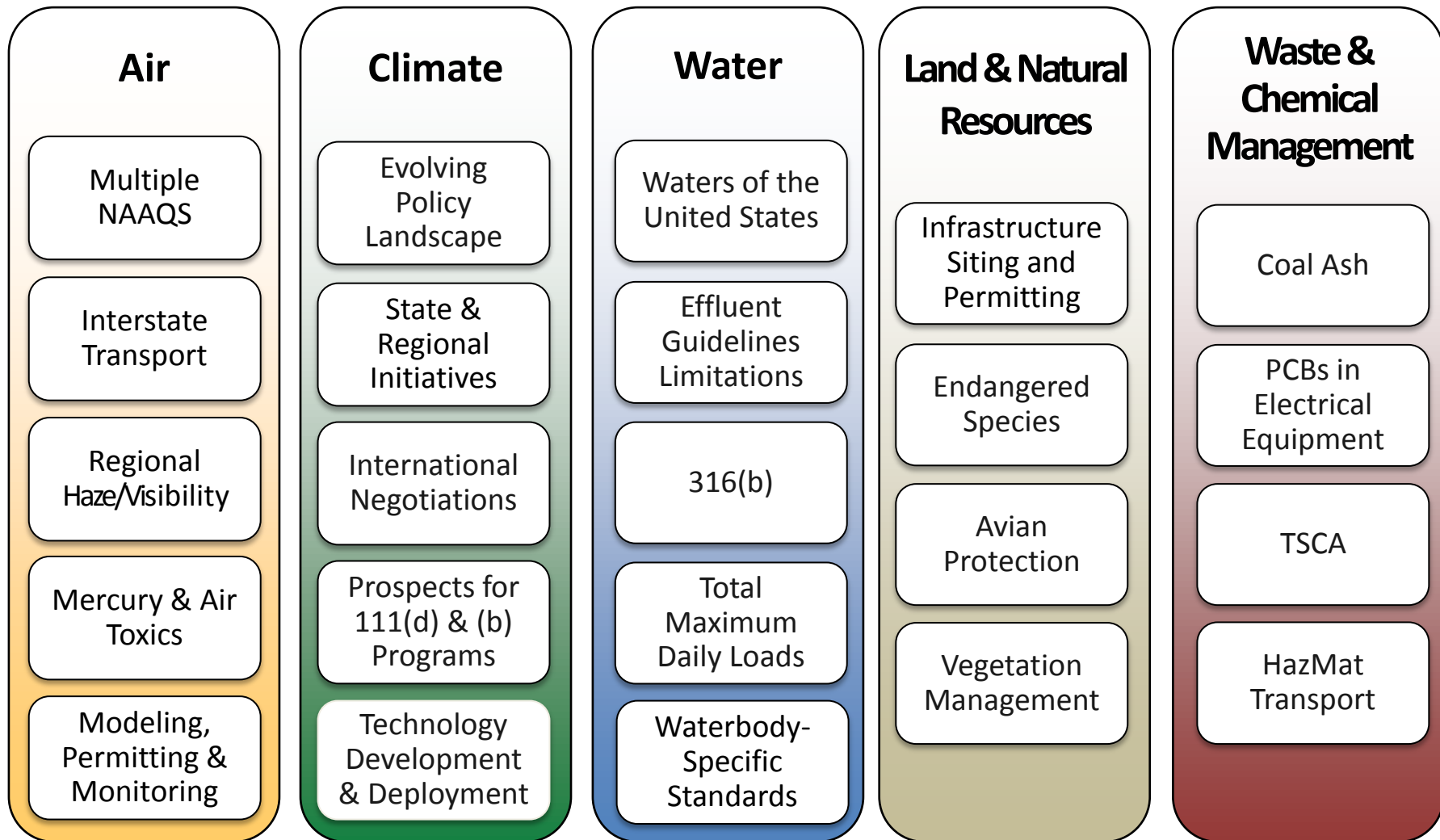
Current Policy Landscape

- Administration:
 - Health care, immigration, tax reform, budget, infrastructure, regulatory reform (including energy and environment), nominations
 - Extensive use of EOs and Memos
- Congress: oversight, CRA usage, budget, nominations, new legislation?
- States: cooperative federalism, new state responsibilities, federal funding?
 - Maintaining, accelerating or decelerating current environmental policy priorities?

Industry Priorities

- Obtaining comprehensive tax reform
- Increasing infrastructure investments and streamlining permitting/siting process
- Enhancing grid modernization
- Maintaining physical and cyber security
- Continuing ongoing fleet transition and preserving a balanced energy mix
- Continuing environmental progress

Environmental Challenges: 2017 and Beyond



Carbon Policy Landscape

- Executive Branch:
 - Impact of Energy Independence and other EOs?
 - Changed regulatory focus underway
 - Prospects for Endangerment Finding?
- Congress continues to be divided:
 - No clear majority to pass legislation; extensive oversight likely
 - Near-term decrease in national policy emphasis; long-term prospects?
- States moving forward at various speeds:
 - Stakeholder dialogs continuing, even if informally
 - Some pursuing new carbon policies regardless of CPP prospects, others reducing or pausing climate policies
- International:
 - Will U.S. withdraw from Paris Agreement or UNFCCC process?

Conclusions

- Great progress already made in reducing electric sector emissions; expect this trend to continue
- Focus on customer demands for cleaner energy solutions, smarter energy infrastructure, and advanced technologies
- Wide array of Obama Administration environmental and energy policies being scrutinized:
 - Impact of EOs and reconsideration of rules will play out over coming months and years
 - Replacement rules to undergo notice-and-comment rulemaking; takes time and inevitable legal reviews
 - Expect significant activity around expedited permitting