

GREENPEACE

NC WARN 

Wednesday, May 1, 2013

James E. Rogers
Chairman, President and Chief Executive Officer
Duke Energy
P.O. Box 1090
Charlotte, NC 28201-1090

Subject: On which side of the growing climate-economic-social divide will your legacy rest?

Dear Mr. Rogers:

In our many battles over electricity rates, power plants, and business models, it often has seemed there's little on which we can agree. Yet today, with Duke Energy shareholders preparing to meet in Charlotte and some of the world's most ardent and well-financed climate change deniers operating in North Carolina, we are reminded of the last time we spoke, at a meeting in Charlotte last June. We agreed then that an extraordinary and unprecedented level of cooperation and leadership will be required if humanity is to survive the upheaval brought to our doorstep by climate change.

Since that meeting much has changed, and much has stayed the same. The cost of renewable energy has continued to plummet, with companies as diverse as Apple and NRG beginning to invest in solar power at a scale that utilities like Duke Energy have so far failed to pursue. At the same time, storms like Hurricane Sandy have reminded us that we are not moving fast enough. Scientists tell us that even if we begin to reduce global warming emissions in the next few years, warming already "in the pipeline" could cause at least several decades of accelerating climate disasters. What we once thought of as a problem for our grandchildren is unfolding during our own lifetimes.

We write you now with a plea to use your remaining time as head of the nation's largest utility to drive forward a renewable energy revolution that could help avert

the worst threats of climate change. Doing so will make Duke Energy a leader in a powerful new global market, and will secure your legacy as one of very few energy CEOs with the courage to do what was necessary when history called.

Over the years, many of us have been heartened to hear you espouse views that seem well ahead of the out-of-touch politicians in Raleigh and Washington. When you remarked that *“we’re in a unique position in the power industry to deploy the solutions, to raise the capital and not raise the national debt, to do it at scale, and to do it in China time,”* we hoped we’d found a true ally in the utility sector.

Yet, until Google used its influence to push for even the *right* to access renewable energy in North Carolina, you have directed little of the “tsunami of capital expenditures” pursued under your tenure toward real solutions here in North Carolina. Instead, Duke has ignored the voices of climate scientists and charged forward with the construction of coal-fired power plants like Cliffside 6 and Edwardsport, Indiana, and proposed nuclear power plants in the Carolinas and Florida. Now, with the coal industry on its deathbed and the “nuclear renaissance” sinking into the mud in Georgia, Florida, and South Carolina, your company appears intent on pursuing the construction of new gas plants, rather than tapping the vast potential of coastal wind, solar, or even energy efficiency, the cheapest solution of all.

The public, turning out to rallies and hearings by the hundreds and thousands, views these coal and nuclear investments as both shortsighted and morally wrong. And it is clear that Duke’s shift to natural gas is also facing growing public anger, as the toxic pollution and climate change contribution of fracking mobilizes citizens here and around the country. With Duke pursuing its fourth rate hike since 2009 to pay for these highly unpopular investments, it’s clear that Duke’s ratepayers are approaching a breaking point. A growing list of companies, non-profit organizations, and citizens have united around a common cause of ending serial rate hikes for dirty sources of energy, as well as the practice of virtually giving away power to high-load users and saddling families and small businesses with the costs.

When you factor in the direct impacts of climate change on Duke’s assets – including water constraints, hurricanes, and sea-level rise – it becomes clear that these are real risks to your shareholders and investors, whether or not they are reflected yet in earnings reports or credit ratings.

As dire as the situation is today, we know that a dramatic shift to a business plan based on efficiency and renewable energy can maintain Duke as a highly profitable company and help turn the tide on climate change. Duke Energy Renewables is one of your more profitable subsidiaries, with solar and wind investments exceeding \$2.5 billion in Western states. As we have pointed out, if not for dreams of reviving nuclear power on the backs of monopoly-captive ratepayers, you might be developing renewable energy here in the Carolinas. The major investments by IT sector leaders like Apple and Google prove that demand for energy is there from

business as well as communities. Wind, solar and efficiency – including combined heat and power – are all abundant across the Southeast, and Duke owns 2,000 MW of energy storage that your own people admit is perfectly suited to offset the variability of solar and wind across the region.

The risk to your company of ignoring these opportunities goes beyond angry ratepayers and the extremes of global warming. As you know, many other companies are eager to harvest the solar and wind resources of the Southeast, and they see a public hungry for the jobs and growth that come with investments in renewables and efficiency. Duke's monopolies are safe for the moment, but in a political climate dominated by free-market rhetoric, competition is a reality that your company will face sooner, rather than later.

Of course, Duke's own actions to replace fossil fuels won't be enough on their own to avert critical climate tipping points – which scientists warn are imminent. But the sheer size and influence of your company are such that even an announcement that Duke is shifting its investment toward renewables, paired with significant action, could provide a positive tipping point in the utility industry – shifting regulations and market pricing, while inspiring the public that someone in charge is taking action.

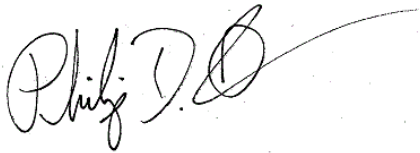
Both NC WARN and Greenpeace have submitted proposals to the NC Utilities Commission for how North Carolina can rapidly begin to replace fossil fuels. These are not pie-in-the-sky plans, but well-researched and realistic pathways for bringing efficiency and renewable energy to North Carolina. Unfortunately, Duke has failed to put forward its own serious efficiency and renewable energy proposals in its monopoly markets, instead opting to put the onus of leadership on national and state policymakers who are mired in gridlock or moving in the wrong direction.

Jim, over many years of climate campaigning, we have witnessed your ability to drive a company toward a vision, even if we haven't agreed on the direction. As Duke Energy searches for a new CEO and rebuilds in the wake of a contentious merger, you have an opportunity to make Duke a global example of how a large utility can aggressively shift from 20th-century energy sources to the efficiency, wind, solar, CHP, geothermal, and other renewable resources that are already powering the 21st century.

In your comments to the Democratic National Convention last summer, you asked *“decades from now, when our grandchildren look back at the decisions we made as a country, will they think we did the right thing?”* We should also ask how we will be judged by the children playing in our backyards today. Because if Duke's current path is followed, those children and their children will continue to breathe coal pollution, deal with vast stores of nuclear waste, and grapple with the ravages of unchecked climate change that are already beginning to unfold. Their answer to your question will be a resounding “no.”

This letter is a sincere effort to bring all of us to our highest wisdom and courage, and to combine our collective resources and talents into something productive. Meanwhile, Greenpeace, NC WARN and allies have no choice but to push at every turn for an energy system that truly serves the people – and our campaign will continue until an energy revolution takes hold. We are calling on you to announce an ambitious plan to replace Duke Energy's fossil fuel and nuclear plants with renewables and efficiency, across *all* of your service territories.

Knowing the risks of inaction, we are sure that Duke Energy's customers and investors will stand by you if you make such a change. We, too, will stand by you and will do all we can to clear your path.



Phil Radford, Executive Director
Greenpeace
702 H Street, NW, Suite 300
Washington, D.C. 20001
202-462-1177



Jim Warren, Executive Director
NC WARN
P.O. Box 61051
Durham, NC 27715
919-416-5077

cc:

Mr. William Barnet III
Mr. G. Alex Bernhardt, Sr.
Mr. Michael G. Browning
Mr. Harris E. DeLoach Jr.
Mr. Daniel R. DiMicco
Mr. John H. Forsgren
Ms. Ann Maynard Gray
Mr. James H. Hance Jr.
Mr. John T. Herron
Mr. James B. Hyler, Jr.
Ms. E. Marie McKee
Mr. E. James Reinsch
Mr. James T. Rhodes
Mr. Carlos A. Saladrigas
Mr. Philip R. Sharp