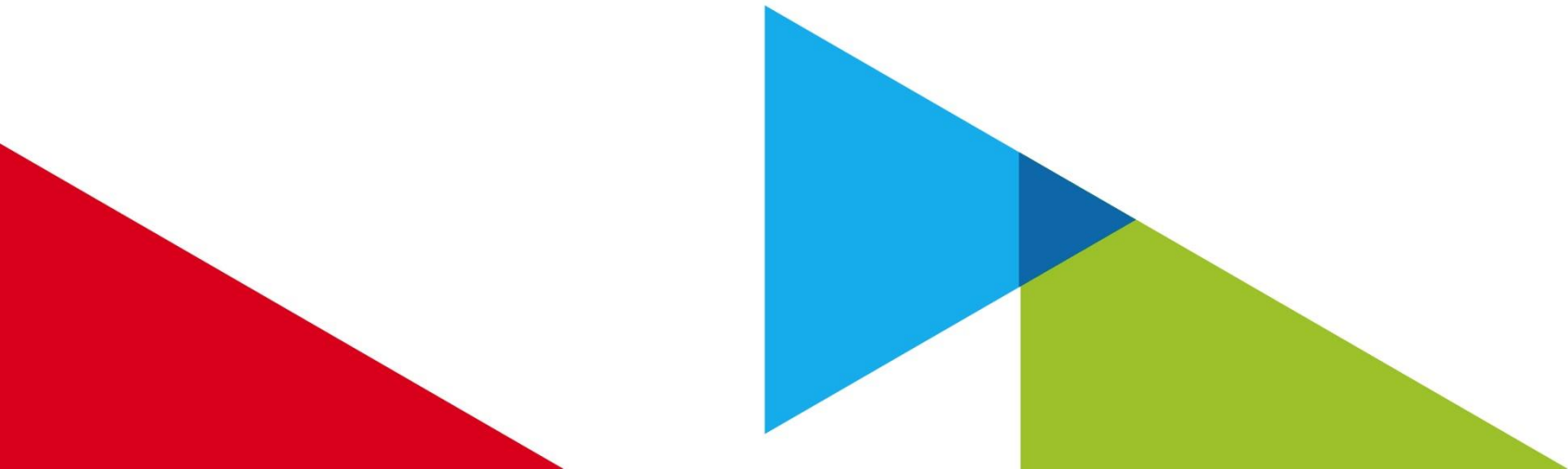


Perspectives on Energy & Environmental Derivatives Markets

November, 2019



DISCLAIMER



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Southern Company Generation Map

February 2019



SO Profile:

~ 9 million utility customers
(4.7M electric / 4.2M gas)

44,000 MW of generating capacity

1,500 billion cubic feet of
combined natural gas consumption
& throughput volume

7 regulated utilities in 6 states (3
electric / 4 gas)

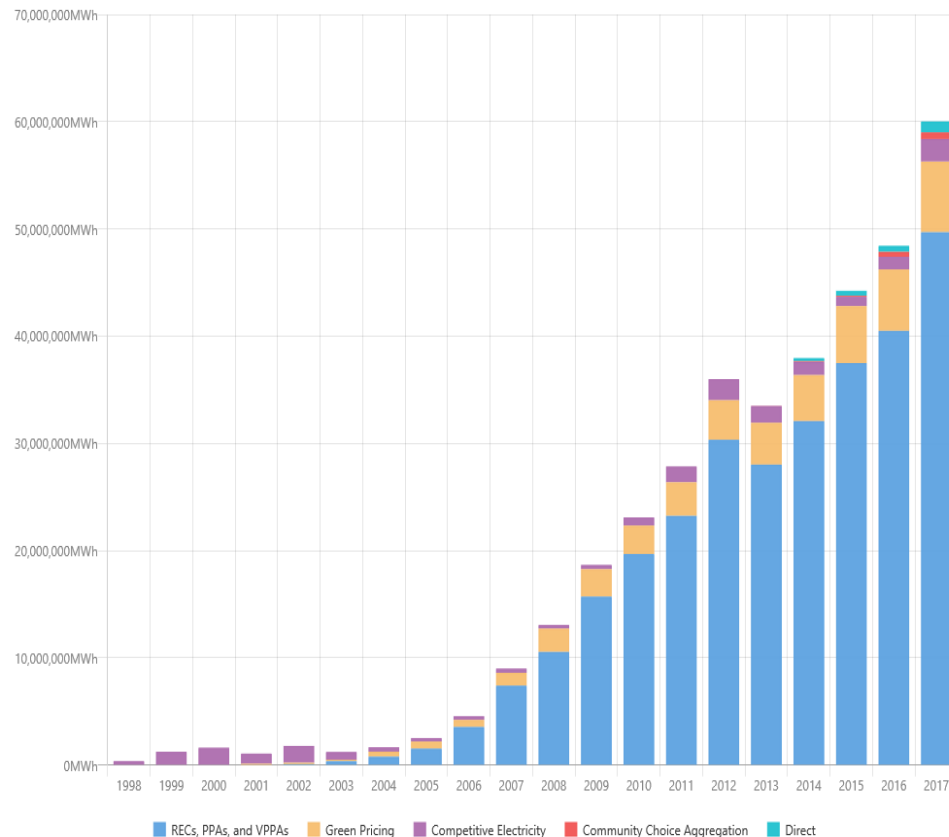


*Under development



- Per CRS, Green-e Energy certified retail sales increased 24% from 2016 to 2017.
- Green-e Energy certified sales have increased at an average of 16% over the most recent 4 years of data (2014-2017)
- REC sales make up the majority of certified sales.

Figure 1: Green-e® Energy Certified Retail Sales by Product Type (MWh)

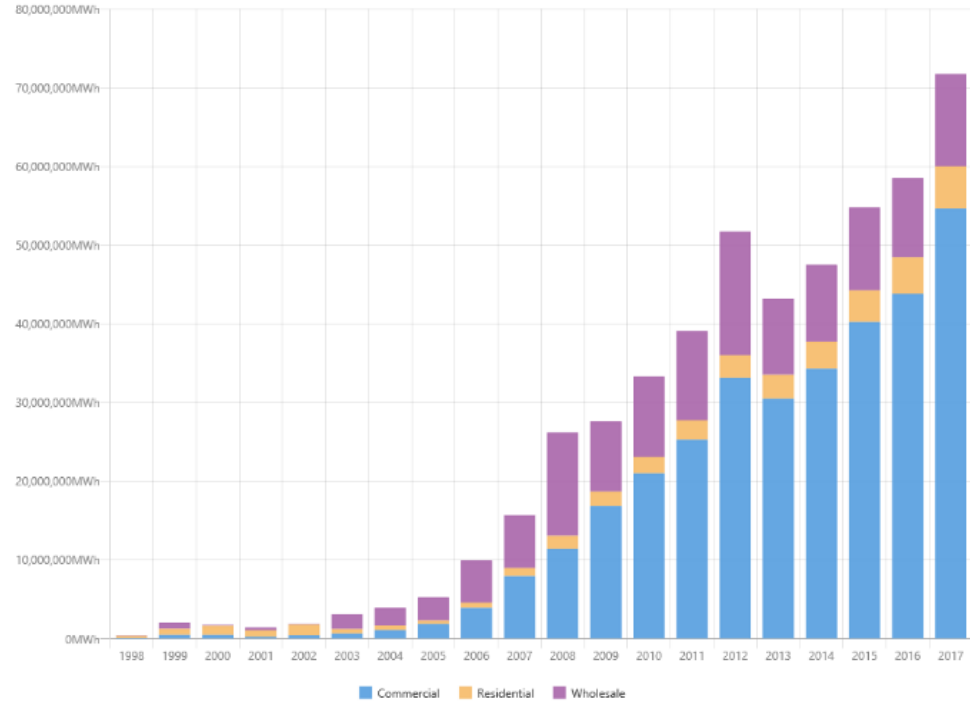


Source: 2017 Green-e Verification Report



- Transactions in the Commercial sector dominate Green-e Certified Sales.
- Wholesale transactions grew 16% from 2016 to 2017.

Figure 2: Green-e® Energy Certified Sales by Customer Type (in MWh)

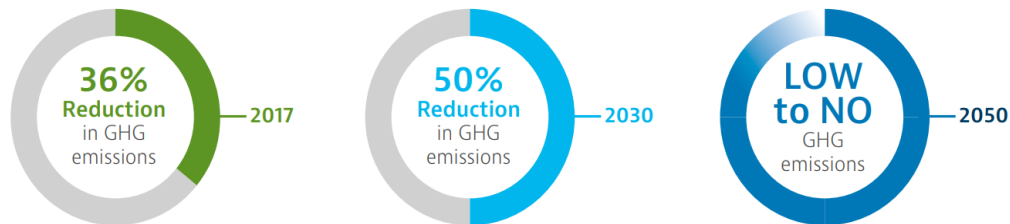


Southern Generation Mix

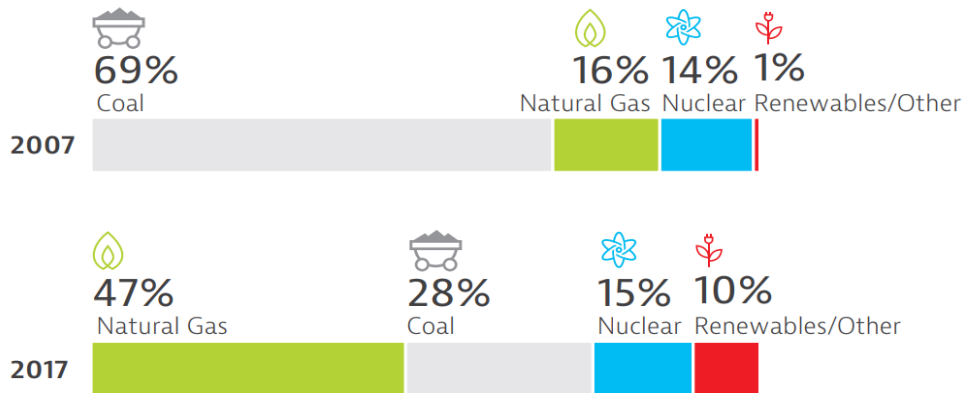


- Southern has set a long-term goal of low-to-no-carbon operations by 2050.
- Southern has an intermediate goal of 50 percent reduction from 2007 levels in CO₂ emissions by 2030.

Metrics and goals – GHG emissions reductions



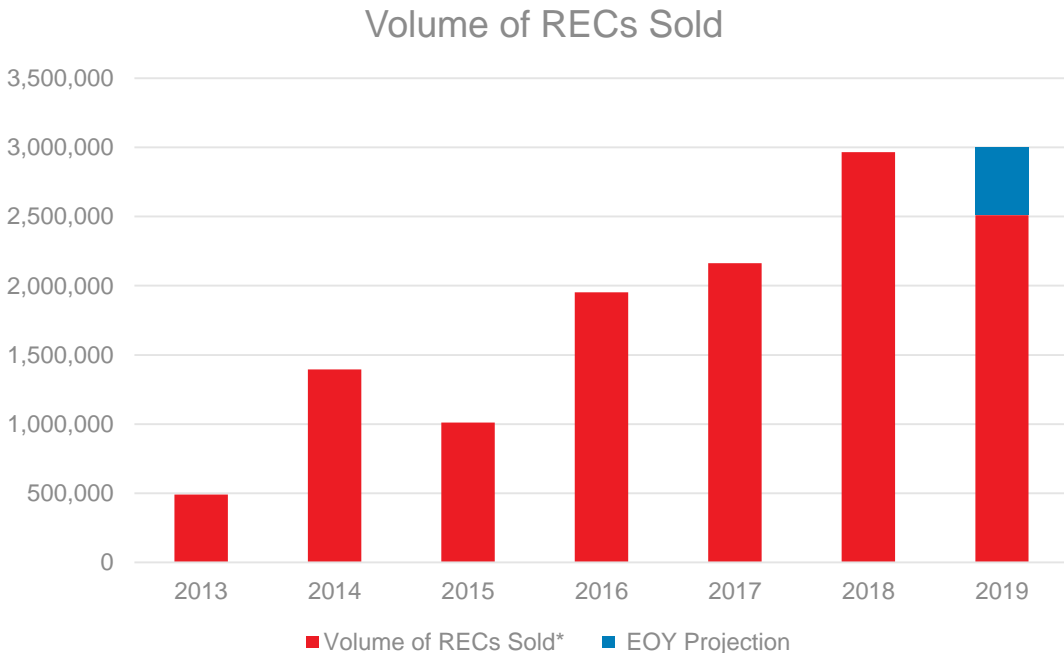
Electricity generation mix



Growth in Southern Company REC Sales



- Southern participates in Voluntary REC markets.
- Transactions are bi-lateral
- Projected to reach 3 million in REC sales by year end.
- Less than 1/3 of the RECs generated by Southern assets are sold on the open market.
- Majority of RECs are either retained and used for compliance for state Renewable Portfolio Standards **or** transferred to the energy off-taker under commercial terms.
- Majority of REC transactions are with aggregators.



Note: Generally, with respect to renewable energy generated or purchased by the state-regulated electric operating companies, the state-regulated operating companies retain the right to use the renewable energy to serve customers or to sell the energy and associated renewable energy credits, together or separately, to third parties for the benefit of customers.

Expectations...



- Expect states to continue establishing (or increasing) environmental goals.
- Expect demand to continue for renewable energy amid falling prices.
- Expect continuing change in the generation mix towards renewables by utilities

Regulatory Ask:

- Mitigate cost impacts to the customer.
- Recognize and account for regional differences in energy resources & energy market structures (e.g. vertically integrated electric utilities with wholesale bi-lateral transactions compared to RTOs/ISOs with bid-based markets)
- Establish flexible timetables and targets.

