



# PAC NEWSLETTER

END OF YEAR 2023

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As we begin a presidential election year, consistent and effective advocacy remains important. NRG PAC is our most effective way to protect and advance the interests of NRG as one voice. Support from eligible employees enables NRG PAC to educate lawmakers on policies impacting our business and promotes bipartisan relationship-building with elected officials who understand our advocacy priorities.

Your membership signals to lawmakers and our peers that we understand the importance of political engagement and companywide advocacy efforts. As energy issues remain at the forefront of policy discussions, your participation is essential to NRG’s future.

We are committed to providing regular updates to PAC members on our ongoing advocacy and engagement with lawmakers. This edition of the NRG PAC newsletter covers legislative updates in states where the PAC operates along with an overview of recent PAC and advocacy activities.

Thank you for your ongoing participation in NRG PAC. Your support is truly valued!

Sincerely,

**Eric Blackwell**

Director, Government and Political Affairs  
NRG PAC Manager

# NRG PAC Updates

## PAC Snapshot



246

PAC Members



160

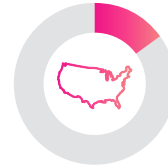
Director Level &  
Above PAC Members



107

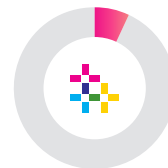
Inner Circle  
Members

## PAC Participation



15%

National Average



8%

NRG PAC

## Events

### December Inner Circle Appreciation Event

The annual NRG PAC Inner Circle event was held in December. This year's event featured North Star's Dan Judy and brilliant corners Research & Strategies' Cornell Belcher for a discussion on what to expect in this year's presidential election and how it may impact states where NRG operates.

### FEATURED SPEAKERS



#### Cornell Belcher

President

brilliant corners Research & Strategies



#### Dan Judy

Vice President

North Star Opinion Research

# NRG PAC Board Members

### Chris Moser

Senior Vice President, Head of  
Competitive Markets and Policy,  
NRG PAC Board Chair

### Michael Bramnick

Senior Vice President and  
Chief Compliance Officer

### Bill Clayton

Vice President, Customer  
Care & Retention Sales

### Bill Evans

Vice President, Business  
Operations

### Tom Hughes

Director, Sports  
Marketing Sponsor

### Kimberly Carpenter

Senior Director, Business  
Marketing & Customer  
Experience

### Keri Murschell

Director, Key Partnership  
Management & Growth

### Rebecca Lee

Senior Manager,  
Government Affairs

### Al Scerbo

Senior Director, Accounting  
Systems & Integration, NRG  
PAC Treasurer

# Texas

## 2023 Election Summary

### Houston Mayor



John Whitmire



### City Controller

OPEN SEAT



Chris Hollins



### Council Member - District

#### District A



Amy Peck, incumbent  
uncontested

#### District G



Mary Nan Huffman, incumbent



#### District B



Tarsha Jackson, incumbent



#### District H

OPEN SEAT



Mario Castillo



#### District C



Abbie Kamin, incumbent



#### District I

OPEN SEAT



Joaquin Martinez



#### District D



Carolyn Evans-Shabazz, incumbent



#### District J



Edward Pollard, incumbent



#### District E



Fred Flickinger



#### District K



Martha Castex-Tatum  
incumbent; uncontested

#### District F



Tiffany Thomas  
incumbent; uncontested

### Council Member - At Large

#### Position 1

OPEN SEAT



Julian Ramirez



#### Position 4



Letitia Plummer, incumbent



#### Position 2

OPEN SEAT



Willie Davis



#### Position 5



Sallie Alcorn, incumbent



#### Position 3

OPEN SEAT



Twila Carter



## Proposition Results

**Proposition 1:** PASSED

Establish a Right to Farm, Garden and Ranch in the State Constitution



**Proposition 8:** PASSED

Create the Broadband Infrastructure Fund



**Proposition 2:** PASSED

Authorize a Property Tax Exemption for Child Care Businesses



**Proposition 9:** PASSED

Authorize Cost-of-Living Adjustments for Certain Retired Teachers



**Proposition 3:** PASSED

Prohibit State Lawmakers From Imposing a Wealth Tax



**Proposition 10:** PASSED

Authorize an Exemption for Medical and Biomedical Manufacturers on Certain Taxes



**Proposition 4:** PASSED

Increase the Homestead Tax Exemption



**Proposition 11:** PASSED

Allow El Paso County Conservation and Reclamation Districts to Issue Bonds



**Proposition 5:** PASSED

Allocate Certain Earnings From the State's Rainy Day Fund to the Texas University Fund



**Proposition 12:** PASSED

Eliminate the Galveston County Treasurer Position



**Proposition 6:** PASSED

Create the Texas Water Fund



**Proposition 13:** FAILED

Raise the Mandatory Retirement Age for State Judges



**Proposition 7:** PASSED

Create the Texas Energy Fund



**Proposition 14:** PASSED

Create the Centennial Parks Conservation Fund



## Legislative Activities

Resource adequacy remained top of mind for lawmakers and leadership during the 88th Regular Session in Texas. Lt. Governor Dan Patrick and Chairman Charles Schwertner held a press conference on March 9th with the Senate Business and Commerce Committee to outline nine pieces of legislation to "Power Texas Forward."

These bills included continued responses to Winter Storm Uri as well as changes to the wholesale and retail Electricity Reliability Council of Texas (ERCOT) markets. A retail market share cap of 20% and a plan for state procurement of generation was also added to the drafted legislation.

The package was intended to be a counter to the Public Utility Commission's (PUC) recommendations for phase II of market design reforms - which included a Performance Credit Mechanism (PCM) meant to incentivize dispatchable generation while retaining the competitive wholesale market construct.

Also on the government affairs team's radar was the Sunset Review of the PUC, ERCOT and the Texas Commission on Environmental; meaning the entire statute governing the entities were opened in legislation and up for amendments.

Among the most impactful electricity-related pieces of legislation passed were:

- **HB 1500:** included a \$1 billion net cost cap on the Performance Credit Mechanism - touted by the PUC and pushed by industrial customers to limit the effectiveness of the new market design concept.
- **SB 2627:** a low interest loan program for new and existing dispatchable generation which could prove to be advantageous for projects NRG has in the interconnection queue.

While Speaker Phelan, Lt. Gov. Patrick and Gov. Abbott came to an agreement on issues around the power grid, they did not come to an agreement on property tax relief, vouchers and border reforms which were some of Governor Abbott's top priorities. Consequently, Governor Abbott called four back-to-back special sessions. Electricity issues were not added to the call during the special sessions.

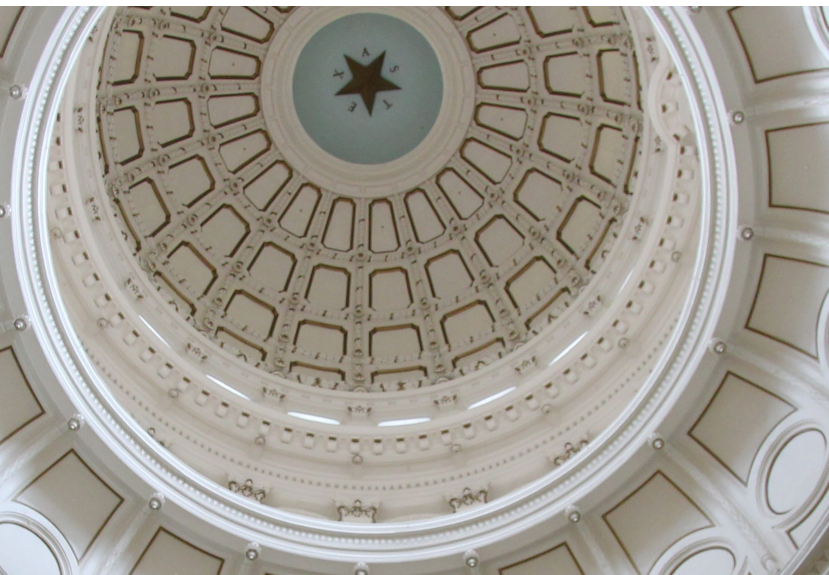
## NRG Impact

Thanks to the government affairs' advocacy, NRG and other market participants were able to eliminate legislation that included a 20% market share cap on the retail market. Government affairs worked to successfully ensure that retail providers have access to energy efficiency funding dispersed to utilities for the purposes of increasing demand response activity. We also were able to defend against legislation establishing state procurement of generation.

## Legislative & Political Outlook

Legislative interests in the power grid will continue until dispatchable MWs are built in Texas. Specifically, Lt. Governor Dan Patrick continues to highlight the need for resource adequacy, pushing the issue of the state procuring generation as opposed to maintaining the existing competitive wholesale market.

Post redistricting in 2021, the legislature is expected to remain as a Republican majority for the foreseeable future. As such, environmental legislation aimed at fossil fuels is regularly rejected. However, other issues with potential impacts on business in Texas continue to be at the forefront of debates between Republicans and Democrats (i.e. COVID restrictions, ESG policies, DEI and restrictions to health benefits).



### INITIATIVES

## Short- and Long-Term

In the near and long-term, NRG government affairs will continue to work to ensure the ERCOT market is both reliable and affordable and to push for regulatory certainty for business in Texas. In the near-term, we will stay engaged in activities that expand upon demand response, such as virtual power plants, alternative distributed energy sources, and various electrification measures as these topics are certainly the future of the electric industry.

# Indiana

## Legislative Activities

Indiana is a regulated energy state, meaning the utilities have a public monopoly on the delivery and supply of electricity and natural gas with one exception - the interstate pipeline in the northern third of the state where NRG sells natural gas to commercial and industrial customers. In 2023, no energy bills were introduced in Indiana that impact our natural gas business.

## Legislative & Political Outlook

Indiana is considered a Republican stronghold with Republican majorities in both legislative chambers and the governor's office. The Republican trifecta is unlikely to change in 2024 and government affairs anticipates little to no activity on energy legislation that will impact our natural gas business.



### INITIATIVES

## Short- and Long-Term

The longstanding Republican majorities historically have not been interested in increasing competition in the state's energy market. The NRG government affairs team is focused on developing strategic relationships with both Democrat and Republican legislators and looking for opportunities with trade associations to increase our brand awareness in the state.



### INITIATIVES

## Short- and Long-Term

Government affairs will continue to build strategic relationships with legislators and stakeholders and look for opportunities to educate and advance policies to increase the competitive electric markets.

# Michigan

## Legislative Activities

In 2023, NRG government affairs testified several times on the benefits of competitive markets to deliver lower electric prices and innovation. Government affairs also led a coalition of electric supply companies in opposition to a provision in Michigan's new clean energy bills.

Michigan's clean energy goals will require electric suppliers to:

- Purchase renewable energy credits and out-of-state capacity to comply with the state's new renewable energy goals.
- Completely decarbonize the sources of electricity sold to customers by 2040.
- Purchase a percentage of electricity generated from in-state battery storage projects to support the state's battery storage goals.

## Legislative & Political Outlook

Democrats lost their two-seat majority in the House until special elections can be held in April 2024. While Michigan's Governor Whitmer introduced an aggressive agenda on clean energy, the deadlocked House combined with the presidential election increase the likelihood that no major or controversial legislation is likely to occur in 2024.



#### INITIATIVES

### Short- and Long-Term

Government affairs has a long-term objective to strengthen our standing as a trusted stakeholder that is both innovative and pragmatic.

# Ohio

## Legislative Activities

Government affairs is leading an initiative to pass legislation to create a uniform and transparent market to sell natural gas paired with carbon offsets. The team is also focused on our brand recognition and emphasizing our commitment to innovative services and meeting customer demand.

## Legislative & Political Outlook

In Ohio, Republicans hold super majorities in both state legislative chambers. Republicans also hold all three statewide political offices: governor, secretary of state, and attorney general. Ohio is likely to remain a Republican state in the national election, however, several political factors will determine the outcome - including the economy and inflation.

# Pennsylvania

## Legislative Activities

Pennsylvania continues the two-year legislative session with discussions on priority issues like supplier consolidated billing, Chapter 14 reauthorization, and community solar.

A study on supplier consolidated billing, driven by NRG, was passed in June of 2023. The study is now being developed by the Legislative Budget and Finance Committee and is due in late Q1. The report is focused on the rules and regulations already in place and the formal proceeding from the PUC in an effort to give the legislature and the PUC a path forward to allow for supplier consolidated billing.

Chapter 14, the regulation for utilities to terminate service for non-payment, is up for renewal in 2024. While NRG is not directly impacted, issues for low income customers and the competitive market can be intertwined.

The Regional Greenhouse Gas Initiative (RGGI) was deemed unconstitutional by the Pennsylvania Commonwealth Court, which means the state cannot enter a contract with RGGI for the cap-and-trade program on emissions. Governor Shapiro is appealing that ruling to the Pennsylvania Supreme Court.

## Legislative & Political Outlook

For energy-related items, we expect to see the results of the supplier consolidated billing study from the Legislative Budget and Finance Committee in Q1 of 2024.



#### INITIATIVES

### Short- and Long-Term

The focus for Pennsylvania is to keep the competitive market open by supporting legislative efforts to pass supplier consolidated billing, eliminate the price to compare with utility service, pass alternative energy portfolio standards (RPS), and pass smart energy legislation that allows for natural gas to be a resource for the businesses and residential customers.

# Wisconsin

## Legislative Activities

Wisconsin is a regulated energy state that allows NRG to sell natural gas to commercial and industrial customers through the interstate pipeline in the northeast of the state. In 2023, no energy bills were introduced in Wisconsin that will impact our natural gas business.

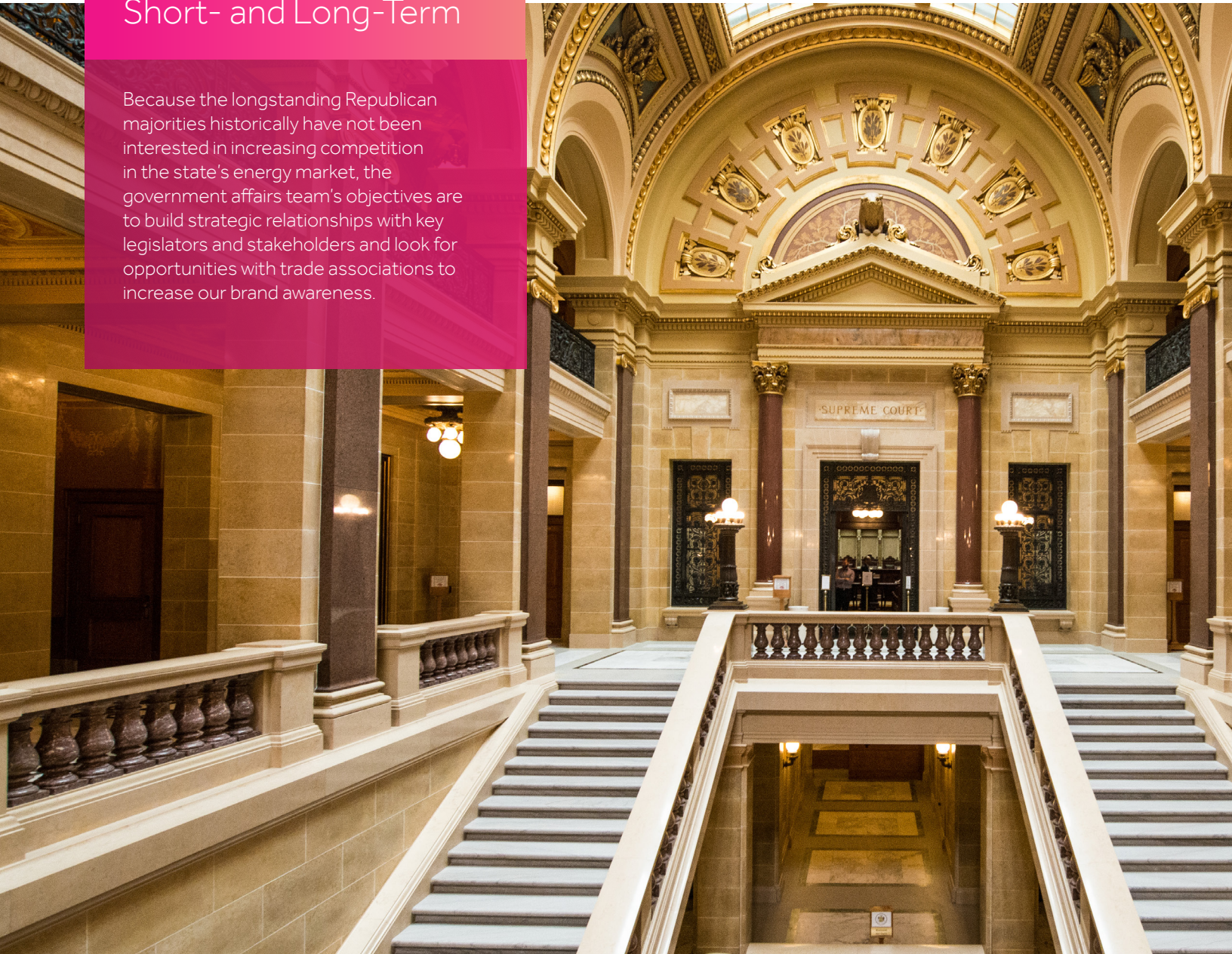
## Legislative & Political Outlook

The Wisconsin Supreme Court is currently set to decide a lawsuit on whether the state Republican party violated the state constitution when it drew the current legislative district maps. If the court determines the legislative districts are unconstitutional the Republican majorities in both state legislative chambers could end. The court is to decide the case by the spring of 2024.

### INITIATIVES

#### Short- and Long-Term

Because the longstanding Republican majorities historically have not been interested in increasing competition in the state's energy market, the government affairs team's objectives are to build strategic relationships with key legislators and stakeholders and look for opportunities with trade associations to increase our brand awareness.





# Federal Update

## Legislative Activities

In the latter half of 2023, Congress averted two government shutdowns by passing short-term continuing resolutions (CR). The first CR, signed just before the fiscal year's end on Sept. 30, 2023, extended funding until Nov. 17. This triggered a leadership upheaval in the House and House conservatives eventually ousted Speaker Kevin McCarthy. After three weeks, the GOP coalesced around Rep. Mike Johnson as the new Speaker. Johnson faced an early challenge in passing a second CR in mid-November, opting for a "laddered" approach that set varying deadlines for different agencies, gaining acceptance from the Democratic-led Senate and White House.

## NRG Impact

Despite congressional obstacles, the Biden Administration continued implementing legislative achievements, such as the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the CHIPS and Science

Act. The Energy Department has actively distributed IIJA funds, and the IRS is developing guidance for the IRA's clean energy taxes. Efforts persist in collaborating with the Department of Energy for potential funding opportunities and navigating regulatory nuances, particularly regarding the IRA's corporate alternative minimum tax in relation to hedging energy commodity risk.

## Legislative & Political Outlook

Congress faces tough decisions on spending as it returns this January. The House is behind on funding bills after November challenges, and the Senate has only passed three of twelve spending bills. Complications arise from White House requests for emergency assistance and domestic spending priorities, while internal GOP conflicts and spending issues are anticipated in the coming months. Legislative reforms, especially regarding federal permitting, face obstacles due to disagreements over issues like greenhouse gas emissions disclosure and environmental statute changes.

### INITIATIVES Short- and Long-Term

As the Biden Administration is actively working on the IRA and IIJA, key decisions include important IRS guidance on the IRA's green hydrogen tax credit and corporate alternative minimum tax. The Department of Energy is implementing the IIJA's Grid Resilience and Innovation Partnerships (GRIP) Program, offering up to \$3.9 billion in the second round of funding. Additionally, ongoing efforts involve monitoring and engaging on EPA-related rules, SEC reporting on emissions, and new greenhouse gas reporting rules for federal suppliers, with support from Congressional allies. Our team's long-term goals include educating stakeholders on the benefits of demand-side energy management.



# Advocacy

## NRG grassroots program

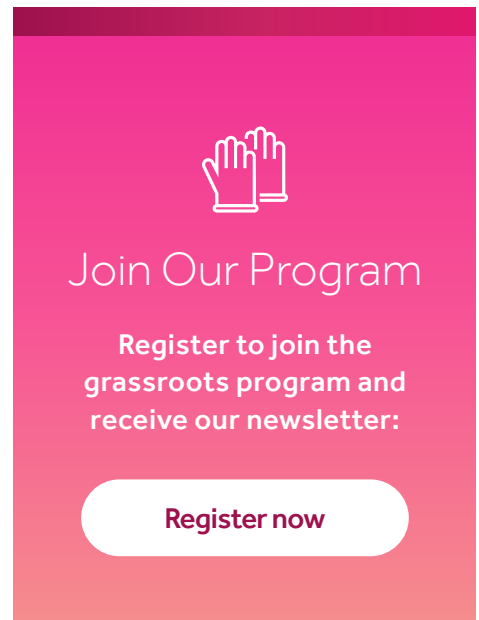
Our grassroots advocacy program is an internal coalition created to engage and empower NRG employees, vendors, and customers to speak with one voice.

### Our goals:

- Advocate for choice in electric and natural gas markets
- Support a sustainable and innovative energy future
- Promote legislative action that protects the success of NRG

### Key priorities and duties:

- Monitor policy changes and political trends in our markets
- Send updates about policies that impact our business
- Communicate with public officials
- Comment on state and federal regulations
- Educate our stakeholders about the value of the retail electric market
- Engage members in political action

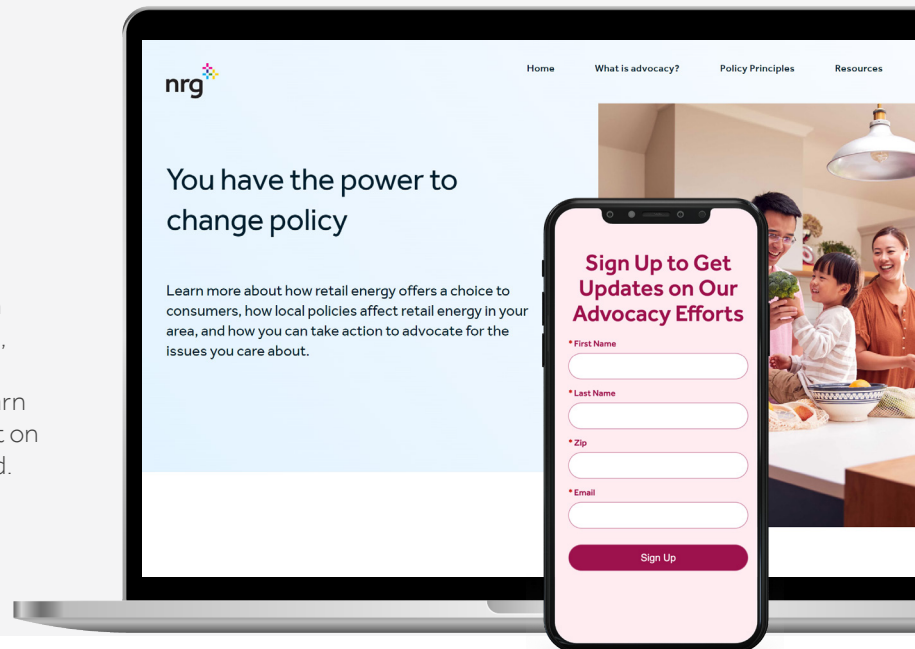


## NRG advocacy website

As part of our efforts to engage NRG employees, vendors, and customers in political action to protect consumer choice, the NRG Advocacy website will now allow us to educate these internal groups and the broader public about the core issues facing NRG and our industry – effectively growing our scope and strengthening our impact.

The site includes our policy priorities, information on our government affairs and Regulatory Affairs teams, and options to get involved in our advocacy efforts. I encourage you to visit today, browse the site, and learn more about our initiatives. As always, your engagement on behalf of NRG and our customers is greatly appreciated.

Visit <https://advocacy.nrg.com> to learn more.



Disclaimer: Contributions to NRG PAC are not deductible for Federal income tax purposes. NRG PAC is funded by voluntary contributions. You have the right to refuse to contribute without reprisal. Contributions will be used for political purposes. Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation, and name of employer of individuals whose contributions exceed \$200 in a calendar year. The recommended contribution amount is only a suggestion. You may give more or less than the suggested amount. NRG will not favor or disadvantage anyone by reason of the amount of their contribution or their decision not to contribute.

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