

Dominion Energy

Background

Dominion Energy is an American utility company that supplies electricity and natural gas to homes, businesses, and wholesale customers. It operates through its power delivery, power generation, and gas infrastructure business segments in 15 states serving nearly 7 million customers¹.

We have been engaging with the company on its climate strategy since 2011, including as part of the Climate Action 100+ (CA100+) collaborative engagement with the company.

We raised our concern that the company should develop and articulate a decarbonisation strategy which incorporates 'just transition' principles.

In 2020, Dominion committed to achieving net zero emissions by 2050², with ambitious plans to phase down coal-fired plants, upon which it had historically depended. In order to help protect long-term shareholder value through the transition, we raised our concern that the company should develop and articulate a decarbonisation strategy which incorporates 'just transition' principles. The aim of this was to help mitigate any anticipated adverse impacts to workers and the wider community.

Our engagement

In 2020, we engaged the company privately and also in meetings organised by the CA100+ engagement initiative to discuss its coal plants phase out and impact. It highlighted the challenges of meeting its coal phase out timeline, but noted it was working with the regulator to accelerate the policy context for a faster coal phase out, especially in South Carolina.

Engagement objectives:

 **Environment:**
Just transition

Sustainable Development Goals:



The company highlighted the importance of providing well-paid jobs and clean and affordable energy.

The company described its plan for a 'just transition' to a clean economy, including the involvement of the board in workforce planning. It also highlighted the importance of providing well-paid jobs and clean and affordable energy within its Energy and Environmental Justice Policy. We encouraged the company to further develop this narrative, covering areas such as the number of employees impacted, the new skills required and timelines for transitioning.

We raised concerns on the company's climate strategy, just transition and gaps in its CA100+ benchmark score.

¹ Our Company | Dominion Energy.

² Net Zero | Dominion Energy.

We followed up in 2021 with an engagement with the company's senior sustainability representatives to review progress. In addition, in meetings with other investors, we raised concerns on the company's climate strategy, just transition and gaps in its CA100+ benchmark score.

The company responded by providing a more detailed presentation on its just transition strategy, which was well received. However, we continued to seek further detail on plans to manage any impacts on access to affordability of energy.

We also wanted to understand the extent to which this was embedded across the company and had board oversight. We therefore continued to engage with the company as part of the CA100+, with further engagements in 2023 and 2024.

Changes at the company

In 2023, the company updated us on its latest comprehensive business review, including its latest updated Environmental Justice Policy. This presented a more comprehensive strategy covering a range of different 'just transition' concerns, including: details of how it is reskilling workers for roles in new growth areas, such as renewable energy generation; its work with local businesses to re-employ workers in harder impacted areas and take advantage of renewables growth opportunities in Virginia; how best to meet customer needs, including ensuring reliable access to energy during periods of storms; and access to affordable energy, including 46 programmes designed to help customers reduce consumption.

This presented a more comprehensive strategy covering a range of different 'just transition' concerns.

It also contained additional examples of its impact on workers and engagement with communities, such as the Virginia Beach offshore wind project. It confirmed that the board now reviews the impact of coal unit closures on local communities as part of its full board reviews of sustainability and climate risks.

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The company also updated on its management of its closure of two coal units in March 2023. This included helping prepare workers for alternative roles in solar energy and improving access to internal retraining and tuition programmes, including partnerships with a number of community colleges and access to an employee career center.

Meanwhile, the company proposed language in a draft Virginia legislative bill to prioritise local hires, military veterans, and minorities where the impact of the transition is being felt.

Dominion was also planning 20 hiring events related to its offshore wind project alone and had trained over 1,000 employees to drive its environmental justices processes earlier in the design or procurement of a project.

Next steps

We will continue to monitor delivery of Dominion's energy transition strategy, including how the company tracks key performance indicators such as net jobs created/lost and the quality of its community engagement.



This case study has been fact-checked by Dominion Energy to ensure a fair representation of EOS work carried out and changes made at the company.



Michael Yamoah
Engagement
EOS

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