

US Utilities & Clean Tech

What Did We Learn at NextEra Renewable Developer Day? More Storage.

Industry Overview

Health Restored: Resolution on FEC a decisive positive

NextEra Energy (NEE) management was upbeat at its inaugural Renewable “Developer Day” in Florida yesterday. Adding to the backdrop was the recent notification from the Federal Election Commission (FEC) that it had closed its investigation of NEE following a complaint from a non-profit group. The FEC complaint and Florida uncertainty had been an overhang on the shares for over a year, in our view and contributed to relative underperformance as investors were anxious around the outcome of this specific investigation. Further, the fact that an FEC letter was issued adds to relative confidence the investigation has not further expanded in scope to the Department of Justice (DOJ): this latter fear has been at the core of the concern for shares as well. Media indicates the FEC was deadlocked 3-3 in its decision not to move forward, which adds to focus on what specific findings it has, with a full report 30-days from findings were released on 3/12. Expect scrutiny of this report. We maintain our Neutral on shares with a balanced risk/reward where shares could float up into the Summer Investor Day after the FEC update.

What’s next? Untangling NEP from NEE.

Next step will likely be continuing to unravel the financial complexity of NextEra Energy Partners (NEP) and its implications on NEE. We see the uncertainty over subsidiary refinancings as the proverbial ‘tail wagging the dog’. Watch for this to be a highlight of the Investor Day, as many investors already are running with the baseline NEE’s core EPS guide will be maintained at the high end of 6-8% thru the 2027+ period.

Adding a Bit of Storage into the Renewable Cake

The developer day provided a few financial datapoints, but clues as to the possibilities around where management will push were clear: **Storage**. Specifically, a figure of 53GW was provided for potential co-located storage opportunities through the forecast period. While only a portion of that will be tapped but, we actually see this as more readily accessible than wind repowering considering the improved economics of development across its core renewable footprint of MISO & SPP alongside already economic opportunities in ERCOT & CAISO. Mgmt does *not* anticipate renegotiating its PPAs when adding structure, making this a much nimbler decision. We see this as likely understated and key to filling what otherwise appears as the lower end of MW range. The key question will be just how much of storage will be able to be contracted vs more merchant in nature.

Can renewable developers catch the data center bug?

One of the top investor questions we receive is whether renewable developers like NextEra Energy and AES Corp (AES) can gain non-utility/clean energy investor attention like the independent power producers (IPPs) can. Increasing data center demand is positive for prospective clean energy development needs but these companies generally lack the uncommitted resources to benefit from outsized profit uplift like IPPs can. Renewables margins could increase, especially for proven developers (AES recently increased its targets with 4Q23 results) but the companies are not seeing ‘windfall profits’ like merchant nuclear generators could potentially see.

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FEC: Federal Election Commission
DOJ: Department of Justice
MISO: Midcontinent Independent System Operator
SPP: Southwest Power Pool
ERCOT: Electric Reliability Council of Texas
CAISO: California Independent System Operator
PPAs: Power Purchase Agreements
MW: Megawatt

So what did we make of management's Renewables Day?

Management had provided few specifics of its inaugural 'developer day' in the months leading up to the event. We perceive the event was largely contemplated in reaction to investor doubts as to the economics and depth of renewable advantages following an earlier sharp downtick in shares in the Fall. We see the day as having largely succeeded in convincing investors of the decisive technology advantages NEE has relative to much more modestly sized peers in the wind business. Mgmt has previously stated its returns were materially above those of peers, and yesterday's peak into the complexity of its developer tools, IT systems, Geographic Information System (GIS) integration and wind/solar analytics did not disappoint. Hard to quantify just how much this adds, but at a minimum, NEE is clearly poised to rapidly quote any range of customers and pivot to where the opportunity appears the most economic.

Data Centers were a major subtext: but they will take time

While renewable stocks have not benefitted from the widespread rally in data center enthusiasm, it is quite clear demand for this end market has accelerated in recent months. Data center demand revisions have yet to translate towards higher renewable demand. Why is that? Because the renewable – and specifically the Solar market – remains so substantially impeded by its own execution. Even amidst a ramp in data center expectations, practical expectations on deployments for both 2024 and now 2025 have been decelerating. This challenged backdrop has impeded the Street's ability to focus on just how much higher demand is for the 2026+ period. Much of the new demand from Data Centers is focused on 2027+ commercial operations dates (COD) – and mgmt. clearly reaffirmed this expectation at its Analyst Day. We and most of the industry has relied upon McKinsey and Schneider Electric data on demand growth but few appear to have conviction in those given the fast evolution of the sector.

Analyst Day will provide first look on Data Center uplift

NextEra management appears slated to ramp its renewable origination further at its June 11 Analyst Day as it formally rolls forward its targets. While demand is likely substantive (and outstrips what can be practically deployed – even this far out), we see mgmt. in a unique position to provide guidance on a compounding estimate. We had previously been concerned about mgmt's ability to achieve yet higher origination targets, but recent datapoints admittedly have assuaged our concerns on the margin.

We see an improving argument for higher returns too. Interest rates key too.

While AES led with this conclusion on its 4Q call, we see this as a clear narrative likely with mgmt's Analyst Day in June. Improving returns on the back of higher rates is intuitive, but the ongoing hike in renewable PPA rates remains an unabated trend as best we can tell. New PPAs are being struck still in the \$40-80/MWh range for solar depending on the region, still well above historical rates. The challenges in executing projects on a timely basis have very clearly enabled those able to deliver projects to receive outsized prices. This dynamic remains amply evident in every market across the US. We perceive the newfound wave of execution challenges on display with 4Q will only further accentuate this backdrop of higher pricing and returns – and resolution of fears for developers around returns 'working'.

The big question remains the interest rates headwind ahead: opaque still.

This should help offset and tackle the next big question: how will the expiration of its interest rate swap positions impede earnings growth? How mgmt. discloses its interest rate position thru the '27 period (and what further roll-off exists thereafter) remains the key concern from bears, concerned as to whether a combination of tax credit roll-off and uptick in rates will collide with the 'law of large' numbers to slow NEE's growth thereafter.

Expect shares to be bid for now.

We see good reason for shares to benefit from a tailwind on its latest Renewable Day, which candidly did impress many with its clear delineation of its technological prowess. However, more specifically, investors are likely to feel reassured around the forthcoming metrics to come with 2027. There was no reason presented to suggest any degree of consternation on the roll forward.

Transmission remains the secondary narrative to watch.

Energy Storage remains the principal strategic focus of management despite sizable attention at its Renewable Day on developing wind and solar sites. This remains 'tablestakes' for the company, while outsized returns and the ability to level up volumes further appears to be derived from a successful storage strategy.

A complement to its renewable focus remains transmission. We see this as effectively unlocking additional transmission capacity from interconnection hurdles as well as a sizable rate base growth narrative beyond expanding its core FPL footprint.

Munis and Coops are at the core of its Western focus.

While management has been focused on partnering with a variety of Municipal utilities for a while, we see this strategy as accelerating of late. Recent wins with Western Area Power Administration (WAPA) suggest a potential sizable acceleration in Western state developments. Recent years have still seen the bulk of NextEra Energy Resources' (NEER) development focused squarely on both Texas (ERCOT) and California (CAISO). Success in adding volumes across a wider swatch of Western geography appears a key aspiration. Circumventing the interconnection queue through muni contracting appears a key further angle of the narrative.

Data centers: enough demand for all to win?

We do not believe development is mutually exclusive between behind-the-meter and traditional renewable PPAs. The recent award to Talen Energy (TLN – Not Covered) by Amazon for a co-located data center at its Susquehanna nuclear site has thrown into doubt the underlying premise that grid power plus renewables would suffice. We see the backdrop as likely sufficiently robust to ensure a multitude of winners. We expect NEE to cater on the margin to behind the meter solutions but continue to expect that the bulk of its development will still target traditional large generator interconnects to serve a range of Commercial & Industrial (C&I counterparties) as well as Utilities.

[US Utilities & IPPs: Data center monetization a blueprint for the sector: Positive merchant nuclear 04 March 2024.](#)

NEE Renewables Day – Overview

NextEra Energy holds a significant 20% installed market share, driven by their scale, technology, and experience. They optimize locations using data and AI, anticipating 3x growth in renewable and storage demand over the next seven years as they foresee power supply delays as a key challenge in the next 3-4 years. They assert that it's more cost-effective to develop projects rather than purchasing them outright.

What's the renewable growth opportunity you ask?

With ~36 GW of clean energy in operation, including wind (24GW), solar (7GW), nuclear (2GW) and battery storage (3GW), NEE's portfolio surpasses that of their closest competitor by double. They maintain a backlog of over 20 GW in contracts and possess assets totaling around \$83 billion. Their pipeline of 300 GW includes projects in various stages of development, with half secured with interconnection positions. NextEra Energy employs 240 developers, 152 land agents, and in-house transmission experts.



NEE are aggressively investing in solar, with plans to deploy approximately \$10 billion from 2022 to 2025, adding around 5 GW of new capacity. By 2032, they aim to add a total of 20 GW of new solar capacity, which has already led to customer fuel savings exceeding \$1.2 billion since 2009. This solar investment also acts as a physical hedge against natural gas price fluctuations. Their renewable portfolio is set to expand to 63 GW by the end of 2026. They are targeting the deployment of 1 GW of battery storage within 24 months, meeting 40% of California's needs. NEE have transmission capacity of approximately 7 GW today and 27 GW in the queue and their wind footprint is expected to grow from 6 GW in 2023 to 32 GW by 2026. Additionally, NEE plans to maximize energy resources, potentially operating up to 53 GW, with opportunities for battery colocation.

But really, the real value is technology as opposed to renewables

NEE unparalleled data and technology capabilities within the energy sector, setting them apart from competitors. NEE's proprietary data analytics cover critical areas such as site identification and design optimization. They utilize prospecting algorithms and optimization analytics to rank approximately 2 million sites bi-weekly, evaluating numerous land clusters nightly across multiple attributes. Their remote sensing equipment offers 3x the spatial resolution compared to industry standards. In advanced resource assessment, NEE leverages over 28 billion data points daily, collected from around 11,000 weather instruments and 50,000+ weather stations representing 20 years of data. This wealth of information, derived from the largest operating renewables fleet, contributes to a significant reduction in energy loss, estimated at around 1.5%. Renewables design optimization is another area where NEE excels. With approximately 185,000 variables optimized per layout, they achieve up to a 40bps IRR gain for average wind or solar sites. Their patented solar design optimization process tests over 100,000 unique layouts per site using AI-powered algorithms.

We saw this real-time in the LABS...

In site decision-making, NEE employs a meticulous process involving various parameters to identify optimal locations. They prioritize sites based on factors such as IRA tax incentives, low employment (with a 10% Production Tax Credit), interconnection availability, fast wind speeds, and low costs. Additionally, they consider distance from towns and roads, as well as population density, to ensure suitability. Regulatory details, live pricing, and tariffs are assessed for screened sites, with scores based on over 100 attributes.

For data center customers, NEE focuses on factors like access to fiber and water, speed to water sources, population density, and areas with low pricing. Given the significant water usage in data centers, considerations include water hardness, quality, and associated risks. Screened solutions undergo analysis for intermittency, power load, and constraints such as carbon neutrality. Project summaries include metrics like Levelized Cost of Energy (LOCE), annualized energy costs, energy production, exported energy, and emission reduction. NEE utilizes simulated data to optimize solutions and maintains a feedback loop for continuous improvement. Notably, their efficient process allows for quicker preparation, taking only an hour compared to competitors, who may require over a month.

As for data analytics... when it comes to wind speed measurement, NEE utilizes remote sensors over traditional Met Towers, capturing 100% of blade area compared to the latter's 20%. They tackle wind waking, a significant energy loss factor, by employing scanning LiDAR technology, which accurately measures wind flow across and upwards.

Addressing challenges in solar panel efficiency, NEE has developed an in-house solution pending patent approval. This solution utilizes array posts with varying heights to account for shading, thereby minimizing energy losses caused by even the smallest shadows. NEE leverages drone technology for efficient inspections, with preprogrammed

drones autonomously flying over sites and offloading images for engineers to analyze. This approach facilitates timely identification of issues such as blade damage, enhancing operational efficiency and maintenance planning. Their central management program, OMNI, acts as a comprehensive data collection and assessment tool, enabling project analysis and comparison with competitor projects. This streamlined approach to data sharing has proven to enhance IRR. Their headquarters function as a category 5 hurricane facility, ensuring data control and continuity even in extreme weather conditions.

Scale and technology critical in driving returns

The company strategically hedges its exposure when entering PPA, leveraging advantages such as tax credit transferability, which sets them apart from smaller competitors. Their scale proves advantageous, particularly for fixed costs, with every MW yielding a 20-25% dollar per MWh O&M cost advantage. Additionally, their leveraged returns or ROE for backlog projects reaching the mid-teens for solar and 20% for wind and storage. Moreover, their development platform has the potential to realize significant improvements of 500-1000 basis points, further enhancing their financial performance.

Data centers becoming increasingly important

According to NEE, the demand for electricity by AI is rapidly increasing, posing significant challenges for tech companies seeking to connect new data centers to power generated by wind and solar farms. NEE estimates a 12-13% CAGR in renewables, albeit this may be conservative. Notably, data centers are being constructed in areas where NEE already has existing plants. Regarding the feasibility of nuclear-powered data centers, it's noted that regulated utilities face challenges due to grid stability issues. Location becomes crucial in addressing latency issues and flexibility constraints, with renewable assets emerging as a preferred option due to their flexibility and location independence. Additionally, it's common for data center owners to own the substation and charge per rack, but for hyperscale operations, rates are typically charged per MW.

Labor management is also a consideration

In the labor domain, NEE navigates a highly competitive industry labor market while contending with a skills shortage. To address technical challenges and solutions efficiently, NEE employs their Copilot program, which logs all work orders, tracks parts usage, and records issues for future reference. This system allows for easy retrieval of information, such as when a part was last changed, aiding in troubleshooting.

NEE gains a competitive advantage in field headcount optimization by maintaining a central group of traveling technicians who are cross-trained for both solar and storage projects. Through optimization logs, NEE can identify peak periods and deploy staff accordingly, ensuring efficient resource allocation. With approximately 800-850 personnel in wind and smaller teams in solar and storage, NEE benchmarks employee turnover against industry giants like GE and Vestas.

Moreover, NEE leverages advanced engineering software like CWE, deployed over seven years, and their Copilot program, operational for one year. These tools drive low-cost operations and expedite decision-making processes, contributing to NEE's operational efficiency and success in the labor market.

Exhibit 1: Primary stocks mentioned in this report

Prices and ratings for primary stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
NEE	NEE US	NextEra Energy	US\$ 59.54	B-2-7
AES	AES US	AES Corp	US\$ 15.03	B-2-7

Source: BofA Global Research

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Price objective basis & risk

AES (AES)

Our price objective is \$18 and is based on a sum of the parts analysis applying a blended valuation approach which is the summation of: 1.) EV/EBITDA approach for US Renewable Generation using a 10.0x 2025E base for US peers 2.) NPV approach for DevCo using a 13% discount on 5.0GW+ of annual renewables beyond '25, 3.) EV/EBITDA approach for Legacy Southland (US), 4.) NPV for Warrior Run (US) 5.) P/E approach for US Utilities using a 13.4x 2025E base for US peers plus a premium/discount, 6.) EV/EBITDA approach for LATAM non-public subsidiaries, 7.) MTM value of publicly listed LATAM subsidiaries, 8.) Asia Generation is marked to carrying value while the Asian LNG import facility is valued on EPS accretion relative to total build cost. We also credit the company with its investment in Uplight and Fluence.

Risks are: 1) regulatory, legislative, and political changes, 2) international currencies devaluing against the US dollar, 3) changes in value of Fluence (FLNC) subsidiary stock, 4) overall inability to execute on the renewables plan, 5) ability to control costs, 6) financing needs, and 7) tax policies. Upside risk from declining rates & improved commodity backdrop enabling robust divestment values on infra biz. Downside risk principally tied to timely execution of renewable execution ramp.

NextEra Energy (NEE)

Our \$61 PO is derived using a sum-of-the-parts (SOTP) approach, with the utilities and parent segment valued on a 2025E P/E basis, and the generation segment valued on a 2025E EV/EBITDA basis. In addition, we include NEE's ownership stake in NextEra Energy Partners (NEP) as well as the value of fixed fee IDR (DCF, at 10% disc rate). We assign 25E peer multiples of 14.9x for electric and 21.4x for water (grossed up by 5% and 7%, respectively, to reflect capital appreciation) with discount/premium to reflect the growth/risk profile of the businesses. We apply a 15% premium for FPL and Gulf. For NEER, we apply a peer EV/EBITDA multiple of 10.0x, which we adjust depending on asset type. We give contracted renewables an in line multiple with peers. We utilize a DCF (12% discount rate) of new renewable for projects beyond 2024 and include a 12x terminal multiple. We value contracted nuclear on a DCF approach using an 10% discount rate. We apply a 1x premium multiple to pipelines, -6.0x discount to gas infrastructure and -4x discount for supply and trading given lower asset quality, a 0x premium for contracted gas peakers and 1x discount for merchant peakers (other), again based on asset quality.

Risks to our PO are: 1) regulatory/political/legislative outcomes, 2) weather and natural disasters, 3) commodity price changes, 4) fluctuations in stock prices for NextEra Energy Partners, 5) renewable development margins & margin, and 6) election commission review.

Analyst Certification

I, Julien Dumoulin-Smith, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWEN/A US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Entergy	ETR	ETR US	Paul Zimbardo
	Evergy, Inc	EVRG	EVRG US	Julien Dumoulin-Smith
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	MDU Resources Group, Inc.	MDU	MDU US	Julien Dumoulin-Smith
	Nexttracker Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Energy Group	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith
	SunRun	RUN	RUN US	Julien Dumoulin-Smith
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith
	Vistra Corp	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith
NEUTRAL				
	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Paul Zimbardo
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Paul Zimbardo
	AltaGas	YALA	ALA CN	Cameron Lochridge
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Julien Dumoulin-Smith
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Emera Inc	YEMA	EMA CN	Julien Dumoulin-Smith
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxeon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Julien Dumoulin-Smith
	TransAlta Corporation	YTA	TA CN	Julien Dumoulin-Smith
UNDERPERFORM				
	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith



North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Julien Dumoulin-Smith
	Fortis Inc	FTS	FTS US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith

RVW

New Fortress Energy	NFE	NFE US	Julien Dumoulin-Smith
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Disclosures

Important Disclosures

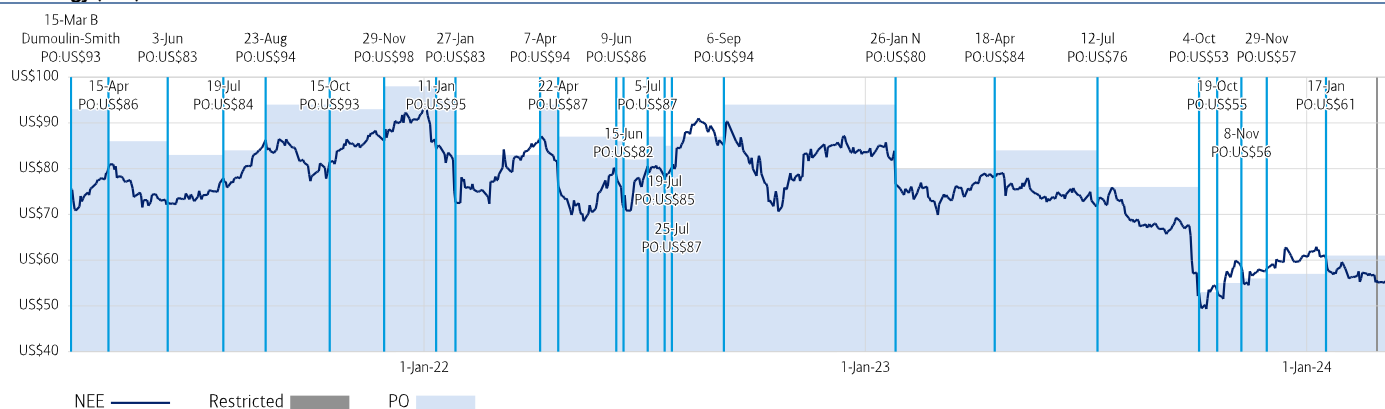
AES Corp (AES) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

NextEra Energy (NEE) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Utilities Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	72	46.45%	Buy	52	72.22%
Hold	45	29.03%	Hold	32	71.11%
Sell	38	24.52%	Sell	21	55.26%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: AES Corp, NextEra Energy.

BofAS or an affiliate was a manager of a public offering of securities of this issuer within the last 12 months: AES Corporation, NextEra Energy.

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