

## US Utilities &amp; Clean Tech

**PowerPoints: utilities macro, DTE buyout, ES credit/equity, D earnings call, & power**

Industry Overview

**Utilities: Better backdrop after recent relative weakness**

The utilities sector was notably weak on January 11 after the consumer price index (CPI) inflation update despite a net decline in long-term Treasury rates. As a result, the utilities sector has an incrementally attractive relative valuation. With that backdrop, we remain cautious from a “micro” standpoint, with a handful of utility earnings rebases ahead as well as the election year overhang for renewables-oriented equities. See more background and perspective in our Year Ahead report: [Utilities & Clean Tech: Year Ahead 2024: Our 24 Themes. Utilities set for a rebound but regulatory risks lurk 08 January 2024.](#)

**DTE: Buyout program benefits customers and shareholders**

DTE Energy (DTE) is offering voluntary employee buyouts to ~3,000 of its 10,000+ workforce, which could generate significant operating cost savings and support further capital investments with less bill impact. The ~3000 employees are primarily in the corporate and utility support functions, but a regulated versus corporate breakout was not provided. In 2022, the median DTE employee had a \$102,692 salary and \$131,133 total compensation. Hypothetically, assuming a 10% acceptance rate of the buyout offer (based on comparable experience for peers) would imply ~300 workers with total ~\$40Mn pre-tax compensation (\$30Mn after-tax), or +\$0.15 EPS (2% of FY24E) before customer sharing.

Voluntary retirement programs (VRPs) or similar buyouts have been increasingly popular for regulated utilities with CMS Energy (CMS), FirstEnergy (FE), Dominion Energy (D), Xcel Energy (XEL), and others. There is a degree of permanent earnings improvement from these types of initiatives, but the utility-level cost reductions are ultimately returned to customers in the next rate case. That element critically creates structural savings and bill “headroom” to support incremental capital investment with customer benefits, thus establishing a virtuous circle. We maintain our Buy rating on shares of DTE and look for details on the buyout plan (acceptance rate, regulated versus unregulated split, etc.) with 4Q23 earnings. We think that DTE continues to represent an attractive risk/reward despite the +3% TTM outperformance, with shares still trading at a discount to fair value.

**ES: Fitch downgrades with "significantly higher equity"**

On Thursday, January 11, Fitch Ratings (Fitch) downgraded Eversource Energy’s (ES) long-term credit rating to BBB from BBB+ with a Stable outlook and commercial paper rating to F3 from F2. The Fitch downgrade was driven by the cautious offshore wind development, with lower (undisclosed) proceeds now embedded in its forecast with cancellation of the Sunrise Wind contract in New York. Fitch described a scenario with a positive higher Sunrise re-bid as an immaterial credit positive. Fitch estimated 7.0x+ FFO leverage in the past three years, declining to ~5.5x by 2025. Fitch’s downgrade is despite its view that Eversource will “issue a significantly higher amount of equity over the next two years” versus the \$1.150Bn plan. Similarly, on the same day, S&P Global Ratings (S&P) placed most of Eversource Energy subsidiaries’ credit and debt ratings on watch negative, with the probability that the subsidiaries will have lower ratings in the

12 January 2024

Equity  
United States  
Utilities & Clean Tech

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BLS: Bureau of Labor Statistics  
CPI: Consumer price index  
ERCOT: Electric Reliability Council of Texas  
FFO: Funds from operations NRC:  
Nuclear Regulatory Commission PJM:  
PJM Interconnection  
SPP: Southwest Power Pool  
TTM: Trailing 12 months  
VRP: Voluntary retirement program

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Timestamp: 12 January 2024 11:56AM EST

next 90 days if S&P downgrades the parent company ES. S&P currently rates ES A- with a negative watch. We maintain our Underperform rating – see the full report for details.

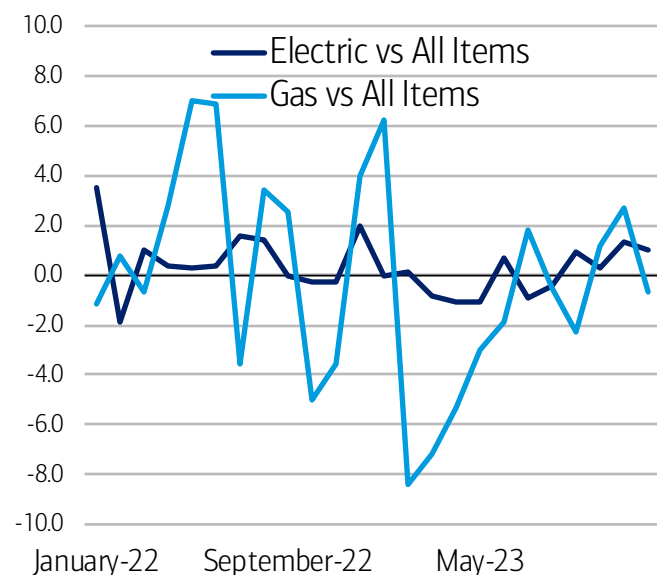
## Utilities: Electric inflationary vs gas deflationary

The Bureau of Labor Statistics' (BLS) monthly December consumer price index (CPI) showed a +30bp seasonally adjusted MoM increase for all items, with energy services +90bp. Electricity continues to be contributing to economy-wide inflation at +130bp in December, although it eased from +140bp in November. Utility (piped) gas service was favorable deflationary at -40bp, reversing an unfavorable trend in recent months.

We look for recent electricity inflation to reverse during 2024 as the benefit of lower commodity prices (primarily natural gas but also coal) should net outpace infrastructure component increases.

### Exhibit 1: Electric and Gas Monthly Inflation versus All Items 2022+

Natural gas has been quite volatile even when seasonally adjusted

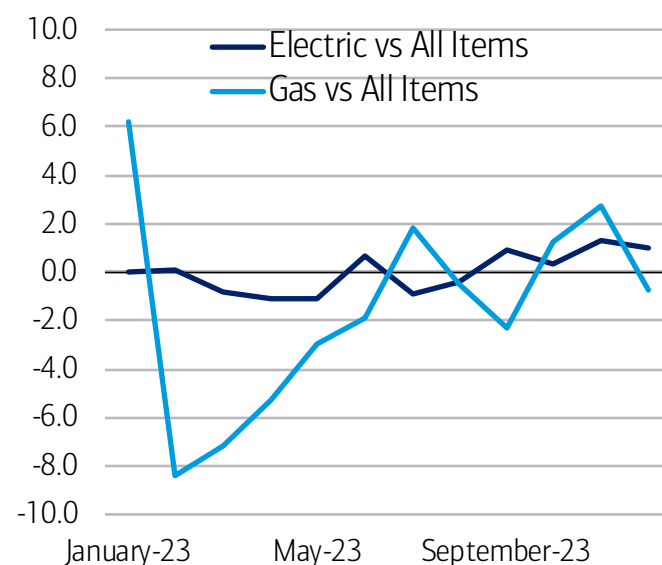


Source: Bureau of Labor Statistics

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### Exhibit 2: Electric and Gas Monthly Inflation versus All Items 2023+

Electric has net contributed to economy wide inflation recently



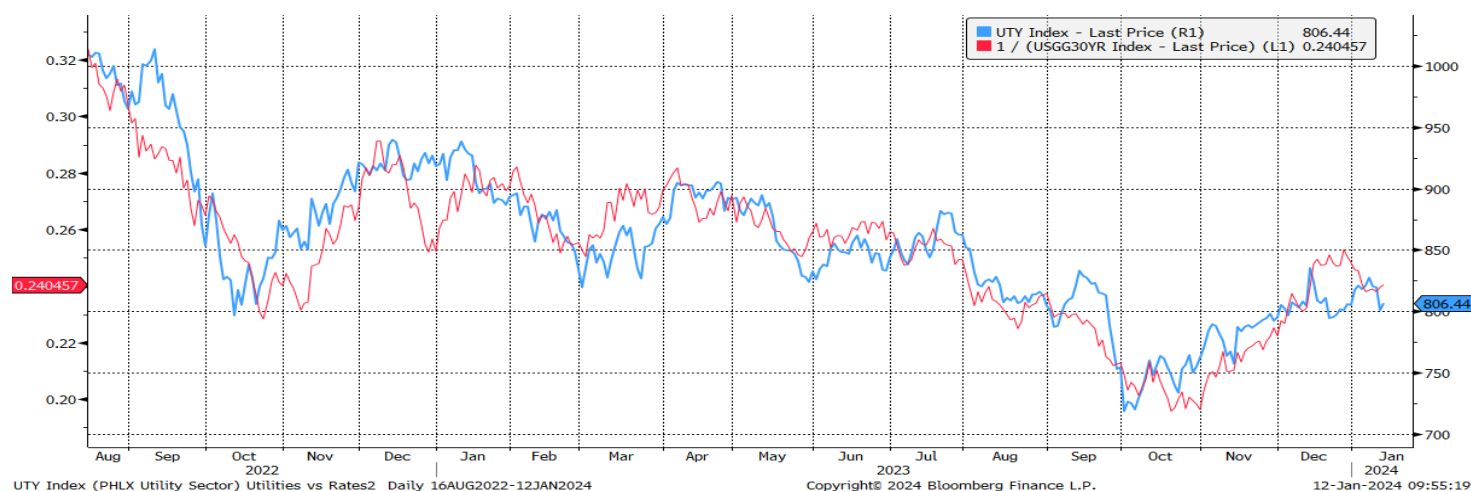
Source: Bureau of Labor Statistics

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Below we show the strong relationship since August 2022 between US utilities and interest rates.

### Exhibit 3: US Utilities (Blue) versus 30-year Treasury Rates (Red)

US utilities have generally tracked the implied move from 30-year US Treasury rates



Source: Bloomberg

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## ES: How much incremental equity will come? (continued)

After the latest credit rating actions, ES has a Baa2/Negative at Moody's BBB/Stable at Fitch and A-/Negative at S&P. Moody's placed it on negative outlook on January 9, the day after the new impairment. The credit rating agency negative updates are not surprising given ES' TTM credit metrics and subdued forecasts, with the question centering on how much and how fast ES issues equity can prevent further credit rating deterioration. ES is one of the few regulated utilities with a Baa2/Negative outlook, along with Entergy Corp (ETR).

We continue to expect a long-term EPS guidance reset with the 4Q23 earnings call. We assume ~\$2Bn equity issuance, which does not fully achieve the 13% FFO / debt downgrade levels across the forecast, and there could be an incremental \$1Bn needed for approximately +\$2Bn above management's guidance. We maintain our Underperform rating on ES shares, which we view as expensive with material downside risk to consensus.

## Power: ERCOT, SPP issue advisories ahead of cold snap

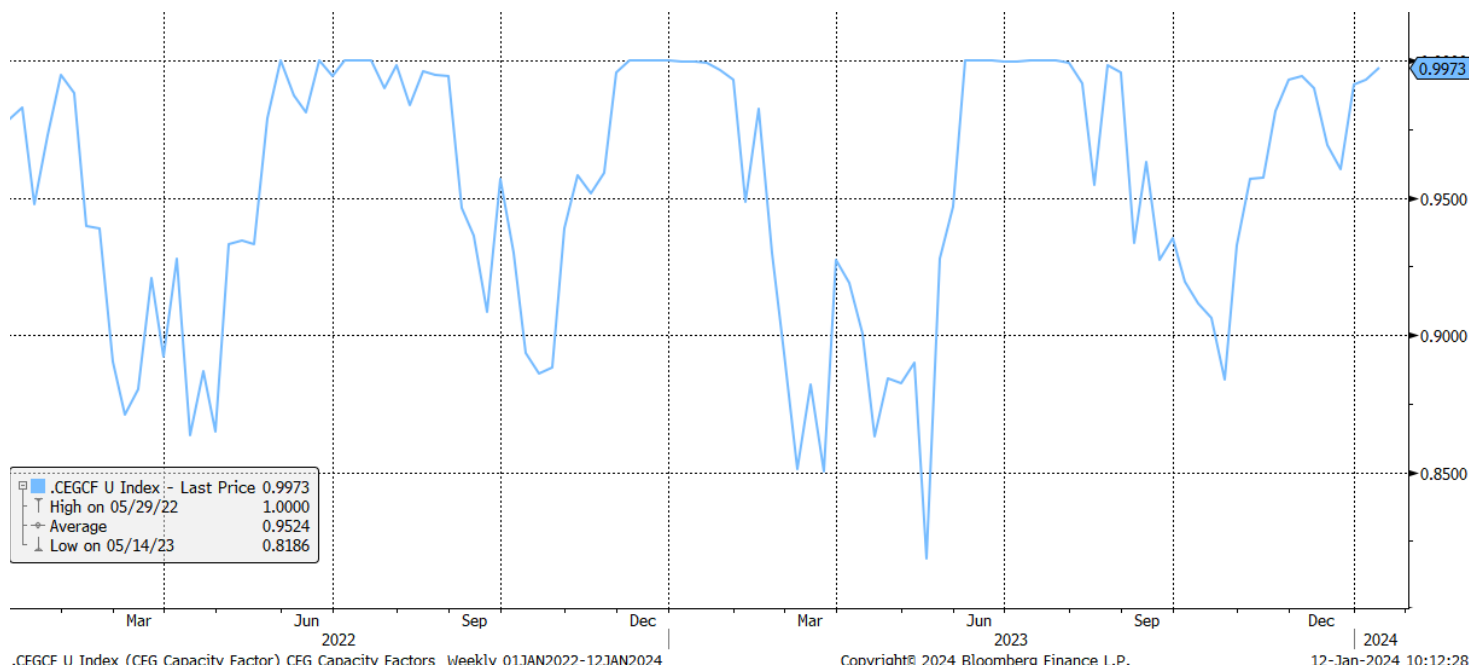
Two more system operators followed PJM Interconnection's (PJM) lead and issued weather advisories ahead of an upcoming cold snap. The Electric Reliability Council of Texas (ERCOT) issued a Weather Watch for January 15-17 in anticipation of higher electrical demand and lower reserves amid the extreme cold. Additionally, Southwest Power Pool (SPP) issued advisories across multiple territories in anticipation of the extreme weather. In a press release dated January 11, SPP indicated that temperatures during the week of January 15 may be comparable to those brought by Winter Storm Elliot. SPP sees an above-average risk of outages, with peak load forecasts at 45.0 gigawatts (GW) on January 15 and 46.0GW on January 26. During Elliot, SPP peak load reached a record 47.1GW.

Extreme weather events bring an elevated risk for generators given potential for unplanned outages, although there can be positive outperformance too. Vistra Energy (VST), NRG Energy (NRG), Constellation Energy (CEG) each have sizable footprints across ERCOT and PJM. While the potential impacts of this event remain to be seen, we will closely monitor conditions across these territories. We maintain our Buy rating on shares of VST and NRG, which we believe trade at attractive risk-adjusted free cash flow yields. We maintain our Neutral rating on shares of CEG, which we believe trade at fair value.

Constellation net benefitted from these extreme weather events with its nuclear portfolio, such as Winter Storm Elliott capacity performance payments, but all three companies had \$1Bn+ losses from Winter Storm Uri in Texas for a variety of reasons, primarily the lack of natural gas. There is the most visibility into performance for Constellation, with the Nuclear Regulatory Commission reporting daily output for US nuclear plants. For example, CEG's nuclear plants currently have a ~99.7% capacity factor, with non-operated 43%-owned Hope Creek 1 at 78% output.

**Exhibit 4: Constellation Energy Nuclear Capacity Factors (%)**

There is normal seasonality to output with planned outages in the spring and fall, when demand is lower; planned outages are rare in December-January and July-August



Source: Bloomberg, Company Filings, and Nuclear Regulatory Commission

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**D: Millstone offline again – watch the cold weather come in for Power**

Dominion's Millstone Unit 3 is currently offline and at zero percent output since January 9. Fortunately, the cold weather is forecast to be less acute in the US Northeast, but this merits monitoring. We are not aware of an NRC reportable event filing made by Dominion for Millstone in 2024. Dominion has been hiring engineers for at Millstone fairly consistently throughout 2023, including a current focus on the plant valve component.

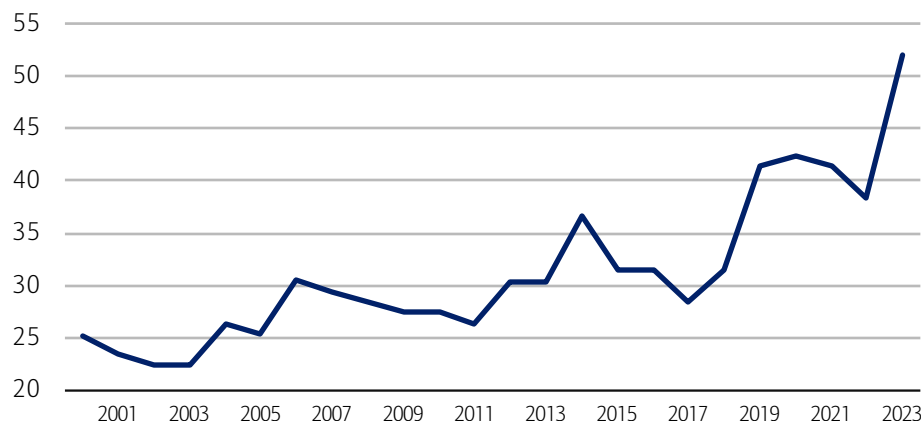
**D: 4Q23 call set for February 22, longer than historical**

Dominion scheduled its fourth quarter 2023 earnings call for February 22 as we continue to wait for the late-2023/early-2024 offshore wind strategic transaction update. The February 22nd earnings call date is the latest call date in at least 20 years and notably later than even prior years.

The exhibit below shows the days after December 31, 202X that Dominion hosted its fourth quarter earnings call. In the early 2000s, Dominion hosted its fourth quarter earnings call in a timely manner in late January, but that has steadily slipped back to early February and then around February 11-12.

**Exhibit 5: Dominion Days from January 1 to Fourth Quarter Earnings Call per Bloomberg**

The lag between year-end and the 4Q earnings call has steadily increased – and 4Q23 is notably later



Source: Bloomberg

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We believe that Dominion scheduling its 4Q23 earnings call notably later than its prior earnings fourth quarter earnings calls and many utility peers is **designed so that it has an offshore wind sale update before earnings**. This indicates another potential slippage of the offshore wind transaction timeline but most importantly will hopefully bring clarity for investors.

Our Dominion forecasts assume that the company is able to successfully sell a ~50% stake in its ~\$10Bn offshore wind project at 1.0x rate base without incremental shareholder risk sharing. To the extent that Dominion does not sell a portion of its offshore wind development project, we would view that cautiously, and the credit rating agencies have indicated that it would be a credit negative development. The credit rating agencies could unfavorably increase the downgrade credit metric threshold requirement. We maintain our Underperform rating on D shares, which are relatively expensive, in our view, and we believe that expectations for the pro forma business outlook are optimistic.

## BofA Global Research Reports

### Title: Subtitle

[US Clean Tech: The latest on carbon capture in the US: conference takes 2024](#)

[Ormat Technologies: Back-end weighted growth leaves ramp risk: Reiterate Neutral](#)

[Avangrid: Fireside Chat Feedback: Working to get on EPS growth track – starting with 2024](#)

US Electric Utilities & IPPs: Clean Tech Year Ahead for 2024: Themes and Trends

AltaGas: Refreshing estimates and framing key debates heading into 2024

[US Utilities & Clean Tech: PowerPoints: ES Credit & CT, WEC Capex, PJM Power, AWK NJ, and New Nuclear](#)

[Xcel Energy Inc: Long-Term Reset Still In Place for 4Q Despite Setbacks. Reiterate Buy](#)

US Utilities & Clean Tech: Our Clean Energy Year Ahead: Top 10 Trends in '24: Progress in Shadow of IRA

[Eversource Energy: Offshore Wind Goes from Bad to Worse: Latest impairment leaves little value](#)

[Duke Energy: Support for linear growth into 2024 and beyond](#)

[SunPower Corp: 4Q23 preview: challenging 2024 complicated by liquidity resolution](#)

US Utilities & Clean Tech: PowerPoints: Year Ahead 2024, WEC Guide, VST M&A, XEL/CNP/ALE, and D/CEG

[US Utilities & Clean Tech: Year Ahead 2024: Our 24 Themes, Utilities set for a rebound but regulatory risks lurk](#)

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### Date Published

12 January 2024

12 January 2024

11 January 2024

11 January 2024

11 January 2024

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**Exhibit 6: Primary stocks mentioned in this report**

Prices and ratings for primary stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
DTE	DTE US	DTE Energy	US\$ 108.02	A-1-7
ES	ES US	Eversource Energy	US\$ 57.12	B-3-7
NRG	NRG US	NRG Energy	US\$ 50.51	B-1-7
VST	VST US	Vistra Energy	US\$ 38.87	B-1-7
CEG	CEG US	Constellation Energy	US\$ 112.91	B-2-7
D	D US	Dominion Energy	US\$ 47.11	B-3-7

Source: BofA Global Research

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**Price objective basis & risk****Constellation Energy Corp (CEG)**

Our \$125 Price Objective is based on a 10.7% 2026E equity Free Cash Flow yield (FCF yield) on blended basis. The 10.7% FCF yield represents a weighted average of 9.6% (first quartile) for the support FCF and 13.0% (third quartile) for merchant FCF, utilizing energy comparables. We discount to 2026 the benefit of the Illinois Carbon Mitigation Credit (CMC) in 2028 back to 2025 at a 10% discount rate: this represents \$10/sh of value. We include \$1/Sh to CEG from the publicly disclosed ownership of NetPower (NPWR).

Risks to achievement of the Price Objective and rating are: 1) changes in energy & capacity prices, 2) retail margins, renewals, win rate, & overall market share, 3) operating, capital, and fuel costs, 4) capital allocation decisions including M&A, growth, and share repurchases, 5) nuclear operational performance, incidents, or accidents, 6) legislative, judicial, and regulatory changes, 7) nuclear fuel costs & availability, 8) change in environmental standards for generation assets, 9) management turnover, 10) pension & nuclear decommissioning trust returns, 11) credit rating agency requirements, 12) interest rates, and 13) NetPower ownership.

**Dominion Energy (D)**

We value Dominion Energy at \$41 using a 2026E sum-of-the-parts analysis. For the utilities we apply the comparable 13.5x electric peer multiples which we gross-up by 5% to reflect capital appreciation across the sector. We apply -1.5x discount for base Virginia and -1.0x for South Carolina. We apply discount adjustments to lower value utility sources in South Carolina (NND nuclear and bill credits). The pension income is valued 4x P/E, consistent with the 12/31/22 valuation levels.

Contracted assets are valued using 2026 EV/EBITDA: 5x Millstone (13% FCF Yield), and 5x for renewables. For remaining debt beyond that allocated to state utilities, we include a 50% weight towards a straight netting of leverage, with the remaining 50% using a P/E multiple on associated interest expense, in line with the methodology employed for diversified utilities with relatively higher levers of leverage. The interest rate hedge is valued at the stated \$1Bn value 9/30/23 less tax.

Risk to achievement of the Price Objective are 1) regulatory, legislative, and political actions, 2) ability to earn or exceed the regulatory allowed ROE, 3) capital markets and equity requirements, 4) changes to the capital expenditure and rate base forecast for both regulated & unregulated segments, 5) volatility in interest rates and pension returns, 6) changes in commodity prices, 7) natural disasters, nuclear accidents, and weather, 8) nuclear performance, 9) inflation, & 10) offshore wind construction.

**DTE Energy (DTE)**

We value DTE Energy at \$122 using a sum-of-the-parts (SOTP) approach. We value the company using a 2026E forward P/E multiple basis. For the utility segment we apply a +1x for electric and in-line for natural gas to our regulated electric and gas utility peer multiples (of 14.7x and 13.8x, respectively). Both electric and gas peer P/E multiples are grossed up by 5% to reflect capital appreciation across the sector. We value DTE Vantage segment on a multiple of 2026 EPS - the grossed-up electric multiple of 15.4x to account for the renewable natural gas (RNG) business. We assign an equity value based on a -7x discount to the Equity Trading segment given potential for earnings volatility and opacity of the segment. We also reduce the equity value for estimated unallocated parent debt by applying a 14.5x multiple to both the interest expense and corporate overhead expenses at the parent.

Risks are: regulatory/political/legislative actions, realized returns from the unregulated Vantage segment, changes in equity needs, load growth/class mix, equity needs, weather/natural disasters, and interest rate fluctuations.

### **Eversource Energy (ES)**

Our sum of the parts based price objective of \$50 uses P/E multiples on 2025E earnings. The valuation is based on a 2025 sum of the parts analysis. We apply the 2025 average peer P/Es of 13.5x electric, 13.5x natural gas, and 20.0x water. For Connecticut electric & gas utilities, we value at -20% discount (-2.8x) to reflect historical challenges and prospective earnings risks. Connecticut water is valued in-line with natural gas. The other utilities are valued at a -15% discount (-2.1x) for below-average consolidated growth and weaker balance sheet metrics. Parent net loss per share is valued at an -1x discount to the electric utility average.

Upside and downside risks to our Price Objective are 1) regulatory/political/legislative changes, 2) capital expenditures forecasts, 3) ability to earn the regulatory allowed ROE, 4) offshore wind review, 5) natural disasters & storms, 6) operational performance and gas incidents, 7) integration of historical and prospective M&A, 8) pension plan performance, and 9) equity issuances.

### **NRG Energy (NRG)**

Our \$56 price objective is based on our 2025E sum-of-the-parts analysis. We value NRG in six parts based on approximately EV/FCF: (1) 6.5x Legacy Retail, (2) 6.0x Direct Energy, (3) 7.0x Vivint, (4) 5.5x Gas, and (5) 2.0x Coal plus Hedges. The debt and preferred stock obligations are reductions from equity value.

We value Legacy Retail at a slight premium to peers given strong competitive positioning. We value Direct Energy in line with the Legacy Retail portfolio. For Vivint, our target multiple is a discount to NRG's other retail platforms given lower free cash flow conversion. Gas value reflects fair near-term profitability opportunity but limited long-term visibility. Last, our subdued Coal value is driven by limited terminal value for the assets.

Risks to the price objective are changes in 1) commodity prices, 2) operating cost, 3) environmental requirements, 4) cost of capital, 5) retail margins and customer counts, 6) natural disasters, 7) regulatory, legislative, and political changes, 8) customer acquisition costs, 9) retail competition, 10) pension and nuclear decommissioning trust assets/liabilities, and 11) interest rates.

### **Vistra Energy (VST)**

Our \$44 price objective is based on a 2025E SOTP valuation. For Vistra Vision, we arrive at a 7.7x blended EV/EBITDA. We apply a 9.0x EV/FCF multiple to nuclear (10.5x for Texas), which we believe fairly represents the risk/reward profile of the assets. For Renewables and Storage, we apply a 12.0x EV/FCF multiple given the accelerating nature of the end markets. For Retail, we apply a 7.0x EV/FCF multiple, consistent with peers.



For Vistra Tradition, we arrive at a 4.8x blended EV/EBITDA multiple. We apply a 5.5x EV/FCF multiple to Gas Generation (7.5x for Texas) given favorable spark spreads and end market demand dynamics and a 1.5x EV/FCF multiple to Coal Generation (5.5x for Texas) which we believe appropriately captures the limited long-term value of the assets.

Downside risks to our PO are 1) changes to regulatory, political, or legislative standards, 2) wholesale power, natural gas, & capacity prices, 3) competitive & regulatory change to retail businesses, principally in Texas, 4) operational performance, 5) development of new renewables and storage assets, 6) natural disasters, 7) interest rates, 8) nuclear fuel access/cost, and 9) retail market attrition.

## **Analyst Certification**

We, Julien Dumoulin-Smith and Paul Zimbardo, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective 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
<b>BUY</b>				
	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
	Duke Energy	DUK	DUK 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
	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
	Hydro One	YH	H CN	Dariusz Lozny, CFA
	MDU Resources Group, Inc.	MDU	MDU US	Dariusz Lozny, CFA
	Nextacker Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Corporation	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
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra Energy	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 Energy	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith
<b>NEUTRAL</b>				
	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Dariusz Lozny, CFA
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Dariusz Lozny, CFA
	AltaGas	YALA	ALA CN	Dariusz Lozny, CFA
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Emera Inc	YEMA	EMA CN	Dariusz Lozny, CFA
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVRG	EVRG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	New Fortress Energy	NFE	NFE US	Cameron Lochridge
	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
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Dariusz Lozny, CFA
	TransAlta Corporation	YTA	TA CN	Dariusz Lozny, CFA

## North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>UNDERPERFORM</b>	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avangrid	AGR	AGR US	Paul Zimbardo
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH 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	Dariusz Lozny, CFA
	Fortis Inc	FTS	FTS US	Dariusz Lozny, CFA
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE 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
	Stem, Inc.	STEM	STEM 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

## Disclosures

## Important Disclosures

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

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	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 <sup>R1</sup>	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%

<sup>R1</sup> 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.



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

<sup>R2</sup> 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.

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