

Energy Security For the Southeast –

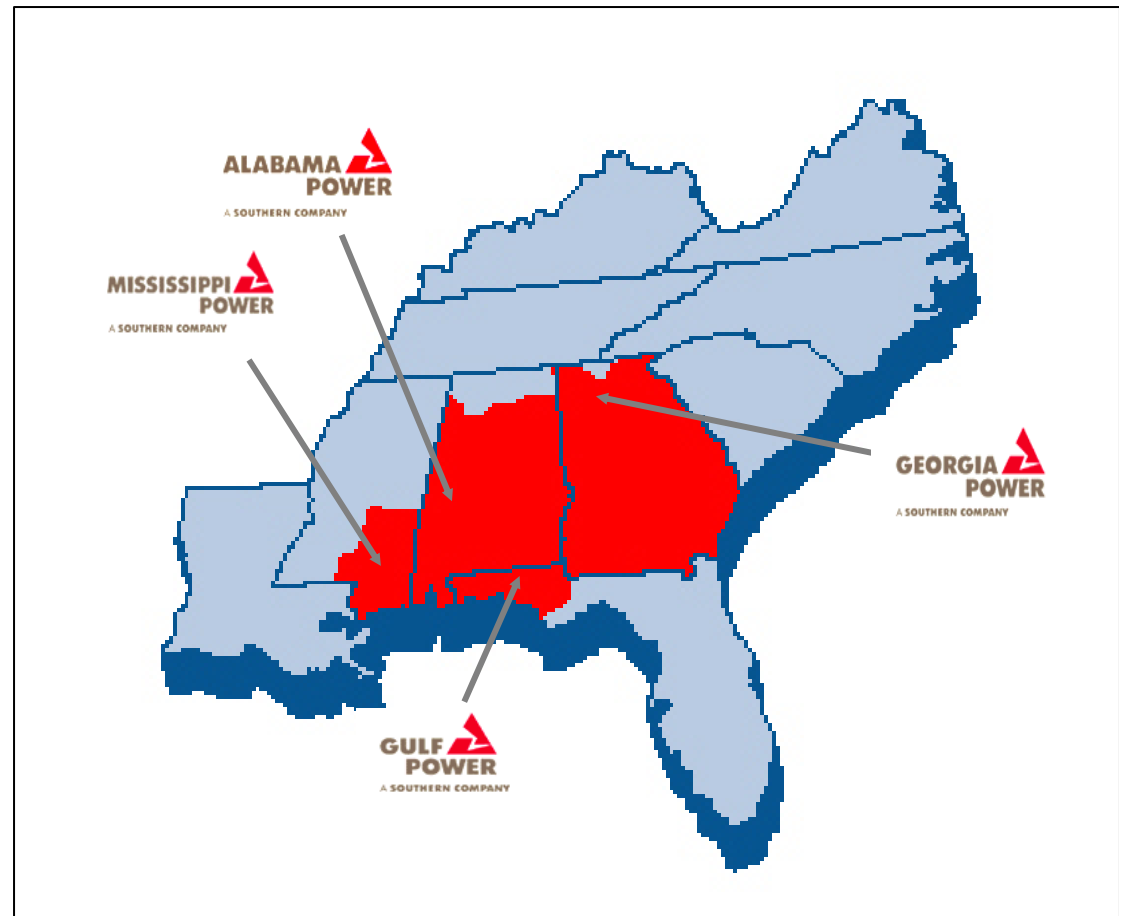
The Need For a Balanced Supply Portfolio

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Savannah, Georgia
April 12, 2007



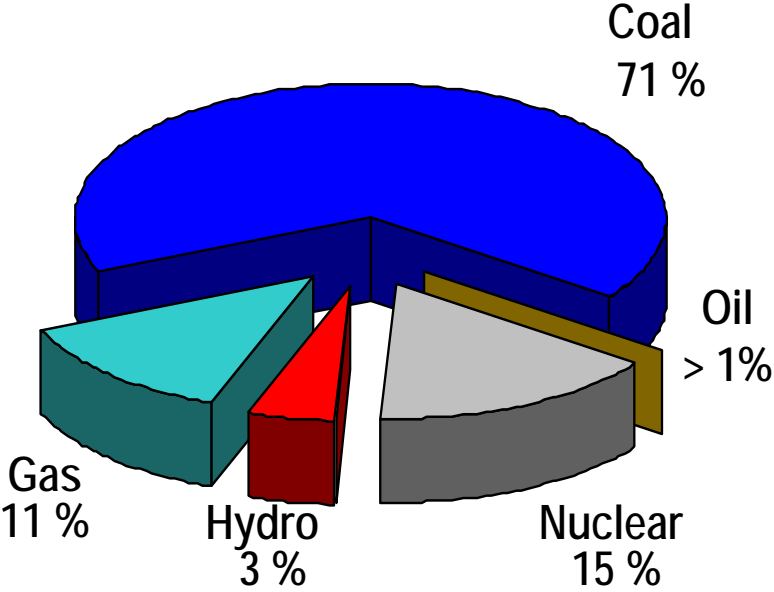
Overview: Who is Southern Company?

- Retail regulated electric utility business and Competitive Generation Business
- Over 4.3 million retail customers over four states
- 41,000 MW of generation and 27,000 miles of transmission
- Electricity prices below the national average



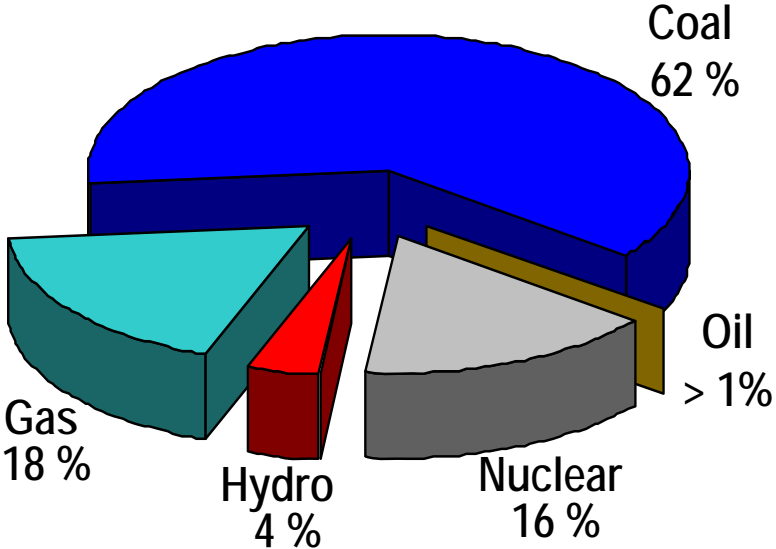
Southern Company

Current and Projected Generation Mix



2005

Generation:
196 Million MWh



2010

Total Projected Ownership Generation:
207 Million MWh

Sources: Southern Company 2005 10K/Annual Report and Energy Logs and Southern Company Generation Projections

What is energy security for our electricity customers?

- Having **reliable, affordable** electric service for their homes, offices and factories.
- Having the electricity **restored quickly and efficiently** when nature causes damage to the electrical system.
- Having **effective planning** for the future to see that **adequate supplies** of **affordable** electricity are available to serve the **significant economic and population growth** that is occurring in our region.



Three keys to achieving Energy Security

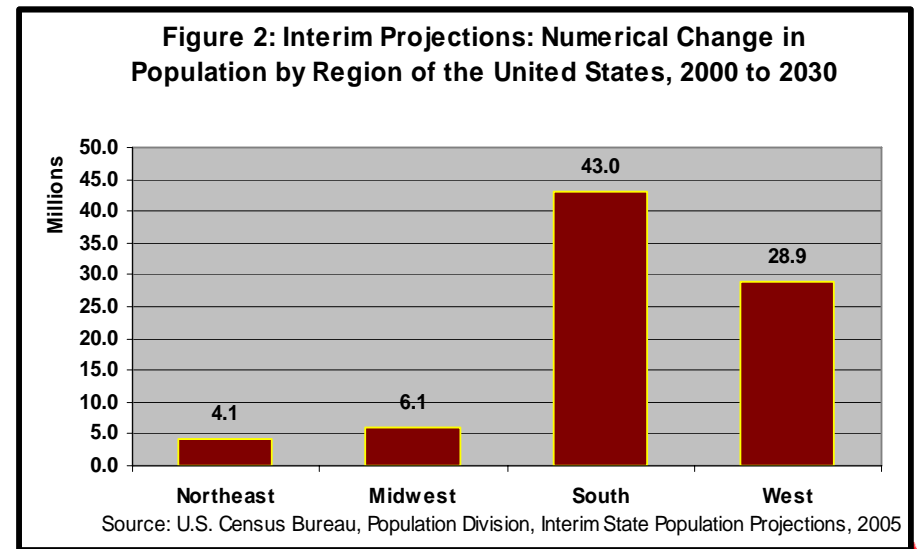
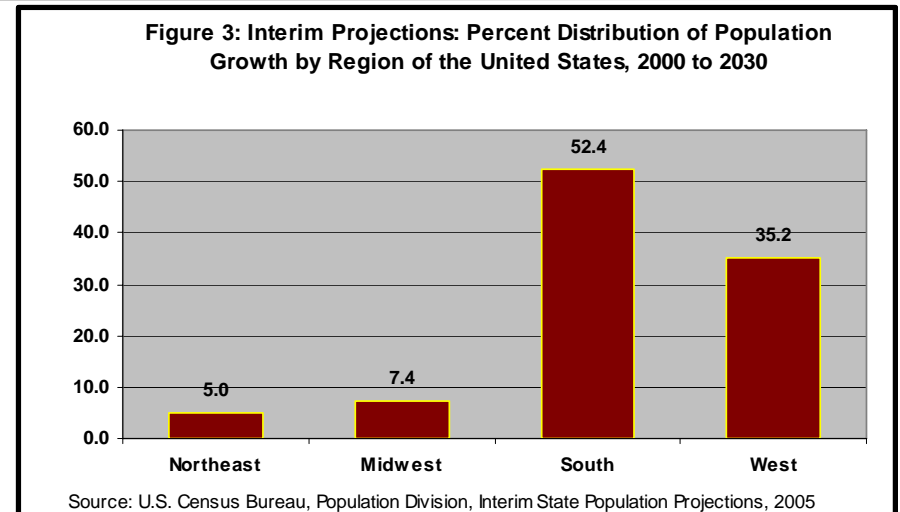
- Investing for Reliability & Growth

- Managing for Affordability

- **Planning for a balanced Supply Portfolio**

The Southeast is one of the fastest growing regions in the country.

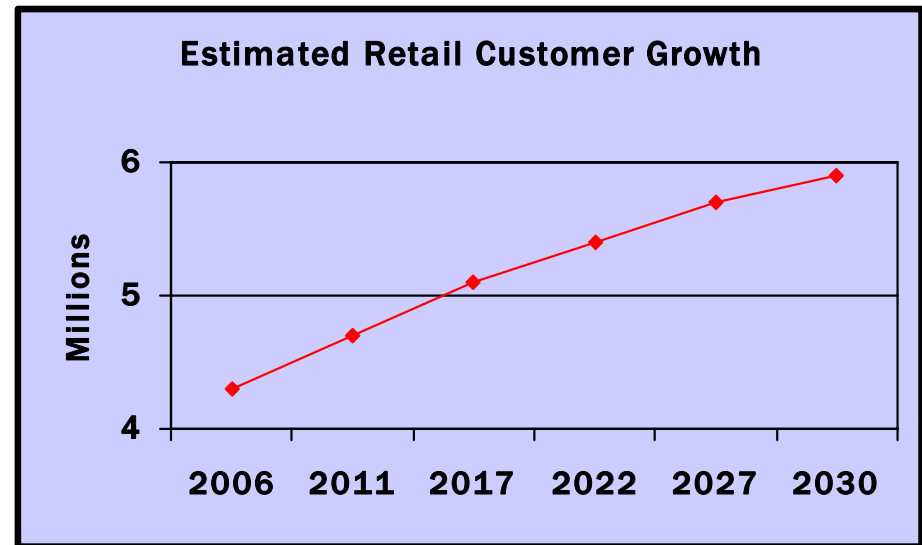
- Between 2000 and 2030, over 50% of US population growth will occur in the South.
- 43% increase in the South's population over that period of time.
- An additional of 43 million new residents.
 - The largest increase in population of any region in the country
- By 2030, 40% of Americans will live in the South.



Population growth drives energy demand growth.

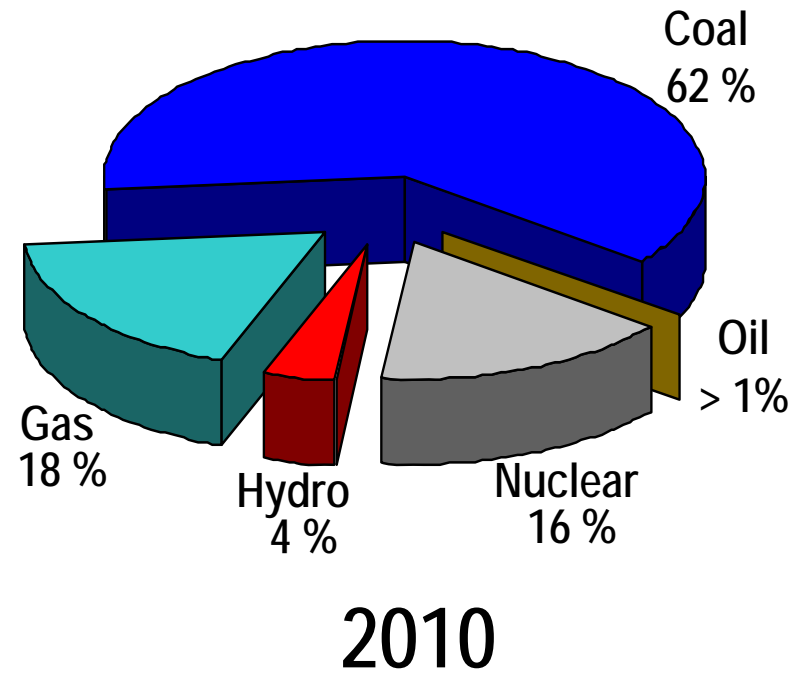
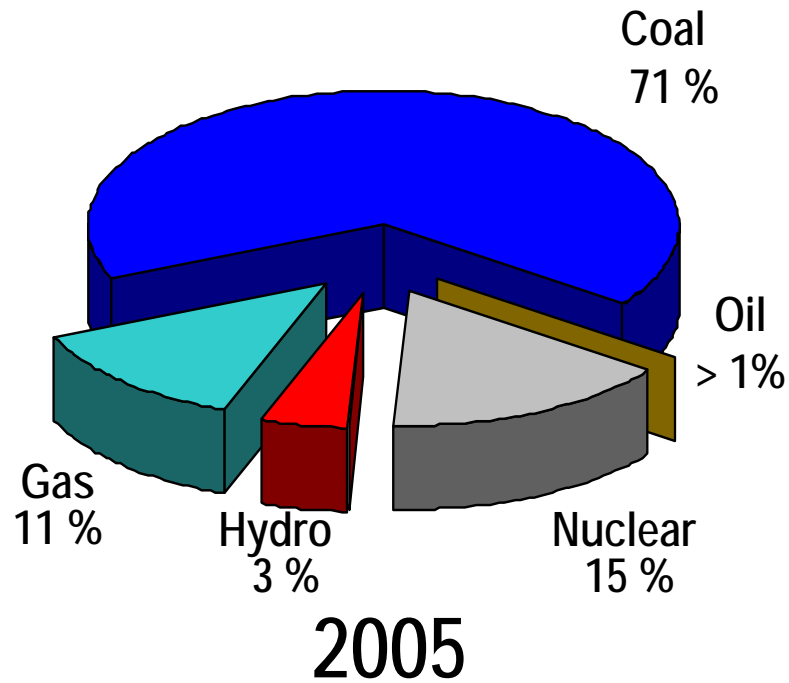
(The charts below estimate Southern Company's growth in retail energy demand and customers)

- Peak electrical demand will grow by 16,000 MW (1,300 MW generating plant every 2 years)
- An increase of over 40% in the capacity needed to serve Southern Company's retail customers.
- An additional 1.6 million residential, commercial and manufacturing customer who need electric service.
- Those new customers result in the need for nearly 40,000 GWH of additional electricity.



Southern Company

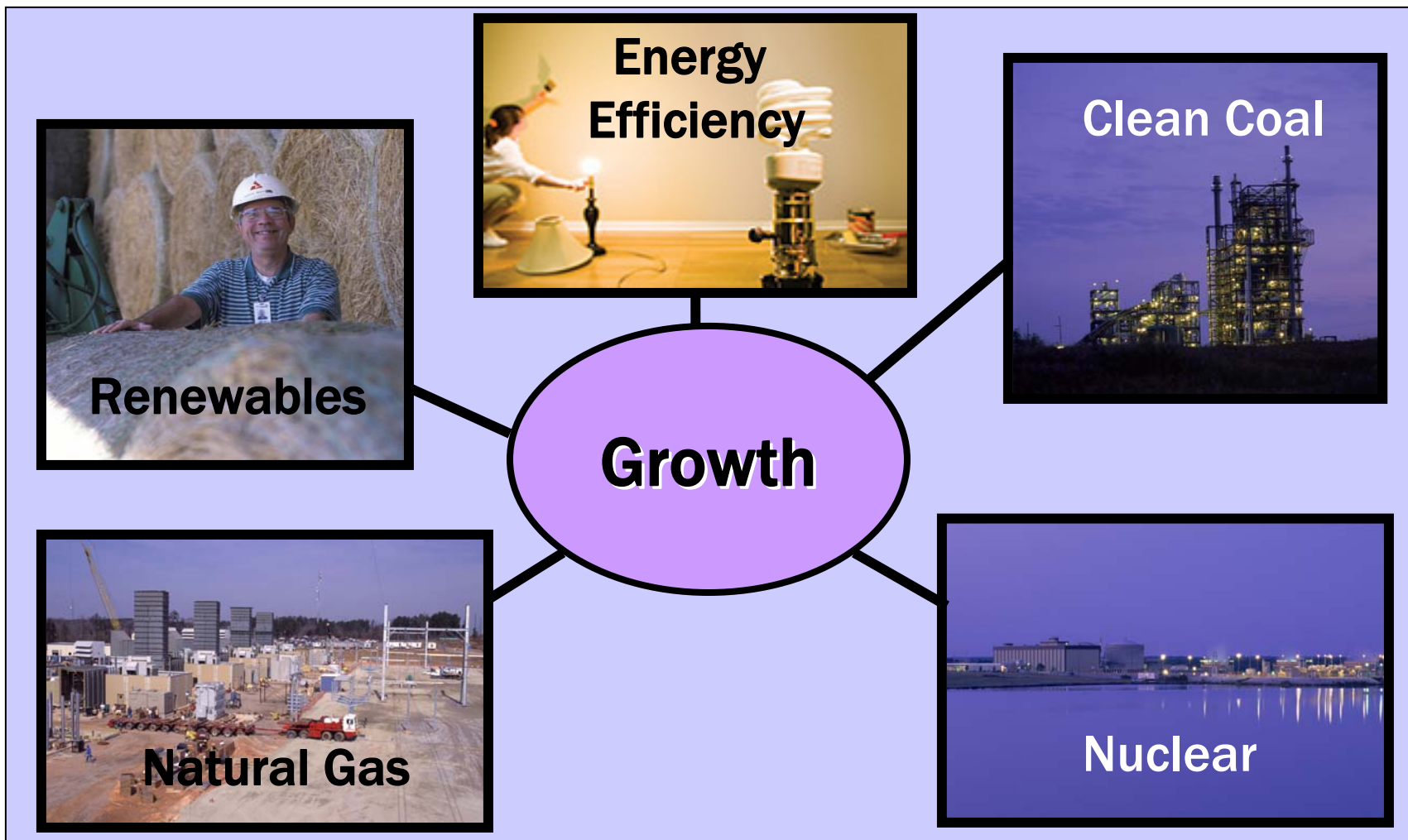
Current and Projected Generation Mix



Our challenge is to continue to keep electricity costs affordable for consumers and enable growth of our economy, while also maintaining a balanced mix of environmentally acceptable generation sources.

Source: Southern Company and Southern Company Generation Projections

To provide energy security in the growing Southeast, we must be able to tap a diverse set of options to meet growth.

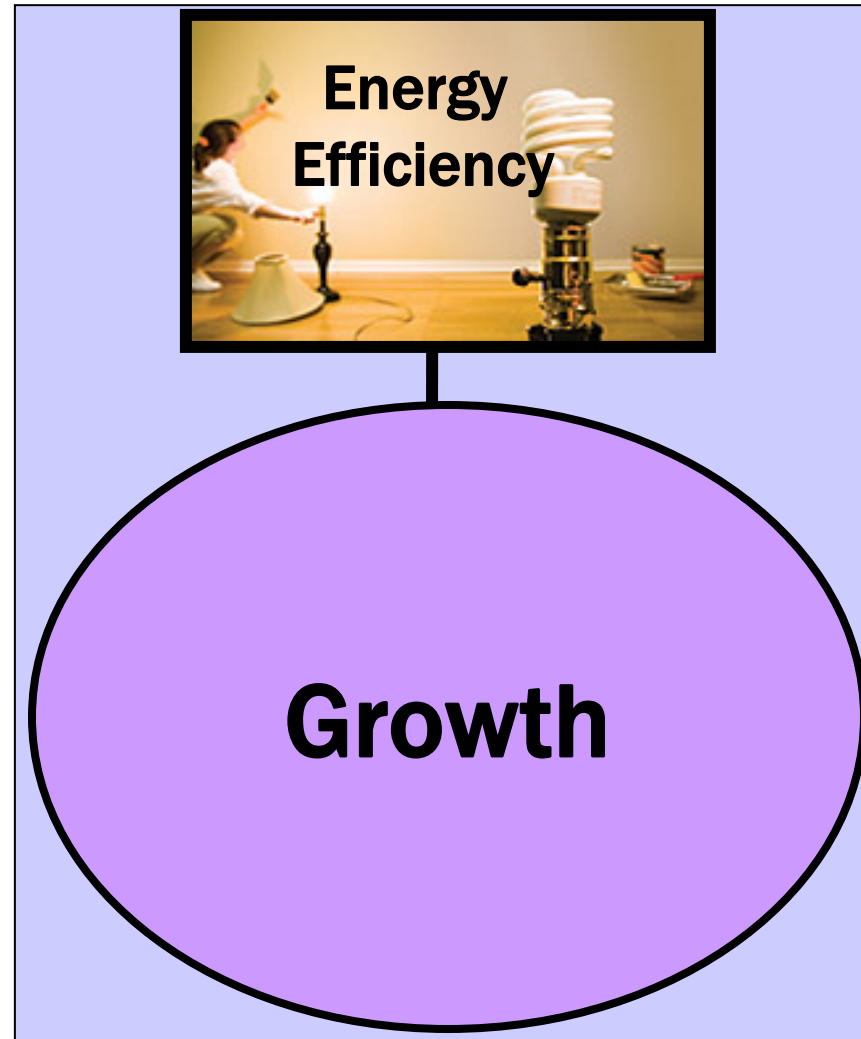


Increased investments in energy efficiency can slow growth, but will not eliminate the need for new generation capacity.

- Additional investments in cost effective energy efficiency are an important part of meeting the region's growth.

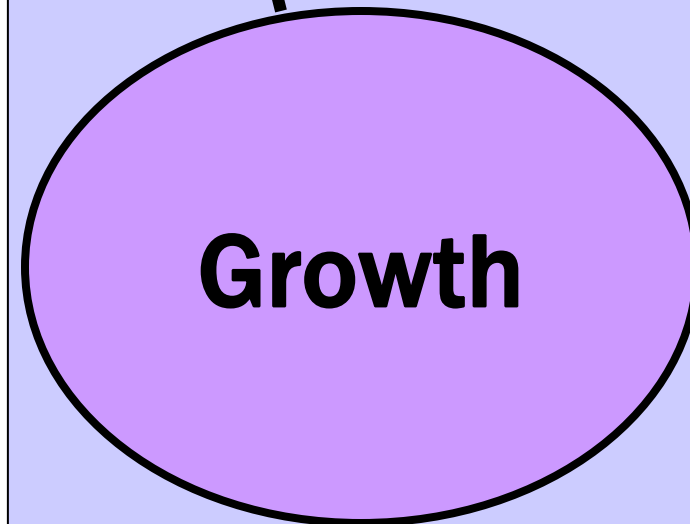
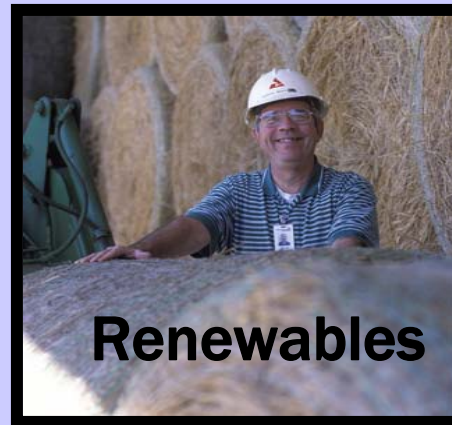
However....

- Energy efficiency can help us slow electricity demand growth but will not eliminate the need for substantial investments in additional generation plants.



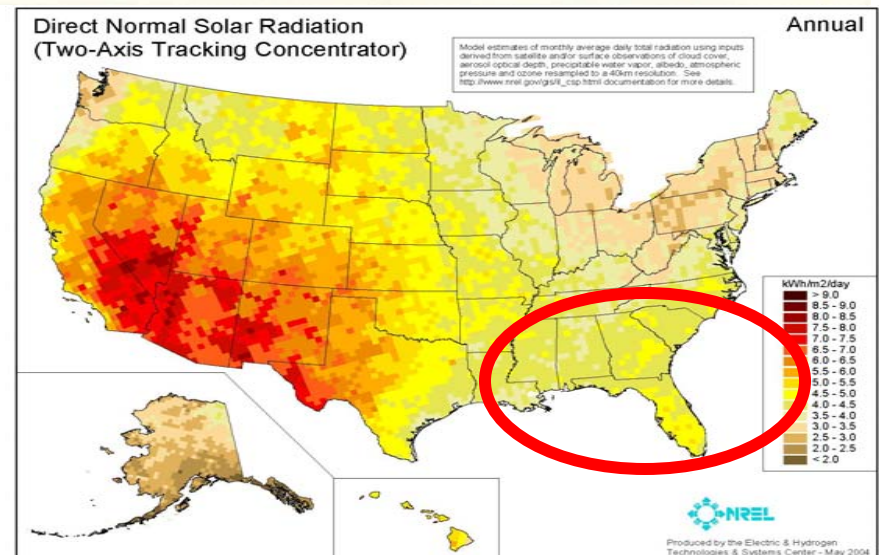
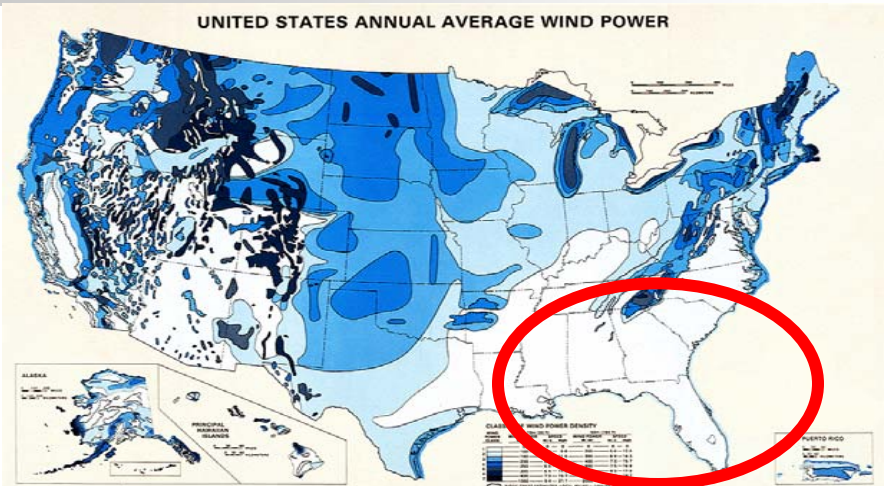
Renewable energy will not make as large a contribution in the Southeast as in some other areas of the country.

- We will need to tap those cost-effective renewable energy options that we have in abundance here in the southeast.



Increased renewable energy production is important, but can not meet the Southeast's energy growth needs.

- **The Southeast region is very limited in resources for wind generation.**
 - Pristine ridges of Southern Appalachian chain
 - Off the Georgia coast
- **Solar resources are more robust, but are very expensive to tap. Solar installations in the southeast would produce much less energy when compared to the similar installations located in the Desert Southwest .**
- **These realities translate into fewer opportunities for these types of renewables and higher relative prices where they can be used.**

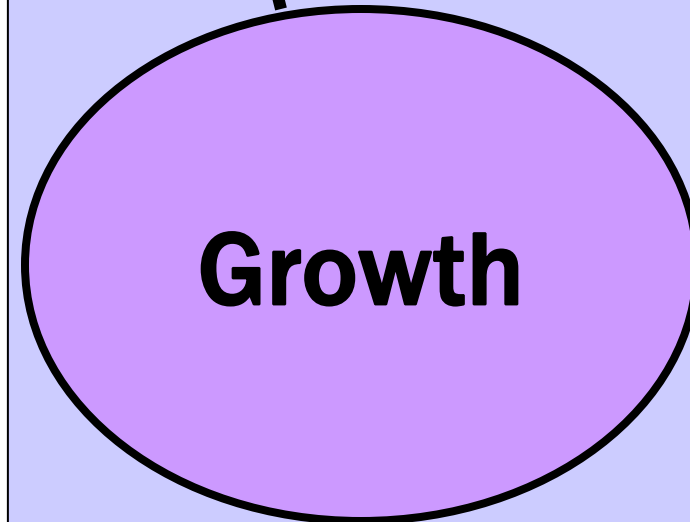
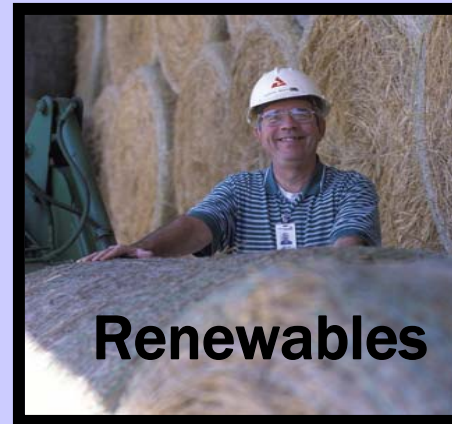


To provide for energy security in the growing Southeast, we must be able to tap a diverse set of options to meet growth.

- **We will need to tap those cost-effective renewable energy options that we have in abundance here in the southeast.**

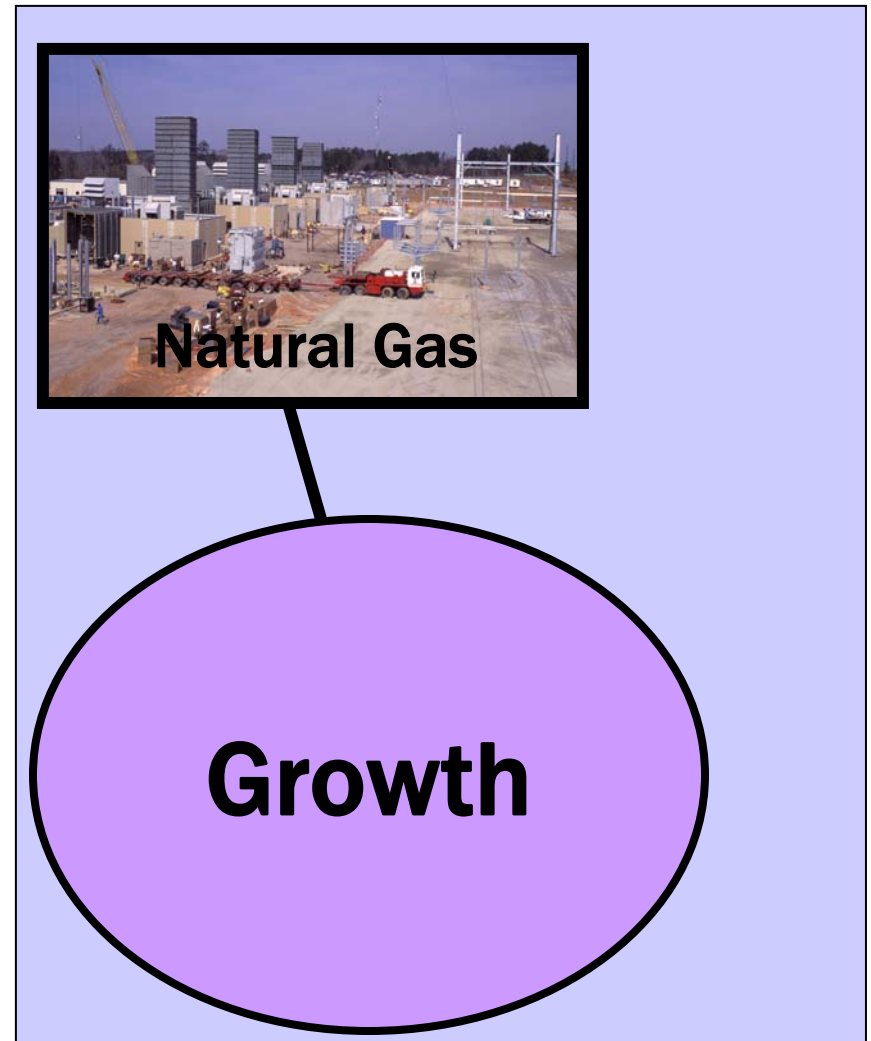
Biomass...

- **We have abundant biomass resources in the Southeast. But it is likely that we will need to compete with other uses for that biomass resource.**



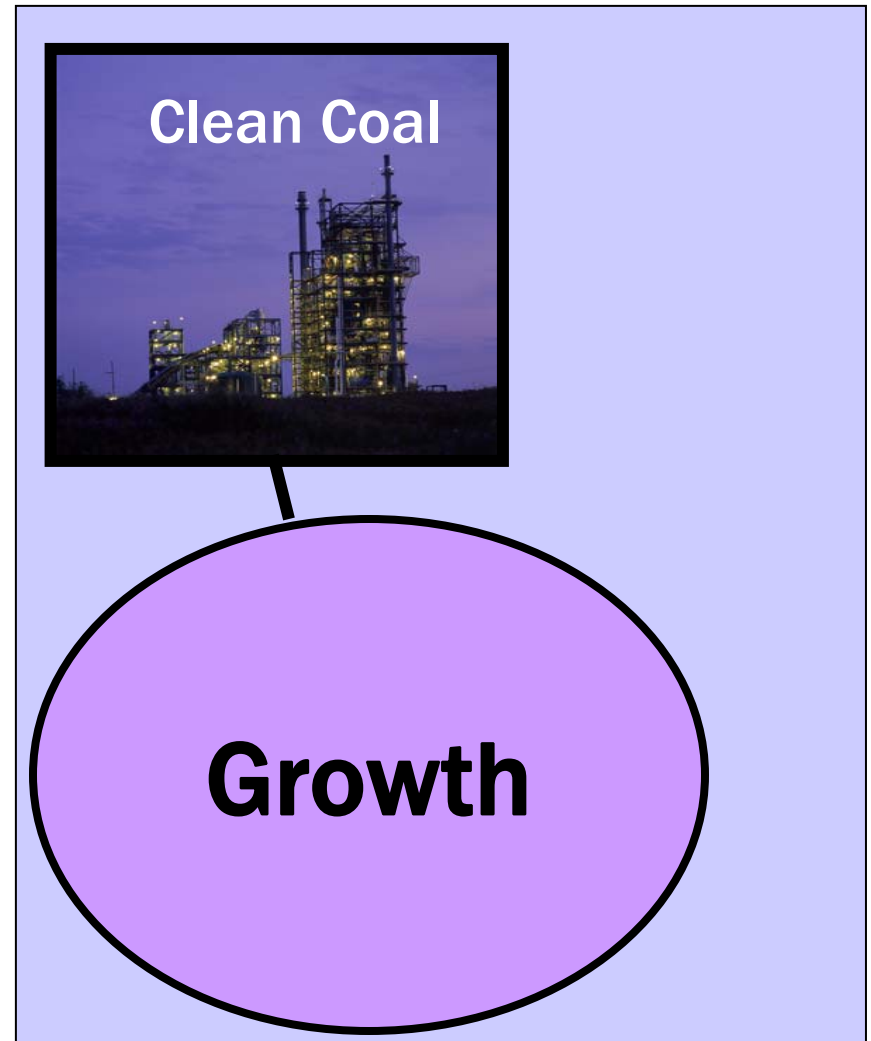
To provide for energy security in the growing Southeast, we must be able to tap a diverse set of options to meet growth.

- Natural Gas prices are volatile and US supply is limited.
- Natural gas generation technology is efficient and has environmental advantages.
- We need to encourage additional LNG capability.
- We need to continue to explore and develop additional domestic supplies.



To provide for energy security in the growing Southeast, we must be able to tap a diverse set of options to meet growth.

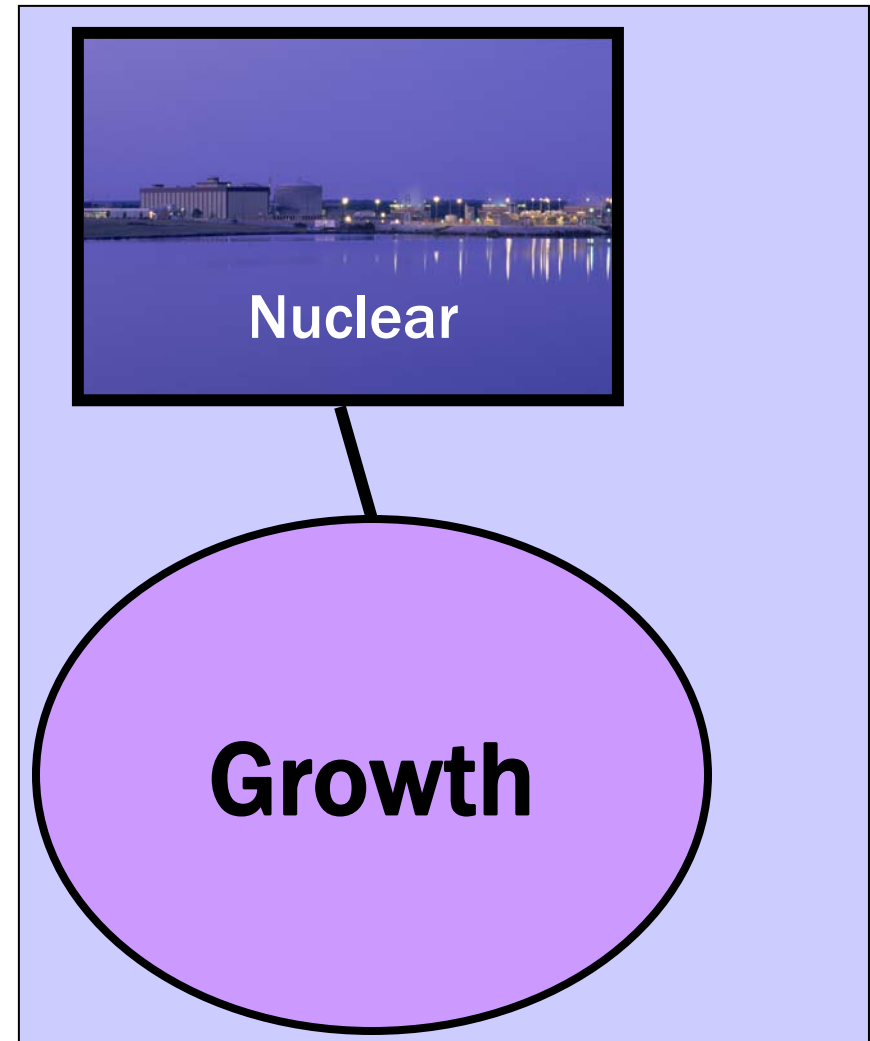
- The US has the world's largest recoverable coal reserves.
- Coal accounts for 95% of US fossil fuel reserves – 275 Billion tons of recoverable coal.
- The US has over 250 Year supply of coal supply at today's rate of use.
- We must have ways to use this abundant and important domestic resource, while dealing with the environmental impacts of coal use.
 - IGCC
 - Cost-effective carbon capture
 - Carbon sequestration



To provide for energy security in the growing Southeast, we must be able to tap a diverse set of options to meet growth.

- **Base load generation needs +
Natural gas volatility +
Environmental Constraints
= NUCLEAR**

- **The new generation of nuclear
technology has significant
advantages.....**
 - **50% fewer valves**
 - **35% fewer pumps**
 - **80% less piping**
 - **70% less cable**
 - **45% less building volume**
 - **Passive safety systems**



Planning for a Balanced Supply Portfolio

The collage features five distinct images, each with a text label overlaid. The 'Growth' label is positioned centrally, overlapping the 'Energy Efficiency' and 'Natural Gas' images. The 'Clean Coal' and 'Nuclear' images are stacked vertically on the right side of the collage.

- Renewables:** A man in a white hard hat and safety glasses stands in front of a large, textured rock formation.
- Energy Efficiency:** A close-up of a compact fluorescent light bulb (CFL) on a desk.
- Growth:** A purple banner with the word 'Growth' in white, positioned centrally.
- Clean Coal:** An industrial facility with tall towers and scaffolding, illuminated at night.
- Nuclear:** A large industrial complex with several buildings and a body of water in the foreground, illuminated at night.
- Natural Gas:** A large-scale construction site with various pieces of heavy machinery and structures under development.

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