

Resolution of The Connecticut Retirement Plans and Trust Funds (“CRPTF”)



RESOLVED, that the Board of Directors of TXU undertake a study of energy efficiency with respect to TXU’s existing and proposed power plants and report back to shareholders describing the impact that significant improvements in energy efficiency would have on TXU, and what role TXU can play to can increase revenue by helping customers reduce demand for electricity. That study and report should include:

- An analysis of the potential energy savings that could be generated if energy efficiency actions similar to those recommended in recent national studies were implemented.
- An analysis of costs to the company of implementing such energy efficiency actions with respect to TXU’s operations, and what barriers exist to such implementation.
- An analysis of the reduction in demand that would occur if energy efficiency actions were implemented by TXU’s customers, and what impact this would have on the plan to build new generating capacity.
- A summary of the role that TXU has played and intends to play to advance policies to reward TXU and its shareholders financially for efforts to reduce demand and increase energy efficiency.

SUPPORTING STATEMENT

The July 2006 “National Action Plan for Energy Efficiency”¹ “presents policy recommendations for creating a sustainable, aggressive national commitment to energy efficiency through gas and electric utilities, utility regulators, and partner organizations.”

A November 2006 report by Environmental Defense “shows that investing in energy efficiency measures offers Texas the best, fastest, cleanest and cheapest route to solving the state’s short-term energy needs. Further, it illustrates how Texas can use such measures to reduce our long-term energy consumption and the proposed need for new power plants.”

According to a November 2006 report by the McKinsey Global Institute (MGI), “the best way to meet the challenge of growing energy demand is to focus on energy productivity.” “MGI’s in depth case studies indicate that there are substantial and economically viable opportunities to boost energy productivity that have not been captured ... which would represent a 15 to 25 percent cut in the end-use energy demand by 2020.”

¹ A plan developed by more than 50 leading organizations in pursuit of energy savings and efficiency, chaired by Diane Munns, President of National Association of Public Utility Commissioners, and Jim Rogers, President of Duke Energy

TXU's most recent 10-K points out "...electricity demand could be reduced by increased conservation efforts and advances in technology, which could likewise significantly reduce the value of TXU Corp.'s power plants and electric delivery facilities".

We believe that improved energy efficiency could reduce demand for new power generation, which could potentially decrease the value of new power plants.

TXU and its shareholders need to evaluate how energy efficiency measures could effect the electricity usage of TXU's customers, and how this would impact the economic viability of these proposed power plants. We urge TXU to do this study and report to shareholders, and we urge shareholders to support this resolution.