

# Technology in Action

Bringing the benefits of sustainability to all.



Interim Report

December 2022

**mge**  
**ENERGY®**

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## MGE releases annual Corporate Responsibility and Sustainability Report

Madison Gas and Electric (MGE) has published its annual Corporate Responsibility and Sustainability Report, detailing its environmental, social and governance (ESG) commitments and progress toward the company's sustainability goals. The report is a comprehensive overview of the company's activities and performance in fulfilling its role as a critical services provider, environmental steward, and community resource and partner.

"MGE was one of the first utilities nationwide to set a goal of net-zero carbon electricity by 2050, and we continue to work toward our goal of reducing carbon at least 80% by the end of this decade," said Chairman, President and CEO Jeff Keebler. "We're working aggressively toward these goals while ensuring that we continue to provide safe and reliable service and that all of our customers enjoy the economic and environmental benefits of our clean energy transition. That is part of our fundamental commitment to serve our customers as your community energy company."

### Report highlights

The report and our online ESG Data Center feature information about MGE's corporate strategy and climate-related matters, safety and operations, customer and employee engagement, risk management, and governance and oversight. Highlights include:

- MGE's strategies to achieve deep decarbonization, including the company's plans to eliminate coal-fired generation from its portfolio by the end of 2035. By the end of 2030, MGE expects coal to be used only as a backup fuel at the Elm Road Generating Station, which plans to transition to natural gas. MGE is a minority owner of the Elm Road power plant.
- An estimated \$700 million in clean energy projects announced since 2015. These projects are expected to increase MGE's owned renewable capacity by more than nine times when completed.
- The company's Statement on Human Rights adopted in 2022 by the Board of Directors.

- Industry leadership. MGE continues to be top-ranked for electric reliability, placing first in the two main industry reliability metrics, according to results from an annual industry survey. MGE crews also continue to earn high marks when notified of a potential natural gas emergency with MGE's total response time ranking in the top 11% of a nationwide industry survey, based on 2021 data.
- MGE's Occupational Health and Safety Policy, which recognizes the risks inherent to occupational health and safety and embraces safe work practices and environments as fundamental values.
- The company's charitable giving. In the last five years, the company's philanthropic arm, the MGE Foundation, has given more than \$7.3 million to more than 400 nonprofits.

MGE is committed to helping investors, customers and other stakeholders better understand the company's goals, long-term strategies and progress toward its goals.

### CDP (Carbon Disclosure Project)

To advance transparency and disclosure in company operations and governance, MGE submits data to the global environmental impact disclosure platform CDP.

### Edison Electric Institute (EEI)

MGE also continues to participate in EEI's ESG and sustainability reporting templates. EEI, which represents all U.S. investor-owned electric companies, developed the voluntary, industry-specific templates to provide more uniform and consistent reporting of data and information from the electric sector.

MGE's report and CDP and EEI disclosure information are available at [mgeenergy.com](https://mgeenergy.com).

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### New newsletter schedule coming in 2023

MGE Energy has some exciting changes coming in the new year. The company is transitioning to a biannual schedule for its investor newsletters. Shareholders will receive a newsletter in spring and fall. Shareholders are encouraged to stay informed by visiting [mgeenergy.com](https://mgeenergy.com) regularly for the latest news and information from your community energy company.

## MGE Energy reports third-quarter earnings

In early November, MGE Energy reported GAAP (Generally Accepted Accounting Principles) earnings for the third quarter of 2022 were \$33.7 million, or \$0.93 cents per share, compared to \$34.9 million, or \$0.97 cents per share, for the same period in 2021.

Timing of 2021 depreciation and other operations and maintenance costs contributed to higher electric earnings in 2021. Significant capital projects were placed in service near the end of 2021, which triggered additional depreciation and operations and maintenance costs after completion. MGE's new customer information system launched in September 2021 and the first phase of the Badger Hollow Solar Farm was completed in November 2021. The second phase of Badger Hollow is expected to be completed in the first half of 2023.

In the third quarter of 2022, earnings from our investment in ATC decreased \$0.7 million, driven by an estimated possible loss from filed complaints regarding MISO transmission owners' authorized return on equity. Gas net income in the third quarter of 2022 remained relatively flat compared to the third quarter of 2021.

## MGE's EV managed charging pilots approved

State regulators have given preliminary approval to three electric vehicle (EV) managed charging pilots for home, fleet, workplace and apartment charging.

In Madison, renters make up more than 50% of the population. Eighty percent or more of charging happens at home, and the workplace is the second most common place to charge. The new pilots will allow MGE to own and maintain Level 2 charging stations at office and apartment buildings and at businesses with fleet vehicles to enable MGE to view and manage charging remotely. Customers will pay a monthly charge to cover station costs, network fees, maintenance and cord management.

The approved charging pilots allow MGE to evaluate load management strategies, such as shifting charging to lower cost periods and staggering start times to avoid rebound peaks. The pilots will help ensure EV charging benefits all customers by reducing the need for electric system upgrades and new generation facilities over time, thereby helping to manage long-term costs.

## MGE named Green Master for ninth time

MGE has attained the highest level of the Wisconsin Sustainable Business Council's (WSBC) Green Masters Program for the ninth consecutive year.

The WSBC's statewide sustainability program evaluates participating companies on their sustainable actions in nine primary areas: energy, climate change, water, waste, transportation, supply chain, community outreach, workforce and governance. Based on this voluntary evaluation, companies are placed in one of three categories, with the top 20% awarded the Green Master designation.

MGE is one of 21 companies that met the requirements for Green Master certification in 2022. More than 100 Wisconsin businesses currently participate in the objective, points-based program. MGE was the first utility to be recognized as a Green Master in 2014.

## Sustainability commitment

Our employee-led Sustainability Steering Team serves to help ensure the company takes a global and proactive approach to sustainability. The team helps direct new and ongoing activities supporting sustainability initiatives and benchmarking. Participating in the Green Masters Program provides MGE with an annual assessment that helps to keep the company focused on continuous improvement.

## Tax information

Investors directly registered with MGE Energy: If you received MGE Energy dividends during 2022, the 1099-DIV tax information will be mailed with your December dividend payment notification. It also will be available to print at [computershare.com](http://computershare.com).

For tax information regarding your sale of MGE Energy shares, the required tax information will be mailed on or before Feb. 15, 2023.

Investors owning shares through a brokerage firm: Your broker will provide the necessary tax forms. Please contact your broker if you have any questions.

## Lobbying efforts

We monitor federal, state and local legislation and regulations. Learn more at [mgeenergy.com/lobbying](http://mgeenergy.com/lobbying).