

MGE 100% Renewable Energy Report Resolution

RESOLVED: MGE shareholders request MGE prepare a public report no later than October 1, 2020, describing how they can provide a secure, low cost energy future for their customers and shareholders by eliminating coal and moving to 100% renewable energy by 2050 or sooner. The report should be produced at reasonable cost and omit proprietary information.

SUPPORTING STATEMENT:

To limit global warming to 1.5 degrees Celsius rise as per the dire warnings of the 2018 IPCC Report, the U.N. estimates CO2 emissions will need to decrease 45% from 2010 levels by 2030, and to net zero by 2050 – far more than MGE’s current plans account for.

Coal and other fossil fuels are on the way out as clean energy is increasingly competitive:

- Madison and Middleton, the first and third largest communities in MGE’s service territory, have passed resolutions to move to 100% renewable energy. Two others are working on resolutions.
- Climate change is driving low carbon energy alternatives, like energy efficiency and renewable energy, which now effectively out-competes coal in many electricity markets.
- Customers are demanding clean energy. As of June, 2018, over 150 major companies, including Apple, GM, and Walmart, have committed to 100% renewable energy, adding pressure on utilities to provide renewable energy or risk losing customers.
- MGE’s Saratoga wind farm in Iowa will produce energy at prices competitive with its Columbia coal power plant.
- Solar panel costs dropped over 86% since 2010, and wind dropped 66% in the last 8 years, with both projected to continue to drop. Both will likely be cheaper than natural gas everywhere by 2030, even without subsidies, and will become increasingly viable as energy storage costs drop.
- The energy efficiencies of both wind turbines and solar panels continue to improve, allowing them to be economically viable in locations previously thought unsuitable.

MGE’s part ownership in the Columbia and Elm Road coal plants commits MGE to nearly 63% of their power capacity coming from coal, creating a financial risk for the Company. Despite the poor financial outlook for coal-based electricity, competitive renewable energy costs and many utilities significantly reducing coal use, MGE reports a 10% increased use of coal from about 910,000 tons in 2014 to over 1,000,000 tons in 2017, which adds to both financial risks and the risks of climate change.

Many utilities have reported major losses from their reliance on coal. Bloomberg New Energy Finance released a study showing that half of U.S. coal plants are not making enough money to be cost effective in a free market. The bottom line is that coal plants are becoming too expensive to run.

In 2018, the World Bank withdrew support from their last coal power project, and supports banks that likewise are divesting from coal. In 2017, due to concerns of reliance on fossil fuels, shareholders of Exxon Mobil and Occidental Petroleum passed resolutions asking their companies to report climate change’s impacts on their operations. MGE should likewise prepare for a clean energy future.