

MGE Energy, Inc. Public Report on the Impacts of Acquiring 50 MW of Electrical Production from the Riverside Natural Gas Plant

Resolved:

Shareholders request that MGE Energy, Inc. publish a public report within 6 months of the 2019 annual meeting disclosing its strategy regarding their option to acquire 50MW of the 700MW Riverside natural gas plant (Beloit, WI) as it relates to greenhouse gas emission reduction goals, overall environmental policy, and shareholder value.

Whereas:

The intention of the publication of this report is to ensure the long-term viability of MGE Energy, Inc. in a changing world energy economy. MGE needs to supply information that would allow investors to assess the risks that acquiring 50MW interest in a natural gas plant may pose to shareholder value and environmental policy goals. The need for energy production companies to provide disclosure on the resilience of their energy production portfolios in the transition to a low carbon economy is real.

As part of the 2015 Paris Agreement on climate change, the Intergovernmental Panel on Climate Change (IPCC, a consortium of scientists from 40 nations), was engaged to prepare a report highlighting climate change impacts that could be avoided by limiting global warming to 1.5°C compared to 2°C. The IPCC October 2018 report contains startling conclusions. For example, the likelihood of an Arctic Ocean free of sea ice in summer would be once per century with global warming of 1.5°C, compared with at least once per decade with 2°C. Coral reefs would decline by 70-90 percent with global warming of 1.5°C, whereas virtually all (> 99 percent) would be lost with 2°C.

The IPCC report states that limiting global warming to 1.5°C would require "rapid and far-reaching" transitions in land, energy, industry, buildings, transport, and cities. Global net human-caused emissions of carbon dioxide (CO₂) would need to fall by about 45 percent from 2010 levels by 2030, reaching 'net zero' around 2050.

MGE Energy's commitment to environmental stewardship includes seeking non-CO₂ producing options when considering sources of supply. MGE Energy's current goals to achieve a CO₂ reduction of 40% by 2030 and 80% by 2050 are not consistent with the 1.5°C scenario.

The acquisition of the 50 MW from the Riverside plant depends on the use of natural gas (methane) as a temporary fuel in meeting the target 2050 CO₂ emission goals. In addition to the CO₂ emitted when it is burned, methane is leaked during production, processing, storage, and distribution. These methane emissions have not been regulated, measured, monitored, mitigated, or disclosed. The IPCC estimates that methane has 25 times the impact of CO₂ over 100 years and 72 times the impact over 20 years on temperature.

Methane emissions from natural gas pose a risk to MGE Energy's emission reduction goals, environmental policy, shareholders' investments and the company's social license to operate.