

## **Business Plan for 2C Warming Scenario 2018 – WEC Energy Group Inc.**

**WHEREAS:** In November 2016 the Paris Agreement entered into force and its goal of keeping global temperature rise well below 2 degrees Celsius will begin to shape national policy decisions. To meet this goal the International Energy Agency estimates that the global average carbon intensity of electricity production will need to drop by 90 percent. As long-term shareholders, we would like to understand how WEC Energy Group, Inc. is planning for the risks and opportunities presented by global efforts to keep global temperatures within acceptable boundaries.

In June 2016, the credit rating agency Moody's indicated that they would begin to analyze carbon transition risk based on scenarios consistent with the Paris Agreement, and noted the high carbon risk exposure of the power sector.

In June 2017, The Financial Stability Board's Task Force on Climate-related Financial Disclosures recommended the use of scenario analysis and disclosure of climate-related risks and opportunities.

Rapid expansion of low carbon technologies including distributed solar, storage, energy efficiency and electric vehicles provide both challenges for utilities and opportunities for growth. Many large corporations are increasing their commitments to renewable energy, providing a significant market opportunity for electric utilities. The International Energy Agency and the International Council on Clean Transportation forecast that electrification of transport will play a critical role in achieving the necessary greenhouse gas reductions by 2050.

WEC Energy Group is the 22nd largest energy utility in the U.S., but the 13th largest emitter of CO<sub>2</sub> by intensity. WEC has a GHG reduction goal, but does not provide sufficient information on its long-term strategy or plan to decarbonize in ways that are consistent with a 2 degree scenario. As investors, we are concerned that WEC is not properly accounting for the risk of its current high reliance on carbon-intensive generation.

A 2 degree scenario analysis of our company's current generation and future plans will generate a more complete picture of current and future risks and opportunities than business as usual planning. By assessing the impact of a 2 degree scenario on the company's full portfolio of power generation assets and planned capital expenditures through 2040, including the financial risks associated with such scenarios, the company can better plan for future regulatory, technological and market changes.

**RESOLVED:** Shareholders request that WEC Energy Group, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long term impacts on the company's portfolio, of public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels.

**Supporting Statement:** This report could include:

- How WEC Energy Group could adjust its capital expenditure plans to align with a two degree scenario; and

- Plans to integrate technological, regulatory and business model innovations such as electric vehicle infrastructure, distributed energy sources (storage and generation), demand response, smart grid technologies, and customer energy efficiency as well as corresponding revenue models and rate designs.