

Whereas: Energy utilities play a critical role in achieving the Paris Agreement’s goal of limiting global warming to 1.5 degrees Celsius, requiring net zero greenhouse gas (GHG) emissions by 2050. Utilities provide energy to some of the most GHG-intensive economic sectors. By reducing their own GHG emissions utilities can enable decarbonization across other industries.

Natural gas, a fossil fuel, produces 40 percent of the nation’s power.¹ Burning natural gas for heat in buildings accounts for approximately 11 percent of national GHG emissions.²

Currently, many utilities’ climate strategies rely on natural gas instead of coal due to lower combustion emissions. Such strategies often ignore Scope 3 emissions from upstream leakage, venting, and flaring in the production of natural gas and the downstream emissions from customers’ combustion of natural gas.

DTE Energy’s net zero target does not include Scope 3 upstream production emissions from natural gas used in its power generation or downstream customer use emissions. In 2020, downstream customer use emissions accounted for approximately 25 percent of DTE’s total disclosed emissions. Publicly available data indicates upstream emissions for natural gas are likely significant, adding between 16-65 percent of natural gas combustion carbon dioxide emissions.³ When DTE’s purchased electricity, another Scope 3 category, is included, the amount of emissions not covered in DTE’s current target increase to approximately 43 percent.⁴ Finally, research has found that the Environmental Protection Agency’s inventory for natural gas, on which many utilities rely for calculating their methane emissions, is potentially underestimating supply chain methane emissions by 60 percent.⁵

By failing to acknowledge nearly half of the GHG emissions associated with its business, DTE cannot be considered on a path to achieving net zero emissions. Failure to account for substantial Scope 3 emissions creates the potential for reputational risk associated with greenwashing. This flawed methodology also prevents investors from accurately comparing DTE’s company risk and climate contributions against other utilities’.

The CA100+ Benchmark, supported by \$60 trillion in assets, is clear that companies’ net zero targets should “cover[] the most relevant scope 3 GHG emissions.”⁶ The Science-Based Targets initiative (SBTi) similarly states that if a company’s relevant Scope 3 emissions are over 40 percent of total emissions, or if companies sell natural gas, those emissions must be included in its targets.⁷

Peer utilities are starting to appropriately account for their Scope 3 emissions. PSEG has committed to set a net zero target through the SBTi.⁸ Sempra has set net zero targets that cover full Scope 3 value chain emissions.⁹ Xcel’s net zero target covers customer emissions.¹⁰

¹ <https://www.eia.gov/energyexplained/electricity/electricity-in-the-us.php>

² <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

³ <https://iopscience.iop.org/article/10.1088/1748-9326/abef33>

⁴ <https://geg2a4cggdz35lnem46az2tb-wpengine.netdna-ssl.com/wp-content/uploads/DTE-2021-CDP-Climate-Change.pdf>, p.43

⁵ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6223263/>

⁶ <https://www.climateaction100.org/wp-content/uploads/2021/03/Climate-Action-100-Benchmark-Indicators-FINAL-3.12.pdf>

⁷ <https://sciencebasedtargets.org/resources/legacy/2020/06/SBTi-Power-Sector-15C-guide-FINAL.pdf>, p.10

⁸ <https://nj.pseg.com/NewsRoom/NewsRelease254>

⁹ https://www.sempra.com/sites/default/files/content/files/node-report/2020/SempraEnergy_2020_Corporate-Sustainability-Report.pdf

¹⁰ <https://co.my.xcelenergy.com/s/about/newsroom/press-release/xcel-energy-commits-to-net-zero-carbon-goal-by-2050-20Y2R000000blqhUAA>

Resolved: Shareholders request DTE revise its net zero by 2050 target, and interim targets, to integrate its full Scope 3 value chain emissions consistent with guidelines such as the CA100+ and SBTi, or publish an explanation of why the Company does not include these emissions.