

# Investor Meetings

## Kohler Midwest Conference

CMS ENERGY

**2023** MSCI ESG Leaders  
Indexes Constituent

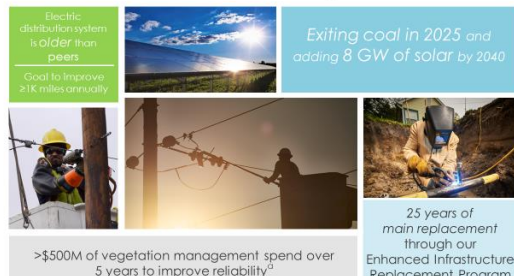
### Investment Thesis . . .



Presentation endnotes are included after the appendix.

. . . is simple, clean and lean. 1

### Infrastructure Renewal is Necessary . . .



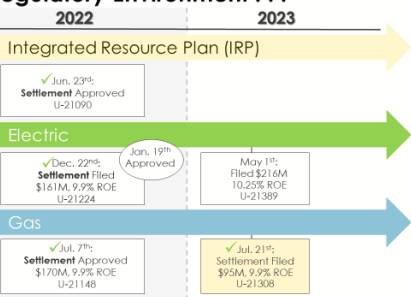
Presentation endnotes are included after the appendix.

. . . to maintain resiliency and reliability and requires significant customer investment. 2

### Michigan's Strong Regulatory Environment . . .

#### Supportive Energy Law

- Timely recovery of investments
  - ✓ Forward-looking test years
  - ✓ 10-month rate cases
  - ✓ Earn authorized ROEs
  - ✓ Monthly fuel adjustment trackers (PSCR/GCR)
- Supportive incentives
  - ✓ Constructive ROEs
  - ✓ 10.7% ROE for Renewable Portfolio Standard
  - ✓ Energy efficiency incentive (>\$50M/yr)
  - ✓ FCM adder on PPAs
- Appointed Commissioners



. . . ensures forward-looking visibility. 3

### De-risking Inflationary Pressures . . .

#### Near-term Risk Mitigation

Global Risks	Countermeasures
Labor	<ul style="list-style-type: none"> <li>✓ Executed 5-yr union contracts in 2020 (&gt;40% unionized)</li> <li>✓ ~93% non-union retention rate<sup>a</sup></li> </ul>
Materials	<ul style="list-style-type: none"> <li>✓ Manageable supply chain risk</li> <li>✓ ~90% of material costs capitalized</li> <li>✓ Modular solar build-out</li> </ul>
Commodities	<ul style="list-style-type: none"> <li>✓ Owned generation hedges market volatility</li> <li>✓ Manageable power supply costs</li> <li>✓ Leverage gas storage assets</li> </ul>

#### Episodic Cost Savings

Year	Event	Savings
2022	Palisades retirement	>\$90M
2023	Karn 1&2 coal unit retirements <sup>b</sup>	\$30M
2025	MCV contract change	>\$60M
2025	Campbell coal unit retirements <sup>b</sup>	>\$60M
		<b>&gt;\$200M identified future cost savings</b>

~\$150M in **CE WAY** savings since 2020

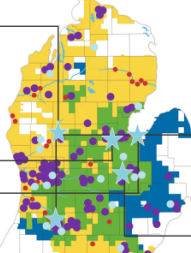
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. . . with opportunities for near- and long-term customer savings. 4

### Expansive Economic Development Efforts . . .

■ Electric ■ Gas ■ Combined  
● 2022 New Load ● 2023 New Load

- Gotion**  
Global EV Battery Manufacturer  
~\$2.400M investment  
>2,000 jobs
- Hemlock Semiconductor**  
Leading Provider of Polysilicon  
~\$375M investment  
~170 jobs
- SK Siltron CSS**  
Leading Edge Silicon Carbide Materials and Products  
~\$300M investment  
~150 jobs



Attracted  
**>1,150 MW**  
of new or expanding load  
since 2015<sup>a</sup>

**FlavorSum**  
Fastest-Growing North American Flavor Company  
~\$10M investment  
>50 jobs

**ABB Robotics & Sonoco Protective Solutions**  
>\$30M investment  
~150 jobs

Presentation endnotes are included after the appendix. <sup>a</sup>Electric generation and battery storage facilities

. . . drive growth across Michigan. 5

### Credit Metrics Maintained . . .

Consumers Energy	S&P	Moody's	Fitch
Senior Secured	A	A1	A+
Commercial Paper	A-2	P-2	F-2
Outlook	Stable	Stable	Stable
<b>CMS Energy</b>			
Senior Unsecured	BBB	Baa2	BBB
Junior Subordinated	BBB-	Baa3	BB+
Outlook	Stable	Stable	Stable
Last Review			
	✓ Oct. 2022	✓ May 2023	✓ Jan. 2023

#### Ratings Drivers

- Strong financial position
- Growing operating cash flow
- Constructive return on regulated investment
- Supportive regulatory environment
- Lower business risk

. . . at solid investment-grade levels. 6

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### Executing on the Clean Energy Transformation . . .

#### Net Zero Targets



**2030**  
Net zero methane emissions for our gas delivery system



**2040**  
Net zero carbon emissions for our electric business (includes PPAs and market purchases)



**2050**  
Net zero GHG emissions for our entire business

#### Proof Points

##### Today

- Retired Kam 1 & 2 coal units, 515 MW
- Acquired existing ~1.2 GW CCGT
- Adding 341 MW to VGP<sup>®</sup> Program
- Approved for ~\$11M in low-carbon energy infrastructure grants for RNG facilities
- Heartland wind COD 2023, 201 MW

##### 2025

- Retire Campbell 1-3 coal units (exit coal)
- ~60% carbon emissions reduction<sup>5</sup>

##### Future

- 8 GW of solar and 2.5 GW of demand-side resources
- Accelerate vintage main and service replacements
- Renewable natural gas (RNG) and hydrogen fuel mix opportunities



Presentation endnotes are included after the appendix.

. . . by exiting coal and advancing our net zero targets. 7

### Our Commitment to Sustainability . . .



Received U.S. Environmental Protection Agency 2023 Energy Star® Partner of the Year Sustained Excellence Award.

#### 2023 MSCI ESG Leaders Indexes Constituent

MSCI ESG RATINGS **AA**

CCC B BB B+ A AA AAA

**DOUBLE A RATED**

GRESB Public Disclosure Level

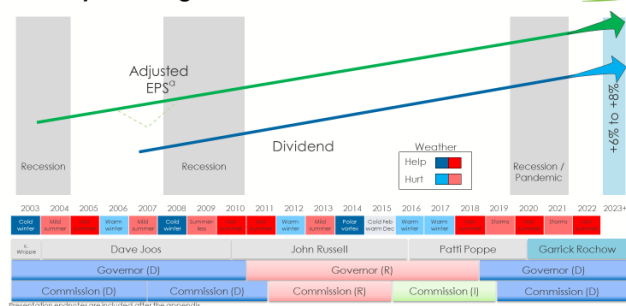
Global Average: 88

Comparison Group Average: 88

E D C B A

. . . continues to be recognized globally. 8

### Industry-Leading Financial Performance . . .



Presentation endnotes are included after the appendix.

. . . for two decades, regardless of conditions. 9

### Presentation Endnotes

Slide 1: "FERA state regulatory energy rankings, May 2023. Regulatory Research Associates, a group within S&P Global Commodity Insights

Slide 2: "2023-2027

Slide 4: "Consumers Energy, non-union employees, average 5-yr retention rate. "Adjusted O&M savings, excludes potential savings

Slide 5: "New or expanding load since 2015 as of December 31, 2022

Slide 7: "Voluntary Green Pricing "Net zero carbon emissions for our electric business (includes PPAs and MISO market purchases) from 2003 baseline

Slide 9: "Excludes discontinued operations

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