

Kohler Midwest Conference

Leading the Clean Energy Transformation

CMS ENERGY

August 19, 2021



A Simple Investment Thesis . . .



Industry-leading clean energy commitment
Net Zero Carbon (2040) & Net Zero Methane (2030)^a

Excellence through the **CE WAY**

Top-tier regulatory jurisdiction^b

Premium total shareholder return
6% to 8% adjusted EPS growth + ~3% dividend yield

Presentation endnotes are included at the end of the presentation.

. . . becoming simpler, cleaner and leaner. 1

2021 Integrated Resource Plan . . .

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Key Outcomes

- Retires ALL coal by 2025**
(depreciated over design life)
- Adds >\$1 Bn of rate base over next 5 years**
(>95% utility earnings by 2025)
- Accelerates decarbonization**
(~60% carbon emissions reduction by 2025^a)
- Increases renewable resource deployment**
(~8 GW of solar by 2040)
- Ensures reliability, resilience and affordability**
(~\$450 MM in customer savings^b)



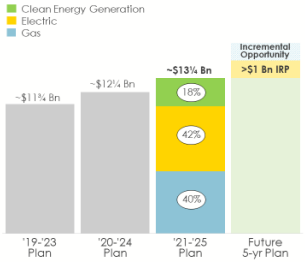
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. . . provides proof points to our investment thesis. 2

Investing in the Clean Energy Transformation . . .

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Growing Customer Investment Plan



IRP Opportunity

- Covert (2023)
 - DIG & Peakers (2025)
- Amount: >\$1 Bn

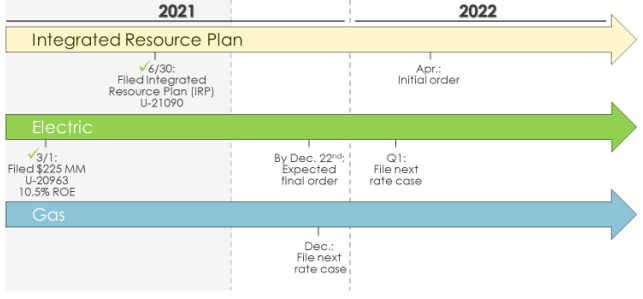
10-yr Opportunity

- Electric distribution reliability
 - Grid modernization
 - Gas distribution and safety
 - Clean energy generation
- Amount: \$3-\$4 Bn

. . . enhances reliability, resilience and affordability. 3

Michigan's Strong Regulatory Construct . . .

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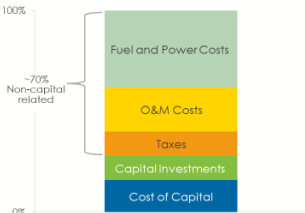


. . . ensures forward-looking visibility. 4

Our Entire Cost Structure . . .

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Cost Components



Estimated Cost Savings

Year	Event	Savings
2022	Palisades retirement	\$90 MM
2023	Karn 1 & 2 coal unit retirements (adj. O&M savings ^b)	\$30 MM
2025	MCV contract change	>\$60 MM
2025	Campbell coal unit retirements (adj. O&M savings ^b)	>\$60 MM

>\$200 MM identified future cost savings

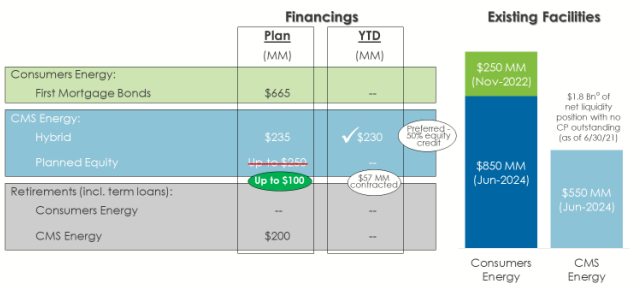
CE residential utility bill as % of wallet at ~3%^a
(down 100 bps from 2007 while investing ~\$1.9 Bn)

PLUS **CE WAY** PRODUCTIVITY

. . . offers cost reduction opportunities to maintain customer affordability. 5

2021 Financing Plan on Track . . .

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. . . with significant financial flexibility. 6

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Proposed IRP Actions . . .

Key Objectives

- Accelerates Decarbonization
- Ensures Reliability, Resilience & Affordability
- Increases Renewables & Customer Programs
- Maintains Strong Balance Sheet

Current Plan	2021 IRP
Exit coal by 2040	Exit coal by 2025
Retire Karn 3&4 (oil) Campbell 1&2 / Campbell 3	2031 2031/2039
No new dispatchable units	Purchase >2 GW of existing gas units
~6 GW of solar 1.1 GW EE	~8 GW of solar 1.1 GW EE
Securitization of retired units	Regulatory asset treatment for retired units

~140% carbon emissions reduction by 2025^a
~\$650 MM in customer savings^a

. . . align with objectives.

Accelerates Decarbonization . . .

Coal Retirements

Asset	Capacity (GW)	Carbon Emission Reduction ^a
Legacy Coal	2.7	~(33)%
Classic 7	0.9	~(40)%
Karn 1&2	0.5	~(60)%
Campbell 1-3	1.3	(100)%

Additional decarb. efforts: CCS, H₂, Storage

Exit Coal

Net Zero By 2040

Key Benefits

- Reduces carbon emissions ~60%^a by 2025
- Exceeds scientific targets / policy goals
- Enhances commitment to net zero by 2040
- Reduces adjusted O&M by >\$90 MM^b
- Improves operational flexibility

. . . by exiting coal 15 years earlier than planned.

Ensures Reliability and Resilience . . .

Generates ~\$650 MM in customer savings^a

Acquiring Existing Gas Plants...

Key Benefits

- Adds >\$1 Bn of rate base
- Backfills capacity with existing gas plants
- Local, controllable generation in MISO Zone 7
- Competitively bid through third-party administered RFP
- No construction risk
- Meets reliability standards

	Covert	DIG & Peakers
Purchase Price (MM)	\$815 ^b	\$520 ^b
Capacity (GW)	1.2	~1
Acquisition Date	2023	2025
Current RTO	PJM ^c	MISO - Zone 7
COD	2004	1999/2001

Adds DIG and Peakers to rate base >95% utility earnings by 2025

. . . while maintaining affordability.

Increases Renewables & Customer Programs . . .

2018 IRP
Capex approved 50% PPA / 50% owned
Executing 1,100 MW (2022 - 2024)

2021 IRP
Filed for approval of first 3 years >50% owned
Proposing +1,200 MW (2025 - 2027)

Future IRP
Long-term alignment, approval in future IRP
Opportunity +1,500 MW (2028 - 2030)

Key Benefits

- Modular build-out; riding the cost-curve down
- Total of ~8 GW of solar by 2040
- >50% carbon free energy by 2031
- 90% clean energy resources by 2040
- Growing customer programs
 - ~1.1 GW EE
 - ~750 MW DR
 - >100 MW CVR
 - 475 MW battery

Earns incentives above authorized ROE

. . . achieving >50% carbon free energy by 2031.

Exceptional Governance . . .

Board of Directors with Diverse Backgrounds

By the Numbers

- 11 Members
- 36% Women
- 27% People of color
- 91% Independent

. . . led by an independent Chair and diverse Board.

ESG Commitment . . .

MSCI ESG RATINGS AA

DOUBLE A RATED

SUSTAINALYTICS
a Morningstar company
TOP QUARTILE FOR GLOBAL UTILITIES

#1 company in Michigan and Top 20 Best Employers for Women 2021 by Forbes® Magazine

#1 company utility for Best Employers for Diversity 2021 by Forbes® Magazine

Named a Top U.S. utility for economic development by Business Facilities and Site Selection magazines

Named Gold-Level Veteran Friendly Employer by the Michigan Veterans Affairs Agency (MVAA)

And Best for Vets 2020, Military Times

Awarded Diversity-focused Company Award, CORP! Magazine

80% DISABILITY EQUALITY INDEX

DEI BEST PLACE TO WORK FOR DISABILITY INCLUSION 2020

TOP UTILITY 2020

TOP UTILITY

>450 MW

2016 2017 2018 2019 2020 2021

. . . recognized nation wide.

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Presentation Endnotes

Slide 1: ^aMethane emissions from our natural gas delivery system and carbon emissions company-wide ^bUBS Research, 2021 state rankings and D.C.

Slide 2: ^aFrom 2005 baseline including utility-owned generation, PPAs and MISO purchases, post coal retirements ^b2021 IRP vs. current plan savings

Slide 5: ^a2019 Consumers Energy bill as % of Michigan household income, in current dollars. Source: Fred.stlouisfed.org, Bls.gov ^bExcludes potential fuel savings

Slide 6: ^aExcludes \$1,619 MM in available revolvers + \$153 MM of unrestricted cash - \$14 MM of cash at Aviator Wind and other

Slide 7: ^aFrom 2005 baseline including utility-owned generation, PPAs and MISO purchases, post coal retirements ^b2021 IRP vs. current plan savings

Slide 8: ^aFrom 2005 baseline including utility-owned generation, PPAs and MISO purchases, post coal retirements ^bIncluding Karn 1&2, Karn 3&4 and Campbell 1-3, excluding potential fuel savings

Slide 9: ^a2021 IRP vs. current plan savings ^bIncluding \$5 MM of transaction costs; excluding potential working capital and other adjustments ^cRequirement to transition to MISO per Purchase and Sale Agreement

Slide 12: ^aReflects new or expanding load since 2015

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