



your community energy company

MGE Lays Out Framework for Building Tomorrow's Community Energy Company

Madison, Wis., Nov. 18, 2015—Madison Gas and Electric (MGE) introduced today its framework for building tomorrow's community energy company. Energy 2030 advances the company's long-standing commitment to cleaner energy, innovative products and services, and customer engagement. The company's vision was informed by input from MGE's Community Energy Conversations, customer surveys, industry research, other collaborative partnerships and numerous stakeholder discussions.

"All of the different ways we've been gathering input have helped us better understand the evolving views of the customers and communities we serve. In framing a business plan for the future, no other utility in the country has engaged their customers this extensively," MGE Chairman, President and CEO Gary Wolter said.

"In response to what we've heard, Energy 2030 is an ambitious framework and builds upon the foundation of our Energy 2015 plan. We will need customer collaboration and support to achieve our vision. Working together, we can harness the power of new technologies to double our reductions in carbon emissions, significantly increase our renewable energy and reduce our collective energy usage—and costs—to create a better, more sustainable future for MGE and for our community," Wolter added.

Energy 2030 responds to the feedback we received and addresses the needs of our diverse customers and stakeholders. In building tomorrow's community energy company, MGE will:

- Transition toward supplying 30% of retail energy sales with renewable resources by 2030. As a milestone goal, we will supply 25% of retail energy sales with renewable resources by 2025.
- Work with customers to reduce our community's carbon dioxide emissions by 40% from 2005 levels by 2030.
- Increase engagement around energy efficiency and conservation to reduce our community's overall energy and peak electric use to reduce long-term costs for everyone.
- Create a more dynamic, integrated electric grid that supports and integrates new technology.
- Develop and test new products and services to offer customers more control over their energy use.
- Deepen our engagement with customers to chart our next steps and determine over time, as technologies evolve, how best to meet customer needs and accomplish our long-term goals.

The Energy 2030 framework also is consistent with the 25% renewable energy by 2025 goals of Madison, Middleton, Monona, Fitchburg and Dane County. We look forward to partnering with our customers to reach these goals.

MGE's original Community Energy Conversations, held more than 10 years ago, shaped the now complete Energy 2015 Plan, which resulted in MGE:

- Eliminating coal at its downtown power plant.
- Increasing energy from renewable resources by almost 12 times.
- Reducing carbon emissions by almost 20% since 2005.

In the coming months, MGE will further engage customers and discuss with stakeholders how to advance its Energy 2030 objectives as the company explores new ideas and ways to work together to meet our community's long-term goals. This engagement will be an ongoing effort as technology evolves and we learn together with our customers.

"MGE has a long history of partnering with customers to help us be leaders in our industry," Wolter said. "Customer support and participation are critical as MGE develops and tests new products and services."

In the future, we anticipate researching and testing innovative pricing and rate options. As we do, we will consider and balance the following factors:

- Encouraging energy efficiency and conservation.
- Encouraging reduced use during times of electric system peak to save long-term costs for all customers.
- Equitably covering the costs of the critical assets used to serve customers, including the costs to maintain and improve the energy grid for everyone who uses it.

Our approach for exploring any innovative new rate options will be to do research, testing and piloting of new options with customers on a voluntary basis to test customer acceptance and understand how well different options serve our objectives. We want to work through this process and will not be proposing an increase in fixed charges for residential and small business customers in our next rate case.

The company's business plans may evolve as customer preferences, technology, markets and regulatory requirements change with time. MGE looks forward to continued engagement, working with customers, stakeholders and others over time to figure out how to make our framework a reality while continuing to meet our fundamental obligation to serve customers and deliver critical service to this community. With strong customer participation and the continuing rapid development of technology, we hope to meet and, if possible, even exceed the goals set in Energy 2030.

To learn more, visit www.mge.com/Energy2030.

About MGE

MGE generates and distributes electricity to 143,000 customers in Dane County, Wis., and purchases and distributes natural gas to 149,000 customers in seven south-central and western Wisconsin counties. MGE's parent company is MGE Energy, Inc. (Nasdaq: MGEE). The company's roots in the Madison area date back more than 150 years.

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