



WHEREAS: The Intergovernmental Panel on Climate Change reports that immediate and significant emissions reductions are required to stave off the worst consequences of climate change.¹ Energy utilities play a critical role in achieving this path to net zero; nearly 13% of U.S. greenhouse gas emissions come from the direct use of natural gas for heating, cooling, and cooking.²

DTE, a leading energy company, sells natural gas to 1.3 million residential, commercial, and industrial customers. Emissions from the downstream use of natural gas account for 22% of DTE's total carbon footprint.³ Despite this materiality, DTE does not have a viable plan to mitigate these emissions.

Without an economically feasible climate transition plan, DTE faces significant regulatory and market risk. Nationwide, energy efficiency standards and gas bans are transforming the energy landscape. Over 100 municipalities in 12 states have implemented policies either encouraging or requiring building electrification.⁴ Moreover, technologies cited in DTE's current decarbonization plan, such as renewable natural gas and hydrogen, are not yet commercially feasible at the scale necessary for DTE to align with the global 1.5°C, net zero goal.⁵

By contrast, electrification provides a cost-competitive pathway to net zero for DTE. Bolstered by regulations such as the Inflation Reduction Act, heat pump sales have outpaced gas furnaces for the first time, and, in 2022, more homes used electricity for heating than natural gas.⁶ In addition to viability, electrification provides a compelling growth opportunity for DTE's electric utility.

Peer utilities are heeding market signals and capitalizing on the decarbonization potential in electrification. For example, Southern California Edison has developed a building electrification strategy allocating \$677 million for the installation of 250,000

¹ https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_FullVolume.pdf p.20

² <https://www.rff.org/publications/explainers/federal-climate-policy-106-the-buildings-sector/>

³ <https://dteempowermi.wpenginepowered.com/wp-content/uploads/2022SustainabilityReport.pdf> p.57

⁴ <https://buildingdecarb.org/zeb-ordinances>

⁵ <https://www.ceres.org/sites/default/files/reports/2023-09/Decarbonizing%20U.S.%20Gas%20Distribution%20An%20Investor%20Guide.pdf> p.4

⁶ https://buildingdecarb.org/wp-content/uploads/BDC-Innovation-Acceleration-report_2.15.pdf p.10



electric heat pumps;⁷ in Illinois, ComEd is investing \$40 million to transition home fossil appliances to electric.⁸

By creating a viable, economically feasible 1.5°C climate transition plan for its natural gas utility, DTE can solidify its climate leadership, mitigate its climate-related risks, and capitalize on the value-creating opportunity of the net zero economy.

BE IT RESOLVED: Shareholders request DTE produce a climate transition plan, inclusive of downstream emissions from its natural gas utility, that aligns the company with the Paris Agreement's 1.5°C goal requiring Net Zero emissions by 2050.

SUPPORTING STATEMENT: Proponents suggest, at management discretion, the transition plan include:

- A summary of decarbonization actions that are economically feasible in the near-term;
- An assessment of revenue generating opportunities for expanding DTE's electrification services; and
- A timeline for setting 1.5°C-aligned interim and long-term targets inclusive of DTE's full value chain emissions.

⁷ <https://download.edison.com/406/files/20237/eix-2022-sustainability-report.pdf?Signature=6XiYVHWCJrQNF%2B6mwKQaMKTvhj4%3D&Expires=1700767041&AWSAccessKeyId=AKIAJX7XEOOELCYGIVDQ&versionId=ExvCtypZUkNj6hBZAix0FV9zbbUdnrf&response-content-disposition=attachment> p.21

⁸ <https://poweringlives.comed.com/more-than-50-homes-go-all-electric-with-the-help-of-comed/>