

**UPDATED MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF MADISON AND MGE REGARDING A FRAMEWORK FOR
COLLABORATION ON SHARED ENERGY GOALS**

This Updated Memorandum of Understanding (the “Update”), by and between the City of Madison (the “City”) and Madison Gas and Electric Company (“MGE”) (the City and MGE, together, are the “Parties”), for the purpose of establishing a framework for ongoing collaboration on shared energy and carbon reduction goals, is effective as of the date by which both Parties have signed hereunder.

BACKGROUND

WHEREAS, the City adopted (i) an Energy Work Plan on April 11, 2016 that is intended to support the promotion of renewable energy, energy efficiency, social equity, job creation, and economic development for the benefit of the City of Madison community; (ii) a Resolution on March 21, 2017 committing the City to achieve 100 percent renewable energy and net-zero carbon emissions; and (iii) recommendations from the 100% Renewable Madison report on March 19, 2019 to achieve 100% renewable energy and net zero carbon emissions for city operations by 2030 and community wide by 2050; and,

WHEREAS, MGE adopted the Energy 2030 Framework in November 2015, a framework intended to support a transition to a more environmentally sustainable energy supply, including greater use of renewable resources, reduced carbon emissions, increased energy efficiency and conservation; provide customers with more control around energy use; enable cost-effective grid modernization; and ensure availability of new energy technologies for MGE customers; and,

WHEREAS, MGE announced a goal to reduce carbon emissions from its electric generation 80% by 2030 and to achieve Net Zero carbon electricity by 2050 consistent with the Intergovernmental Panel on Climate Change October 2018 special report on limiting global warming to 1.5° Celsius; and,

WHEREAS, the City recognizes that it cannot achieve its energy and carbon goals without MGE’s support and MGE recognizes that its ability to achieve net zero carbon electricity by 2050 and the goals of its Energy 2030 Framework will be greatly enhanced by the City’s efforts to achieve its energy and carbon goals; and,

WHEREAS, the City and MGE executed a Memorandum of Understanding Regarding a Framework for Collaboration on Shared Energy Goals (“MOU”) on October 11, 2017, which MOU had an initial term of three years, but allowed for an additional three year term by mutual agreement of the Parties; and,

WHEREAS, through the MOU, the City and MGE have achieved substantial success during the first three years of the collaboration (a copy of a November 2021 progress report is attached); and,

WHEREAS, the City and MGE believe that continuing to work collaboratively on certain common goals, objectives and areas of mutual interest related to energy and carbon reduction will benefit both Parties; and,

WHEREAS, the City and MGE have been in discussions about the MOU and the collaboration framework, and mutually agree to extend the MOU for an additional three-year term, and revise the collaboration framework, as set forth in this Update.

NOW, THEREFORE, the City and MGE hereby agree as follows:

COLLABORATION AGREEMENT

1. The Parties mutually agree to renew the MOU by this Update for an additional three-years. The terms of this Update shall replace those set forth in the MOU.
2. The City and MGE agree to support common elements and shared goals of the City's Energy Work Plan and 100% Renewable Madison Report as well as MGE's net zero electricity by 2050 goals and Energy 2030 Framework. The Parties acknowledge that there may be specific areas where common, mutual objectives are not identifiable or are otherwise not feasible.
3. The City and MGE have identified certain areas of common interest with high potential for constructive collaboration and the Parties have set forth these areas of common interest in a document entitled MGE and City of Madison Energy Collaboration Framework, September 2022 (the "Energy Collaboration Framework, September 2022" or "Collaboration Framework"), incorporated herein as Attachment 1. The focus of the projects will include:
 - a. Expand Use of Renewables and Other Low-Carbon Technologies
 - b. Expand Use of Electric Vehicles and Building Electrification Strategies
 - c. Explore Options for Increasing Resilience
 - d. Promote Energy Efficiency and Carbon Reduction Strategies
 - e. Advance Social Equity and Economic Development
 - f. Continue Work on Ongoing Collaborative Projects

The Parties acknowledge that the Collaboration Framework is a working document, subject to ongoing modification, consistent with the City's and MGE's mutual objectives and available resources.

4. City staff and representatives of MGE will meet regularly to discuss the implementation of the goals set forth in this Update. Other persons may be invited to assist in these meetings. The purpose of the meetings will be to prioritize the focus areas identified in the Collaboration Framework and gather information, identify projects and develop strategies for jointly implementing projects identified in the Collaboration Framework.

The Parties acknowledge that in some instances approved projects may become subject to separate agreements authorized and executed outside the framework of this Update.

5. City staff shall present a progress report to the Common Council in December 2022 and annually thereafter. The report shall include a written summary of project plans, milestones, achievements and any new areas of collaboration. In addition, periodic updates regarding projects and initiatives being developed in accordance with this Update shall be provided to the Sustainable Madison Committee. The Parties may create other opportunities to share information and gather input from the community.
6. The City and MGE acknowledge that MGE is a public utility company, subject to Public Service Commission (the "Commission") oversight under Chapter 196 of the Wisconsin Statutes. The Parties acknowledge that in carrying out this Update, there may be Commission or other regulatory approvals that become necessary; and therefore, certain of MGE's commitments in carrying out projects and initiatives developed in accordance with this Update will be contingent on Commission or other required regulatory approvals. The City agrees to support positions before the Commission or other regulatory bodies that are, in the City's judgment, consistent with the cooperative intent of this Update. Similarly, it is understood that, in carrying out projects and initiatives developed in accordance with this Update, the City may be required to obtain committee or council approvals. MGE agrees to support positions before such bodies that are, in MGE's judgment, consistent with the cooperative intent of this Update.
7. The City and MGE acknowledge that, unless specifically agreed to otherwise, each Party will be responsible for carrying out its own obligations and bearing its own costs incurred in carrying out and supporting activities relating to this Update.
8. Except as stated in Section 1, nothing in this Update shall invalidate or otherwise supersede any agreements or other legal obligations of either Party.
9. This Update may not be amended except upon written agreement by the Parties.
10. This Update shall take effect as of the Effective Date designated above and remain in effect for three years (Second Term). The Update shall inure to the benefit of the Parties and their respective successors and assigns unless otherwise agreed to in writing by the Parties. Prior to the end of the Second Term, the MOU may be terminated by either Party upon provision of reasonable notice.
11. Counterparts; Electronic Delivery. This Update and any document executed in connection herewith may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute the same document. Signatures on this Update may be exchanged between the Parties by facsimile, electronic scanned copy (.pdf) or similar technology and shall be as valid as original; and this Update may be converted into electronic format and signed or given effect with one or more electronic signature(s) if the electronic signature(s) meets all requirements of Wis. Stat. ch. 137 or other applicable Wisconsin or Federal law. Executed copies or counterparts

of this Update may be delivered by facsimile or email and upon receipt will be deemed original and binding upon the Parties hereto, whether or not a hard copy is also delivered. Copies of this Update, fully executed, shall be as valid as an original.

CITY OF MADISON



Satya Rhodes-Conway, Mayor

09/29/22

Date

Execution of this Agreement by the City of Madison is authorized by Resolution Enactment No. RES-17-00761, ID No. 47645, adopted by the Common Council of the City of Madison on September 19, 2017.

MADISON GAS AND ELECTRIC COMPANY



Jeffrey M. Keebler
Chairman, President and CEO

September 12, 2022

Date

ATTACHMENT 1

MGE AND CITY OF MADISON ENERGY COLLABORATION FRAMEWORK, SEPTEMBER 2022¹ (Updated 8/22/2022)

A. **Expand Use of Renewables and Other Low-Carbon Technologies**

Possible ideas include, as examples:

- Develop ways to collaboratively grow and increase participation of residential and commercial partners in MGE renewable energy programs, including but not limited to the Renewable Energy Rider and Shared Solar programs.
- Explore potential pilot or demonstration projects for low-carbon technologies, such as geothermal, air source heat pumps, and others.
- Investigate opportunities for programs and pilots aimed at community-wide decarbonization.
- Collaboratively support utility-scale renewable energy, such as solar and wind farms, and battery storage projects.

B. **Expand Use of Electric Vehicles and Building Electrification Strategies**

Possible ideas include, as examples:

- Explore opportunities to increase participation of the City and residential and commercial partners in MGE's electric vehicle charging programs and initiatives.
- Collaboratively plan for the electrification of City fleets, including Madison Metro Transit busses serving regular routes and the new Bus Rapid Transit system.
- Examine City programs and practices that could support use of EVs by fleets and personal vehicle owners.
- Explore opportunities for beneficial electrification of City-owned buildings. Beneficial electrification, also called hybrid electrification, recognizes that a combination of electric technologies with a back-up heat source may be required to ensure resilience and cost effectiveness in Madison's climate.

C. **Explore Options for Increasing Resilience**

Possible ideas include, as examples:

- Explore opportunities to demonstrate the use of grid-interactive efficient buildings, solar, and electric vehicles through the Department of Energy Connected Communities grant.

¹ The agreed upon purpose of this engagement process is to identify topics of common, mutual interest to help identify actions or ideas for constructive collaboration that can advance MGE's Energy 2030 Framework and goal of net-zero carbon electricity by 2050 as well as the City of Madison's goal of 100% renewable energy and net zero carbon emissions for City operations by 2030 and community wide by 2050. Some overarching conditions of entering into an agreement include; that the agreement will be mutual in nature (contain commitments and obligations from both parties) and that the goals and general elements of MGE's Energy 2030 Framework, 80% carbon emission reductions by 2030 and of net-zero carbon electricity by 2050 will be supported.

- Explore options for the City to participate in innovative options, pilots or programs that improve energy efficiency and help optimize electric loads to times when capacity is available.
- Explore battery storage opportunities for the City.

D. Promote Energy Efficiency and Carbon Reduction Strategies

Possible ideas include, as examples:

- Explore and identify opportunities to better promote FOE programs, including through the use of aggregated electric usage data.
- Collaborate to support increasing energy efficiency and carbon reduction strategies in commercial buildings.
- Explore opportunities to support increasing energy efficiency and carbon reduction during construction and operation of single-family and multi-family housing, with a focus on affordable housing.

E. Advance Social Equity and Economic Development

Possible ideas include, as examples:

- Explore ways to expand the reach of current energy efficiency activities and programs for low-income and energy-burdened households, including enhanced marketing and information distribution.
- Explore ideas for potential pilot or demonstration programs or projects promoting energy efficiency and beneficial electrification with a focus on new construction and retrofits. Beneficial electrification, also called hybrid electrification, will help reduce emissions, ensure reliability and keep operating costs affordable for low-income and energy-burdened households.
- Examine MGE Economic Development activities and identify potential ways they can help create jobs and equitable workforce development.
- Explore opportunities to offer clean transportation options to disadvantaged communities.

F. Continue Work on Ongoing Collaborative Projects

- Identify recent collaborative activities and efforts and where appropriate, document results.
- Identify current collaborative efforts and, where appropriate, describe scope and continuing activities or commitments.