

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-Q

**☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended June 30, 2023  
OR**☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	IRS Employer Identification No.
1-9513	<b>CMS ENERGY CORPORATION</b>  (A Michigan Corporation) One Energy Plaza, Jackson, Michigan 49201 (517) 788-0550	38-2726431
1-5611	<b>CONSUMERS ENERGY COMPANY</b>  (A Michigan Corporation) One Energy Plaza, Jackson, Michigan 49201 (517) 788-0550	38-0442310

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
CMS Energy Corporation Common Stock, \$0.01 par value	CMS	New York Stock Exchange
CMS Energy Corporation 5.625% Junior Subordinated Notes due 2078	CMSA	New York Stock Exchange
CMS Energy Corporation 5.875% Junior Subordinated Notes due 2078	CMSC	New York Stock Exchange
CMS Energy Corporation 5.875% Junior Subordinated Notes due 2079	CMSD	New York Stock Exchange
CMS Energy Corporation Depository Shares, each representing a 1/1,000th interest in a share of 4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C	CMS PRC	New York Stock Exchange
Consumers Energy Company Cumulative Preferred Stock, \$100 par value: \$4.50 Series	CMS-PB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

**CMS Energy Corporation:** Yes  No  **Consumers Energy Company:** Yes  No 

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

**CMS Energy Corporation:** Yes  No  **Consumers Energy Company:** Yes  No 

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

**CMS Energy Corporation:** **Consumers Energy Company:**

Large accelerated filer <input checked="" type="checkbox"/>	Large accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>
Accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Smaller reporting company <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
Emerging growth company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**CMS Energy Corporation:**  **Consumers Energy Company:** 

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

**CMS Energy Corporation:** Yes  No  **Consumers Energy Company:** Yes  No 

Indicate the number of shares outstanding of each of the issuer's classes of common stock at July 10, 2023:

<b>CMS Energy Corporation:</b> CMS Energy Corporation Common Stock, \$0.01 par value	291,726,672
<b>Consumers Energy Company:</b> Consumers Common Stock, \$10 par value, privately held by CMS Energy Corporation	84,108,789



**CMS Energy Corporation  
Consumers Energy Company  
Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the Period  
Ended June 30, 2023**

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## Glossary

Certain terms used in the text and financial statements are defined below.

### **2016 Energy Law**

Michigan's Public Acts 341 and 342 of 2016

### **2022 Form 10-K**

Each of CMS Energy's and Consumers' Annual Report on Form 10-K for the year ended December 31, 2022

### **3G**

Third generation technology

### **4G**

Fourth generation technology

### **ABATE**

Association of Businesses Advocating Tariff Equity

### **Aviator Wind**

Aviator Wind Holdings, LLC, a VIE in which Aviator Wind Equity Holdings holds a Class B membership interest

### **Aviator Wind Equity Holdings**

Aviator Wind Equity Holdings, LLC, a VIE in which Grand River Wind, LLC, a wholly owned subsidiary of NorthStar Clean Energy, has a 51-percent interest

### **Bay Harbor**

A residential/commercial real estate area located near Petoskey, Michigan, in which CMS Energy sold its interest in 2002

### **bcf**

Billion cubic feet

### **CCR**

Coal combustion residual

### **CEO**

Chief Executive Officer

### **CERCLA**

Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended

**CFO**

Chief Financial Officer

**Clean Air Act**

Federal Clean Air Act of 1963, as amended

**Clean Energy Plan**

Consumers' long-term strategy for delivering clean, reliable, resilient, and affordable energy to its customers; this plan was originally outlined and approved in Consumers' 2018 integrated resource plan and subsequently updated and approved through its 2021 integrated resource plan

**Clean Water Act**

Federal Water Pollution Control Act of 1972, as amended

**CMS Energy**

CMS Energy Corporation and its consolidated subsidiaries, unless otherwise noted; the parent of Consumers and NorthStar Clean Energy

**CMS Land**

CMS Land Company, a wholly owned subsidiary of CMS Capital, L.L.C., a wholly owned subsidiary of CMS Energy

**Consumers**

Consumers Energy Company and its consolidated subsidiaries, unless otherwise noted; a wholly owned subsidiary of CMS Energy

**Covert Generating Facility**

A 1,200-MW natural gas-fueled generating unit that was acquired by Consumers in May 2023 from New Covert Generating Company, LLC, a non-affiliated company

**Craven**

Craven County Wood Energy Limited Partnership, a VIE in which HYDRA-CO Enterprises, Inc., a wholly owned subsidiary of NorthStar Clean Energy, has a 50-percent interest

**CSAPR**

Cross-State Air Pollution Rule of 2011, as amended

**DB Pension Plans**

Defined benefit pension plans of CMS Energy and Consumers, including certain present and former affiliates and subsidiaries

**DB SERP**

Defined Benefit Supplemental Executive Retirement Plan

**DIG**

Dearborn Industrial Generation, L.L.C., a wholly owned subsidiary of Dearborn Industrial Energy, L.L.C., a wholly owned subsidiary of NorthStar Clean Energy

**Dodd-Frank Act**

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

**DTE Electric**

DTE Electric Company, a non-affiliated company

**EGLE**

Michigan Department of Environment, Great Lakes, and Energy

**Endangered Species Act**

Endangered Species Act of 1973

**energy waste reduction**

The reduction of energy consumption through energy efficiency and demand-side energy conservation, as established under the 2016 Energy Law

**EPA**

U.S. Environmental Protection Agency

**EPS**

Earnings per share

**Exchange Act**

Securities Exchange Act of 1934

**Federal Power Act**

Federal Power Act of 1920

**FERC**

Federal Energy Regulatory Commission

**FTR**

Financial transmission right

**GAAP**

U.S. Generally Accepted Accounting Principles

**Genesee**

Genesee Power Station Limited Partnership, a VIE in which HYDRA-CO Enterprises, Inc., a wholly owned subsidiary of NorthStar Clean Energy, has a 50-percent interest

**Grayling**

Grayling Generating Station Limited Partnership, a VIE in which HYDRA-CO Enterprises, Inc., a wholly owned subsidiary of NorthStar Clean Energy, has a 50-percent interest

**IRS**

Internal Revenue Service

**kWh**

Kilowatt-hour, a unit of energy equal to one thousand watt-hours

**LIBOR**

London Interbank Offered Rate

**Ludington**

Ludington pumped-storage plant, jointly owned by Consumers and DTE Electric

**MATS**

Mercury and Air Toxics Standards, which limit mercury, acid gases, and other toxic pollution from coal-fueled and oil-fueled power plants

**MD&A**

Management's Discussion and Analysis of Financial Condition and Results of Operations

**MGP**

Manufactured gas plant

**Migratory Bird Treaty Act**

Migratory Bird Treaty Act of 1918

**MISO**

Midcontinent Independent System Operator, Inc.

**mothball**

To place a generating unit into a state of extended reserve shutdown in which the unit is inactive and unavailable for service for a specified period, during which the unit can be brought back into service after receiving appropriate notification and completing any necessary maintenance or other work; generation owners in MISO must request approval to mothball a unit, and MISO then evaluates the request for reliability impacts

**MPSC**

Michigan Public Service Commission

**MW**

Megawatt, a unit of power equal to one million watts

**NAAQS**

National Ambient Air Quality Standards

**Natural Gas Act**

Natural Gas Act of 1938

**Newport Solar Holdings**

Newport Solar Holdings III, LLC, a wholly owned subsidiary of Grand River Solar, LLC, a wholly owned subsidiary of NorthStar Clean Energy

**NorthStar Clean Energy**

NorthStar Clean Energy Company, a wholly owned subsidiary of CMS Energy, formerly known as CMS Enterprises Company

**NOx**

Nitrogen oxides

**NPDES**

National Pollutant Discharge Elimination System, a permit system for regulating point sources of pollution under the Clean Water Act

**NREPA**

Part 201 of Michigan's Natural Resources and Environmental Protection Act of 1994, as amended

**NWO Holdco**

NWO Holdco, L.L.C., a VIE in which NWO Holdco I, LLC, a wholly owned subsidiary of Grand River Wind, LLC, a wholly owned subsidiary of NorthStar Clean Energy, holds a Class B membership interest

**OPEB**

Other post-employment benefits

**OPEB Plan**

Postretirement health care and life insurance plans of CMS Energy and Consumers, including certain present and former affiliates and subsidiaries

**PCB**

Polychlorinated biphenyl

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**PPA**

Power purchase agreement

**PSCR**

Power supply cost recovery

**RCRA**

Federal Resource Conservation and Recovery Act of 1976

**REC**

Renewable energy credit

**ROA**

Retail Open Access, which allows electric generation customers to choose alternative electric suppliers pursuant to Michigan's Public Acts 141 and 142 of 2000, as amended

**SEC**

U.S. Securities and Exchange Commission

**securitization**

A financing method authorized by statute and approved by the MPSC which allows a utility to sell its right to receive a portion of the rate payments received from its customers for the repayment of securitization bonds issued by a special-purpose entity affiliated with such utility

**SOFR**

Secured overnight financing rate calculated and published by the Federal Reserve Bank of New York and selected as the recommended alternative to replace LIBOR for dollar-denominated financial contracts by the Alternative Reference Rates Committee

**TAES**

Toshiba America Energy Systems Corporation, a non-affiliated company

**TCJA**

Tax Cuts and Jobs Act of 2017

**Term SOFR**

The rate per annum that is a forward-looking term rate based on SOFR

**T.E.S. Filer City**

T.E.S. Filer City Station Limited Partnership, a VIE in which HYDRA-CO Enterprises, Inc., a wholly owned subsidiary of NorthStar Clean Energy, has a 50-percent interest

**VIE**

Variable interest entity

**Wolverine Power**

Wolverine Power Supply Cooperative, Inc., a non-affiliated company

## Filing Format

This combined Form 10-Q is separately filed by CMS Energy and Consumers. Information in this combined Form 10-Q relating to each individual registrant is filed by such registrant on its own behalf. Consumers makes no representation regarding information relating to any other companies affiliated with CMS Energy other than its own subsidiaries.

CMS Energy is the parent holding company of several subsidiaries, including Consumers and NorthStar Clean Energy. None of CMS Energy, NorthStar Clean Energy, nor any of CMS Energy's other subsidiaries (other than Consumers) has any obligation in respect of Consumers' debt securities or preferred stock and holders of such securities should not consider the financial resources or results of operations of CMS Energy, NorthStar Clean Energy, nor any of CMS Energy's other subsidiaries (other than Consumers and its own subsidiaries (in relevant circumstances)) in making a decision with respect to Consumers' debt securities or preferred stock. Similarly, neither Consumers nor any other subsidiary of CMS Energy has any obligation in respect of securities of CMS Energy.

This report should be read in its entirety. No one section of this report deals with all aspects of the subject matter of this report. This report should be read in conjunction with the consolidated financial statements and related notes and with MD&A included in the 2022 Form 10-K.

## Available Information

CMS Energy's internet address is [www.cmsenergy.com](http://www.cmsenergy.com). CMS Energy routinely posts important information on its website and considers the Investor Relations section, [www.cmsenergy.com/investor-relations](http://www.cmsenergy.com/investor-relations), a channel of distribution for material information. Information contained on CMS Energy's website is not incorporated herein.

## Forward-looking Statements and Information

This Form 10-Q and other CMS Energy and Consumers disclosures may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. The use of "might," "may," "could," "should," "anticipates," "believes," "estimates," "expects," "intends," "plans," "projects," "forecasts," "predicts," "assumes," and other similar words is intended to identify forward-looking statements that involve risk and uncertainty. This discussion of potential risks and uncertainties is designed to highlight important factors that may impact CMS Energy's and Consumers' businesses and financial outlook. CMS Energy and Consumers have no obligation to update or revise forward-looking statements regardless of whether new information, future events, or any other factors affect the information contained in the statements. These forward-looking statements are subject to various factors that could cause CMS Energy's and Consumers' actual results to differ materially from the results anticipated in these statements. These factors include, but are not limited to, the following, all of which are potentially significant:

- the impact and effect of recent events, such as worsening trade relations and geopolitical tensions with China, and the responses to these events, and related economic disruptions including, but not limited to, labor shortages, inflation, and supply chain disruptions
- the impact of new regulation by the MPSC, FERC, and other applicable governmental proceedings and regulations, including any associated impact on electric or gas rates or rate structures

- potentially adverse regulatory treatment or failure to receive timely regulatory orders affecting Consumers that are or could come before the MPSC, FERC, or other governmental authorities
- changes in the performance of or regulations applicable to MISO, Michigan Electric Transmission Company, LLC (a non-affiliated company), pipelines, railroads, vessels, or other service providers that CMS Energy, Consumers, or any of their affiliates rely on to serve their customers
- the adoption of or challenges to federal or state laws or regulations or changes in applicable laws, rules, regulations, principles, or practices, or in their interpretation, such as those related to energy policy, ROA, the Public Utility Regulatory Policies Act of 1978, infrastructure integrity or security, cybersecurity, gas pipeline safety, gas pipeline capacity, energy waste reduction, the environment, regulation or deregulation, reliability, health care reforms (including comprehensive health care reform enacted in 2010), taxes, accounting matters, climate change, air emissions, renewable energy, the Dodd-Frank Act, and other business issues that could have an impact on CMS Energy's, Consumers', or any of their affiliates' businesses or financial results
- factors affecting, disrupting, interrupting, or otherwise impacting facilities, utility infrastructure, operations, or backup systems, such as costs and availability of personnel, equipment, and materials; weather and climate, including catastrophic weather-related damage and extreme temperatures; natural disasters; fires; smoke; scheduled or unscheduled equipment outages; maintenance or repairs; contractor performance; environmental incidents; failures of equipment or materials; electric transmission and distribution or gas pipeline system constraints; interconnection requirements; political and social unrest; general strikes; the government and/or paramilitary response to political or social events; changes in trade policies or regulations; accidents; explosions; physical disasters; global pandemics; cyber incidents; vandalism; war or terrorism; and the ability to obtain or maintain insurance coverage for these events
- the ability of CMS Energy and Consumers to execute cost-reduction strategies
- potentially adverse regulatory or legal interpretations or decisions regarding environmental matters, or delayed regulatory treatment or permitting decisions that are or could come before agencies such as EGLE, the EPA, FERC, and/or the U.S. Army Corps of Engineers, and potential environmental remediation costs associated with these interpretations or decisions, including those that may affect Consumers' coal ash management or routine maintenance, repair, and replacement classification under New Source Review, a construction-permitting program under the Clean Air Act
- changes in energy markets, including availability, price, and seasonality of electric capacity and the timing and extent of changes in commodity prices and availability and deliverability of coal, natural gas, natural gas liquids, electricity, oil, gasoline, diesel fuel, and certain related products
- the price of CMS Energy common stock, the credit ratings of CMS Energy and Consumers, capital and financial market conditions, and the effect of these market conditions on CMS Energy's and Consumers' interest costs and access to the capital markets, including availability of financing to CMS Energy, Consumers, or any of their affiliates
- the potential effects on the credit and capital markets of the transition from LIBOR to an alternative reference interest rate, including SOFR, which may perform differently than LIBOR and could result in increased interest rate expense

- the investment performance of the assets of CMS Energy's and Consumers' pension and benefit plans, the discount rates, mortality assumptions, and future medical costs used in calculating the plans' obligations, and the resulting impact on future funding requirements
- the impact of the economy, particularly in Michigan, and potential future volatility in the financial and credit markets on CMS Energy's, Consumers', or any of their affiliates' revenues, ability to collect accounts receivable from customers, or cost and availability of capital
- changes in the economic and financial viability of CMS Energy's and Consumers' suppliers, customers, and other counterparties and the continued ability of these third parties, including those in bankruptcy, to meet their obligations to CMS Energy and Consumers
- population changes in the geographic areas where CMS Energy and Consumers conduct business
- national, regional, and local economic, competitive, and regulatory policies, conditions, and developments
- loss of customer demand for electric generation supply to alternative electric suppliers, increased use of self-generation including distributed generation, energy waste reduction, or energy storage
- loss of customer demand for natural gas due to alternative technologies or fuels
- restricted ability to construct natural gas infrastructure due to environmental regulations or other governmental action
- ability of Consumers to meet increased renewable energy demand due to customers seeking to meet their own sustainability goals in a timely and cost-efficient manner
- the reputational or other impact on CMS Energy and Consumers of the failure to achieve greenhouse gas reduction goals related to reducing their impact on climate change
- adverse consequences of employee, director, or third-party fraud or non-compliance with codes of conduct or with laws or regulations
- federal regulation of electric sales, including periodic re-examination by federal regulators of CMS Energy's and Consumers' market-based sales authorizations
- any event, change, development, occurrence, or circumstance that could impact the implementation of the Clean Energy Plan, including any action by a regulatory authority or other third party to prohibit, delay, or impair the implementation of the Clean Energy Plan
- the availability, cost, coverage, and terms of insurance, the stability of insurance providers, and the ability of Consumers to recover the costs of any insurance from customers
- the effectiveness of CMS Energy's and Consumers' risk management policies, procedures, and strategies, including strategies to hedge risk related to interest rates and future prices of electricity, natural gas, and other energy-related commodities
- factors affecting development of electric generation projects, gas transmission, and gas and electric distribution infrastructure replacement, conversion, and expansion projects, including factors related to project site identification, construction material pricing, schedule delays, availability of qualified construction personnel, permitting, acquisition of property rights, community opposition, and government approvals

- changes or disruption in fuel supply, including but not limited to supplier bankruptcy and delivery disruptions
- potential costs, lost revenues, reputational harm, or other consequences resulting from misappropriation of assets or sensitive information, corruption of data, or operational disruption in connection with a cyberattack or other cyber incident
- potential disruption to, interruption or failure of, or other impacts on information technology backup or disaster recovery systems
- technological developments in energy production, storage, delivery, usage, and metering
- the ability to implement technology successfully
- the impact of CMS Energy’s and Consumers’ integrated business software system and its effects on their operations, including utility customer billing and collections
- adverse consequences resulting from any past, present, or future assertion of indemnity or warranty claims associated with assets and businesses previously owned by CMS Energy or Consumers, including claims resulting from attempts by foreign or domestic governments to assess taxes on or to impose environmental liability associated with past operations or transactions
- the outcome, cost, and other effects of any legal or administrative claims, proceedings, investigations, or settlements
- the reputational impact on CMS Energy and Consumers of operational incidents, violations of corporate policies, regulatory violations, inappropriate use of social media, and other events
- restrictions imposed by various financing arrangements and regulatory requirements on the ability of Consumers and other subsidiaries of CMS Energy to transfer funds to CMS Energy in the form of cash dividends, loans, or advances
- earnings volatility resulting from the application of fair value accounting to certain energy commodity contracts or interest rate contracts
- changes in financial or regulatory accounting principles or policies (e.g., the adoption of the hypothetical liquidation at book value method of accounting for certain non-regulated renewable energy projects)
- other matters that may be disclosed from time to time in CMS Energy’s and Consumers’ SEC filings, or in other public documents

All forward-looking statements should be considered in the context of the risk and other factors described above and as detailed from time to time in CMS Energy’s and Consumers’ SEC filings. For additional details regarding these and other uncertainties, see Part I—Item 1. Financial Statements—MD&A—Outlook and Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments; and Part I—Item 1A. Risk Factors in the 2022 Form 10-K.

# Part I—Financial Information

## Item 1. Financial Statements

### Index to Financial Statements

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# CMS Energy Corporation

## Consumers Energy Company

### Management's Discussion and Analysis of Financial Condition and Results of Operations

This MD&A is a combined report of CMS Energy and Consumers.

## Executive Overview

CMS Energy is an energy company operating primarily in Michigan. It is the parent holding company of several subsidiaries, including Consumers, an electric and gas utility, and NorthStar Clean Energy, primarily a domestic independent power producer and marketer. Consumers' electric utility operations include the generation, purchase, distribution, and sale of electricity, and Consumers' gas utility operations include the purchase, transmission, storage, distribution, and sale of natural gas. Consumers' customer base consists of a mix of primarily residential, commercial, and diversified industrial customers. NorthStar Clean Energy, through its subsidiaries and equity investments, is engaged in domestic independent power production, including the development and operation of renewable generation, and the marketing of independent power production.

CMS Energy and Consumers manage their businesses by the nature of services each provides. CMS Energy operates principally in three business segments: electric utility; gas utility; and NorthStar Clean Energy, its non-utility operations and investments. Consumers operates principally in two business segments: electric utility and gas utility. CMS Energy's and Consumers' businesses are affected primarily by:

- regulation and regulatory matters
- state and federal legislation
- economic conditions
- weather
- energy commodity prices
- interest rates
- their securities' credit ratings

## The Triple Bottom Line

CMS Energy's and Consumers' purpose is to achieve world class performance while delivering hometown service. In support of this purpose, CMS Energy and Consumers employ the "CE Way," a lean operating model designed to improve safety, quality, cost, delivery, and employee morale.

CMS Energy and Consumers measure their progress toward the purpose by considering their impact on the "triple bottom line" of people, planet, and profit, which is underpinned by performance; this consideration takes into account not only the economic value that CMS Energy and Consumers create for customers and investors, but also their responsibility to social and environmental goals. The triple bottom line balances the interests of employees, customers, suppliers, regulators, creditors, Michigan's residents,

the investment community, and other stakeholders, and it reflects the broader societal impacts of CMS Energy's and Consumers' activities.



CMS Energy's Environmental, Social, Governance and Sustainability Report, which is available to the public, describes CMS Energy's and Consumers' progress toward world class performance measured in the areas of people, planet, and profit.

**People:** The people element of the triple bottom line represents CMS Energy's and Consumers' commitment to their employees, their customers, the residents of local communities in which they do business, and other stakeholders.

The safety of employees, customers, and the general public is a priority of CMS Energy and Consumers. Accordingly, CMS Energy and Consumers have worked to integrate a set of safety principles into their business operations and culture. These principles include complying with applicable safety, health, and security regulations and implementing programs and processes aimed at continually improving safety and security conditions. Over the last ten years, Consumers' Occupational Safety and Health Administration recordable incident rate has decreased by 34 percent.

CMS Energy and Consumers also place a high priority on customer value and on providing a hometown customer experience. Consumers' customer-driven investment program is aimed at improving safety and increasing electric and gas reliability, which has resulted in measurable improvements in customer satisfaction.

Central to Consumers' commitment to its customers are the initiatives it has undertaken to keep electricity and natural gas affordable, including:

- replacement of coal-fueled generation and PPAs with a cost-efficient mix of renewable energy, less-costly dispatchable generation sources, and energy waste reduction and demand response programs
- targeted infrastructure investment to reduce maintenance costs and improve reliability and safety
- supply chain optimization
- economic development to increase sales and reduce overall rates
- information and control system efficiencies
- employee and retiree health care cost sharing
- workforce productivity enhancements

While CMS Energy and Consumers have experienced some supply chain disruptions and inflationary pressures, they have taken steps to mitigate the impact on their ability to provide safe and reliable service to customers.

**Planet:** The planet element of the triple bottom line represents CMS Energy's and Consumers' commitment to protect the environment. This commitment extends beyond compliance with various state

and federal environmental, health, and safety laws and regulations. Management considers climate change and other environmental risks in strategy development, business planning, and enterprise risk management processes.

CMS Energy and Consumers continue to focus on opportunities to protect the environment and to reduce their carbon footprint. As a result of actions already taken through 2022, CMS Energy and Consumers have:

- decreased their combined percentage of electric supply (self-generated and purchased) from coal by 17 percentage points since 2015
- reduced carbon dioxide emissions by over 30 percent since 2005
- reduced the amount of water used to generate electricity by over 35 percent since 2012
- reduced landfill waste disposal by over 1.7 million tons since 1992
- reduced methane emissions by more than 20 percent since 2012

Since 2005, Consumers has reduced its sulfur dioxide and particulate matter emissions by over 90 percent and its NOx emissions by over 80 percent. Consumers began tracking mercury emissions in 2007; since that time, it has reduced such emissions by nearly 90 percent.

The 2016 Energy Law:

- raised the renewable portfolio standard to 15 percent in 2021; Consumers has met the 15-percent requirement and expects to continue meeting the requirement going forward with a combination of newly generated RECs and previously generated RECs carried over from prior years
- established a goal of 35-percent combined renewable energy and energy waste reduction by 2025; Consumers achieved 33-percent combined renewable energy and energy waste reduction through 2022
- authorized incentives for demand response programs and energy efficiency programs, referring to the combined initiatives as energy waste reduction programs
- established an integrated planning process for new electric capacity and energy resources

Consumers' Clean Energy Plan details its strategy to meet customers' long-term energy needs. The Clean Energy Plan was most recently revised and approved by the MPSC in June 2022. Under its Clean Energy Plan, Consumers will meet the requirements of the 2016 Energy Law using its clean and lean strategy, which focuses on increasing the generation of renewable energy, helping customers use less energy, and offering demand response programs to reduce demand during critical peak times.

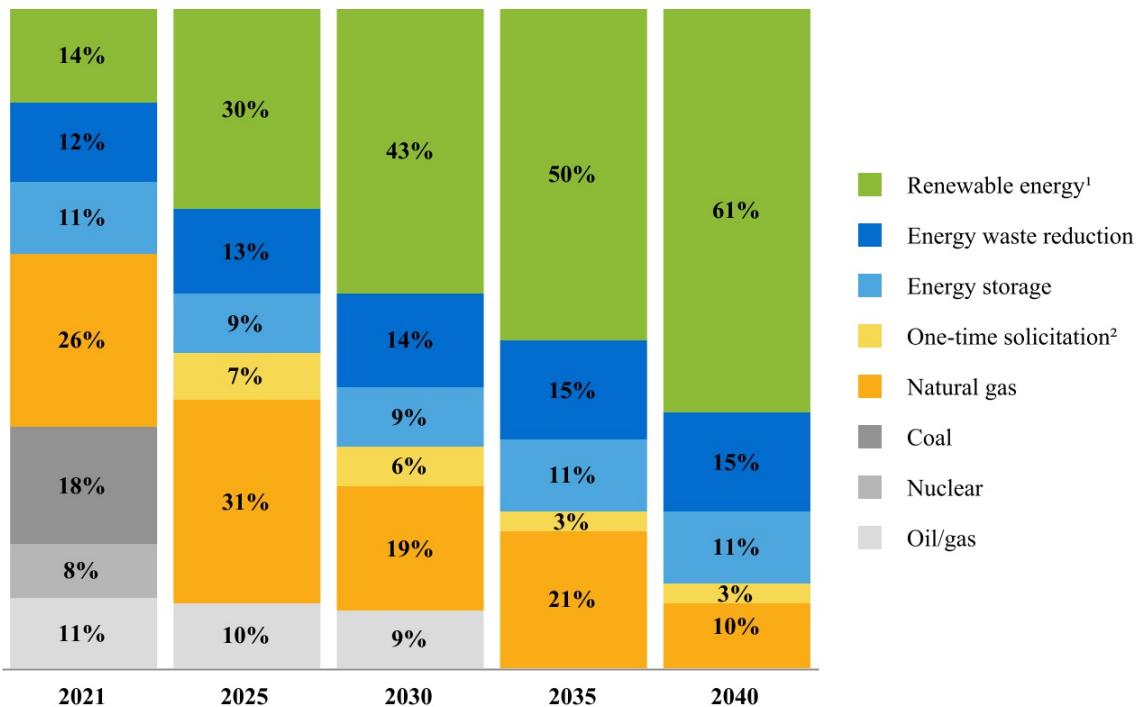
The Clean Energy Plan outlines Consumers' long-term strategy for delivering clean, reliable, resilient, and affordable energy to its customers, including plans to:

- end the use of coal-fueled generation in 2025, 15 years sooner than initially planned
- purchase the Covert Generating Facility, a natural gas-fueled generating unit with 1,200 MW of nameplate capacity, allowing Consumers to continue to provide controllable sources of electricity to customers; this purchase was completed in May 2023
- solicit up to 700 MW of capacity through PPAs from sources able to deliver to Michigan's Lower Peninsula beginning in 2025
- expand its investment in renewable energy, adding nearly 8,000 MW of solar generation by 2040

Under the Clean Energy Plan, Consumers earns a return equal to its weighted-average cost of capital on payments made under new competitively bid PPAs with non-affiliated entities approved by the MPSC.

The Clean Energy Plan will allow Consumers to exceed its breakthrough goal of at least 50-percent combined renewable energy and energy waste reduction by 2030.

Presented in the following illustration is Consumers' 2021 capacity portfolio and its future capacity portfolio under its Clean Energy Plan. This illustration includes the effects of purchased capacity and energy waste reduction and uses the nameplate capacity for all energy sources:



<sup>1</sup> Does not include RECs.

<sup>2</sup> These amounts and fuel sources will vary and are dependent on a one-time competitive solicitation to acquire up to 700 MW of capacity through PPAs from sources able to deliver to Michigan's Lower Peninsula beginning in 2025.

In addition to Consumers' plan to eliminate its use of coal-fueled generation in 2025, CMS Energy and Consumers have set the net-zero emissions goals discussed below.

*Net-zero methane emissions from natural gas delivery system by 2030:* Under its Methane Reduction Plan, Consumers plans to reduce methane emissions from its system by about 80 percent by accelerating the replacement of aging pipe, rehabilitating or retiring outdated infrastructure, and adopting new technologies and practices. The remaining emissions will likely be offset by purchasing and/or producing renewable natural gas.

*Net-zero carbon emissions from electric business by 2040:* This goal includes not only emissions from owned generation, but also emissions from the generation of power purchased through long-term PPAs and from the MISO energy market. Consumers expects to meet 90 percent of its customers' needs with clean energy sources by 2040 through execution of its Clean Energy Plan. New technologies and carbon offset measures including, but not limited to, carbon sequestration, methane emission capture, forest preservation, and reforestation may be used to close the gap to achieving net-zero carbon emissions.

*Net-zero greenhouse gas emissions target for the entire business by 2050:* This goal, announced in March 2022, incorporates greenhouse gas emissions from Consumers' natural gas delivery system, including suppliers and customers, and has an interim goal of reducing customer emissions by 20 percent by 2030. Consumers expects to meet this goal through carbon offset measures, renewable natural gas, energy efficiency and demand response programs, and the adoption of cost-effective emerging technologies once proven and commercially available.

Additionally, to advance its environmental stewardship in Michigan and to minimize the impact of future regulations, Consumers set the following targets in 2022:

- to enhance, restore, or protect 6,500 acres of land by 2026; in 2022, Consumers enhanced, restored, or protected over 700 acres of land
- to reduce water usage by 1.5 billion gallons by 2026; in 2022, Consumers reduced water usage by more than 750 million gallons
- to increase the rate of waste diverted from landfills (through waste reduction, recycling, and reuse) to 90 percent from a baseline of 88 percent through 2023; in 2022, Consumers' rate of waste diverted from landfills was 92 percent

CMS Energy and Consumers are monitoring numerous legislative, policy, and regulatory initiatives, including those to regulate and report greenhouse gases, and related litigation. While CMS Energy and Consumers cannot predict the outcome of these matters, which could affect them materially, they intend to continue to move forward with their clean and lean strategy.

**Profit:** The profit element of the triple bottom line represents CMS Energy's and Consumers' commitment to meeting their financial objectives and providing economic development opportunities and benefits in the communities in which they do business. CMS Energy's and Consumers' financial strength allows them to maintain solid investment-grade credit ratings and thereby reduce funding costs for the benefit of customers and investors, to attract and retain talent, and to reinvest in the communities they serve.

For the six months ended June 30, 2023, CMS Energy's net income available to common stockholders was \$397 million, and diluted EPS were \$1.36. This compares with net income available to common stockholders of \$496 million and diluted EPS of \$1.71 for the six months ended June 30, 2022. In 2023, lower gas and electric sales due primarily to unfavorable weather and higher service restoration costs, were partially offset by gas and electric rate increases and a gain on the extinguishment of debt. A more detailed discussion of the factors affecting CMS Energy's and Consumers' performance can be found in the Results of Operations section that follows this Executive Overview.

Over the next five years, Consumers expects weather-normalized electric and gas deliveries to remain relatively stable compared to 2022. This outlook reflects the effects of energy waste reduction programs offset largely by modest growth in electric and gas demand.

## Performance: Impacting the Triple Bottom Line

CMS Energy and Consumers remain committed to achieving world class performance while delivering hometown service and positively impacting the triple bottom line of people, planet, and profit. During 2022, CMS Energy and Consumers:

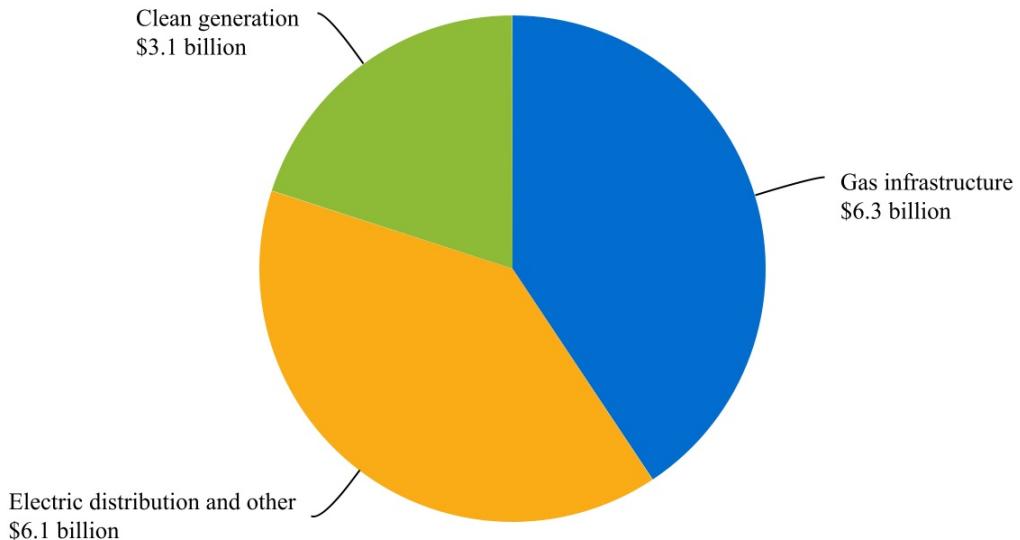
- settled and received approval of Consumers' Clean Energy Plan, gas rate case, and electric rate case, demonstrating the constructive nature of Michigan's regulatory environment
- partnered with state and federal agencies to secure over \$100 million of customer assistance to help keep customer bills affordable

- committed to power over 1,200 Michigan public buildings with 100-percent clean energy
- reached an agreement with General Motors Company, a non-affiliated company, to power all of its auto plants served by Consumers with 100-percent clean energy
- announced the “Clean Air” program for residential and business customers who want to offset carbon emissions from their natural gas use and help protect the planet’s atmosphere
- installed five new units at the Freedom Compressor Station, continuing progress toward achieving Consumers’ Natural Gas Delivery Plan, making its gas system even more safe, reliable, affordable, and clean
- participated in the state’s economic development efforts that resulted in Gotion, Inc., a non-affiliated global battery components producer, committing to construct a manufacturing facility in Big Rapids, Michigan
- received recognition by Forbes® as the #1 utility company in the U.S. for America’s Best Employers for Women, as well as a top company for America’s Best Employers for Diversity

CMS Energy and Consumers will continue to utilize the CE Way to enable them to achieve world class performance and positively impact the triple bottom line. Consumers’ investment plan and the regulatory environment in which it operates also drive its ability to impact the triple bottom line.

**Investment Plan:** Over the next five years, Consumers expects to make significant expenditures on infrastructure upgrades, replacements, and clean generation. While it has a large number of potential investment opportunities that would add customer value, Consumers has prioritized its spending based on the criteria of enhancing public safety, increasing reliability, maintaining affordability for its customers, and advancing its environmental stewardship. Consumers’ investment program is expected to result in annual rate-base growth of over seven percent. This rate-base growth, together with cost-control measures, should allow Consumers to maintain affordable customer prices.

Presented in the following illustration are planned capital expenditures of \$15.5 billion that Consumers expects to make from 2023 through 2027:



Of this amount, Consumers plans to spend \$12.4 billion over the next five years to primarily maintain and upgrade its gas infrastructure and electric distribution systems in order to enhance safety and reliability, improve customer satisfaction, reduce energy waste on those systems, and facilitate its clean energy transformation. The gas infrastructure projects comprise \$6.3 billion to sustain deliverability, enhance pipeline integrity and safety, and reduce methane emissions. Electric distribution and other projects comprise \$6.1 billion primarily to strengthen circuits and substations, replace poles, and interconnect clean energy resources. Consumers also expects to spend \$3.1 billion on clean generation, which includes investments in wind, solar, and hydroelectric generation resources.

**Regulation:** Regulatory matters are a key aspect of Consumers' business, particularly rate cases and regulatory proceedings before the MPSC, which permit recovery of new investments while helping to ensure that customer rates are fair and affordable. Important regulatory events and developments not already discussed are summarized below.

*2022 Gas Rate Case:* In December 2022, Consumers filed an application with the MPSC seeking an annual rate increase of \$212 million, based on a 10.25-percent authorized return on equity for the projected 12-month period ending September 30, 2024. In June 2023, Consumers reduced its requested annual rate increase to \$175 million, based on a 10.25-percent authorized return on equity. In July 2023, Consumers filed a settlement agreement reflecting an annual rate increase of \$95 million, based on a 9.9-percent authorized return on equity, effective October 1, 2023.

*2023 Electric Rate Case:* In May 2023, Consumers filed an application with the MPSC seeking a rate increase of \$216 million, made up of two components. First, Consumers requested a \$207 million annual rate increase, based on a 10.25-percent authorized return on equity for the projected 12-month period ending February 28, 2025. The filing requested authority to recover costs related to new infrastructure investment primarily in distribution system reliability and cleaner energy resources. Second, Consumers requested approval of a surcharge for the recovery of \$9 million of distribution investments made in 2022 that exceeded the rates authorized in accordance with the December 2021 electric rate order.

*2022 Electric Rate Case:* In January 2023, the MPSC approved a settlement agreement authorizing an annual rate increase of \$155 million, based on a 9.9-percent authorized return on equity. The MPSC also approved a surcharge for the recovery of \$6 million of depreciation, property tax, and interest expense related to distribution investments made in 2021 that exceeded what was authorized in rates in accordance with the December 2020 electric rate order. The new rates became effective January 20, 2023.

## Looking Forward

CMS Energy and Consumers will continue to consider the impact on the triple bottom line of people, planet, and profit in their daily operations as well as in their long-term strategic decisions. Consumers will continue to seek fair and timely regulatory treatment that will support its customer-driven investment plan, while pursuing cost-control measures that will allow it to maintain sustainable customer base rates. The CE Way is an important means of realizing CMS Energy's and Consumers' purpose of achieving world class performance while delivering hometown service.

## Results of Operations

### CMS Energy Consolidated Results of Operations

June 30							<i>In Millions, Except Per Share Amounts</i>		
	Three Months Ended			Six Months Ended			Change	Change	
	2023	2022	Change	2023	2022	Change			
Net Income Available to Common Stockholders	\$ 195	\$ 145	\$ 50	\$ 397	\$ 496	\$ (99)			
Basic Earnings Per Average Common Share	\$ 0.67	\$ 0.50	\$ 0.17	\$ 1.36	\$ 1.71	\$ (0.35)			
Diluted Earnings Per Average Common Share	\$ 0.67	\$ 0.50	\$ 0.17	\$ 1.36	\$ 1.71	\$ (0.35)			

June 30							<i>In Millions</i>		
	Three Months Ended			Six Months Ended			Change	Change	
	2023	2022	Change	2023	2022	Change			
Electric utility	\$ 147	\$ 140	\$ 7	\$ 217	\$ 307	\$ (90)			
Gas utility	23	36	(13)	177	252	(75)			
NorthStar Clean Energy	3	7	(4)	10	15	(5)			
Corporate interest and other	22	(38)	60	(7)	(78)	71			
Net Income Available to Common Stockholders	\$ 195	\$ 145	\$ 50	\$ 397	\$ 496	\$ (99)			

Amounts in the following tables are presented pre-tax, with the exception of income tax changes.

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Presented in the following table is a summary of changes to net income available to common stockholders for the three and six months ended June 30, 2023 versus 2022:

	<i>In Millions</i>	
	Three Months Ended	Six Months Ended
June 30, 2022	\$ 145	\$ 496
<i>Reasons for the change</i>		
<i>Consumers electric utility and gas utility</i>		
Electric sales	\$ (26)	\$ (80)
Gas sales	(24)	(100)
Electric rate increase	55	73
Gas rate increase	29	98
Higher other income, net of expenses	12	17
Lower other maintenance and operating expenses	19	6
Lower (higher) service restoration costs	9	(58)
Higher interest charges	(32)	(55)
2023 voluntary separation program expenses	(28)	(28)
Higher depreciation and amortization	(12)	(20)
Higher property taxes, reflecting higher capital spending, and other	(8)	(18)
	\$ (6)	\$ (165)
<i>NorthStar Clean Energy</i>		
<i>Corporate interest and other</i>		
June 30, 2023	\$ 195	\$ 397

## Consumers Electric Utility Results of Operations

Presented in the following table are the detailed changes to the electric utility's net income available to common stockholders for the three and six months ended June 30, 2023 versus 2022:

	<i>In Millions</i>			
	Three Months Ended		Six Months Ended	
June 30, 2022	\$	140	\$	307
<i>Reasons for the change</i>				
<i>Electric deliveries<sup>1</sup> and rate increases</i>				
Rate increase, including return on higher renewable capital spending	\$ 55		\$ 73	
Higher energy waste reduction program revenues	6		18	
Lower revenue due primarily to unfavorable weather and sales mix	(26)		(73)	
Lower other revenues	—		(7)	
	\$ 35		\$ 11	
<i>Maintenance and other operating expenses</i>				
Lower distribution, transmission, and generation expenses	5		11	
Lower (higher) service restoration costs	9		(58)	
Higher energy waste reduction program costs	(6)		(18)	
2023 voluntary separation program expenses	(17)		(17)	
Lower mutual insurance distribution	—		(9)	
Higher other maintenance and operating expenses	(4)		(12)	
	(13)		(103)	
<i>Depreciation and amortization</i>				
Increased plant in service, reflecting higher capital spending	(9)		(9)	
<i>General taxes</i>				
Higher property taxes, reflecting higher capital spending, and other	(4)		(9)	
<i>Other income, net of expenses</i>				
Higher PSCR interest due primarily to 2022 underrecovery	6		8	
Higher other income, net of expenses	6		9	
	12		17	
<i>Interest charges</i>				
	(20)		(32)	
<i>Income taxes</i>				
Lower (higher) electric utility pre-tax earnings	(1)		32	
Deferred tax liability reversal <sup>2</sup>	—		9	
Higher (lower) production tax credits	2		(6)	
Lower other income taxes	5		—	
	6		35	
June 30, 2023	\$ 147		\$ 217	

<sup>1</sup> For the three months ended June 30, deliveries to end-use customers were 8.9 billion kWh in 2023 and 9.1 billion kWh in 2022. For the six months ended June 30, deliveries to end-use customers were 17.7 billion kWh in 2023 and 18.3 billion kWh in 2022.

<sup>2</sup> See Note 7, Income Taxes.

## Consumers Gas Utility Results of Operations

Presented in the following table are the detailed changes to the gas utility's net income available to common stockholders for the three and six months ended June 30, 2023 versus 2022:

	<i>In Millions</i>	
	Three Months Ended	Six Months Ended
June 30, 2022	\$ 36	\$ 252
<i>Reasons for the change</i>		
<i>Gas deliveries<sup>1</sup> and rate increases</i>		
Rate increase	\$ 29	\$ 98
Higher energy waste reduction program revenues	4	8
Lower revenue due primarily to unfavorable weather	(25)	(103)
Higher other revenues	1	3
	\$ 9	\$ 6
<i>Maintenance and other operating expenses</i>		
Absence of 2022 Ray Compressor Station impairment	10	10
Lower distribution, transmission, and compression expenses	6	9
2023 voluntary separation program expenses	(11)	(11)
Higher energy waste reduction program costs	(4)	(8)
Lower (higher) other maintenance and operating expenses	2	(3)
	3	(3)
<i>Depreciation and amortization</i>		
Increased plant in service, reflecting higher capital spending	(3)	(11)
<i>General taxes</i>		
Higher property taxes, reflecting higher capital spending, and other	(4)	(9)
<i>Other income, net of expenses</i>		
Higher non-operating retirement benefits expenses	(4)	(6)
Higher other income, net of expenses	4	6
	—	—
<i>Interest charges</i>	(12)	(23)
<i>Income taxes</i>		
Lower gas utility pre-tax earnings	2	10
Deferred tax liability reversal <sup>2</sup>	—	4
Absence of 2022 accelerated tax amortizations <sup>2</sup>	(8)	(49)
	(6)	(35)
June 30, 2023	\$ 23	\$ 177

<sup>1</sup> For the three months ended June 30, deliveries to end-use customers were 49 bcf in 2023 and 51 bcf in 2022. For the six months ended June 30, deliveries to end-use customers were 168 bcf in 2023 and 191 bcf in 2022.

<sup>2</sup> See Note 7, Income Taxes.

## NorthStar Clean Energy Results of Operations

Presented in the following table are the detailed changes to NorthStar Clean Energy's net income available to common stockholders for the three and six months ended June 30, 2023 versus 2022:

	<i>In Millions</i>	
	Three Months Ended	Six Months Ended
June 30, 2022	\$ 7	\$ 15
<i>Reason for the change</i>		
Higher earnings from renewable projects	\$ —	\$ 3
Lower earnings at DIG due primarily to higher maintenance	(4)	(4)
Lower production tax credits	—	(4)
June 30, 2023	\$ 3	\$ 10

## Corporate Interest and Other Results of Operations

Presented in the following table are the detailed changes to corporate interest and other results for the three and six months ended June 30, 2023 versus 2022:

	<i>In Millions</i>	
	Three Months Ended	Six Months Ended
June 30, 2022	\$ (38)	\$ (78)
<i>Reasons for the change</i>		
Gain on extinguishment of debt <sup>1</sup>	\$ 84	\$ 84
Higher interest earnings	4	6
Higher income tax expense due to higher pre-tax earnings	(24)	(11)
Higher interest charges	(5)	(5)
Higher (lower) discontinued operations	1	(3)
June 30, 2023	\$ 22	\$ (7)

<sup>1</sup> See Note 3, Financings and Capitalization.

## Cash Position, Investing, and Financing

At June 30, 2023, CMS Energy had \$406 million of consolidated cash and cash equivalents, which included \$17 million of restricted cash and cash equivalents. At June 30, 2023, Consumers had \$116 million of consolidated cash and cash equivalents, which included \$17 million of restricted cash and cash equivalents.

### Operating Activities

Presented in the following table are specific components of net cash provided by operating activities for the six months ended June 30, 2023 versus 2022:

<i>In Millions</i>		
<b>CMS Energy, including Consumers</b>		
Six Months Ended June 30, 2022	\$	1,059
<i>Reasons for the change</i>		
Lower net income	\$	(103)
Non-cash transactions <sup>1</sup>		(31)
Favorable impact of changes in core working capital, <sup>2</sup> due primarily to higher collections, higher prices on gas sold to customers, and lower prices on gas purchased in 2023		727
Favorable impact of changes in other assets and liabilities, due primarily to recovery in 2023 of 2022 power supply costs <sup>3</sup>		53
Six Months Ended June 30, 2023	\$	1,705
<b>Consumers</b>		
Six Months Ended June 30, 2022	\$	1,159
<i>Reasons for the change</i>		
Lower net income	\$	(157)
Non-cash transactions <sup>1</sup>		36
Favorable impact of changes in core working capital, <sup>2</sup> due primarily to higher collections, higher prices on gas sold to customers, and lower prices on gas purchased in 2023		713
Favorable impact of changes in other assets and liabilities, due primarily to recovery in 2023 of 2022 power supply costs <sup>3</sup> , offset partially by higher income tax payments to CMS Energy		8
Six Months Ended June 30, 2023	\$	1,759

<sup>1</sup> Non-cash transactions comprise depreciation and amortization, changes in deferred income taxes and investment tax credits, and other non-cash operating activities and reconciling adjustments.

<sup>2</sup> Core working capital comprises accounts receivable, accrued revenue, inventories, accounts payable, and accrued rate refunds.

<sup>3</sup> For information regarding the underrecovery of power supply costs, see Note 1, Regulatory Matters.

## Investing Activities

Presented in the following table are specific components of net cash used in investing activities for the six months ended June 30, 2023 versus 2022:

		<i>In Millions</i>
<b>CMS Energy, including Consumers</b>		
Six Months Ended June 30, 2022		\$ (1,139)
<i>Reasons for the change</i>		
Higher capital expenditures		\$ (99)
Purchase of Covert Generating Facility <sup>1</sup>		(810)
Other investing activities, primarily absence of proceeds from sale of assets in 2022		(31)
Six Months Ended June 30, 2023		\$ (2,079)
<b>Consumers</b>		
Six Months Ended June 30, 2022		\$ (1,094)
<i>Reasons for the change</i>		
Higher capital expenditures		\$ (41)
Purchase of Covert Generating Facility <sup>1</sup>		(810)
Other investing activities, primarily absence of proceeds from sale of assets in 2022		(26)
Six Months Ended June 30, 2023		\$ (1,971)

<sup>1</sup> See Note 12, Transition Activities.

## Financing Activities

Presented in the following table are specific components of net cash provided by (used in) financing activities for the six months ended June 30, 2023 versus 2022:

			<i>In Millions</i>
<b>CMS Energy, including Consumers</b>			
Six Months Ended June 30, 2022			\$ (300)
<i>Reasons for the change</i>			
Higher debt issuances		\$ 2,405	
Higher debt retirements		(1,373)	
Higher repayments of notes payable		(65)	
Higher payments of dividends on common stock		(17)	
Absence of proceeds from the sale of membership interest in VIE to tax equity investor in 2022		(49)	
Higher contributions from noncontrolling interest		4	
Other financing activities, primarily higher debt issuance costs, offset partially by the absence of a payment of a long-term contract liability		(7)	
Six Months Ended June 30, 2023		\$ 598	
<b>Consumers</b>			
Six Months Ended June 30, 2022			\$ (83)
<i>Reasons for the change</i>			
Higher debt issuances		\$ 1,520	
Higher debt retirements		(1,300)	
Higher repayments of notes payable		(65)	
Lower repayments of borrowings from CMS Energy		291	
Lower stockholder contribution from CMS Energy		(210)	
Lower payments of dividends on common stock		128	
Other financing activities, primarily higher debt issuance costs		(13)	
Six Months Ended June 30, 2023		\$ 268	

## Capital Resources and Liquidity

CMS Energy and Consumers expect to have sufficient liquidity to fund their present and future commitments. CMS Energy uses dividends and tax-sharing payments from its subsidiaries and external financing and capital transactions to invest in its utility and non-utility businesses, retire debt, pay dividends, and fund its other obligations. The ability of CMS Energy's subsidiaries, including Consumers, to pay dividends to CMS Energy depends upon each subsidiary's revenues, earnings, cash needs, and other factors. In addition, Consumers' ability to pay dividends is restricted by certain terms included in its articles of incorporation and potentially by FERC requirements and provisions under the Federal Power Act and the Natural Gas Act. For additional details on Consumers' dividend restrictions, see Notes to the Unaudited Consolidated Financial Statements—Note 3, Financings and Capitalization—Dividend Restrictions. During the six months ended June 30, 2023, Consumers paid \$305 million in dividends on its common stock to CMS Energy.

Consumers uses cash flows generated from operations and external financing transactions, as well as stockholder contributions from CMS Energy, to fund capital expenditures, retire debt, pay dividends, and fund its other obligations. Consumers also uses these sources of funding to contribute to its employee benefit plans.

**Financing and Capital Resources:** CMS Energy and Consumers rely on the capital markets to fund their robust capital plan. Barring any sustained market dislocations or disruptions, CMS Energy and Consumers expect to continue to have ready access to the financial and capital markets and will continue to explore possibilities to take advantage of market opportunities as they arise with respect to future funding needs. If access to these markets were to diminish or otherwise become restricted, CMS Energy and Consumers would implement contingency plans to address debt maturities, which could include reduced capital spending.

CMS Energy has entered into forward sales transactions that it may either settle physically by issuing shares of its common stock at the then-applicable forward sale price specified by the agreement or settle net by delivering or receiving cash or shares. CMS Energy may settle the contracts at any time through their maturity dates, and presently intends to physically settle the contracts by delivering shares of its common stock. As of June 30, 2023, these contracts have an aggregate sales price of \$441 million, maturing through December 2024. For more information on these forward sale contracts, see Notes to the Unaudited Consolidated Financial Statements—Note 3, Financings and Capitalization—Issuance of Common Stock.

At June 30, 2023, CMS Energy had \$529 million of its revolving credit facility available and Consumers had \$1.3 billion available under its revolving credit facilities. CMS Energy and Consumers use these credit facilities for general working capital purposes and to issue letters of credit. An additional source of liquidity is Consumers' commercial paper program, which allows Consumers to issue, in one or more placements, up to \$500 million in aggregate principal amount of commercial paper notes with maturities of up to 365 days at market interest rates. These issuances are supported by Consumers' revolving credit facilities. While the amount of outstanding commercial paper does not reduce the available capacity of the revolving credit facilities, Consumers does not intend to issue commercial paper in an amount exceeding the available capacity of the facilities. At June 30, 2023, there were no commercial paper notes outstanding under this program. For additional details on CMS Energy's and Consumers' secured revolving credit facilities and commercial paper program, see Notes to the Unaudited Consolidated Financial Statements—Note 3, Financings and Capitalization.

Certain of CMS Energy's and Consumers' credit agreements contain covenants that require CMS Energy and Consumers to maintain certain financial ratios, as defined therein. At June 30, 2023, no default had occurred with respect to any financial covenants contained in CMS Energy's and Consumers' credit agreements. CMS Energy and Consumers were each in compliance with these covenants as of June 30, 2023, as presented in the following table:

	Limit	Actual
<b>CMS Energy, parent only</b>		
Debt to Capital <sup>1</sup>	≤ 0.70 to 1.0	0.59 to 1.0
<b>Consumers</b>		
Debt to Capital <sup>2</sup>	≤ 0.65 to 1.0	0.49 to 1.0

<sup>1</sup> Applies to CMS Energy's revolving credit agreement and letter of credit reimbursement agreement, and a term loan agreement of a subsidiary of NorthStar Clean Energy.

<sup>2</sup> Applies to Consumers' revolving credit agreements.

## Outlook

Several business trends and uncertainties may affect CMS Energy's and Consumers' financial condition and results of operations. These trends and uncertainties could have a material impact on CMS Energy's and Consumers' consolidated income, cash flows, or financial position. For additional details regarding these and other uncertainties, see Forward-looking Statements and Information; Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments; and Part II—Item 1A. Risk Factors.

### Consumers Electric Utility Outlook and Uncertainties

**Clean Energy Plan:** Consumers' Clean Energy Plan details its strategy to meet customers' long-term energy needs and provides the foundation for its goal to achieve net-zero carbon emissions from its electric business by 2040. Under this net-zero goal, Consumers plans to eliminate the impact of carbon emissions created by the electricity it generates or purchases for customers. Additionally, through its Clean Energy Plan, Consumers continues to make progress on expanding its customer programs, namely its demand response, energy efficiency, and conservation voltage reduction programs, as well as increasing its renewable energy and pumped storage generation.

The Clean Energy Plan was most recently revised and approved by the MPSC in June 2022. Under this plan, Consumers will eliminate the use of coal-fueled generation in 2025 and expects to meet 90 percent of its customers' needs with clean energy sources by 2040. Specifically, the Clean Energy Plan provides for:

- the retirement of the D.E. Karn coal-fueled generating units, totaling 515 MW of nameplate capacity; these units closed in June 2023
- the retirement of the J.H. Campbell coal-fueled generating units, totaling 1,407 MW of nameplate capacity, in 2025
- the retirement of the D.E. Karn oil and gas-fueled generating units, totaling 1,219 MW of nameplate capacity, in 2031, the units' original retirement date

The MPSC has authorized Consumers to issue securitization bonds to finance the recovery of and return on the D.E. Karn coal-fueled generating units. Additionally, the MPSC has authorized regulatory asset treatment for Consumers to recover the remaining book value of the J.H. Campbell coal-fueled generating units, as well as a 9.0-percent return on equity, commencing in 2025.

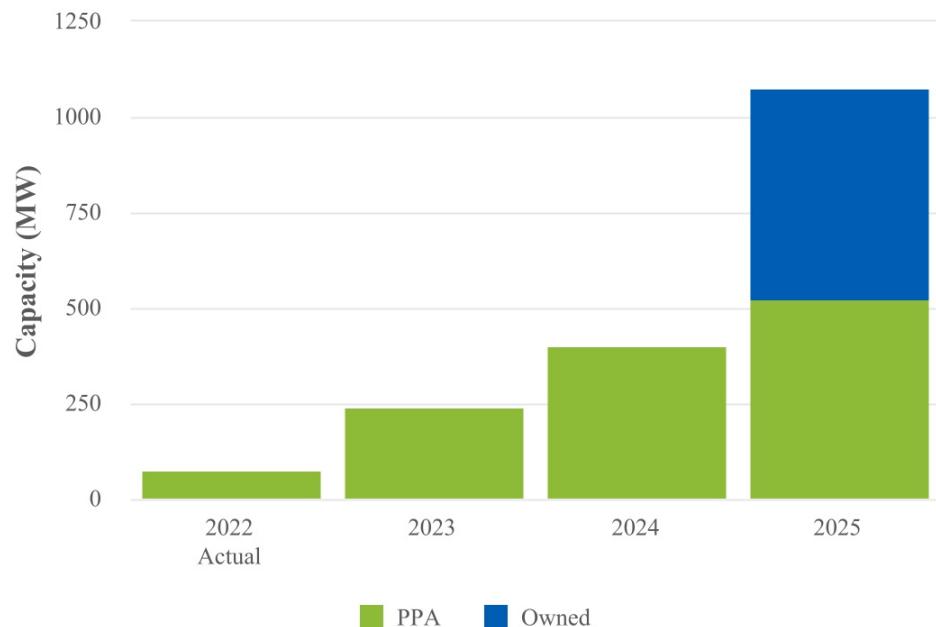
Under the Clean Energy Plan, Consumers:

- purchased the Covert Generating Facility, a natural gas-fueled generating unit with 1,200 MW of nameplate capacity in Van Buren County, Michigan, for \$810 million in May 2023
- conducted a one-time competitive solicitation for and is evaluating the acquisition of up to 700 MW of capacity through PPAs from sources able to deliver to Michigan's Lower Peninsula beginning in 2025; of this amount, up to 500 MW could be from dispatchable sources

These actions are expected to help Consumers continue to provide controllable sources of electricity to customers while expanding its investment in renewable energy. The Clean Energy Plan forecasts renewable energy capacity levels of 30 percent in 2025, 43 percent in 2030, and 61 percent in 2040, including the addition of nearly 8,000 MW of solar generation. Additionally, Consumers plans to deploy battery storage beginning in 2024, with 75 MW of energy storage by 2027 and an additional 475 MW by 2040.

Under its Clean Energy Plan, Consumers bids new capacity competitively and will own and operate approximately 50 percent of new capacity, with the remainder being built and owned by third parties. Additionally, Consumers earns a return equal to its weighted-average cost of capital on payments made under new competitively bid PPAs with non-affiliated entities approved by the MPSC.

As a result of requests for proposals, Consumers has entered into PPAs to purchase renewable capacity, energy, and RECs from solar generating facilities and build transfer agreements to purchase solar generating facilities. Presented in the following illustration is the aggregate renewable capacity that Consumers expects to add to its portfolio as a result of these agreements:



In support of its Clean Energy Plan, Consumers issued a request for proposals in September 2022 to acquire up to 700 MW of capacity through PPAs from sources able to deliver to Michigan's Lower Peninsula beginning in 2025. Specifically, Consumers solicited offers to acquire 500 MW of capacity from dispatchable sources and 200 MW of capacity from intermittent resources and dispatchable, non-intermittent clean capacity resources (including battery storage resources).

In March 2022, the U.S. Department of Commerce announced it is opening inquiries into whether manufacturers of solar modules that are produced in certain countries using supplies obtained from China are circumventing antidumping and countervailing duties which apply to Chinese modules. The U.S. Department of Commerce has made an initial determination that four manufacturers have circumvented tariffs. The remainder of this inquiry process is continuing, with a final ruling expected in August 2023. In June 2022, the Biden Administration paused for two years the imposition of duties that might result from the U.S. Department of Commerce's pending inquiries. In addition, the Uyghur Forced Labor Prevention Act, which was enacted in 2021 and became effective in June 2022, along with an earlier withhold release order that U.S. Customs and Border Protection issued in 2021, restrict the importation of goods sourced from the Xinjiang region of China. Solar modules whose raw materials come from the Xinjiang region are a key focus of these import laws. Consumers continues to closely monitor these matters and their potential impacts on availability of solar modules and timing associated with pending and planned solar projects.

**Renewable Energy Plan:** Michigan has established a 15-percent renewable portfolio standard. Under this standard, Consumers is required to submit RECs, which represent proof that the associated electricity was generated from a renewable energy resource, in an amount equal to at least 15 percent of Consumers' electric sales volume each year. Under its renewable energy plan, Consumers has met the 15-percent requirement and expects to continue meeting the requirement going forward with a combination of newly generated RECs and previously generated RECs carried over from prior years.

Under Consumers' renewable energy plan, the MPSC has approved the acquisition of up to 525 MW of new wind generation projects and authorized Consumers to earn a 10.7-percent return on equity on any projects approved by the MPSC. Specifically, the MPSC has approved the following:

- purchase and construction of a 150-MW wind generation project in Gratiot County, Michigan; the project became operational and Consumers took full ownership in 2020
- purchase of a 166-MW wind generation project in Hillsdale, Michigan; the project became operational and Consumers took full ownership in 2021
- purchase of a wind generation project under development, with capacity of up to 201 MW, in Gratiot County, Michigan; Consumers expects to take full ownership and begin commercial operation of the project in the fourth quarter of 2023

The MPSC also approved the execution of a 20-year PPA under which Consumers will purchase 100 MW of renewable capacity, energy, and RECs from a 149-MW solar generating facility to be constructed in Calhoun County, Michigan; the facility is targeted to be operational in 2024.

*Voluntary Large Customer Renewable Energy Program:* Consumers provides service under a program that provides large full-service electric customers with the opportunity to advance the development of renewable energy beyond the requirements of the 2016 Energy Law. In 2021, the MPSC approved Consumers' request to amend its renewable energy plan to remove the annual subscription limit associated with this program. The MPSC also approved up to 1,000 MW of new wind and solar generation projects between 2024 and 2027 to meet customer demand for the program. Consumers will competitively solicit for additional renewable energy assets based on customer applications and will construct the assets based on customer subscriptions to the program.

As part of this program, in March 2023, Consumers entered into a build transfer agreement for a 309-MW solar generating facility to be constructed in Calhoun County, Michigan; the facility is targeted to be operational in 2025. The build transfer agreement is subject to MPSC approval.

**Electric Customer Deliveries and Revenue:** Consumers' electric customer deliveries are seasonal and largely dependent on Michigan's economy. The consumption of electric energy typically increases in the summer months, due primarily to the use of air conditioners and other cooling equipment. In addition, Consumers' electric rates, which follow a seasonal rate design, are higher in the summer months than in the remaining months of the year. Each year in June, electric residential customers transition to a summer peak time-of-use rate that allows them to take advantage of lower-cost energy during off-peak times during the summer months. Thus, customers can reduce their electric bills by shifting their consumption from on-peak to off-peak times.

Over the next five years, Consumers expects weather-normalized electric deliveries to remain relatively stable compared to 2022. This outlook reflects the effects of energy waste reduction programs offset largely by modest growth in electric demand. Actual delivery levels will depend on:

- energy conservation measures and results of energy waste reduction programs
- weather fluctuations
- Michigan's economic conditions, including utilization, expansion, or contraction of manufacturing facilities, population trends, electric vehicle adoption, and housing activity

**Electric ROA:** Michigan law allows electric customers in Consumers' service territory to buy electric generation service from alternative electric suppliers in an aggregate amount capped at ten percent of Consumers' sales, with certain exceptions. At June 30, 2023, electric deliveries under the ROA program were at the ten-percent limit. Of Consumers' 1.9 million electric customers, fewer than 300, or 0.02 percent, purchased electric generation service under the ROA program.

The 2016 Energy Law established a path to ensure that forward capacity is secured for all electric customers in Michigan, including customers served by alternative electric suppliers under ROA. The law also authorized the MPSC to ensure that alternative electric suppliers have procured enough capacity to cover their anticipated capacity requirements for the four-year forward period. In 2017, the MPSC issued an order establishing a state reliability mechanism for Consumers. Under this mechanism, if an alternative electric supplier does not demonstrate that it has procured its capacity requirements for the four-year forward period, its customers will pay a set charge to the utility for capacity that is not provided by the alternative electric supplier.

During 2017, the MPSC issued orders finding that it has statutory authority to determine and implement a local clearing requirement, which requires all electric suppliers to demonstrate that a portion of the capacity used to serve customers is located in the MISO footprint in Michigan's Lower Peninsula. In 2020, the Michigan Supreme Court affirmed the MPSC's statutory authority to implement a local clearing requirement on individual electric providers.

In 2020, ABATE and another intervenor filed a complaint against the MPSC in the U.S. District Court for the Eastern District of Michigan challenging the constitutionality of a local clearing requirement. The complaint requests the federal court to issue a permanent injunction prohibiting the MPSC from implementing a local clearing requirement on individual electric providers. In February 2023, the U.S. District Court for the Eastern District of Michigan dismissed the complaint. In March 2023, ABATE and the other intervenor filed a claim of appeal of the Eastern District Court's decision with the U.S. Court of Appeals for the Sixth Circuit. In April 2023, Consumers and the MPSC filed appearances and also filed cross-appeals.

**Electric Rate Matters:** Rate matters are critical to Consumers' electric utility business. For additional details on rate matters, see Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments.

*MPSC Distribution System Audit:* In October 2022, the MPSC ordered the state's two largest electric utilities, including Consumers, to report on their compliance with regulations and past MPSC orders governing the utilities' response to outages and downed lines. Also, the MPSC Staff was directed to engage a third-party auditor to review all equipment and operations of the two utilities' distribution systems.

Consumers has responded to the MPSC's order and awaits further action by the MPSC. Consumers is committed to working with other state utilities, the third-party auditor, and the MPSC to continue

improving electric reliability and safety in Michigan. In March 2023, the MPSC Staff issued a request for proposal to engage a third-party auditor and is expected to execute a contract by September 2023.

*2023 Electric Rate Case:* In May 2023, Consumers filed an application with the MPSC seeking a rate increase of \$216 million, made up of two components. First, Consumers requested a \$207 million annual rate increase, based on a 10.25-percent authorized return on equity for the projected 12-month period ending February 28, 2025. The filing requested authority to recover costs related to new infrastructure investment primarily in distribution system reliability and cleaner energy resources. Second, Consumers requested approval of a surcharge for the recovery of \$9 million of distribution investments made in 2022 that exceeded the rates authorized in accordance with the December 2021 electric rate order.

Presented in the following table are the components of the requested increase in revenue:

	<i>In Millions</i>
Projected 12-Month Period Ending February 28	2025
<i>Components of the requested rate increase</i>	
Investment in rate base	\$ 118
Operating and maintenance costs	14
Sales and other revenue	(2)
Cost of capital	77
Subtotal	\$ 207
Surcharge	9
Total	\$ 216

**Retention Incentive Program:** Under its Clean Energy Plan, Consumers retired the D.E. Karn coal-fueled electric generating units in June 2023 and will retire the J.H. Campbell coal-fueled generating units in 2025. Consumers implemented retention incentive programs to ensure necessary staffing at both locations through retirement. The aggregate cost of the D.E. Karn program, which is now complete, was \$32 million. The aggregate cost of the J.H. Campbell program through 2025 is estimated to be \$50 million; Consumers expects to recognize \$16 million of retention benefit costs in 2023. The MPSC has approved deferred accounting treatment for these costs; these expenses are deferred as a regulatory asset. For additional details on these programs, see Notes to the Unaudited Consolidated Financial Statements—Note 12, Transition Activities.

**Electric Environmental Outlook:** Consumers' electric operations are subject to various federal, state, and local environmental laws and regulations. Consumers estimates that it will incur capital expenditures of \$210 million from 2023 through 2027 to continue to comply with RCRA, the Clean Air Act, and numerous other environmental regulations. Consumers expects to recover these costs in customer rates, but cannot guarantee this result. Multiple environmental laws and regulations are subject to litigation. Consumers' primary environmental compliance focus includes, but is not limited to, the following matters.

*Air Quality:* Multiple air quality regulations apply, or may apply, to Consumers' electric utility.

In 2012, the EPA published emission standards for electric generating units, known as MATS, based on Section 112 of the Clean Air Act. Consumers has complied, and continues to comply, with the MATS regulation, and does not expect MATS to materially impact its environmental strategy.

CSAPR requires Michigan and many other states to improve air quality by reducing power plant emissions that, according to EPA modeling, contribute to ground-level ozone in other downwind states. Since its 2015 effective date, CSAPR has been revised several times. In June 2023, the EPA published the

“Good Neighbor Plan,” a revision to CSAPR. This regulation establishes allowance budgets for electric generating units in 22 states, including Michigan, between 2023 and 2029 and changes the mechanism for allocating such allowances on a year-over-year basis beginning in 2026. Consumers’ initial evaluation of this regulation indicates that it will have minimal financial and operational impact in the near term. Additionally, Consumers does not expect any major financial and operational impact in the long term. However, due to the dynamic nature of this regulation, it is difficult to forecast the long-term impact.

In 2015, the EPA lowered the NAAQS for ozone and made it more difficult to construct or modify power plants and other emission sources in areas of the country that do not meet the ozone standard. As of May 2023, three counties in western Michigan have been designated as not meeting the ozone standard. None of Consumers’ fossil-fuel-fired generating units are located in these areas. Additionally, in January 2023, the EPA proposed lowering the NAAQS for particulate matter. Consumers will continue to monitor NAAQS rulemakings and evaluate potential impacts to its generating assets.

Consumers’ strategy to comply with air quality statutes and regulations involved the installation and operation of emission control equipment at some facilities and the suspension of operations at others; however, Consumers continues to evaluate these rules in conjunction with other EPA and EGLE rulemakings, litigation, executive orders, treaties, and congressional actions. This evaluation could result in:

- a change in Consumers’ fuel mix
- changes in the types of generating units Consumers may purchase or build in the future
- changes in how certain units are operated
- the retirement, mothballing, or repowering with an alternative fuel of some of Consumers’ generating units
- changes in Consumers’ environmental compliance costs
- the purchase or sale of allowances

*Greenhouse Gases:* There have been numerous legislative and regulatory initiatives at the state, regional, national, and international levels that involve the potential regulation and reporting of greenhouse gases. Consumers continues to monitor and comment on these initiatives, as appropriate.

In May 2023, the EPA released its proposed rule to address greenhouse gas emissions from existing fossil-fuel-fired electric generating units. Under its Clean Energy Plan, Consumers will eliminate the use of coal-fueled generation in 2025. Therefore, this proposed rule will not materially impact Consumers over the remaining operating lives of these coal-fueled facilities. The proposed rule has requirements for existing natural gas-fueled facilities, however, that could have a material impact on Consumers’ natural gas-fueled facilities. The EPA is scheduled to finalize the rule in April 2024.

Under the Paris Agreement, an international agreement addressing greenhouse gas emissions, the U.S. has committed to reduce greenhouse gas emissions by 50 to 52 percent from 2005 levels by 2030. Under its Clean Energy Plan, Consumers plans to reduce carbon emissions from its electric business by 60 percent from 2005 levels in 2025. At this time, Consumers does not expect any adverse changes to its environmental strategy as a result of this event, as its plans exceed the nationally committed reduction. The commitment made by the U.S. is not binding without new Congressional legislation.

In 2020, Michigan’s Governor signed an executive order creating the Michigan Healthy Climate Plan, which outlines goals for Michigan to achieve economy-wide net-zero greenhouse gas emissions and to be carbon neutral by 2050. The executive order aims for a 28-percent reduction below 2005 levels of greenhouse gas emissions by 2025. These goals are aspirational in nature and any changes in law or regulation to achieve these goals would need to be approved by the Michigan Legislature or the relevant regulatory agency. Additionally, Consumers has already surpassed the 28-percent reduction milestone for

its owned electric generation and previously announced a goal of achieving net-zero carbon emissions from its electric business by 2040. Consumers does not expect any adverse changes to its environmental strategy as a result of this event.

Increased frequency or intensity of severe or extreme weather events, including those due to climate change, could materially impact Consumers' facilities, energy sales, and results of operations. Consumers is unable to predict these events or their financial impact; however, Consumers evaluates the potential physical impacts of climate change on its operations, including increased frequency or intensity of storm activity; increased precipitation; increased temperature; and changes in lake and river levels. Consumers released a report addressing the physical risks of climate change on its infrastructure in 2022. Consumers is taking steps to mitigate these risks as appropriate.

While Consumers cannot predict the outcome of changes in U.S. policy or of other legislative, executive, or regulatory initiatives involving the potential regulation or reporting of greenhouse gases, it intends to move forward with its Clean Energy Plan, its present net-zero goals, and its emphasis on reliable and resilient supply. Litigation, international treaties, executive orders, federal laws and regulations (including regulations by the EPA), and state laws and regulations, if enacted or ratified, could ultimately impact Consumers. Consumers may be required to:

- replace equipment
- install additional emission control equipment
- purchase emission allowances or credits (including potential greenhouse gas offset credits)
- curtail operations
- arrange for alternative sources of supply
- purchase or build facilities that generate fewer emissions
- mothball or retire facilities that generate certain emissions
- pursue energy efficiency or demand response measures more swiftly
- take other steps to manage or lower the emission of greenhouse gases

Although associated capital or operating costs relating to greenhouse gas regulation or legislation could be material and cost recovery cannot be assured, Consumers expects to recover these costs in rates consistent with the recovery of other reasonable costs of complying with environmental laws and regulations.

*CCRs:* In 2015, the EPA published a rule regulating CCRs under RCRA. This rule adopts minimum standards for beneficially using and disposing of non-hazardous CCRs and establishes technical requirements for CCR landfills and surface impoundments. The rule also sets out conditions under which some CCR units would be forced to cease receiving CCR wastewater and initiate closure. Due to continued litigation, many aspects of the rule have been remanded to the EPA, resulting in more proposed and final rules.

Separately, Congress passed legislation in 2016 allowing participating states to develop permitting programs for CCRs under RCRA Subtitle D. In 2020, EGLE submitted a regulatory package for Michigan's permit program to the EPA for its review, which is still pending.

Consumers, with agreement from EGLE, completed the work necessary to initiate closure by excavating CCRs or placing a final cover over each of its relevant CCR units prior to the closure initiation deadline. Consumers has historically been authorized to recover in electric rates costs related to coal ash disposal sites.

*Water:* Multiple water-related regulations apply, or may apply, to Consumers.

The EPA regulates cooling water intake systems of existing electric generating plants under Section 316(b) of the Clean Water Act. The rules seek to reduce alleged harmful impacts on aquatic organisms, such as fish. In 2018, Consumers submitted to EGLE for approval all required studies and recommended plans to comply with Section 316(b) for its coal-fueled units, but has not yet received final approval.

The EPA also regulates the discharge of wastewater through its effluent limitation guidelines for steam electric generating plants. In 2020, the EPA revised previous guidelines related to the discharge of certain wastewater, but allowed for extension of the compliance deadline from the end of 2023 to the end of 2025, upon approval by EGLE through the NPDES permitting process. Consumers received such an extension to 2025 for its J.H. Campbell generating facility, which it plans to retire in 2025. In March 2023, the EPA released a proposed rule seeking to replace its 2020 rule and corresponding effluent limitation guidelines. Consumers is evaluating the proposed effluent limitation guidelines for its potential impacts on its generating facilities.

In recent years, the EPA and the U.S. Army Corps of Engineers have proposed changes to the scope of federal jurisdiction over bodies of water and to the frequency of dual jurisdiction in states with authority to regulate the same waters; Michigan is one such state. A 2022 rule changed the definition of “Waters of the United States,” which defines the scope of waters protected under the Clean Water Act. Additionally, in May 2023, the U.S. Supreme Court issued a decision reducing the scope of “Waters of the United States.” Consumers does not expect adverse changes to its environmental strategy as a result of the current interpretations and court decision.

Many of Consumers’ facilities maintain NPDES permits, which are vital to the facilities’ operations. Consumers applies for renewal of these permits every five years. Failure of EGLE to renew any NPDES permit, a successful appeal against a permit, a change in the interpretation or scope of NPDES permitting, or onerous terms contained in a permit could have a significant detrimental effect on the operations of a facility.

*Protected Wildlife:* Multiple regulations apply, or may apply, to Consumers relating to protected species and habitats.

Statutes like the federal Endangered Species Act, the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act of 1940 may impact operations at Consumers’ facilities. In 2021, the U.S. Fish and Wildlife Service announced its intent to regulate incidental take under the Migratory Bird Treaty Act. Any resulting permitting and monitoring fees and/or restrictions on operations could impact Consumers’ existing and future operations, including wind and solar generation facilities.

Additionally, Consumers is monitoring proposed changes to the listing status of several species within its operational area due to an increase in wildlife-related regulatory activity at federal and state levels. A change in species listed under the Endangered Species Act may impact Consumers’ costs to mitigate its impact on protected species and habitats at certain existing facilities as well as siting choices for new facilities.

*Other Matters:* Other electric environmental matters could have a material impact on Consumers’ outlook. For additional details on other electric environmental matters, see Notes to the Unaudited Consolidated Financial Statements—Note 2, Contingencies and Commitments—Consumers Electric Utility Contingencies—Electric Environmental Matters.

## Consumers Gas Utility Outlook and Uncertainties

**Gas Deliveries:** Consumers' gas customer deliveries are seasonal. The peak demand for natural gas typically occurs in the winter due to colder temperatures and the resulting use of natural gas as heating fuel.

Over the next five years, Consumers expects weather-normalized gas deliveries to remain stable relative to 2022. This outlook reflects the effects of energy waste reduction programs offset largely by modest growth in gas demand. Actual delivery levels will depend on:

- weather fluctuations
- use by power producers
- availability and development of renewable energy sources
- gas price changes
- Michigan's economic conditions, including population trends and housing activity
- the price or demand of competing energy sources or fuels
- energy efficiency and conservation impacts

**Gas Rate Matters:** Rate matters are critical to Consumers' gas utility business. For additional details on rate matters, see Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments.

*2022 Gas Rate Case:* In December 2022, Consumers filed an application with the MPSC seeking an annual rate increase of \$212 million, based on a 10.25-percent authorized return on equity for the projected 12-month period ending September 30, 2024. In June 2023, Consumers reduced its requested annual rate increase to \$175 million, based on a 10.25-percent authorized return on equity. In July 2023, Consumers filed a settlement agreement reflecting an annual rate increase of \$95 million, based on a 9.9-percent authorized return on equity, effective October 1, 2023.

The settlement agreement also authorizes the use of a cost deferral mechanism that will allow Consumers to defer for future recovery or refund pension and OPEB expense above the amounts used to set existing rates.

*Postretirement Benefits Expense Accounting Application:* In January 2023, Consumers filed an application with the MPSC, requesting authority to defer the future recovery or refund of pension and OPEB expenses above or below the amounts used to set existing rates, respectively. Consumers requested this accounting treatment to begin in 2023 and to continue until rates are reset in the 2022 gas rate case. In March 2023, the MPSC denied Consumers' application, instead recommending that this would be more appropriately considered as part of Consumers' current gas rate case.

**Gas Pipeline and Storage Integrity and Safety:** The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration has published various rules that expand federal safety standards for gas transmission pipelines and underground storage facilities. Initial requirements took effect in 2020, with future regulation phases to be released over numerous years. To comply with these rules, Consumers will incur increased capital and operating and maintenance costs to install and remediate pipelines and to expand inspections, maintenance, and monitoring of its existing pipelines and storage facilities.

Although associated capital or operating and maintenance costs relating to these regulations could be material and cost recovery cannot be assured, Consumers expects to recover such costs in rates consistent with the recovery of other reasonable costs of complying with laws and regulations.

**Gas Environmental Outlook:** Consumers expects to incur response activity costs at a number of sites, including 23 former MGP sites. For additional details, see Notes to the Unaudited Consolidated Financial Statements—Note 2, Contingencies and Commitments—Consumers Gas Utility Contingencies—Gas Environmental Matters.

Consumers' gas operations are subject to various federal, state, and local environmental laws and regulations. Multiple environmental laws and regulations are subject to litigation. Consumers' primary environmental compliance focus includes, but is not limited to, the following matters.

*Air Quality:* Multiple air quality regulations apply, or may apply, to Consumers' gas utility.

In June 2023, the EPA published the “Good Neighbor Plan,” a revision to CSAPR that impacts Michigan. This regulation will reduce interstate air pollution transport issues that EPA modeling suggests contribute to downwind states attaining or maintaining compliance with the NAAQS for ozone. While prior CSAPR regulations focused only on electric generating units, this latest rule includes other emission sources, including engines at natural gas compressor stations. Compliance with new NOx emission limits is required by May 2026, unless the EPA approves an extension. Consumers expects to incur costs to retrofit or replace equipment at some of its compressor stations.

In 2015, the EPA lowered the NAAQS for ozone and made it more difficult to construct or modify natural gas compressor stations and other emission sources in areas of the country that do not meet the ozone standard. As of May 2023, three counties in western Michigan have been designated as not meeting the ozone standard. One of Consumers' compressor stations is located in an ozone nonattainment area. Consequently, Consumers has initiated plans to retrofit equipment at this compressor station in order to lower NOx emissions and comply with this standard. Additionally, in January 2023, the EPA proposed lowering the NAAQS for particulate matter. Consumers will continue to monitor NAAQS rulemakings and evaluate potential impacts to its compressor stations and other applicable natural gas storage and delivery assets.

*Greenhouse Gases:* There is increasing interest at the federal, state, and local levels in potential regulation of greenhouse gases or their sources. Such regulation, if adopted, may involve requirements to reduce methane emissions from Consumers' gas utility operations and carbon dioxide emissions from customer use of natural gas. No such measures apply to Consumers at this time.

In 2020, Michigan's Governor signed an executive order creating the Michigan Healthy Climate Plan, which outlines goals for Michigan to achieve economy-wide net-zero greenhouse gas emissions and to be carbon neutral by 2050. The executive order aims for a 28-percent reduction below 2005 levels of greenhouse gas emissions by 2025. For additional details on the executive order, see Consumers Electric Utility Outlook and Uncertainties—Electric Environmental Outlook.

Under the Paris Agreement, an international agreement addressing greenhouse gas emissions, the U.S. has committed to reduce greenhouse gas emissions by 50 to 52 percent from 2005 levels by 2030. The commitment made by the U.S. is not binding without new Congressional legislation. Consumers continues to monitor these initiatives and comment as appropriate. Consumers cannot predict the impact of any potential future legislation or regulation on its gas utility.

Consumers is making voluntary efforts to reduce its gas utility's methane emissions. Under its Methane Reduction Plan, Consumers has set a goal of net-zero methane emissions from its natural gas delivery system by 2030. Consumers plans to reduce methane emissions from its system by about 80 percent by accelerating the replacement of aging pipe, rehabilitating or retiring outdated infrastructure, and adopting new technologies and practices. The remaining emissions will likely be offset by purchasing and/or

producing renewable natural gas. To date, Consumers has reduced methane emissions by more than 20 percent from a 2012 baseline.

In March 2022, Consumers also announced a net-zero greenhouse gas emissions target for its entire natural gas system by 2050. This includes suppliers and customers, and has an interim goal of reducing customer emissions by 20 percent by 2030. Consumers' Natural Gas Delivery Plan, a 10-year strategic investment plan to deliver safe, reliable, clean, and affordable natural gas to customers, outlines ways in which Consumers can make early progress toward these goals in a cost-effective manner, including energy waste reduction or energy efficiency, carbon offsets, and renewable natural gas supply.

Consumers has already initiated work in these key areas, continuing to expand its energy waste reduction targets, launching a program allowing gas customers to purchase carbon offset credits on a voluntary basis, and announcing plans to begin development of a renewable natural gas facility that will capture methane from manure generated at a Michigan-based farm and convert it into renewable natural gas. Consumers is evaluating and monitoring newer technologies to determine their role in achieving Consumers' interim and long-term net-zero goals, including hydrogen, biofuels, and synthetic methane; carbon capture sequestration systems; and other innovative technologies.

## NorthStar Clean Energy Outlook and Uncertainties

CMS Energy's primary focus with respect to its NorthStar Clean Energy businesses is to maximize the value of generating assets, its share of which represents 1,478 MW of capacity, and to pursue opportunities for the development of renewable generation projects.

In May 2023, NorthStar Clean Energy executed agreements to sell a Class A membership interest in Newport Solar Holdings to tax equity investors for \$86 million. This transaction will close upon the commercial operation of Newport Solar, LLC, a 180-MW solar generation project located in Jackson County, Arkansas, which will be owned by Newport Solar Holdings. The project is expected to become operational in the third quarter of 2023. All of the project's nameplate capacity has been committed under a 15-year PPA. NorthStar Clean Energy will retain a Class B membership interest in Newport Solar Holdings. Earnings, tax attributes, and cash flows generated by Newport Solar Holdings will be allocated among and distributed to the membership classes in accordance with the ratios specified in the associated limited liability company operating agreement; these ratios change over time and are not representative of the ownership interest percentages of each membership class.

NorthStar Clean Energy's operations may be subject to various federal, state, and local environmental laws and regulations. Multiple environmental laws and regulations are subject to litigation. NorthStar Clean Energy's primary environmental compliance focus includes, but is not limited to, the following matters.

CSAPR requires Michigan and many other states to improve air quality by reducing power plant emissions that, according to EPA modeling, contribute to ground-level ozone in other downwind states. Since its 2015 effective date, CSAPR has been revised several times. In June 2023, the EPA published the "Good Neighbor Plan," a revision to CSAPR. This regulation establishes allowance budgets for electric generating units in 22 states, including Michigan, between 2023 and 2029 and changes the mechanism for allocating such allowances on a year-over-year basis beginning in 2026. NorthStar Clean Energy is evaluating this rule and its impact on NorthStar Clean Energy's emission sources and may incur costs in allowance purchases or equipment retrofits.

In 2015, the EPA lowered the NAAQS for ozone and made it more difficult to construct or modify power plants and other emission sources in areas of the country that do not meet the ozone standard. As of

May 2023, three counties in western Michigan have been designated as not meeting the ozone standard. None of NorthStar Clean Energy's facilities are located in the nonattainment counties.

In May 2023, the EPA released its proposed rule to address greenhouse gas emissions from existing fossil-fuel-fired and natural gas-fueled electric generating units. This proposed regulation could have a material financial and operational impact on NorthStar Clean Energy, if the regulation ultimately applies to its facilities. The EPA is scheduled to finalize the rule in April 2024.

Many of NorthStar Clean Energy's facilities maintain NPDES permits, which are vital to the facilities' operations. NorthStar Clean Energy applies for renewal of these permits every five years. Failure of EGLE to renew any NPDES permit, a successful appeal against a permit, a change in the interpretation or scope of NPDES permitting, or onerous terms contained in a permit could have a significant detrimental effect on the operations of a facility.

For additional details regarding the ozone NAAQS or CSAPR rule, see Consumers Electric Utility Outlook and Uncertainties—Electric Environmental Outlook.

Trends, uncertainties, and other matters related to NorthStar Clean Energy that could have a material impact on CMS Energy's consolidated income, cash flows, or financial position include:

- investment in and financial benefits received from renewable energy and energy storage projects
- changes in energy and capacity prices
- severe weather events and climate change associated with increasing levels of greenhouse gases
- changes in commodity prices on certain derivative contracts that do not qualify for hedge accounting and must be marked to market through earnings
- changes in various environmental laws, regulations, principles, or practices, or in their interpretation
- indemnity obligations assumed in connection with ownership interests in facilities that involve tax equity financing
- representations, warranties, and indemnities provided by CMS Energy in connection with sales of assets
- delays or difficulties in obtaining environmental permits for facilities located in areas associated with environmental justice concerns

In March 2022, the U.S. Department of Commerce announced it is opening inquiries into whether manufacturers of solar modules that are produced in certain countries using supplies obtained from China are circumventing antidumping and countervailing duties which apply to Chinese modules. The U.S. Department of Commerce has made an initial determination that four manufacturers have circumvented tariffs. The remainder of this inquiry process is continuing, with a final ruling expected in August 2023. In June 2022, the Biden Administration paused for two years the imposition of duties that might result from the U.S. Department of Commerce's pending inquiries. In addition, the Uyghur Forced Labor Prevention Act, which was enacted in 2021 and became effective in June 2022, along with an earlier withhold release order that U.S. Customs and Border Protection issued in 2021, restrict the importation of goods sourced from the Xinjiang region of China. Solar modules whose raw materials come from the Xinjiang region are a key focus of these import laws. CMS Energy continues to closely monitor these matters and their potential impacts on availability of solar modules and timing associated with pending and planned solar projects.

For additional details regarding NorthStar Clean Energy's uncertainties, see Notes to the Unaudited Consolidated Financial Statements—Note 2, Contingencies and Commitments—Guarantees.

## Other Outlook and Uncertainties

**Litigation:** CMS Energy, Consumers, and certain of their subsidiaries are named as parties in various litigation matters, as well as in administrative proceedings before various courts and governmental agencies, arising in the ordinary course of business. For additional details regarding these and other legal matters, see Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments.

**Employee Separation Program:** In April 2023, CMS Energy and Consumers announced a voluntary separation program for non-union employees. For the three months ended June 30, 2023, CMS Energy and Consumers recorded a pre-tax charge of \$28 million related to the program, under which more than 400 employees were approved for and accepted early separation. CMS Energy and Consumers expect to record an additional pre-tax charge of \$6 million related to the program in the third quarter of 2023.

## New Accounting Standards

There are no new accounting standards issued but not yet effective that are expected to have a material impact on CMS Energy's or Consumers' consolidated financial statements.

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# CMS Energy Corporation

## Consolidated Statements of Income (Unaudited)

	<i>In Millions, Except Per Share Amounts</i>				
	Three Months Ended		Six Months Ended		
June 30	2023	2022	2023	2022	
<b>Operating Revenue</b>	\$ 1,555	\$ 1,920	\$ 3,839	\$ 4,294	
<b>Operating Expenses</b>					
Fuel for electric generation	110	241	247	408	
Purchased and interchange power	342	483	683	938	
Purchased power – related parties	17	18	36	35	
Cost of gas sold	84	216	631	684	
Maintenance and other operating expenses	406	392	837	726	
Depreciation and amortization	255	242	608	587	
General taxes	97	89	239	221	
Total operating expenses	1,311	1,681	3,281	3,599	
<b>Operating Income</b>	244	239	558	695	
<b>Other Income (Expense)</b>					
Non-operating retirement benefits, net	45	52	90	100	
Other income	103	2	118	6	
Other expense	(2)	(11)	(6)	(15)	
Total other income	146	43	202	91	
<b>Interest Charges</b>					
Interest on long-term debt	152	122	296	243	
Interest expense – related parties	3	3	6	6	
Other interest expense	6	1	6	2	
Allowance for borrowed funds used during construction	(1)	—	(1)	(1)	
Total interest charges	160	126	307	250	
<b>Income Before Income Taxes</b>	230	156	453	536	
<b>Income Tax Expense</b>	41	14	70	53	
<b>Income From Continuing Operations</b>	189	142	383	483	
<b>Income From Discontinued Operations, Net of Tax of \$—, \$—, \$—, and \$1</b>	1	—	1	4	
<b>Net Income</b>	190	142	384	487	
<b>Loss Attributable to Noncontrolling Interests</b>	(8)	(6)	(18)	(14)	
<b>Net Income Attributable to CMS Energy</b>	198	148	402	501	
<b>Preferred Stock Dividends</b>	3	3	5	5	
<b>Net Income Available to Common Stockholders</b>	\$ 195	\$ 145	\$ 397	\$ 496	

June 30	<i>In Millions, Except Per Share Amounts</i>						
	Three Months Ended			Six Months Ended			
	2023	2022	2023	2022			
<b>Basic Earnings Per Average Common Share</b>							
Income from continuing operations per average common share available to common stockholders	\$ 0.67	\$ 0.50	\$ 1.36	\$ 1.70			
Income from discontinued operations per average common share available to common stockholders	—	—	—	0.01			
Basic earnings per average common share	\$ 0.67	\$ 0.50	\$ 1.36	\$ 1.71			
<b>Diluted Earnings Per Average Common Share</b>							
Income from continuing operations per average common share available to common stockholders	\$ 0.67	\$ 0.50	\$ 1.36	\$ 1.70			
Income from discontinued operations per average common share available to common stockholders	—	—	—	0.01			
Diluted earnings per average common share	\$ 0.67	\$ 0.50	\$ 1.36	\$ 1.71			

**The accompanying notes are an integral part of these statements.**

# CMS Energy Corporation

## Consolidated Statements of Comprehensive Income (Unaudited)

June 30	<i>In Millions</i>					
	Three Months Ended		Six Months Ended		2023	2022
	2023	2022	2023	2022		
<b>Net Income</b>	\$ 190	\$ 142	\$ 384	\$ 487		
<b>Retirement Benefits Liability</b>						
Net gain arising during the period, net of tax of \$—, \$—, \$—, and \$1	—	—	1	2		
Amortization of net actuarial loss, net of tax of \$—, \$1, \$—, and \$1	1	1	1	2		
Amortization of prior service credit, net of tax of \$— for all periods	(1)	—	(1)	—		
<b>Derivatives</b>						
Unrealized gain on derivative instruments, net of tax of \$—, \$—, \$—, and \$1	—	—	—	2		
Reclassification adjustments included in net income, net of tax of \$— for all periods	—	1	—	1		
<b>Other Comprehensive Income</b>	—	2	1	7		
<b>Comprehensive Income</b>	190	144	385	494		
<b>Comprehensive Loss Attributable to Noncontrolling Interests</b>	(8)	(6)	(18)	(14)		
<b>Comprehensive Income Attributable to CMS Energy</b>	\$ 198	\$ 150	\$ 403	\$ 508		

The accompanying notes are an integral part of these statements.

# CMS Energy Corporation

## Consolidated Statements of Cash Flows (Unaudited)

	<i>In Millions</i>	
	2023	2022
Six Months Ended June 30		
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 384	\$ 487
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Depreciation and amortization	608	587
Deferred income taxes and investment tax credits	71	39
Other non-cash operating activities and reconciling adjustments	(122)	(38)
<i>Changes in assets and liabilities</i>		
Accounts receivable and accrued revenue	474	(80)
Inventories	236	(179)
Accounts payable and accrued rate refunds	(189)	53
Other current assets and liabilities	92	117
Other non-current assets and liabilities	151	73
Net cash provided by operating activities	1,705	1,059
<b>Cash Flows from Investing Activities</b>		
Capital expenditures (excludes assets placed under finance lease)	(1,187)	(1,088)
Covert Generating Facility acquisition	(810)	—
Cost to retire property and other investing activities	(82)	(51)
Net cash used in investing activities	(2,079)	(1,139)
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of debt	2,405	—
Retirement of debt	(1,465)	(92)
Increase (decrease) in notes payable	(20)	45
Issuance of common stock	7	7
Payment of dividends on common and preferred stock	(290)	(273)
Proceeds from the sale of membership interest in VIE to tax equity investor	—	49
Contribution from noncontrolling interest	6	2
Other financing costs	(45)	(38)
Net cash provided by (used in) financing activities	598	(300)
<b>Net Increase (Decrease) in Cash and Cash Equivalents, Including Restricted Amounts</b>	<b>224</b>	<b>(380)</b>
<b>Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period</b>	<b>182</b>	<b>476</b>
<b>Cash and Cash Equivalents, Including Restricted Amounts, End of Period</b>	<b>\$ 406</b>	<b>\$ 96</b>
<b>Other Non-cash Investing and Financing Activities</b>		
<i>Non-cash transactions</i>		
Capital expenditures not paid	\$ 241	\$ 162

**The accompanying notes are an integral part of these statements.**

# CMS Energy Corporation

## Consolidated Balance Sheets (Unaudited)

### ASSETS

	<i>In Millions</i>	
	June 30 2023	December 31 2022
<b>Current Assets</b>		
Cash and cash equivalents	\$ 389	\$ 164
Restricted cash and cash equivalents	17	18
Accounts receivable and accrued revenue, less allowance of \$27 in both periods	708	1,564
Accounts receivable – related parties	13	16
<i>Inventories at average cost</i>		
Gas in underground storage	570	840
Materials and supplies	244	212
Generating plant fuel stock	73	65
Deferred property taxes	282	384
Regulatory assets	182	57
Prepayments and other current assets	125	113
<b>Total current assets</b>	<b>2,603</b>	<b>3,433</b>
<b>Plant, Property, and Equipment</b>		
Plant, property, and equipment, gross	31,592	30,491
Less accumulated depreciation and amortization	8,736	8,960
<b>Plant, property, and equipment, net</b>	<b>22,856</b>	<b>21,531</b>
Construction work in progress	1,408	1,182
<b>Total plant, property, and equipment</b>	<b>24,264</b>	<b>22,713</b>
<b>Other Non-current Assets</b>		
Regulatory assets	3,807	3,595
Accounts receivable	24	23
Investments	72	71
Postretirement benefits	1,274	1,208
Other	221	310
<b>Total other non-current assets</b>	<b>5,398</b>	<b>5,207</b>
<b>Total Assets</b>	<b>\$ 32,265</b>	<b>\$ 31,353</b>

**LIABILITIES AND EQUITY**

*In Millions*

	June 30 2023	December 31 2022
<b>Current Liabilities</b>		
Current portion of long-term debt and finance leases	\$ 1,132	\$ 1,099
Notes payable	—	20
Accounts payable	752	928
Accounts payable – related parties	7	8
Accrued rate refunds	21	—
Accrued interest	145	122
Accrued taxes	405	538
Regulatory liabilities	88	104
Other current liabilities	187	166
<b>Total current liabilities</b>	<b>2,737</b>	<b>2,985</b>
<b>Non-current Liabilities</b>		
Long-term debt	13,925	13,122
Non-current portion of finance leases	65	68
Regulatory liabilities	3,922	3,796
Postretirement benefits	106	108
Asset retirement obligations	759	746
Deferred investment tax credit	127	129
Deferred income taxes	2,503	2,407
Other non-current liabilities	415	397
<b>Total non-current liabilities</b>	<b>21,822</b>	<b>20,773</b>
<b>Commitments and Contingencies</b> (Notes 1 and 2)		
<b>Equity</b>		
<i>Common stockholders' equity</i>		
Common stock, authorized 350.0 shares; outstanding 291.7 shares in 2023 and 291.3 shares in 2022	3	3
Other paid-in capital	5,506	5,490
Accumulated other comprehensive loss	(51)	(52)
Retained earnings	1,463	1,350
<b>Total common stockholders' equity</b>	<b>6,921</b>	<b>6,791</b>
Cumulative redeemable perpetual preferred stock, Series C, authorized 9.2 depositary shares; outstanding 9.2 depositary shares in both periods	224	224
<b>Total stockholders' equity</b>	<b>7,145</b>	<b>7,015</b>
Noncontrolling interests	561	580
<b>Total equity</b>	<b>7,706</b>	<b>7,595</b>
<b>Total Liabilities and Equity</b>	<b>\$ 32,265</b>	<b>\$ 31,353</b>

**The accompanying notes are an integral part of these statements.**

# CMS Energy Corporation

## Consolidated Statements of Changes in Equity (Unaudited)

		<i>In Millions, Except Per Share Amounts</i>			
		Three Months Ended		Six Months Ended	
June 30		2023	2022	2023	2022
<b>Total Equity at Beginning of Period</b>		\$ 7,652	\$ 7,405	\$ 7,595	\$ 7,188
<b>Common Stock</b>					
At beginning and end of period		3	3	3	3
<b>Other Paid-in Capital</b>					
At beginning of period		5,494	5,406	5,490	5,406
Common stock issued		12	11	23	21
Common stock repurchased		—	—	(7)	(10)
At end of period		5,506	5,417	5,506	5,417
<b>Accumulated Other Comprehensive Loss</b>					
At beginning of period		(51)	(54)	(52)	(59)
<i>Retirement benefits liability</i>					
At beginning of period		(51)	(53)	(52)	(56)
Net gain arising during the period		—	—	1	2
Amortization of net actuarial loss		1	1	1	2
Amortization of prior service credit		(1)	—	(1)	—
At end of period		(51)	(52)	(51)	(52)
<i>Derivative instruments</i>					
At beginning of period		—	(1)	—	(3)
Unrealized gain on derivative instruments		—	—	—	2
Reclassification adjustments included in net income		—	1	—	1
At end of period		—	—	—	—
At end of period		(51)	(52)	(51)	(52)
<b>Retained Earnings</b>					
At beginning of period		1,410	1,275	1,350	1,057
Net income attributable to CMS Energy		198	148	402	501
Dividends declared on common stock		(142)	(134)	(284)	(267)
Dividends declared on preferred stock		(3)	(3)	(5)	(5)
At end of period		1,463	1,286	1,463	1,286
<b>Cumulative Redeemable Perpetual Preferred Stock, Series C</b>					
At beginning and end of period		224	224	224	224
<b>Noncontrolling Interests</b>					
At beginning of period		572	551	580	557
Sale of membership interest in VIE to tax equity investor		—	49	—	49
Contribution from noncontrolling interest		—	—	6	2
Loss attributable to noncontrolling interests		(8)	(6)	(18)	(14)
Distributions and other changes in noncontrolling interests		(3)	(1)	(7)	(1)
At end of period		561	593	561	593
<b>Total Equity at End of Period</b>		\$ 7,706	\$ 7,471	\$ 7,706	\$ 7,471

June 30	<i>In Millions, Except Per Share Amounts</i>				
	Three Months Ended		Six Months Ended		
	2023	2022	2023	2022	
<b>Dividends declared per common share</b>	\$ 0.4875	\$ 0.4600	\$ 0.9750	\$ 0.9200	
<b>Dividends declared per preferred stock Series C depository share</b>	\$ 0.2625	\$ 0.2625	\$ 0.5250	\$ 0.5250	

**The accompanying notes are an integral part of these statements.**

# Consumers Energy Company

## Consolidated Statements of Income (Unaudited)

*In Millions*

June 30	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
<b>Operating Revenue</b>	\$ 1,485	\$ 1,802	\$ 3,695	\$ 4,085
<b>Operating Expenses</b>				
Fuel for electric generation	85	173	183	297
Purchased and interchange power	326	468	660	905
Purchased power – related parties	17	18	36	35
Cost of gas sold	83	213	629	678
Maintenance and other operating expenses	380	370	789	683
Depreciation and amortization	245	233	589	569
General taxes	94	86	233	215
Total operating expenses	1,230	1,561	3,119	3,382
<b>Operating Income</b>	255	241	576	703
<b>Other Income (Expense)</b>				
Non-operating retirement benefits, net	42	49	85	94
Other income	15	4	27	8
Other expense	(1)	(11)	(5)	(14)
Total other income	56	42	107	88
<b>Interest Charges</b>				
Interest on long-term debt	101	75	200	150
Interest expense – related parties	4	3	7	6
Other interest expense	6	—	6	1
Allowance for borrowed funds used during construction	(1)	—	(1)	(1)
Total interest charges	110	78	212	156
<b>Income Before Income Taxes</b>	201	205	471	635
<b>Income Tax Expense</b>	34	32	72	79
<b>Net Income</b>	167	173	399	556
<b>Preferred Stock Dividends</b>	1	1	1	1
<b>Net Income Available to Common Stockholder</b>	\$ 166	\$ 172	\$ 398	\$ 555

The accompanying notes are an integral part of these statements.

# Consumers Energy Company

## Consolidated Statements of Comprehensive Income (Unaudited)

*In Millions*

	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
June 30				
<b>Net Income</b>	\$ 167	\$ 173	\$ 399	\$ 556
<b>Retirement Benefits Liability</b>				
Amortization of net actuarial loss, net of tax of \$— for all periods	—	—	—	1
<b>Other Comprehensive Income</b>	—	—	—	1
<b>Comprehensive Income</b>	\$ 167	\$ 173	\$ 399	\$ 557

**The accompanying notes are an integral part of these statements.**

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# Consumers Energy Company

## Consolidated Statements of Cash Flows (Unaudited)

	<i>In Millions</i>	
	2023	2022
Six Months Ended June 30		
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 399	\$ 556
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Depreciation and amortization	589	569
Deferred income taxes and investment tax credits	73	55
Other non-cash operating activities and reconciling adjustments	(35)	(33)
<i>Changes in assets and liabilities</i>		
Accounts and notes receivable and accrued revenue	453	(60)
Inventories	236	(178)
Accounts payable and accrued rate refunds	(170)	44
Other current assets and liabilities	75	146
Other non-current assets and liabilities	139	60
Net cash provided by operating activities	1,759	1,159
<b>Cash Flows from Investing Activities</b>		
Capital expenditures (excludes assets placed under finance lease)	(1,081)	(1,040)
Covert Generating Facility acquisition	(810)	—
Cost to retire property and other investing activities	(80)	(54)
Net cash used in investing activities	(1,971)	(1,094)
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of debt	1,520	—
Retirement of debt	(1,314)	(14)
Increase (decrease) in notes payable	(20)	45
Decrease in notes payable – related parties	(69)	(360)
Stockholder contribution	475	685
Payment of dividends on common and preferred stock	(306)	(434)
Other financing costs	(18)	(5)
Net cash provided by (used in) financing activities	268	(83)
<b>Net Increase (Decrease) in Cash and Cash Equivalents, Including Restricted Amounts</b>	<b>56</b>	<b>(18)</b>
<b>Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period</b>	<b>60</b>	<b>44</b>
<b>Cash and Cash Equivalents, Including Restricted Amounts, End of Period</b>	<b>\$ 116</b>	<b>\$ 26</b>
<b>Other Non-cash Investing and Financing Activities</b>		
<i>Non-cash transactions</i>		
Capital expenditures not paid	\$ 228	\$ 155

The accompanying notes are an integral part of these statements.

# Consumers Energy Company

## Consolidated Balance Sheets (Unaudited)

### ASSETS

	<i>In Millions</i>	
	June 30 2023	December 31 2022
<b>Current Assets</b>		
Cash and cash equivalents	\$ 99	\$ 43
Restricted cash and cash equivalents	17	17
Accounts receivable and accrued revenue, less allowance of \$27 in both periods	686	1,524
Accounts and notes receivable – related parties	8	10
<i>Inventories at average cost</i>		
Gas in underground storage	570	840
Materials and supplies	235	206
Generating plant fuel stock	70	59
Deferred property taxes	282	384
Regulatory assets	182	57
Prepayments and other current assets	107	96
Total current assets	<u>2,256</u>	<u>3,236</u>
<b>Plant, Property, and Equipment</b>		
Plant, property, and equipment, gross	30,445	29,342
Less accumulated depreciation and amortization	8,550	8,791
Plant, property, and equipment, net	<u>21,895</u>	<u>20,551</u>
Construction work in progress	1,126	994
Total plant, property, and equipment	<u>23,021</u>	<u>21,545</u>
<b>Other Non-current Assets</b>		
Regulatory assets	3,807	3,595
Accounts receivable	30	29
Accounts and notes receivable – related parties	97	99
Postretirement benefits	1,187	1,126
Other	190	286
Total other non-current assets	<u>5,311</u>	<u>5,135</u>
<b>Total Assets</b>	<b>\$ 30,588</b>	<b>\$ 29,916</b>

**LIABILITIES AND EQUITY**

*In Millions*

	June 30 2023	December 31 2022
<b>Current Liabilities</b>		
Current portion of long-term debt and finance leases	\$ 697	\$ 1,000
Notes payable	—	20
Notes payable – related parties	6	75
Accounts payable	712	864
Accounts payable – related parties	15	15
Accrued rate refunds	21	—
Accrued interest	111	90
Accrued taxes	413	556
Regulatory liabilities	88	104
Other current liabilities	161	147
Total current liabilities	<u>2,224</u>	<u>2,871</u>
<b>Non-current Liabilities</b>		
Long-term debt	9,456	9,192
Long-term debt – related parties	235	—
Non-current portion of finance leases	42	45
Regulatory liabilities	3,922	3,796
Postretirement benefits	78	79
Asset retirement obligations	735	722
Deferred investment tax credit	127	129
Deferred income taxes	2,682	2,585
Other non-current liabilities	364	342
Total non-current liabilities	<u>17,641</u>	<u>16,890</u>
<b>Commitments and Contingencies</b> (Notes 1 and 2)		
<b>Equity</b>		
<i>Common stockholder's equity</i>		
Common stock, authorized 125.0 shares; outstanding 84.1 shares in both periods	841	841
Other paid-in capital	7,759	7,284
Accumulated other comprehensive loss	(15)	(15)
Retained earnings	2,101	2,008
Total common stockholder's equity	<u>10,686</u>	<u>10,118</u>
Cumulative preferred stock, \$4.50 series, authorized 7.5 shares; outstanding 0.4 shares in both periods	37	37
Total equity	<u>10,723</u>	<u>10,155</u>
<b>Total Liabilities and Equity</b>	<b>\$ 30,588</b>	<b>\$ 29,916</b>

**The accompanying notes are an integral part of these statements.**

# Consumers Energy Company

## Consolidated Statements of Changes in Equity (Unaudited)

*In Millions*

June 30	Three Months Ended		Six Months Ended	
	2023	2022	2023	2022
<b>Total Equity at Beginning of Period</b>	\$ 10,175	\$ 9,838	\$ 10,155	\$ 9,279
<b>Common Stock</b>				
At beginning and end of period	841	841	841	841
<b>Other Paid-in Capital</b>				
At beginning of period	7,359	7,049	7,284	6,599
Stockholder contribution	400	235	475	685
At end of period	7,759	7,284	7,759	7,284
<b>Accumulated Other Comprehensive Loss</b>				
<i>Retirement benefits liability</i>				
At beginning of period	(15)	(31)	(15)	(32)
Amortization of net actuarial loss	—	—	—	1
At end of period	(15)	(31)	(15)	(31)
<b>Retained Earnings</b>				
At beginning of period	1,953	1,942	2,008	1,834
Net income	167	173	399	556
Dividends declared on common stock	(18)	(158)	(305)	(433)
Dividends declared on preferred stock	(1)	(1)	(1)	(1)
At end of period	2,101	1,956	2,101	1,956
<b>Cumulative Preferred Stock</b>				
At beginning and end of period	37	37	37	37
<b>Total Equity at End of Period</b>	\$ 10,723	\$ 10,087	\$ 10,723	\$ 10,087

The accompanying notes are an integral part of these statements.

# CMS Energy Corporation

## Consumers Energy Company

### Notes to the Unaudited Consolidated Financial Statements

These interim consolidated financial statements have been prepared by CMS Energy and Consumers in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. As a result, CMS Energy and Consumers have condensed or omitted certain information and note disclosures normally included in consolidated financial statements prepared in accordance with GAAP. CMS Energy and Consumers have reclassified certain prior period amounts to conform to the presentation in the present period.

CMS Energy and Consumers are required to make estimates using assumptions that may affect reported amounts and disclosures; actual results could differ from these estimates. In management's opinion, the unaudited information contained in this report reflects all adjustments of a normal recurring nature necessary to ensure that CMS Energy's and Consumers' financial position, results of operations, and cash flows for the periods presented are fairly stated. The notes to the unaudited consolidated financial statements and the related unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the 2022 Form 10-K. Due to the seasonal nature of CMS Energy's and Consumers' operations, the results presented for this interim period are not necessarily indicative of results to be achieved for the fiscal year.

## 1: Regulatory Matters

Regulatory matters are critical to Consumers. The Michigan Attorney General, ABATE, the MPSC Staff, residential customer advocacy groups, environmental organizations, and certain other parties typically participate in MPSC proceedings concerning Consumers, such as Consumers' rate cases and PSCR and gas cost recovery processes. These parties often challenge various aspects of those proceedings, including the prudence of Consumers' policies and practices, and seek cost disallowances and other relief. The parties also have appealed significant MPSC orders. Depending upon the specific issues, the outcomes of rate cases and proceedings, including judicial proceedings challenging MPSC orders or other actions, could negatively affect CMS Energy's and Consumers' liquidity, financial condition, and results of operations. Consumers cannot predict the outcome of these proceedings.

There are multiple appeals pending that involve various issues concerning cost recovery from customers, the MPSC's authority to approve voluntary revenue refunds, and other matters. Consumers is unable to predict the outcome of these appeals.

**2022 Electric Rate Case:** In January 2023, the MPSC approved a settlement agreement authorizing an annual rate increase of \$155 million, based on a 9.9-percent authorized return on equity. The MPSC also approved a surcharge for the recovery of \$6 million of depreciation, property tax, and interest expense related to distribution investments made in 2021 that exceeded what was authorized in rates in accordance with the December 2020 electric rate order. The new rates became effective January 20, 2023.

**Voluntary Refund Mechanism:** In December 2022, the MPSC issued an order authorizing Consumers to refund \$22 million voluntarily to utility customers. In April 2023, the MPSC approved the refund of \$5 million in the form of contributions to programs that assist vulnerable gas customers. In May 2023, the MPSC approved the refund of \$9 million in the form of bill assistance to support vulnerable electric customers and the refund of \$8 million in the form of incremental vegetation management.

**2022 PSCR Underrecovery:** Due to rising fuel prices during 2022, the cost of electric generation increased, resulting in higher market prices for electricity. Accordingly, Consumers' power supply costs for 2022 were significantly higher than those projected in its 2022 PSCR plan. Consumers included a projection of its full-year 2022 underrecovery in the 2023 PSCR plan filed with the MPSC in September 2022.

In January 2023, Consumers filed a motion for a temporary order in its 2023 PSCR plan, requesting that the MPSC approve only a third of the 2022 underrecovery amount for recovery in 2023, with the remaining amount to be recovered equally during 2024 and 2025. The MPSC approved Consumers' motion in February 2023. Recovering the 2022 underrecovery over three years will provide immediate relief to electric customers, and the financial impact will be neutral to Consumers' earnings.

**Meter Investigation:** In July 2023, the MPSC issued an order initiating an investigation into Consumers' handling of malfunctioning meters and meters requiring transition from 3G to 4G technology, estimated billing, and new service installations. The order directed Consumers to provide information on such meters and their replacement, meter-reading performance, communications with customers and the MPSC regarding these issues, and other information. The MPSC directed the MPSC Staff to analyze this information and make recommendations by the end of September 2023. Consumers cannot predict the outcome of this matter, but it could be subject to regulatory penalties that have an adverse effect on Consumers' results of operations, financial condition, or liquidity, and Consumers could be subject to increased regulatory scrutiny.

## 2: Contingencies and Commitments

CMS Energy and Consumers are involved in various matters that give rise to contingent liabilities. Depending on the specific issues, the resolution of these contingencies could negatively affect CMS Energy's and Consumers' liquidity, financial condition, and results of operations. In their disclosures of these matters, CMS Energy and Consumers provide an estimate of the possible loss or range of loss when such an estimate can be made. Disclosures stating that CMS Energy or Consumers cannot predict the outcome of a matter indicate that they are unable to estimate a possible loss or range of loss for the matter.

### CMS Energy Contingencies

**Bay Harbor:** CMS Land retained environmental remediation obligations for the collection and treatment of leachate at Bay Harbor after selling its interests in the development in 2002. Leachate is produced when water enters into cement kiln dust piles left over from former cement plant operations at the site. In 2012, CMS Land and EGLE finalized an agreement establishing the final remedies and the future water quality criteria at the site. CMS Land completed all construction necessary to implement the remedies required by the agreement and will continue to maintain and operate a system to discharge treated leachate into Little Traverse Bay under an NPDES permit, which is valid through 2025.

At June 30, 2023, CMS Energy had a recorded liability of \$44 million for its remaining obligations for environmental remediation. CMS Energy calculated this liability based on discounted projected costs, using a discount rate of 4.34 percent and an inflation rate of one percent on annual operating and maintenance costs. The undiscounted amount of the remaining obligation is \$55 million. CMS Energy

expects to pay the following amounts for long-term leachate disposal and operating and maintenance costs during the remainder of 2023 and in each of the next five years:

	<i>In Millions</i>					
	2023	2024	2025	2026	2027	2028
<b>CMS Energy</b>						
Long-term leachate disposal and operating and maintenance costs	\$ 2	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4

CMS Energy's estimate of response activity costs and the timing of expenditures could change if there are changes in circumstances or assumptions used in calculating the liability. Although a liability for its present estimate of remaining response activity costs has been recorded, CMS Energy cannot predict the ultimate financial impact or outcome of this matter.

## Consumers Electric Utility Contingencies

**Electric Environmental Matters:** Consumers' operations are subject to environmental laws and regulations. Historically, Consumers has generally been able to recover, in customer rates, the costs to operate its facilities in compliance with these laws and regulations.

*Cleanup and Solid Waste:* Consumers expects to incur remediation and other response activity costs at a number of sites under NREPA. Consumers believes that these costs should be recoverable in rates, but cannot guarantee that outcome. Consumers estimates its liability for NREPA sites for which it can estimate a range of loss to be between \$2 million and \$4 million. At June 30, 2023, Consumers had a recorded liability of \$2 million, the minimum amount in the range of its estimated probable NREPA liability, as no amount in the range was considered a better estimate than any other amount.

Consumers is a potentially responsible party at a number of contaminated sites administered under CERCLA. CERCLA liability is joint and several. In 2010, Consumers received official notification from the EPA that identified Consumers as a potentially responsible party for cleanup of PCBs at the Kalamazoo River CERCLA site. The notification claimed that the EPA had reason to believe that Consumers disposed of PCBs and arranged for the disposal and treatment of PCB-containing materials at portions of the site. In 2011, Consumers received a follow-up letter from the EPA requesting that Consumers agree to participate in a removal action plan along with several other companies for an area of lower Portage Creek, which is connected to the Kalamazoo River. All parties asked to participate in the removal action plan, including Consumers, declined to accept liability. Until further information is received from the EPA, Consumers is unable to estimate a range of potential liability for cleanup of the river.

Based on its experience, Consumers estimates its share of the total liability for known CERCLA sites to be between \$3 million and \$8 million. Various factors, including the number and creditworthiness of potentially responsible parties involved with each site, affect Consumers' share of the total liability. At June 30, 2023, Consumers had a recorded liability of \$3 million for its share of the total liability at these sites, the minimum amount in the range of its estimated probable CERCLA liability, as no amount in the range was considered a better estimate than any other amount.

The timing of payments related to Consumers' remediation and other response activities at its CERCLA and NREPA sites is uncertain. Consumers periodically reviews these cost estimates. A change in the underlying assumptions, such as an increase in the number of sites, different remediation techniques, the nature and extent of contamination, and legal and regulatory requirements, could affect its estimates of NREPA and CERCLA liability.

**Ludington Plant Overhaul Contract Dispute:** Consumers and DTE Electric, co-owners of Ludington, are parties to a 2010 engineering, procurement, and construction agreement with TAES, under which TAES contracted to perform a major overhaul and upgrade of Ludington. The overhauled Ludington units are operational, but TAES' work has been defective and non-conforming. Consumers and DTE Electric have demanded that TAES provide a comprehensive plan to resolve quality control concerns, including adherence to its warranty commitments and other contractual obligations. Consumers and DTE Electric have taken extensive efforts to resolve these issues with TAES, including a formal demand to TAES' parent, Toshiba Corporation, a non-affiliated company, under a parent guaranty it provided in the contract. TAES has not provided a comprehensive plan or otherwise met its performance obligations.

In order to enforce the contract, Consumers and DTE Electric filed a complaint against TAES and Toshiba Corporation in the U.S. District Court for the Eastern District of Michigan in April 2022. In June 2022, TAES and Toshiba Corporation filed a motion to dismiss the complaint, along with an answer and counterclaims seeking approximately \$15 million in damages related to payments allegedly owed under the parties' contract. As a co-owner of Ludington, Consumers would be liable for 51 percent of any such damages. In September 2022, the court denied the motion to dismiss filed by TAES and Toshiba Corporation. Consumers believes the counterclaims are without merit, but cannot predict the financial impact or outcome of this matter. An unfavorable outcome could have a material adverse effect on CMS Energy's and Consumers' financial condition, results of operations, or liquidity.

In May 2023, the MPSC approved Consumers' and DTE Electric's jointly-filed request for authority to defer as a regulatory asset the costs associated with repairing or replacing the defective work performed by TAES while the litigation with TAES and Toshiba Corporation moves forward; such costs will be offset by potential future litigation proceeds received from TAES or Toshiba Corporation. Consumers and DTE Electric will have the opportunity to seek appropriate recovery and ratemaking treatment for amounts recorded as a regulatory asset following resolution of the litigation.

**J.H. Campbell 3 Plant Retirement Contract Dispute:** In May 2022, Consumers filed a complaint against Wolverine Power, in the Ottawa County Circuit Court and requested a ruling that Consumers has sole authority to decide to retire the J.H. Campbell 3 coal-fueled generating unit under the unit's Joint Ownership and Operating Agreement. In July 2022, Wolverine Power filed an answer, affirmative defenses, and a counterclaim seeking approximately \$37 million in damages allegedly caused by Consumers' decision to retire the unit before the end of its useful life. In October 2022, the state circuit court judge found that Consumers may, in its sole discretion, retire the J.H. Campbell 3 coal-fueled generating unit, provided that Consumers continues to operate and make necessary improvements to the unit while the litigation concerning Wolverine Power's claim for damages is pending. In May 2023, the circuit court judge issued an order granting Consumers' Motion for Clarification confirming that Consumers may continue to operate and invest in J.H. Campbell 3 consistent with the May 2025 retirement date. Consumers believes Wolverine Power's claim has no merit, but cannot predict the final impact or outcome on this matter. An unfavorable outcome could have a material adverse effect on CMS Energy's and Consumers' financial condition, results of operations, or liquidity.

## Consumers Gas Utility Contingencies

**Gas Environmental Matters:** Consumers expects to incur remediation and other response activity costs at a number of sites under NREPA. These sites include 23 former MGP facilities. Consumers operated the facilities on these sites for some part of their operating lives. For some of these sites, Consumers has no present ownership interest or may own only a portion of the original site.

At June 30, 2023, Consumers had a recorded liability of \$62 million for its remaining obligations for these sites. Consumers expects to pay the following amounts for remediation and other response activity costs during the remainder of 2023 and in each of the next five years:

	<i>In Millions</i>						
	2023	2024	2025	2026	2027	2028	
<b>Consumers</b>							
Remediation and other response activity costs	\$ 3	\$ 2	\$ 2	\$ 6	\$ 9	\$ 23	

Consumers periodically reviews these cost estimates. Any significant change in the underlying assumptions, such as an increase in the number of sites, changes in remediation techniques, or legal and regulatory requirements, could affect Consumers' estimates of annual response activity costs and the MGP liability.

Pursuant to orders issued by the MPSC, Consumers defers its MGP-related remediation costs and recovers them from its customers over a ten-year period. At June 30, 2023, Consumers had a regulatory asset of \$103 million related to the MGP sites.

Consumers estimates that its liability to perform remediation and other response activities at NREPA sites other than the MGP sites could reach \$3 million. At June 30, 2023, Consumers had a recorded liability of less than \$1 million, the minimum amount in the range of its estimated probable liability, as no amount in the range was considered a better estimate than any other amount.

## Guarantees

Presented in the following table are CMS Energy's and Consumers' guarantees at June 30, 2023:

	<i>In Millions</i>				
Guarantee Description	Issue Date	Expiration Date	Maximum Obligation	Carrying Amount	
<b>CMS Energy, including Consumers</b>					
Indemnity obligations from sale of membership interests in VIES <sup>1</sup>	various	indefinite	\$ 308	\$ —	—
Indemnity obligations from stock and asset sale agreements <sup>2</sup>	various	indefinite	154	2	—
Guaranteee <sup>3</sup>	2011	indefinite	30	—	—
<b>Consumers</b>					
Guaranteee <sup>3</sup>	2011	indefinite	\$ 30	\$ —	—

<sup>1</sup> These obligations arose from the sale of membership interests in NWO Holdco and Aviator Wind to tax equity investors. NorthStar Clean Energy provided certain indemnity obligations that protect the tax equity investors against losses incurred as a result of breaches of representations and warranties under the associated limited liability company agreements. These obligations are generally capped at an amount equal to the tax equity investor's capital contributions plus a specified return, less any distributions and tax benefits it receives, in connection with its membership interest. For any indemnity obligations related to Aviator Wind, NorthStar Clean Energy would recover 49 percent of any amounts paid to the tax equity investor from the other owner of Aviator Wind Equity Holdings. Additionally, Aviator Wind holds insurance coverage that would partially protect against losses incurred as a result of certain failures to qualify for production tax credits. For further details on NorthStar Clean Energy's ownership interest in NWO Holdco and Aviator Wind, see Note 11, Variable Interest Entities.

<sup>2</sup> These obligations arose from stock and asset sale agreements under which CMS Energy or a subsidiary of CMS Energy indemnified the purchaser for losses resulting from various matters, including claims related to taxes. The maximum obligation amount is mostly related to an Equatorial Guinea tax claim.

<sup>3</sup> This obligation comprises a guarantee provided by Consumers to the U.S. Department of Energy in connection with a settlement agreement regarding damages resulting from the department's failure to accept spent nuclear fuel from nuclear power plants formerly owned by Consumers.

Additionally, in the normal course of business, CMS Energy, Consumers, and certain other subsidiaries of CMS Energy have entered into various agreements containing tax and other indemnity provisions for which they are unable to estimate the maximum potential obligation. CMS Energy and Consumers consider the likelihood that they would be required to perform or incur substantial losses related to these indemnities and those disclosed in the table to be remote.

## Other Contingencies

In addition to the matters disclosed in this Note and Note 1, Regulatory Matters, there are certain other lawsuits and administrative proceedings before various courts and governmental agencies, as well as unasserted claims that may result in such proceedings, arising in the ordinary course of business to which CMS Energy, Consumers, and certain other subsidiaries of CMS Energy are parties. These other lawsuits, proceedings, and unasserted claims may involve personal injury, property damage, contracts, environmental matters, federal and state taxes, rates, licensing, employment, and other matters. Further, CMS Energy and Consumers occasionally self-report certain regulatory non-compliance matters that may or may not eventually result in administrative proceedings. CMS Energy and Consumers believe that the outcome of any one of these proceedings and potential claims will not have a material negative effect on their consolidated results of operations, financial condition, or liquidity.

### 3: Financings and Capitalization

**Financings:** Presented in the following table is a summary of major long-term debt issuances during the six months ended June 30, 2023:

	Principal (In Millions)	Interest Rate (%)	Issuance Date	Maturity Date
<b>CMS Energy, parent only</b>				
Convertible senior notes	\$ 800	3.375	May 2023	May 2028
Total CMS Energy, parent only	\$ 800			
<b>NorthStar Clean Energy, including subsidiaries</b>				
Term loan facility <sup>1</sup>	\$ 85	variable	February 2023	December 2023
Total NorthStar Clean Energy, including subsidiaries	\$ 85			
<b>Consumers</b>				
First mortgage bonds	\$ 425	4.650	January 2023	March 2028
First mortgage bonds	700	4.625	February 2023	May 2033
First mortgage bonds	115	5.240	May 2023	May 2026
First mortgage bonds	50	5.070	May 2023	May 2029
First mortgage bonds	95	5.170	May 2023	May 2032
First mortgage bonds	140	5.380	May 2023	May 2037
Total Consumers	\$ 1,525			
Total CMS Energy	\$ 2,410			

<sup>1</sup> In December 2022, a subsidiary of NorthStar Clean Energy entered into a \$185 million unsecured term loan credit agreement. Under this credit agreement, a subsidiary of NorthStar Clean Energy borrowed \$85 million in 2023. As of June 30, 2023, there was \$185 million of loans outstanding bearing an interest rate of 6.102 percent under the unsecured term loan credit agreement.

**Issuance of Convertible Senior Notes:** In May 2023, CMS Energy issued an aggregate principal amount of \$800 million convertible senior notes that bear an interest rate of 3.375 percent and mature in May 2028 unless redeemed, repurchased, or converted earlier. Unamortized debt costs associated with this issuance were \$13 million at June 30, 2023. The convertible senior notes rank equal in right of payment to any of CMS Energy's unsecured indebtedness that is not subordinated. There are no sinking fund requirements for the notes.

Holders of the convertible senior notes may convert their notes at their option in accordance with the conditions outlined in the related indenture. CMS Energy will settle conversions of the notes by paying cash up to the aggregate principal amount of the notes to be converted and paying or delivering, as the case may be, cash, shares of CMS Energy common stock, or a combination of cash and shares of CMS Energy common stock, at its election, in respect of the remainder, if any, of its conversion obligation in excess of the aggregate principal amount of the notes being converted. The conversion rate for the notes is initially 13.5194 shares of common stock per \$1,000 principal amount of notes which is equivalent to an initial conversion price of approximately \$73.97 per share of common stock. The conversion rate will be subject to adjustment for anti-dilutive events and fundamental change and redemption provisions as described in the related indenture.

CMS Energy may redeem for cash all or any portion of the notes, at its option, on or after May 6, 2026 if the last reported sale price of its common stock has been at least 130 percent of the conversion price then

in effect for at least 20 trading days during any 30 consecutive trading day period. Holders of the convertible senior notes may require CMS Energy to repurchase for cash all or any portion of their notes if a fundamental change, as outlined in the related indenture, occurs. In both cases, CMS Energy will redeem or repurchase the notes at a price equal to 100 percent of the principal amount of the notes to be redeemed or repurchased, plus accrued and unpaid interest.

**Retirements:** Presented in the following table is a summary of major long-term debt retirements during the six months ended June 30, 2023:

	Principal (In Millions)	Interest Rate (%)	Retirement Date	Maturity Date
<b>Consumers</b>				
Term loan facility	\$ 1,000	variable	February 2023	January 2024
First mortgage bonds	300	0.350	June 2023	June 2023

**CMS Energy's Purchase of Consumers' First Mortgage Bonds:** In May 2023, CMS Energy purchased the following Consumers' first mortgage bonds for \$150 million:

	Principal (In Millions)	Interest Rate (%)
First mortgage bonds due 2052	\$ 88	2.650
First mortgage bonds due 2060	150	2.500

On a consolidated basis, CMS Energy's repurchase of Consumers' first mortgage bonds was accounted for as a debt extinguishment and resulted in a pre-tax gain of \$84 million, which was recorded in other income on its consolidated statements of income.

Consumers' outstanding debt held by its parent as a result of CMS Energy's repurchase of Consumers' first mortgage bonds was \$235 million, net of unamortized discount and fees, which was recorded as long-term debt – related parties on Consumers' consolidated balance sheet at June 30, 2023.

**Credit Facilities:** The following credit facilities with banks were available at June 30, 2023:

	<i>In Millions</i>					
Expiration Date	Amount of Facility	Amount Borrowed	Letters of Credit Outstanding	Amount Available		
<b>CMS Energy, parent only</b>						
December 14, 2027 <sup>1</sup>	\$ 550	\$ —	\$ 21	\$ 529		
September 22, 2024	50	—	50	—		
<b>NorthStar Clean Energy, including subsidiaries</b>						
September 25, 2025 <sup>2</sup>	\$ 37	\$ —	\$ 37	\$ —		
<b>Consumers<sup>3</sup></b>						
December 14, 2027	\$ 1,100	\$ —	\$ 27	\$ 1,073		
November 18, 2024	250	—	27	223		

<sup>1</sup> There were no borrowings under this facility during the six months ended June 30, 2023.

<sup>2</sup> This letter of credit facility is available to Aviator Wind Equity Holdings. For more information regarding Aviator Wind Equity Holdings, see Note 11, Variable Interest Entities.

<sup>3</sup> Obligations under these facilities are secured by first mortgage bonds of Consumers. There were no borrowings under these facilities during the six months ended June 30, 2023.

**Regulatory Authorization for Financings:** Consumers is required to maintain FERC authorization for financings. Any long-term issuances during the authorization period are exempt from FERC's competitive bidding and negotiated placement requirements. In March 2023, FERC granted Consumers the authority to issue securities between April 1, 2023 and March 31, 2025.

**Short-term Borrowings:** Under Consumers' commercial paper program, Consumers may issue, in one or more placements, investment-grade commercial paper notes with maturities of up to 365 days at market interest rates. These issuances are supported by Consumers' revolving credit facilities and may have an aggregate principal amount outstanding of up to \$500 million. While the amount of outstanding commercial paper does not reduce the available capacity of the revolving credit facilities, Consumers does not intend to issue commercial paper in an amount exceeding the available capacity of the facilities. At June 30, 2023, there were no commercial paper notes outstanding under this program.

In December 2022, Consumers renewed a short-term credit agreement with CMS Energy, permitting Consumers to borrow up to \$500 million. At June 30, 2023, there were no outstanding borrowings under the agreement.

An unregulated subsidiary of Consumers entered into a short-term credit agreement with NorthStar Clean Energy, permitting it to borrow up to \$40 million, from NorthStar Clean Energy, at an interest rate of one-month Term SOFR plus 1.750 percent. At June 30, 2023, outstanding borrowings under the agreement were \$6 million bearing an interest rate of 6.924 percent.

**Consumers' Supplier Financing Program:** Under a supplier financing program, Consumers agrees to pay a bank, acting as its payment agent, the stated amount of confirmed invoices from participating suppliers on the original maturity dates of the invoices. The supplier invoices that have been confirmed as valid under the program require payment in full within 60 days of the invoice date. Consumers does not provide collateral or a guarantee to the bank in support of its payment obligations under the agreement, nor does it pay a fee for the service. Consumers or the bank may terminate the supplier financing program agreement upon 30 days prior written notice to the other party. Amounts recorded as trade payables under the program in accounts payable on CMS Energy's and Consumers' consolidated balance sheets were \$23 million at June 30, 2023 and less than \$1 million at December 31, 2022.

**Dividend Restrictions:** At June 30, 2023, payment of dividends by CMS Energy on its common stock was limited to \$6.9 billion under provisions of the Michigan Business Corporation Act of 1972.

Under the provisions of its articles of incorporation, at June 30, 2023, Consumers had \$2.0 billion of unrestricted retained earnings available to pay dividends on its common stock to CMS Energy. Provisions of the Federal Power Act and the Natural Gas Act appear to restrict dividends payable by Consumers to the amount of Consumers' retained earnings. Several decisions from FERC suggest that, under a variety of circumstances, dividends from Consumers on its common stock would not be limited to amounts in Consumers' retained earnings. Any decision by Consumers to pay dividends on its common stock in excess of retained earnings would be based on specific facts and circumstances and would be subject to a formal regulatory filing process.

During the six months ended June 30, 2023, Consumers paid \$305 million in dividends on its common stock to CMS Energy.

**Issuance of Common Stock:** Presented in the following table are details of CMS Energy's forward sales contracts under its equity offering program at June 30, 2023:

Contract Date	Maturity Date	Number of Shares	Forward Price Per Share	
			Initial	June 30, 2023
August 3, 2022	December 31, 2024	2,944,207	\$ 67.59	\$ 68.23
August 24, 2022	December 31, 2024	1,677,938	69.46	70.18
August 29, 2022	December 31, 2024	1,783,388	68.18	68.84

Under these contracts, CMS Energy may either settle physically by issuing shares of its common stock at the then-applicable forward sale price specified by the agreement or settle net by delivering or receiving cash or shares. CMS Energy may settle the contracts at any time through their maturity dates, and presently intends to physically settle the contracts by delivering shares of its common stock.

The initial forward price in the forward equity sale contracts includes a deduction for commissions and will be adjusted on a daily basis over the term based on an interest rate factor and decreased on certain dates by certain predetermined amounts to reflect expected dividend payments. No amounts are recorded on CMS Energy's consolidated balance sheets until settlements of the forward equity sale contracts occur. If CMS Energy had elected to net share settle or net cash settle the contracts as of June 30, 2023, CMS Energy would not have been required to deliver shares or pay cash.

## 4: Fair Value Measurements

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. When measuring fair value, CMS Energy and Consumers are required to incorporate all assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. A fair value hierarchy prioritizes inputs used to measure fair value according to their observability in the market. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are observable, market-based inputs, other than Level 1 prices. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, quoted prices in inactive markets, and inputs derived from or corroborated by observable market data.
- Level 3 inputs are unobservable inputs that reflect CMS Energy's or Consumers' own assumptions about how market participants would value their assets and liabilities.

CMS Energy and Consumers classify fair value measurements within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement in its entirety.

## Assets and Liabilities Measured at Fair Value on a Recurring Basis

Presented in the following table are CMS Energy's and Consumers' assets and liabilities recorded at fair value on a recurring basis:

					<i>In Millions</i>	
	CMS Energy, including Consumers				Consumers	
	June 30 2023	December 31 2022			June 30 2023	December 31 2022
<b>Assets<sup>1</sup></b>						
Cash equivalents	\$ 188	\$ —			\$ 42	\$ —
Restricted cash equivalents	17	18			17	17
Nonqualified deferred compensation plan assets	28	24			20	18
Derivative instruments	5	2			4	2
<b>Total assets</b>	<b>\$ 238</b>	<b>\$ 44</b>			<b>\$ 83</b>	<b>\$ 37</b>
<b>Liabilities<sup>1</sup></b>						
Nonqualified deferred compensation plan liabilities	\$ 28	\$ 24			\$ 20	\$ 18
<b>Total liabilities</b>	<b>\$ 28</b>	<b>\$ 24</b>			<b>\$ 20</b>	<b>\$ 18</b>

<sup>1</sup> All assets and liabilities were classified as Level 1 with the exception of derivative contracts, which were classified as Level 3.

**Cash Equivalents:** Cash equivalents and restricted cash equivalents consist of money market funds with daily liquidity.

**Nonqualified Deferred Compensation Plan Assets and Liabilities:** The nonqualified deferred compensation plan assets consist of mutual funds, which are valued using the daily quoted net asset values. CMS Energy and Consumers value their nonqualified deferred compensation plan liabilities based on the fair values of the plan assets, as they reflect the amount owed to the plan participants in accordance with their investment elections. CMS Energy and Consumers report the assets in other non-current assets and the liabilities in other non-current liabilities on their consolidated balance sheets.

**Derivative Instruments:** CMS Energy and Consumers value their derivative instruments using either a market approach that incorporates information from market transactions, or an income approach that discounts future expected cash flows to a present value amount. CMS Energy's and Consumers' derivatives are classified as Level 3.

The majority of derivatives classified as Level 3 are FTRs held by Consumers. Due to the lack of quoted pricing information, Consumers determines the fair value of its FTRs based on Consumers' average historical settlements. There was no material activity within the Level 3 categories of assets and liabilities during the periods presented.

## 5: Financial Instruments

Presented in the following table are the carrying amounts and fair values, by level within the fair value hierarchy, of CMS Energy's and Consumers' financial instruments that are not recorded at fair value. The table excludes cash, cash equivalents, short-term financial instruments, and trade accounts receivable and payable whose carrying amounts approximate their fair values. For information about assets and liabilities recorded at fair value and for additional details regarding the fair value hierarchy, see Note 4, Fair Value Measurements.

												<i>In Millions</i>										
June 30, 2023												December 31, 2022										
												Fair Value										
												Level										
												Carrying Amount	Total	1	2	3	Carrying Amount	Total	1	2	3	
<b>CMS Energy, including Consumers</b>																						
<i>Assets</i>																						
Long-term receivables <sup>1</sup>	\$	13	\$	13	\$	—	\$	—	\$	13	\$	14	\$	14	\$	—	\$	—	\$	—	\$	14
<i>Liabilities</i>																						
Long-term debt <sup>2</sup>	15,051		13,638		1,076		10,389		2,173		14,212		12,384		987		8,741		2,656			
Long-term payables <sup>3</sup>	14		14		—		—		14		9		7		—		—		—		—	7
<b>Consumers</b>																						
<i>Assets</i>																						
Long-term receivables <sup>1</sup>	\$	13	\$	13	\$	—	\$	—	\$	13	\$	14	\$	14	\$	—	\$	—	\$	—	\$	14
Notes receivable – related party <sup>4</sup>	99		99		—		—		99		101		101		—		—		—		—	101
<i>Liabilities</i>																						
Long-term debt <sup>5</sup>	10,147		8,989		—		7,001		1,988		10,183		8,728		—		6,172		2,556			
Long-term debt – related party	235		146		—		146		—		—		—		—		—		—		—	—
Long-term payables	6		6		—		—		6		—		—		—		—		—		—	—

<sup>1</sup> Includes current portion of long-term accounts receivable and notes receivable of \$6 million at June 30, 2023 and \$7 million at December 31, 2022.

<sup>2</sup> Includes current portion of long-term debt of \$1,126 million at June 30, 2023 and \$1,090 million at December 31, 2022.

<sup>3</sup> Includes current portion of long-term payables of \$1 million at June 30, 2023 and \$2 million at December 31, 2022.

<sup>4</sup> Includes current portion of notes receivable – related party of \$7 million at June 30, 2023 and December 31, 2022.

<sup>5</sup> Includes current portion of long-term debt of \$691 million at June 30, 2023 and \$991 million at December 31, 2022.

Notes receivable – related party represents Consumers' portion of the DB SERP demand note payable issued by CMS Energy to the DB SERP rabbi trust. The demand note bears interest at an annual rate of 4.10 percent and has a maturity date of 2028.

## 6: Retirement Benefits

CMS Energy and Consumers provide pension, OPEB, and other retirement benefits to employees under a number of different plans.

**Costs:** Presented in the following table are the costs (credits) and other changes in plan assets and benefit obligations incurred in CMS Energy's and Consumers' retirement benefit plans:

June 30	In Millions											
	DB Pension Plans				OPEB Plan							
	Three Months Ended		Six Months Ended		Three Months Ended		Six Months Ended		2023	2022	2023	2022
June 30	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>CMS Energy, including Consumers</b>												
<i>Net periodic credit</i>												
Service cost	\$ 8	\$ 11	\$ 15	\$ 23	\$ 3	\$ 5	\$ 6	\$ 9				
Interest cost	26	20	53	38	11	7	22	14				
Expected return on plan assets	(55)	(52)	(110)	(104)	(25)	(29)	(51)	(58)				
<i>Amortization of:</i>												
Net loss	3	10	6	27	3	1	6	1				
Prior service cost (credit)	1	1	2	2	(11)	(14)	(21)	(26)				
Settlement loss	3	2	5	4	—	—	—	—				
Net periodic credit	\$ (14)	\$ (8)	\$ (29)	\$ (10)	\$ (19)	\$ (30)	\$ (38)	\$ (60)				
<b>Consumers</b>												
<i>Net periodic credit</i>												
Service cost	\$ 7	\$ 11	\$ 14	\$ 23	\$ 3	\$ 5	\$ 6	\$ 9				
Interest cost	26	20	51	36	10	7	21	14				
Expected return on plan assets	(52)	(50)	(104)	(99)	(24)	(27)	(48)	(54)				
<i>Amortization of:</i>												
Net loss	2	9	5	25	3	—	6	—				
Prior service cost (credit)	1	1	2	2	(10)	(13)	(20)	(25)				
Settlement loss	3	2	5	4	—	—	—	—				
Net periodic credit	\$ (13)	\$ (7)	\$ (27)	\$ (9)	\$ (18)	\$ (28)	\$ (35)	\$ (56)				

In Consumers' 2022 electric rate case, the MPSC approved a mechanism allowing Consumers to defer the future recovery or refund of pension and OPEB expenses above or below the amounts used to set existing

rates, respectively, beginning in 2023. At June 30, 2023, CMS Energy, including Consumers, had deferred \$6 million of pension credits and \$12 million of OPEB costs under this mechanism.

## 7: Income Taxes

Presented in the following table is a reconciliation of the statutory U.S. federal income tax rate to the effective income tax rate from continuing operations:

Six Months Ended June 30	2023	2022
<b>CMS Energy, including Consumers</b>		
U.S. federal income tax rate	21.0 %	21.0 %
<i>Increase (decrease) in income taxes from:</i>		
State and local income taxes, net of federal effect <sup>1</sup>	2.6	5.5
Production tax credits	(4.4)	(5.1)
TCJA excess deferred taxes <sup>2</sup>	(4.0)	(7.2)
Accelerated flow-through of regulatory tax benefits <sup>3</sup>	—	(4.3)
Other, net	0.3	—
Effective tax rate	15.5 %	9.9 %
<b>Consumers</b>		
U.S. federal income tax rate	21.0 %	21.0 %
<i>Increase (decrease) in income taxes from:</i>		
State and local income taxes, net of federal effect <sup>1</sup>	2.4	5.2
Production tax credits	(4.1)	(3.8)
TCJA excess deferred taxes <sup>2</sup>	(3.6)	(6.0)
Accelerated flow-through of regulatory tax benefits <sup>3</sup>	—	(3.6)
Other, net	(0.4)	(0.4)
Effective tax rate	15.3 %	12.4 %

<sup>1</sup> CMS Energy initiated a plan to divest immaterial business activities in a non-Michigan jurisdiction and will no longer have a taxable presence within that jurisdiction after 2023. As a result of these actions, CMS Energy reversed a \$13 million non-Michigan reserve, all of which was recognized at Consumers.

<sup>2</sup> In 2020, the MPSC authorized Consumers to accelerate the amortization of the gas portion of its regulatory liability associated with unprotected, non-property-related excess deferred income taxes resulting from the TCJA. This portion of the regulatory liability was fully amortized in 2022.

<sup>3</sup> In 2020, the MPSC authorized Consumers to accelerate the amortization of income tax benefits associated with the cost to remove gas plant assets. These tax benefits were fully amortized in 2022.

## 8: Earnings Per Share—CMS Energy

Presented in the following table are CMS Energy's basic and diluted EPS computations based on income from continuing operations:

June 30	In Millions, Except Per Share Amounts					
	Three Months Ended		Six Months Ended		2023	2022
	2023	2022	2023	2022		
<i>Income available to common stockholders</i>						
Income from continuing operations	\$ 189	\$ 142	\$ 383	\$ 483		
Less loss attributable to noncontrolling interests	(8)	(6)	(18)	(14)		
Less preferred stock dividends	3	3	5	5		
Income from continuing operations available to common stockholders – basic and diluted	\$ 194	\$ 145	\$ 396	\$ 492		
<i>Average common shares outstanding</i>						
Weighted-average shares – basic	290.9	289.5	290.8	289.4		
Add dilutive nonvested stock awards	0.4	0.4	0.4	0.4		
Add dilutive forward equity sale contracts	—	0.2	—	0.2		
Weighted-average shares – diluted	291.3	290.1	291.2	290.0		
<i>Income from continuing operations per average common share available to common stockholders</i>						
Basic	\$ 0.67	\$ 0.50	\$ 1.36	\$ 1.70		
Diluted	0.67	0.50	1.36	1.70		

### Nonvested Stock Awards

CMS Energy's nonvested stock awards are composed of participating and non-participating securities. The participating securities accrue cash dividends when common stockholders receive dividends. Since the recipient is not required to return the dividends to CMS Energy if the recipient forfeits the award, the nonvested stock awards are considered participating securities. As such, the participating nonvested stock awards were included in the computation of basic EPS. The non-participating securities accrue stock dividends that vest concurrently with the stock award. If the recipient forfeits the award, the stock dividends accrued on the non-participating securities are also forfeited. Accordingly, the non-participating awards and stock dividends were included in the computation of diluted EPS, but not in the computation of basic EPS.

### Forward Equity Sale Contracts

CMS Energy has entered into forward equity sale contracts. These forward equity sale contracts are non-participating securities. While the forward sale price in the forward equity sale contract is decreased on certain dates by certain predetermined amounts to reflect expected dividend payments, these price adjustments were set upon inception of the agreement and the forward contract does not give the owner the right to participate in undistributed earnings. Accordingly, the forward equity sale contracts were included in the computation of diluted EPS, but not in the computation of basic EPS. For further details on the forward equity sale contracts, see Note 3, Financings and Capitalization.

## Convertible Securities

In May 2023, CMS Energy issued an aggregate principal amount of \$800 million convertible senior notes. Potentially dilutive common shares issuable upon conversion of the convertible senior notes are determined using the if-converted method for calculating diluted earnings per share. Upon conversion, the convertible senior notes are required to be paid in cash with only amounts exceeding the principal permitted to be settled in shares. The convertible senior notes were anti-dilutive for the three and six months ended June 30, 2023. For further details on CMS Energy's convertible senior notes, see Note 3, *Financings and Capitalization*.

## 9: Revenue

Presented in the following tables are the components of operating revenue:

							<i>In Millions</i>
Three Months Ended June 30, 2023		Electric Utility		Gas Utility		NorthStar Clean Energy <sup>1</sup>	Consolidated
<b>CMS Energy, including Consumers</b>							
Consumers utility revenue		\$ 1,115	\$ 356	\$ 43	\$ 1,471		
Other		—	—	43		43	
Revenue recognized from contracts with customers		\$ 1,115	\$ 356	\$ 43	\$ 1,514		
Leasing income		—	—	27		27	
Financing income		3	1	—		4	
Consumers alternative-revenue programs		10	—	—		10	
Total operating revenue – CMS Energy		\$ 1,128	\$ 357	\$ 70	\$ 1,555		
<b>Consumers</b>							
<i>Consumers utility revenue</i>							
Residential		\$ 513	\$ 229			\$ 742	
Commercial		393	68			461	
Industrial		159	8			167	
Other		50	51			101	
Revenue recognized from contracts with customers		\$ 1,115	\$ 356			\$ 1,471	
Financing income		3	1			4	
Alternative-revenue programs		10	—			10	
Total operating revenue – Consumers		\$ 1,128	\$ 357			\$ 1,485	

<sup>1</sup> Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$16 million for the three months ended June 30, 2023.

*In Millions*

Three Months Ended June 30, 2022	Electric Utility	Gas Utility	NorthStar Clean Energy <sup>1</sup>	Consolidated
<b>CMS Energy, including Consumers</b>				
Consumers utility revenue	\$ 1,322	\$ 468	\$ —	\$ 1,790
Other	—	—	52	52
Revenue recognized from contracts with customers	\$ 1,322	\$ 468	\$ 52	\$ 1,842
Leasing income	—	—	66	66
Financing income	2	2	—	4
Consumers alternative-revenue programs	1	7	—	8
Total operating revenue – CMS Energy	\$ 1,325	\$ 477	\$ 118	\$ 1,920
<b>Consumers</b>				
<i>Consumers utility revenue</i>				
Residential	\$ 597	\$ 309		\$ 906
Commercial	420	99		519
Industrial	207	15		222
Other	98	45		143
Revenue recognized from contracts with customers	\$ 1,322	\$ 468		\$ 1,790
Financing income	2	2		4
Alternative-revenue programs	1	7		8
Total operating revenue – Consumers	\$ 1,325	\$ 477		\$ 1,802

<sup>1</sup> Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$53 million for the three months ended June 30, 2022.

*In Millions*

Six Months Ended June 30, 2023	Electric Utility	Gas Utility	NorthStar Clean Energy <sup>1</sup>	Consolidated
<b>CMS Energy, including Consumers</b>				
Consumers utility revenue	\$ 2,204	\$ 1,472	\$ —	\$ 3,676
Other	—	—	86	86
Revenue recognized from contracts with customers	\$ 2,204	\$ 1,472	\$ 86	\$ 3,762
Leasing income	—	—	58	58
Financing income	5	4	—	9
Consumers alternative-revenue programs	10	—	—	10
Total operating revenue – CMS Energy	\$ 2,219	\$ 1,476	\$ 144	\$ 3,839
<b>Consumers</b>				
<i>Consumers utility revenue</i>				
Residential	\$ 1,041	\$ 1,005		\$ 2,046
Commercial	740	315		1,055
Industrial	320	39		359
Other	103	113		216
Revenue recognized from contracts with customers	\$ 2,204	\$ 1,472		\$ 3,676
Financing income	5	4		9
Alternative-revenue programs	10	—		10
Total operating revenue – Consumers	\$ 2,219	\$ 1,476		\$ 3,695

<sup>1</sup> Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$38 million for the six months ended June 30, 2023.

*In Millions*

Six Months Ended June 30, 2022	Electric Utility	Gas Utility	NorthStar Clean Energy <sup>1</sup>	Consolidated
<b>CMS Energy, including Consumers</b>				
Consumers utility revenue	\$ 2,560	\$ 1,515	\$ —	\$ 4,075
Other	—	—	85	85
Revenue recognized from contracts with customers	\$ 2,560	\$ 1,515	\$ 85	\$ 4,160
Leasing income	—	—	124	124
Financing income	5	4	—	9
Consumers alternative-revenue programs	1	—	—	1
Total operating revenue – CMS Energy	\$ 2,566	\$ 1,519	\$ 209	\$ 4,294
<b>Consumers</b>				
<i>Consumers utility revenue</i>				
Residential	\$ 1,188	\$ 1,049		\$ 2,237
Commercial	804	320		1,124
Industrial	375	43		418
Other	193	103		296
Revenue recognized from contracts with customers	\$ 2,560	\$ 1,515		\$ 4,075
Financing income	5	4		9
Alternative-revenue programs	1	—		1
Total operating revenue – Consumers	\$ 2,566	\$ 1,519		\$ 4,085

<sup>1</sup> Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$97 million for the six months ended June 30, 2022.

## Electric and Gas Utilities

**Consumers Utility Revenue:** Consumers recognizes revenue primarily from the sale of electric and gas utility services at tariff-based rates regulated by the MPSC. Consumers' customer base consists of a mix of residential, commercial, and diversified industrial customers. Consumers' tariff-based sales performance obligations are described below.

- Consumers has performance obligations for the service of standing ready to deliver electricity or natural gas to customers, and it satisfies these performance obligations over time. Consumers recognizes revenue at a fixed rate as it provides these services. These arrangements generally do not have fixed terms and remain in effect as long as the customer consumes the utility service. The rates are set by the MPSC through the rate-making process and represent the stand-alone selling price of Consumers' service to stand ready to deliver.
- Consumers has performance obligations for the service of delivering the commodity of electricity or natural gas to customers, and it satisfies these performance obligations upon delivery. Consumers recognizes revenue at a price per unit of electricity or natural gas delivered, based on the tariffs established by the MPSC. These arrangements generally do not have fixed terms and remain in effect as long as the customer consumes the utility service. The rates are set by the MPSC through the rate-making process and represent the stand-alone selling price of a bundled

product comprising the commodity, electricity or natural gas, and the service of delivering such commodity.

In some instances, Consumers has specific fixed-term contracts with large commercial and industrial customers to provide electricity or gas at certain tariff rates or to provide gas transportation services at contracted rates. The amount of electricity and gas to be delivered under these contracts and the associated future revenue to be received are generally dependent on the customers' needs. Accordingly, Consumers recognizes revenues at the tariff or contracted rate as electricity or gas is delivered to the customer. Consumers also has other miscellaneous contracts with customers related to pole and other property rentals, appliance service plans, and utility contract work. Generally, these contracts are short term or evergreen in nature.

**Accounts Receivable and Unbilled Revenues:** Accounts receivable comprise trade receivables and unbilled receivables. CMS Energy and Consumers record their accounts receivable at cost less an allowance for uncollectible accounts. The allowance is increased for uncollectible accounts expense and decreased for account write-offs net of recoveries. CMS Energy and Consumers establish the allowance based on historical losses, management's assessment of existing economic conditions, customer payment trends, and reasonable and supported forecast information. CMS Energy and Consumers assess late payment fees on trade receivables based on contractual past-due terms established with customers. Accounts are written off when deemed uncollectible, which is generally when they become six months past due.

CMS Energy and Consumers recorded uncollectible accounts expense of \$8 million for the three months ended June 30, 2023 and \$14 million for the three months ended June 30, 2022. CMS Energy and Consumers recorded uncollectible accounts expense of \$17 million for the six months ended June 30, 2023 and \$18 million for the six months ended June 30, 2022.

Consumers' customers are billed monthly in cycles having billing dates that do not generally coincide with the end of a calendar month. This results in customers having received electricity or natural gas that they have not been billed for as of the month-end. Consumers estimates its unbilled revenues by applying an average billed rate to total unbilled deliveries for each customer class. Unbilled revenues, which are recorded as accounts receivable and accrued revenue on CMS Energy's and Consumers' consolidated balance sheets, were \$339 million at June 30, 2023 and \$663 million at December 31, 2022.

**Alternative-revenue Programs:** Under a demand response incentive mechanism, Consumers earns a financial incentive when it meets demand response targets set by the MPSC. Consumers recognizes revenue related to this program once demand response incentive objectives are complete, the incentive amount is calculable, and the incentive revenue will be collected within a 24-month period.

Under a gas revenue decoupling mechanism authorized by the MPSC, Consumers is allowed to adjust future gas rates for differences between Consumers' actual weather-normalized, non-fuel revenues and the revenues approved by the MPSC. Consumers accounts for this program as an alternative-revenue program that meets the criteria for recognizing the effects of decoupling adjustments on revenue as gas is delivered.

Consumers does not reclassify revenue from its alternative-revenue program to revenue from contracts with customers at the time the amounts are collected from customers.

## 10: Reportable Segments

Reportable segments consist of business units defined by the products and services they offer. CMS Energy and Consumers evaluate the performance of each segment based on its contribution to net income available to CMS Energy's common stockholders.

### CMS Energy

The segments reported for CMS Energy are:

- electric utility, consisting of regulated activities associated with the generation, purchase, distribution, and sale of electricity in Michigan
- gas utility, consisting of regulated activities associated with the purchase, transmission, storage, distribution, and sale of natural gas in Michigan
- NorthStar Clean Energy, consisting of various subsidiaries engaging in domestic independent power production, including the development and operation of renewable generation, and the marketing of independent power production

CMS Energy presents corporate interest and other expenses, discontinued operations, and Consumers' other consolidated entities within other reconciling items.

### Consumers

The segments reported for Consumers are:

- electric utility, consisting of regulated activities associated with the generation, purchase, distribution, and sale of electricity in Michigan
- gas utility, consisting of regulated activities associated with the purchase, transmission, storage, distribution, and sale of natural gas in Michigan

Consumers' other consolidated entities are presented within other reconciling items.

Presented in the following tables is financial information by segment:

June 30	<i>In Millions</i>							
	Three Months Ended		Six Months Ended		2023	2022		
	2023	2022	2023	2022				
<b>CMS Energy, including Consumers</b>								
<i>Operating revenue</i>								
Electric utility	\$ 1,128	\$ 1,325	\$ 2,219	\$ 2,566				
Gas utility	357	477	1,476	1,519				
NorthStar Clean Energy	70	118	144	209				
Total operating revenue – CMS Energy	\$ 1,555	\$ 1,920	\$ 3,839	\$ 4,294				
<b>Consumers</b>								
<i>Operating revenue</i>								
Electric utility	\$ 1,128	\$ 1,325	\$ 2,219	\$ 2,566				
Gas utility	357	477	1,476	1,519				
Total operating revenue – Consumers	\$ 1,485	\$ 1,802	\$ 3,695	\$ 4,085				
<b>CMS Energy, including Consumers</b>								
<i>Net income (loss) available to common stockholders</i>								
Electric utility	\$ 147	\$ 140	\$ 217	\$ 307				
Gas utility	23	36	177	252				
NorthStar Clean Energy	3	7	10	15				
Other reconciling items	22	(38)	(7)	(78)				
Total net income available to common stockholders – CMS Energy	\$ 195	\$ 145	\$ 397	\$ 496				
<b>Consumers</b>								
<i>Net income (loss) available to common stockholder</i>								
Electric utility	\$ 147	\$ 140	\$ 217	\$ 307				
Gas utility	23	36	177	252				
Other reconciling items	(4)	(4)	4	(4)				
Total net income available to common stockholder – Consumers	\$ 166	\$ 172	\$ 398	\$ 555				

*In Millions*

	June 30, 2023	December 31, 2022
<b>CMS Energy, including Consumers</b>		
<i>Plant, property, and equipment, gross</i>		
Electric utility <sup>1</sup>	\$ 18,615	\$ 17,870
Gas utility <sup>1</sup>	11,795	11,443
NorthStar Clean Energy	1,154	1,148
Other reconciling items	28	30
Total plant, property, and equipment, gross – CMS Energy	\$ 31,592	\$ 30,491
<b>Consumers</b>		
<i>Plant, property, and equipment, gross</i>		
Electric utility <sup>1</sup>	\$ 18,615	\$ 17,870
Gas utility <sup>1</sup>	11,795	11,443
Other reconciling items	35	29
Total plant, property, and equipment, gross – Consumers	\$ 30,445	\$ 29,342
<b>CMS Energy, including Consumers</b>		
<i>Total assets</i>		
Electric utility <sup>1</sup>	\$ 18,889	\$ 17,907
Gas utility <sup>1</sup>	11,552	11,873
NorthStar Clean Energy	1,536	1,464
Other reconciling items	288	109
Total assets – CMS Energy	\$ 32,265	\$ 31,353
<b>Consumers</b>		
<i>Total assets</i>		
Electric utility <sup>1</sup>	\$ 18,949	\$ 17,968
Gas utility <sup>1</sup>	11,597	11,918
Other reconciling items	42	30
Total assets – Consumers	\$ 30,588	\$ 29,916

<sup>1</sup> Amounts include a portion of Consumers' other common assets attributable to both the electric and gas utility businesses.

## 11: Variable Interest Entities

NorthStar Clean Energy holds a Class B membership interest in NWO Holdco, which owns 100 percent of Northwest Ohio Wind, LLC, a 100-MW wind generation project in Paulding County, Ohio. The Class A membership interest in NWO Holdco is held by a tax equity investor.

NorthStar Clean Energy has a 51-percent ownership interest in Aviator Wind Equity Holdings, which holds a Class B membership interest in Aviator Wind, the holding company of a 525-MW wind generation project in Coke County, Texas. The Class A membership interest in Aviator Wind is held by a tax equity investor.

Earnings, tax attributes, and cash flows generated by NWO Holdco and Aviator Wind are allocated among and distributed to the membership classes in accordance with the ratios specified in the associated limited liability company agreements; these ratios change over time and are not representative of the ownership interest percentages of each membership class. Since NWO Holdco's and Aviator Wind's income and cash flows are not distributed among their investors based on ownership interest percentages,

NorthStar Clean Energy allocates the entities' income (loss) among the investors by applying the hypothetical liquidation at book value method. This method calculates each investor's earnings based on a hypothetical liquidation of the entities at the net book value of underlying assets as of the balance sheet date. The liquidation tax gain (loss) is allocated to each investor's capital account, resulting in income (loss) equal to the period change in the investor's capital account balance.

NWO Holdco, Aviator Wind Equity Holdings, and Aviator Wind are VIEs. In accordance with the associated limited liability company agreements, the tax equity investors are guaranteed preferred returns from NWO Holdco and Aviator Wind. However, NorthStar Clean Energy manages and controls the operating activities of NWO Holdco and Aviator Wind Equity Holdings (and, thereby, Aviator Wind). As a result, NorthStar Clean Energy is the primary beneficiary, as it has the power to direct the activities that most significantly impact the economic performance of the companies, as well as the obligation to absorb losses or the right to receive benefits from the companies. NorthStar Clean Energy consolidates NWO Holdco, Aviator Wind Equity Holdings, and Aviator Wind and presents the Class A membership interests and 49 percent of the Class B membership interest in Aviator Wind as noncontrolling interests.

Presented in the following table are the carrying values of the VIEs' assets and liabilities included on CMS Energy's consolidated balance sheets:

	<i>In Millions</i>	
	June 30, 2023	December 31, 2022
<i>Current</i>		
Cash and cash equivalents	\$ 22	\$ 28
Accounts receivable	4	7
Prepayments and other current assets	4	3
<i>Non-current</i>		
Plant, property, and equipment, net	810	825
<b>Total assets<sup>1</sup></b>	<b>\$ 840</b>	<b>\$ 863</b>
<i>Current</i>		
Accounts payable	\$ 7	\$ 15
<i>Non-current</i>		
Asset retirement obligations	24	24
<b>Total liabilities</b>	<b>\$ 31</b>	<b>\$ 39</b>

<sup>1</sup> Assets may be used only to meet VIEs' obligations and commitments.

NorthStar Clean Energy is obligated under certain indemnities that protect the tax equity investors against losses incurred as a result of breaches of representations and warranties under the associated limited liability company agreements. For additional details on these indemnity obligations, see Note 2, Contingencies and Commitments—Guarantees.

**Other VIEs:** CMS Energy has variable interests in T.E.S. Filer City, Grayling, Genesee, and Craven. While CMS Energy owns 50 percent of each partnership, it is not the primary beneficiary of any of these partnerships because decision making is shared among unrelated parties, and no one party has the ability to direct the activities that most significantly impact the entities' economic performance, such as operations and maintenance, plant dispatch, and fuel strategy. The partners must agree on all major decisions for each of the partnerships.

Presented in the following table is information about these partnerships:

Name	Nature of the Entity	Nature of CMS Energy's Involvement
T.E.S. Filer City	Coal-fueled power generator	Long-term PPA between partnership and Consumers Employee assignment agreement
Grayling	Wood waste-fueled power generator	Long-term PPA between partnership and Consumers Reduced dispatch agreement with Consumers <sup>1</sup> Operating and management contract
Genesee	Wood waste-fueled power generator	Long-term PPA between partnership and Consumers Reduced dispatch agreement with Consumers <sup>1</sup> Operating and management contract
Craven	Wood waste-fueled power generator	Operating and management contract

<sup>1</sup> Reduced dispatch agreements allow the facilities to be dispatched based on the market price of power compared with the cost of production of the plants. This results in fuel cost savings that each partnership shares with Consumers' customers.

The creditors of these partnerships do not have recourse to the general credit of CMS Energy or Consumers. CMS Energy's maximum risk exposure to these partnerships is generally limited to its investment in the partnerships, which is included in investments on its consolidated balance sheets in the amount of \$72 million at June 30, 2023 and \$71 million at December 31, 2022.

## 12: Transition Activities

**Asset Acquisition:** In May 2023, Consumers purchased the Covert Generating Facility, a natural gas-fueled generating unit with 1,200 MW of nameplate capacity in Van Buren County, Michigan, for \$810 million. Consumers accounted for the purchase as an asset acquisition, allocating the purchase price to the assets acquired and liabilities assumed based on their relative fair value. The original cost of the plant was \$665 million and the seller had recognized \$225 million of accumulated depreciation. Upon acquisition, Consumers recorded the net book value of \$440 million and a plant acquisition adjustment of \$370 million, resulting in an increase to plant, property, and equipment of \$810 million.

**Exit Activities:** In accordance with its Clean Energy Plan, Consumers retired the D.E. Karn coal-fueled electric generating units in June 2023. In 2019, when the MPSC approved the retirement of these units, Consumers removed from total plant, property, and equipment an amount representing the projected remaining book value of the two coal-fueled electric generating units upon their retirement, and recorded it as a regulatory asset. As of June 30, 2023, Consumers has recorded a regulatory asset of \$670 million representing the remaining book value of these units.

Through a 2020 securitization financing order, the MPSC authorized Consumers to issue securitization bonds in order to finance the recovery of the remaining book value of the two coal-fueled electric generating units upon their retirement. Until securitization, the book value of the generating units will remain in rate base and receive full regulatory returns in general rate cases.

Under its Clean Energy Plan, Consumers also plans to retire the J.H. Campbell coal-fueled generating units in 2025. In order to ensure necessary staffing at both D.E. Karn and J.H. Campbell through retirement, Consumers has implemented retention incentive programs. The aggregate cost of the D.E. Karn program, which is now complete, was \$32 million. The aggregate cost of the J.H. Campbell

program through 2025 is estimated to be \$50 million. The MPSC has approved deferred accounting treatment for these costs; these expenses are deferred as a regulatory asset.

As of June 30, 2023, the cumulative cost incurred and charged to expense related to the D.E. Karn retention incentive program was \$16 million. Additionally, an amount of \$4 million has been capitalized as a cost of plant, property, and equipment and an amount of \$12 million has been deferred as a regulatory asset. The cumulative cost incurred and deferred as a regulatory asset related to the J.H. Campbell retention incentive program was \$28 million. The regulatory assets for both programs will be collected from customers over three years.

Presented in the following table is a reconciliation of the retention benefit liability recorded in other liabilities on Consumers' consolidated balance sheets:

	<i>In Millions</i>	
	Six Months Ended	
	2023	2022
June 30		
Retention benefit liability at beginning of period	\$ 21	\$ 14
Costs deferred as a regulatory asset <sup>1</sup>	10	3
Retention benefit liability at the end of the period <sup>2</sup>	\$ 31	\$ 17

<sup>1</sup> Includes \$5 million for the three months ended June 30, 2023 and \$2 million for the three months ended June 30, 2022.

<sup>2</sup> Includes current portion of other liabilities of \$18 million at June 30, 2023 and \$6 million at June 30, 2022.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Management's discussion and analysis of financial condition and results of operations for CMS Energy and Consumers is contained in Part I—Item 1. Financial Statements—MD&A, which is incorporated by reference herein.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes to market risk as previously disclosed in Part II—Item 7A. Quantitative and Qualitative Disclosures About Market Risk, in the 2022 Form 10-K.

## **Item 4. Controls and Procedures**

### **CMS Energy**

**Disclosure Controls and Procedures:** CMS Energy's management, with the participation of its CEO and CFO, has evaluated the effectiveness of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, CMS Energy's CEO and CFO have concluded that, as of the end of such period, its disclosure controls and procedures are effective.

**Internal Control Over Financial Reporting:** There have not been any changes in CMS Energy's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the last fiscal quarter that have materially affected, or are reasonably likely to affect materially, its internal control over financial reporting.

## Consumers

**Disclosure Controls and Procedures:** Consumers' management, with the participation of its CEO and CFO, has evaluated the effectiveness of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, Consumers' CEO and CFO have concluded that, as of the end of such period, its disclosure controls and procedures are effective.

**Internal Control Over Financial Reporting:** There have not been any changes in Consumers' internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the last fiscal quarter that have materially affected, or are reasonably likely to affect materially, its internal control over financial reporting.

## Part II—Other Information

### Item 1. Legal Proceedings

CMS Energy, Consumers, and certain of their affiliates are parties to various lawsuits and regulatory matters in the ordinary course of business. For information regarding material legal proceedings, including updates to information reported under Part I—Item 3. Legal Proceedings of the 2022 Form 10-K, see Part I—Item 1. Financial Statements—Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments.

### Item 1A. Risk Factors

There have been no material changes to the Risk Factors as previously disclosed in Part I—Item 1A. Risk Factors in the 2022 Form 10-K, which Risk Factors are incorporated herein by reference.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Unregistered Sales of Equity Securities

None.

## Issuer Repurchases of Equity Securities

Presented in the following table are CMS Energy's repurchases of common stock for the three months ended June 30, 2023:

Period	Total Number of Shares Purchased <sup>1</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under Publicly Announced Plans or Programs
April 1, 2023 to April 30, 2023	182	\$ 61.38	—	—
May 1, 2023 to May 31, 2023	—	—	—	—
June 1, 2023 to June 30, 2023	326	\$ 57.70	—	—
Total	508	\$ 59.02	—	—

<sup>1</sup> All of the common shares were repurchased to satisfy the minimum statutory income tax withholding obligation for common shares that have vested under the Performance Incentive Stock Plan. The value of shares repurchased is based on the market price on the vesting date.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

None.

## Item 6. Exhibits

### CMS Energy's and Consumers' Exhibit Index

The agreements included as exhibits to this Form 10-Q filing are included solely to provide information regarding the terms of the agreements and are not intended to provide any other factual or disclosure information about CMS Energy, Consumers, or other parties to the agreements. The agreements may contain representations and warranties made by each of the parties to each of the agreements that were made exclusively for the benefit of the parties involved in each of the agreements and should not be treated as statements of fact. The representations and warranties were made as a way to allocate risk if one or more of those statements prove to be incorrect. The statements were qualified by disclosures of the parties to each of the agreements that may not be reflected in each of the agreements. The agreements may apply standards of materiality that are different than standards applied to other investors. Additionally, the statements were made as of the date of the agreements or as specified in the agreements and have not been updated. The representations and warranties may not describe the actual state of affairs of the parties to each agreement.

Additional information about CMS Energy and Consumers may be found in this filing, at [www.cmsenergy.com](http://www.cmsenergy.com), at [www.consumersenergy.com](http://www.consumersenergy.com), and through the SEC's website at [www.sec.gov](http://www.sec.gov).

<b><u>Exhibits</u></b>	<b><u>Description</u></b>
4.1 <sup>1</sup>	— <a href="#">Indenture dated as of May 5, 2023 between CMS Energy and The Bank of New York Mellon, as Trustee (Exhibit 4.1 to Form 8-K filed May 5, 2023 and incorporated herein by reference)</a>
4.2	— <a href="#">149th Supplemental Indenture dated as of May 30, 2023 between Consumers and The Bank of New York Mellon, as Trustee (Exhibit 4.1 to Form 8-K filed May 30, 2023 and incorporated herein by reference)</a>
10.1 <sup>2</sup>	— <a href="#">Defined Contribution Supplemental Executive Retirement Plan, as amended and restated, effective July 1, 2023</a>
10.2 <sup>2</sup>	— <a href="#">Form of Officer Separation Agreement as of July 2023</a>
10.3 <sup>2</sup>	— <a href="#">Form of Change in Control Agreement as of July 2023</a>
10.4	— <a href="#">Amendment No. 1 dated as of May 31, 2023 to the Purchase and Sale Agreement, dated June 21, 2021 by and among Consumers and New Covert Generating Company, LLC</a>
31.1	— <a href="#">CMS Energy's certification of the CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	— <a href="#">CMS Energy's certification of the CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.3	— <a href="#">Consumers' certification of the CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.4	— <a href="#">Consumers' certification of the CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1	— <a href="#">CMS Energy's certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2	— <a href="#">Consumers' certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>

<b><u>Exhibits</u></b>	<b><u>Description</u></b>
101.INS	— Inline XBRL Instance Document
101.SCH	— Inline XBRL Taxonomy Extension Schema
101.CAL	— Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	— Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	— Inline XBRL Taxonomy Extension Labels Linkbase
101.PRE	— Inline XBRL Taxonomy Extension Presentation Linkbase
104	— Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

<sup>1</sup> Obligations of CMS Energy or its subsidiaries, but not of Consumers.

<sup>2</sup> Management contract or compensatory plan or arrangement.

## Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiary.

CMS ENERGY CORPORATION

Dated: July 27, 2023

By: /s/ Rejji P. Hayes  
Rejji P. Hayes  
Executive Vice President and Chief Financial Officer

CONSUMERS ENERGY COMPANY

Dated: July 27, 2023

By: /s/ Rejji P. Hayes  
Rejji P. Hayes  
Executive Vice President and Chief Financial Officer

FINAL 2023

# DEFINED CONTRIBUTION SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

DC SERP for Consumers Energy Company

*Amended and Restated  
Effective July 1, 2023*

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## DEFINED CONTRIBUTION SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

The objective of the Defined Contribution Supplemental Executive Retirement Plan (the “Plan”) is to attract and motivate top level executives, including those recruited in mid to late- career levels. The Plan is designed to provide additional retirement income to supplement that provided under the applicable Qualified Plans.

The original effective date of the Plan was April 1, 2006. Employees are eligible to participate in the Plan if hired into or promoted to a Covered Executive Position on or after April 1, 2006. The Plan is amended and restated in its entirety effective July 1, 2023, except as set forth herein.

### ARTICLE I DEFINITIONS

The following terms shall have the respective meanings set forth below when used in the Plan unless the context clearly indicates otherwise.

1.1 “Account” or “Account Balance” means the notional amount credited to a Participant or beneficiary in accordance with the provisions of the Plan.

1.2 “Annual Compensation Limit” means the amount as determined annually by the Secretary of the Treasury pursuant to Code §401(a)(17) above which annual compensation is disregarded for Qualified Plans. The Annual Compensation Limit for the 2023 calendar year is \$330,000.00.

1.3 “Board” means the Board of Directors of the Company.

1.4 “Code” means the Internal Revenue Code of 1986, as amended.

1.5 “Company” means Consumers Energy Company and an employer that is sufficiently affiliated with Consumers Energy Company under Code §414(b), (c), or (m) to be able to participate in the same benefit plan pursuant to the Code and be treated as a single employer for purposes of the Code.

1.6 “Company Contribution” means the amount, which is a notional amount, contributed by the Employer on behalf of a Participant in accordance with Article III. Company Contributions for a Plan Year shall mean the amount contributed by the Employer with respect to the Compensation and Incentive Compensation earned by the Employee during that Plan Year.

1.7 “Compensation” means a Participant's regular salary from the Employer, before any adjustment for deferrals under any deferred compensation plan of the Company, any reductions for contributions to the Savings Plan, any reductions under any welfare benefit plan or deductions for taxes or other withholdings, but excluding any bonus, imputed income, incentive, or other premium pay.

1.8 “Covered Executive Position” means a position with the Company in which the Employee is classified as an Executive Director and above.

1.9 “Date Certain” means a month and year elected by the Participant.

1.10 “DB SERP” means the Defined Benefit Supplemental Executive Retirement Plan. The DB SERP Plan is closed for new participants as of April 1, 2006.

1.11 “Employee” means any person, employed by the Company as an Executive Director or above, and on the payroll and employment records system as an employee (excluding consultants, advisors, and independent contractors).

1.12 “Employer” means the entity within the Company that employs the Participant.

1.13 “Incentive Compensation” means an amount paid to a Participant in a Plan Year under the terms of the Annual Employee Incentive Compensation Plan or the Annual Officer Incentive Compensation Plan. Incentive Compensation earned during a Plan Year includes amounts of Incentive Compensation deferred at the election of the Participant.

- 1.14 “Later of Event” means the later of (a) the date of the SFS Event, or (b) a Date Certain that is elected by the Participant.
- 1.15 “Participant” means any Employee who meets or met the eligibility requirements of the Plan and for whom Company Contributions are made or were previously made under the Plan which have not been distributed.
- 1.16 “Payment Event” means the time upon which the Participant may receive the benefits deferred under the Plan as described in Section 6.1.
- 1.17 “Payment Term” means the form and duration of any payment made to a Participant or beneficiary as described in Section 6.2.
- 1.18 “Plan” means this Defined Contribution Supplemental Executive Retirement Plan.
- 1.19 “Plan Administrator” means the Benefit Administration Committee as selected by the Chief Executive Officer and Chief Financial Officer of the Company to manage the Plan.
- 1.20 “Plan Record Keeper” means the person(s), or entity named as such by the Plan Administrator.
- 1.21 “Plan Year” means January 1 to December 31 of a calendar year.
- 1.22 “Post-2015 Company Contributions” means Company Contributions with respect to Compensation and Incentive Compensation for Plan Years beginning after 2015, together with related earnings.
- 1.23 “Pre-2016 Company Contributions” means Company Contributions with respect to Compensation and Incentive Compensation for Plan Years beginning before 2016, together with related earnings.
- 1.24 “Qualified Plan” means a pension plan providing benefits for a broad group of employees and meeting the requirements for a qualified plan under the Code.
- 1.25 “Savings Plan” means the Consumers Energy Company Employees’ Savings Plan.
- 1.26 “Separation from Service” means an Employee retires or otherwise has a separation from service from the Company as defined under Code §409A and its implementing Treasury Regulations. The Plan Administrator shall determine, consistent with the requirements of Code §409A and its implementing Treasury Regulations, to what extent a person on a leave of absence, including on paid sick leave pursuant to Company policy, has incurred a Separation from Service. Notwithstanding the above, a Separation from Service shall occur consistent with the requirements of Code §409A and Treasury Regulation §1.409A-1(h) when it is reasonably anticipated that the future level of bona fide services provided by the Employee (whether as an employee or as an independent contractor) will be no more than 45% of the average level of bona fide services performed by the Employee (whether as an employee or as an independent contractor) over the immediately preceding 36-month period (or the full period of service if less than 36 months).
- 1.27 “SFS Event” means a Separation from Service for any reason other than death.

## **ARTICLE II** **ELIGIBILITY AND ENROLLMENT**

- 2.1 Initial Eligibility and Enrollment. Any Employee in a Covered Executive Position who is not a participant in the DB SERP shall be eligible for the Plan and become a Participant as of their date of hire or promotion to a Covered Executive Position. Enrollment into the Plan is automatic upon eligibility to participate.
- 2.2 Mandatory Retirement. Any Employee in a Vice President or above position who is covered under this Plan must retire and incur a Separation from Service at age 65 unless such Employee is specifically asked in writing, not less than six months prior to turning age 65, to remain as an active Employee by the Compensation and Human Resources Committee of the Board. The request shall be for a one-year period but may be renewed each subsequent year at the discretion of the Compensation and Human Resources Committee of the Board, or any successor committee. This provision will apply only to the extent that it is consistent with §631(c) of the Age Discrimination in Employment Act and other applicable laws.

### **ARTICLE III COMPANY CONTRIBUTION**

**3.1 Contribution Amounts.** The Plan is a defined contribution non-qualified deferred compensation plan. The benefit provided under the Plan is equal to the Company Contributions to the Participant Account as well as the gains or losses attributable to the performance of the investments selected by the Participant. Company Contributions shall be credited to the Participant Account not less frequently than annually and shall be determined based upon the Participant's employment status as of the date the Company Contribution is credited to the Participant Account. Company Contributions shall be based upon the Participant's job title, Compensation, and Incentive Compensation as follows:

(a) Participants in the position of Executive Director or Associate Vice President shall be eligible to receive a Company Contribution for a Plan Year equal to the sum of (i) 5% of their Compensation earned during the Plan Year in excess of the Annual Compensation Limit, and (ii) 5% of any Incentive Compensation earned by the Participant during the Plan Year.

(b) Participants in the position of Vice President or Senior Vice President shall be eligible to receive a Company Contribution for a Plan Year equal to the sum of (i) 5% of their Compensation earned during the Plan Year up to the Annual Compensation Limit, and (ii) 10% of Compensation earned during the Plan Year in excess of the Annual Compensation Limit, and (iii) 10% of any Incentive Compensation earned during the Plan Year.

(c) Participants in the position of Executive Vice President prior to May 1, 2019 shall be eligible to receive a Company Contribution for a Plan Year equal to the sum of (i) 10% of Compensation earned during the Plan Year up to the Annual Compensation Limit, and (ii) 15% of Compensation earned during the Plan Year in excess of the Annual Compensation Limit, and (iii) 15% of any Incentive Compensation earned by the Participant during the Plan Year.

(d) Participants hired or promoted into the position of Executive Vice President or CEO on or after May 1, 2019 shall be eligible to receive a Company Contribution for a Plan Year equal to the sum of (i) 10% of Compensation earned during the Plan Year up to the Annual Compensation Limit, and (ii) 10% of Compensation earned during the Plan Year in excess of the Annual Compensation Limit, and (iii) 10% of any Incentive Compensation earned during the Plan Year.

### **ARTICLE IV INVESTMENTS**

**4.1 Designation of Investments.** The Participant shall specify the percentage of the Company Contribution to be treated as if invested among the various options available as investment funds under the Plan. A Participant who already has deferred amounts under a nonqualified deferred compensation plan of the Company will automatically have their existing investment profile apply to the Company Contribution.

All determinations of the available investments by the Plan Administrator are final and binding upon the Participants. If a Participant fails to make an investment election, then such amounts shall be accounted for as if contributed to the Target Date Fund (as that term is defined in the Savings Plan) with a date that is applicable to the Participant's aged 65, rounded up, or such other investments as determined by the Plan Administrator.

**4.2 Changes in Investment Elections.** All investment elections may be changed prospectively at the Participant's election at any time prior to the payment of the benefit subject to any applicable restrictions imposed by the Plan Administrator, the Plan Record Keeper and/or by any applicable laws and regulations.

**4.3 Determination of Investment Earnings.** All gains and losses will be based upon the performance of the investments selected by the Participant from the date any Company Contribution is first credited to the Participant Account. If the Company elects to fund the Accounts for its convenience as described in Section 8.5, then investment performance will be based on the balance in the Participant Account pursuant to the customary procedures of the Plan Record Keeper.

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## ARTICLE V VESTING AND RECOUPMENT

**5.1 Vesting.** All Company Contributions and related earnings with respect to Plan Years 2018 and earlier of each Participant shall be fully vested effective May 1, 2019, regardless of the Participant's age or time of service. Effective January 1, 2019, Company Contributions and related earnings for Plan Years 2019 and thereafter shall be fully vested only upon the Participant's: (i) completion of five (5) full years of service while a Participant (including any service as a participant under the DB SERP); and (ii) attainment of age 55. Notwithstanding the above, if a Participant incurs a "disability", as that term is defined under Code §409A and its implementing Treasury Regulations, then such Participant shall vest in the entire Account Balance as of the date of disability. The Account Balance shall vest in full upon the Participant's death or the mandatory retirement under Section 2.2.

The Participant's Account Balance shall be reduced by an amount equal to the Employee's share of any applicable FICA and FUTA taxes in accordance with the applicable Treasury Regulations under Code §409A. To the extent required by applicable law, the Participant shall be imputed with income for the value of the taxes paid through the reduction of the Account Balance.

**5.2 Recoupment.** Any and all Company Contributions are also subject to recoupment as required by applicable law.

## ARTICLE VI PAYMENT OPTIONS

**6.1 Payment Events.** The Plan provides for payment of vested benefits as follows or as otherwise specified in this Plan document:

(a) *For Plan Years Before 2019.* Except as provided below, payment will be made upon a SFS Event. Payment shall be made, or begin, in January of the year following Separation from Service or, if later, the seventh month after the month of Separation from Service. Later payments in a series of annual installment payments, if any, will be paid in January of the succeeding years.

Participants may elect, to the extent provided in Section 6.3 with respect to Company Contributions for 2016 and subsequent Plan Years, that such payment will be made, or begin, upon the Later of Event. If payment is made upon Separation from Service, it will be made, or begin, in January of the year following Separation from Service or, if later, the seventh month after the month of Separation from Service. Later payments in a series of annual installment payments, if any, will be paid in January of the succeeding years.

(b) *For Plan Years After 2018.* Except as provided below, payment will be made upon a SFS Event. Payment will be made, or begin, the seventh month after the month of Separation from Service. Later payments in a series of annual payments, if any, will be paid in the same month of the succeeding years.

Participants may elect, to the extent provided in Section 6.3 that such payment will be made, or begin, upon the Later of Event. If payment is made upon Separation from Service, it will be made, or begin, the seventh month after the month of Separation from Service. Later payments in a series of annual payments, if any, will be paid in the same month of the succeeding years.

**6.2 Payment Term.**

(a) With respect to Pre-2016 Company Contributions, payment shall be made in a single lump sum.

(b) With respect to Post-2015 Company Contributions, the Plan provides for payment as follows:

(i) Unless otherwise elected by the Participant under Section 6.3, the payment method for the Company Contributions for each Plan Year shall be a series of annual installment payments over five (5) consecutive years. Each installment payment shall be equal to a fractional amount of the payable Account Balance, the numerator of which is one and the denominator of which is the number of installment payments remaining. Each payment in the series to the Participant, because earnings will be credited over different periods of time, may differ in amount.

(ii) Participants may elect, to the extent provided in Section 6.3 with respect to Company Contributions for 2017 and subsequent Plan Years, to receive payment of the Company Contributions for a Plan Year in (I) a single lump sum, or (II) a series of annual payments over a period from two (2) years to fifteen (15) consecutive years in lieu of the default payment method set forth in Section 6.2(b)(i). If installment payments are elected, each installment payment shall be equal to a fractional amount of the payable Account Balance, the numerator of which is one and the denominator of which is the number of installment payments remaining. Each payment in the series to a Participant, because earnings will be credited over different periods of time, may differ in amount.

**6.3 Payment Elections.** To the extent determined by the Plan Administrator and in compliance with Code §409A, Participants shall be permitted, but not required, to make irrevocable annual payment elections with respect to Company Contributions (and related earnings) for 2017 and all subsequent Plan Years. Any payment election with respect to the Company Contributions for any Plan Year must be made by the Participant no later than the December 31 of the prior Plan Year and shall become irrevocable at that time. A payment election must be filed in accordance with procedures prescribed by the Plan Administrator.

Any payment election with respect to the Company Contributions for a Plan Year must specify a payment time and payment term as provided in Sections 6.1 and 6.2. A payment election filed with respect to the Company Contributions for a Plan Year shall be effective for that Plan Year and for all subsequent Plan Years (in which case such election shall become irrevocable for each succeeding Plan Year on December 31 of the prior Plan Year) until changed by the Participant.

Any Post-2015 Company Contributions to which no payment election applies under this Section 6.3 (i.e., Company Contributions for the 2016 Plan Year and any subsequent Plan Year for which a Participant does not have an election in effect) shall be paid upon Separation from Service as set forth in Section 6.1(a) and in a series of annual payments over five (5) consecutive years as set forth in Section 6.2(b)(ii).

**6.4 Changes in Payment Options.** Subsequent changes to the original payment options that would otherwise accelerate the receipt of benefits from the Plan are not permitted, except that the Plan Administrator may at its sole discretion elect to accelerate payments to the limited extent permitted by Code §409A and applicable Treasury Regulations.

A subsequent election by a Participant to change the payment options with respect to any Company Contributions can be made when all of the conditions set forth below are satisfied and solely in accordance with the applicable requirements of Code §409A. A subsequent election must be made on an election form provided by the Plan Administrator and must be filed in accordance with procedures prescribed by the Plan Administrator. A subsequent election must specify the new payment terms for each election (including, as applicable, the payment form, payment date or commencement date and payment schedule), which terms must comply with all applicable requirements under Code §409A and all conditions below.

For purposes of applying the conditions below, with respect to Pre-2016 Company Contributions and related earnings, the right to a series of installment payments shall be treated as a right to a single payment for purposes of Code §409A and any applicable Treasury Regulations. With respect to Post-2015 Company Contributions and related earnings, the right to a series of annual installment payments shall be treated as a right to a series of separate payments for such purposes.

The conditions for subsequent elections are as follows:

- (a) such election may not take effect until at least twelve (12) months after the date on which the election is made.
- (b) the payment(s) with respect to which such election is made is deferred for a period of not less than five (5) years from the date such payment would otherwise have been made or, in the case of installment payments with regard to Pre-2016 Company Contributions, five (5) years from the date the first installment was scheduled to be paid; and
- (c) such election must be made not less than twelve (12) months before the date the payment was previously scheduled to be made (or, in the case of installment payments with regard to Pre-2016 Company Contributions, twelve (12) months before the first installment was scheduled to be paid).

Subject to the applicable conditions in this Section 6.4, with respect to all Company Contributions, including Pre-2016 Company Contributions: (i) a subsequent election regarding a prior SFS Event can specify either a new SFS Event or a Later of Event; and (ii) a subsequent election regarding a prior Later of Event election can specify a new Later of Event.

Any subsequent election with respect to the payment of Pre-2016 Company Contributions must apply to all Pre-2016 Company Contributions. When making a subsequent election with respect to the payment of Pre-2016 Company Contributions, the Participant may elect to receive either a single sum or a series of annual installment payments over a period from two (2) years to fifteen (15) consecutive years. If installment payments are elected, each installment payment shall be equal to a fractional amount of the Account Balance, the numerator of which is one and the denominator of which is the number of installment payments remaining. For example, a series of five installment payments will result in a benefit payment equal to one fifth of the original Account Balance (*i.e.*, all Pre-2016 Company Contributions and related earnings) for the first installment, one fourth of the remaining Account Balance for the second installment, one third of the remaining Account Balance for the third installment, one half of the remaining Account Balance for the fourth year and in the fifth installment the remaining Account Balance is paid in full. Each installment, because of gains and losses, may not be identical to the prior installment.

When making a subsequent election with respect to the payment of any Post-2015 Company Contributions, the Participant may make a separate election with respect to each separate payment, provided that such election must result in all of the Company Contributions for the Plan Year with related earnings being paid in a single sum or in a series of annual payments over a period from two (2) to fifteen (15) consecutive years.

6.5 Payment to Specified Employee. If a Participant is determined to be a “specified employee” as defined in Code §409A and its implementing Treasury Regulations at the time of their SES Event, then pursuant to Treasury Regulation §1.409A-3(i)(2) (to the extent applicable), such applicable payment or benefit shall not be paid until the date following the six-month anniversary of the Participant’s SES Event or, if earlier, on the Participant’s death.

6.6 Payment Upon the Death of the Participant. In the event of the death of a Participant prior to the start of any payments under the Plan, the Participant’s named beneficiary shall receive the entire Account Balance under the Plan within ninety (90) days following the death of the Participant. In the event of the death of a Participant after commencing payment of benefits, the Participant’s named beneficiary shall receive the remaining Account Balance in a single sum within ninety (90) days following the death of the Participant. If the Participant fails to name a beneficiary, the Account Balance will be paid in a single sum to their estate within ninety (90) days following the death of the Participant. In no event may any recipient designate a year of payment for an amount payable upon the death of the Participant.

## **ARTICLE VII NON-ALIENIATION OF BENEFITS**

Except as may be required by a domestic relations order as described under Code §414(p)(1)(B), in no event shall the Plan Administrator pay or assign over any part of the interest of a Participant, or their beneficiary, which is payable, distributable or credited to their Account, to any assignee or creditor of such Participant or their beneficiary. Prior to the time of distribution, a Participant, their beneficiary or legal representative shall have no right by way of anticipation or otherwise to assign or otherwise dispose of any interest which may be payable, distributable, or credited to the Account of the Participant or their beneficiary under the Plan, and every attempted assignment or other disposition of such interest in the Plan shall not be merely voidable but absolutely void.

## **ARTICLE VIII ADMINISTRATION OF PLAN**

8.1 Plan Administrator. The Plan Administrator shall have authority to take necessary actions to implement the Plan and is granted full discretionary authority to apply the terms of the Plan, make administrative rulings, interpret the Plan, and make any other determinations with respect to all aspects of the Plan. Any Participant with a claim under the Plan must make a written request within sixty (60) days to the Plan Administrator for a determination on the claim. If the claim involves a benefit or issue relevant to an individual who has been appointed to the Benefit Administration Committee, the individual so affected shall not participate in any determination on such issue. The Plan Administrator may hire such experts, accountants, or attorneys as it

deems necessary to decide and may rely on the opinion of such persons. The Plan Administrator shall notify the Participant of its determination in writing within sixty (60) days of the claim unless the Plan Administrator advises the Participant that it requires additional time (not to exceed 90 days) to complete its investigation. The Participant may, within sixty (60) days from the date the determination was mailed to the Participant, request a redetermination of the matter, and provide any additional information for the Plan Administrator to consider in its redetermination. The Plan Administrator will issue its opinion within sixty (60) days of the request for redetermination unless the Plan administrator advised the Participant that it requires additional time (not to exceed ninety (90) days) to complete its redetermination of the matter.

**8.2 Administrative Expenses.** Any administrative expenses, costs, charges, or fees, to the extent not paid by the Company are to be charged to the Participant Accounts in accordance with the Plan Record Keeper's normal procedures and in accordance with any applicable law.

**8.3 Amendment or Termination of the Plan.** The Company may amend or terminate the Plan at any time. Upon termination, any vested Account Balance will remain in the Plan and be paid out in accordance with the Payment Term. While the Account Balance will continue to be subject to investment gains and losses, upon termination of the Plan, no further Company Contributions shall be made to the Plan. The Plan Administrator is authorized to make any amendments that are deemed necessary or desirable to comply with any applicable laws, regulations or orders or as may be advised by counsel to clarify the terms and operation of the Plan. Notwithstanding the above, no termination of the Plan shall accelerate any benefits under the Plan unless such termination is consistent with the requirements of Code §409A and any applicable regulations, with respect to when a terminated plan may accelerate payment to a Participant.

**8.4 Naming a Beneficiary.** A Participant may at any time file a beneficiary designation with the Plan Record Keeper. Only one such beneficiary designation, the most recent received by the Plan Record Keeper, is effective at any time. No beneficiary designation is effective until it is received by the Plan Record Keeper. If a Participant fails to name a beneficiary, any benefit payable under the Plan will be paid to the Participant's estate. A Participant must name a separate beneficiary for each non-qualified plan.

**8.5 Funding.** The Plan is intended to constitute an unfunded, nonqualified, unsecured plan of deferred compensation. Further, it is the intention of the Company that the Plan be unfunded for purposes of the Code and Title I of the Employee Retirement Income Security Act of 1974 as amended. To the extent the Company elects to place funds with a trustee to pay its future obligations under this Plan, such amounts are placed for the convenience of the Company, remain the property of the Company, and the Participant shall have no right to such funds until properly paid in accordance with the provisions of this Plan. For administrative ease and convenience, such amounts may be referred to as Participant Accounts, but as such they are a notional account only and are not the property of the Participant. The Plan constitutes a mere promise by the Company to make benefit payments in the future. Employee shall have the status of, and shall have no better status than, a general unsecured creditor of the Company. The Employee understands that the Employee must rely upon the general credit of the Company for payment of benefits under the Plan.

**8.6 §409A Compliance.** The Plan is intended to provide for payments that are exempt from the provisions of Code §409A to the maximum extent possible and otherwise to be administered in a manner consistent with the requirements, where applicable, of Code §409A. Where reasonably possible and practicable, the Plan shall be administered in a manner to avoid the imposition on Participants of immediate tax recognition and additional taxes pursuant to Code §409A. Notwithstanding the foregoing, neither the Company, nor any of the Company's directors, officers or employees shall have any liability to any person in the event Code §409A applies to any payment or right under the Plan in a manner that results in adverse tax consequences for the Participant or any of their beneficiaries or transferees. Notwithstanding any provision of the Plan to the contrary, the Company, the Board, or the Benefit Administration Committee may unilaterally amend, modify or terminate the Plan or any right hereunder if the Company, Board, or Benefit Administration Committee determines, in its sole discretion, that such amendment, modification or termination is necessary or advisable to comply with applicable law, as a result of changes in applicable law or regulation, or to mitigate the imposition of an additional tax, interest or penalty under Code §409A. Notwithstanding any provision of the Plan to the contrary, in no event whatsoever shall the Company, or Plan Administrator have any obligation to take any action to prevent the assessment of any taxes, interest or penalties or be liable for any additional tax, interest or penalties that may be imposed on a Participant (or payee) by reasons of Code §409A or any damages for failing to comply with Code §409A

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8.7 Severability. If any provision of the Plan is held unenforceable, the remainder of the Plan shall continue in full force and effect without regard to such unenforceable provision and shall be applied as though the unenforceable provision were not contained in the Plan.

IN WITNESS WHEREOF, execution is hereby affected this 30th day of June 2023.

ATTEST: CONSUMERS ENERGY COMPANY

By: /s/ Catherine A. Hendrian  
Catherine A. Hendrian  
SVP, People & Culture

By: /s/ Srikanth Maddipati  
Srikanth Maddipati  
Treasurer, VP Finance & Investor Relations

## **Officer Separation Agreement**

July 1, 2023

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## **Officer Separation Agreement**

THIS OFFICER SEPARATION AGREEMENT (“Agreement”) is made, entered into, and effective as of \_\_\_\_\_, 20\_\_\_\_ (hereinafter referred to as the “Effective Date”), by and between, CMS Energy Corporation (and its subsidiaries), a Michigan corporation, (hereinafter referred to as the “Employer”) and \_\_\_\_\_, an individual, (hereinafter referred to as the “Officer”).

WHEREAS, the Board of Directors of CMS Energy Corporation, a Michigan corporation (hereinafter referred to as “CMS Energy Corporation”) has approved entering into severance agreements with certain officers as being necessary and advisable for the success of CMS Energy Corporation; and

WHEREAS, the Officer is currently employed at \_\_\_\_\_, by the Employer in a key management position as \_\_\_\_\_;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements of the Officer and the Employer and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Officer and the Employer, intending to be legally bound, agree as follows:

### **Article 1. Establishment, Term, and Purpose**

This Agreement will commence on the Effective Date and shall continue in effect until December 31, 20\_\_. However, at December 31, 20\_\_, and if extended, at the end of each additional year thereafter, the term of this Agreement shall be extended automatically for one (1) additional year, unless the Committee (as defined in Section 2.9 herein) delivers notice six (6) months prior to the end of such term, or extended term, to the Officer, stating that the Agreement will not be extended. In such case, the Agreement will terminate at the end of the term, or extended term, then in progress. If the term of this Agreement is not extended, the Employer is not obligated to pay any severance benefits under Section 3.2 herein for a Qualifying Termination that happens after the expiration of the term of this Agreement. Notwithstanding the above, the Officer acknowledges that this Agreement will expire on the first of the month following his or her 65<sup>th</sup> birthday to the extent that it is permitted under Section 631(c) of the Age Discrimination in Employment Act, and the Officer agrees to submit a resignation to the Committee not less than six (6) months prior to his or her 65<sup>th</sup> birthday to be effective the first of the month following the Officer’s 65<sup>th</sup> birthday. In addition, notwithstanding the above, any obligation of the Employer arising during the term of this Agreement shall survive the termination of this Agreement until paid in full, provided that the Officer has received a Notice of Termination under 2.17 herein. Notwithstanding the forgoing, the obligations of the Officer under Article 5 herein shall continue in effect and survive the expiration of the term of this Agreement.

## Article 2. Definitions

Whenever used in this Agreement, the following terms shall have the meanings set forth below:

- 2.1** “**Affiliate**” has the meaning set forth in Rule 12b-2 under of the Exchange Act.
- 2.2** “**Agreement**” means this agreement, including the “whereas” clauses and Exhibit A.
- 2.3** “**Base Annual Salary**” means the Officer’s full annual salary, whether or not any portion thereof is paid on a deferred basis, at the date of the Officer’s Qualifying Termination. It does not include any incentive compensation in any form, bonuses of any type or any other form of monetary or nonmonetary compensation other than salary.
- 2.4** “**Beneficiary**” means the persons or Entities designated by the Officer pursuant to Section 8.5.
- 2.5** “**Benefit plan clawback provision**” has the meaning set forth in Section 5.2(g) herein.
- 2.6** “**Board**” means the Board of Directors of CMS Energy Corporation.
- 2.7** “**Cause**” is determined solely by the Committee in the exercise of good faith and reasonable judgment, and means the occurrence of any one or more of the following:
  - (a) The continued failure by the Officer to substantially perform his or her duties of employment (other than any such failure resulting from the Officer’s Disability), after a demand for substantial performance is delivered to the Officer that identifies the manner in which the Committee believes that the Officer has not substantially performed his or her duties, and the Officer has failed to remedy the situation within a reasonable period of time specified by the Committee which shall not be less than 30 days; or
  - (b) The Officer’s (i) indictment for a felony or (ii) a conviction for a misdemeanor involving fraud, embezzlement, theft, misappropriation or failure to be truthful; or
  - (c) The Officer’s (i) gross negligence, (ii) failure or refusal, on request or demand by the Employer or any governmental authority, to provide testimony to or cooperate with any governmental regulatory authority, or any other similar non-cooperation by the Officer, (iii) willful engaging in misconduct materially or demonstrably injurious to the business or reputation (by adverse publicity or otherwise) of CMS Energy Corporation or its Affiliates, monetarily or

otherwise, or (iv) violation of a material provision of the Employer's code of conduct and code of ethics, including but not limited to violations of the Employer's policies relating to substance abuse and discrimination; or

- (d) The Officer's breach of the terms of Article 5 herein.

However, for purposes of clause (c), no act or failure to act on the Officer's part shall be considered "willful" if done, or omitted to be done, by the Officer (i) in good faith and (ii) with reasonable belief that his or her action or omission was in the best interest of CMS Energy Corporation or its Affiliates.

- 2.8** **"Code"** means the United States Internal Revenue Code of 1986, as amended, and any successors thereto.
- 2.9** **"Committee"** means the Compensation and Human Resources Committee of the Board or any other committee appointed by the Board to perform the functions of the Compensation and Human Resources Committee. The Committee is responsible for the administration of this Agreement and shall interpret and apply the provisions of this Agreement. Notwithstanding the above, the Committee may obtain and rely upon advice from consultants, attorneys and advisors of its choice in making determinations concerning this Agreement.
- 2.10** **"Disability"** means a determination by the insurer or third-party administrator under an individual and/or group disability policy covering the Officer that the Officer is totally and permanently disabled as defined in the policy, or if there is no such coverage, then a disability that satisfies the requirements of total and permanent disability under Section 22(e) of the Code.
- 2.11** **"Effective Date"** means the date of this Agreement set forth in the first paragraph of this Agreement.
- 2.12** **"Effective Date of Termination"** means the first day of the month next following the date on which a Qualifying Termination occurs, as provided under Section 2.21 herein, which triggers the payment of Severance Benefits hereunder. Such first day of such month shall be specified in the Notice of Termination. If the Officer is otherwise eligible for retirement, he or she may elect to retire on the Effective Date of Termination without waiving Severance Benefits to which he or she may be entitled pursuant to this Agreement.
- 2.13** **"Employer"** means the corporation named in the first paragraph of this Agreement as the Employer.
- 2.14** **"Entity"** means any corporation, partnership, limited liability company, joint venture, sole proprietorship or firm.
- 2.15** **"Exchange Act"** means the United States Securities Exchange Act of 1934, as amended.

- 2.16** “**Exempt Person**” has the meaning set forth in Section 5.2(a) herein.
- 2.17** “**Notice of Termination**” shall be provided for a Qualifying Termination and shall mean a written notice which shall provide (i) the date of the Qualifying Termination and (ii) the Effective Date of Termination. The Notice of Termination will be provided before or within 10 days after the date of the Qualifying Termination.
- 2.18** “**Officer**” means the individual named in the first paragraph of this Agreement.
- 2.19** “**Person**” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as provided in Section 13(d).
- 2.20** “**Qualifying Termination**” means a termination (not involving death, Disability, Retirement or Cause), pursuant to a Notice of Termination delivered to the Officer by the Employer or pursuant to a request that the Officer submit a resignation as an officer and employee (other than as provided for in Article 1 herein). The date of the Qualifying Termination will be the date the Officer experiences a separation from service from the Employer, as that term is defined under Section 409A and any applicable regulations.
- 2.21** “**Release**” means the signed release of claims which shall be substantially in the form attached hereto as Exhibit A. The Release to this Agreement will be provided to the Officer for signature not more than 10 days following the Qualifying Termination.
- 2.22** “**Section 409A**” means Section 409A of the Code and applicable Treasury Regulations, and their successors.
- 2.23** “**SERP**” means the retirement plan applicable to the Officer and entitled “Supplemental Executive Retirement Plan for the Employees of CMS Energy/Consumers Energy Company” dated April 1, 2011, as amended or under the successor or replacement of such retirement plan if it is no longer in effect. [For Officers covered under the defined contribution supplemental executive retirement plan, the following definition shall be used: “means the retirement plan applicable to the Officer and entitled “Defined Contribution Supplemental Executive Retirement Plan” dated July 1, 2023, as amended or under the successor or replacement of such retirement plan if it is then no longer in effect.”].
- 2.24** “**Severance Benefits**” has the meaning set forth in Article 3 herein.

## Article 3. Severance Benefits

### 3.1 Severance Benefits.

- (a) **Right to Severance Benefits.** The Officer shall be entitled to receive from the Employer Severance Benefits, as described in Section 3.2 herein, if a Qualifying Termination of the Officer's employment satisfying the definition contained in Section 2.20 has occurred. Benefits received by the Officer under the pension plan and SERP (or any replacement or successor plans thereto) shall not be used as an offset to the level of Severance Benefits owed to the Officer.
- (b) **No Severance Benefits.** The Officer shall not be entitled to receive Severance Benefits under this Agreement if the Officer's employment with the Employer ends for reasons other than a Qualifying Termination.
- (c) **Waiver and Release.** The Officer shall sign and return to the Employer a Release to be eligible for payment of Severance Benefits under Section 3.2 herein. Attached hereto as Exhibit A, and incorporated by reference in this Agreement, is substantially the form of release the Officer shall sign and return to qualify for Severance Benefits under this Agreement. The Officer shall be obligated to sign and return the Release to the Employer on a timely basis, but not more than 45 days (or any shorter period specified in the Release when delivered to the Officer) after receipt of the Release from the Employer. No payment will be made until the seven (7) day right to revocation of the Release has elapsed.
- (d) **No Duplication of Severance Benefits.** If the Officer receives Severance Benefits, any other severance benefits received by employees not covered by this Agreement, if any, to which the Officer is entitled shall be reduced on a dollar-for-dollar basis with respect to Severance Benefits paid pursuant to this Agreement so that there is no duplication of severance benefits.

### 3.2 Description of Severance Benefits.

In the event the Officer becomes entitled to receive Severance Benefits as provided in Section 3.1(a) herein, the Employer (subject to Section 3.1(c)) shall provide the Officer with the following:

- (a) A lump-sum amount paid within thirty (30) calendar days following the date of the Qualifying Termination equal to the sum of the Officer's unpaid salary, unreimbursed business expenses, and unreimbursed allowances owed to the Officer through and including the date of the Qualifying Termination. In the event the Officer is terminated following a performance year under the Officer Incentive Compensation Plan but prior to the payment of an incentive for such year, the Officer will not forfeit such incentive but shall receive any payment when the same is paid to active employees. To the extent, if any, the Officer has elected to defer any incentive, any payments due under this provision corresponding to the amount of the deferral shall be paid or deferred in

accordance with the terms elected by the Officer with respect to said plan under which the incentive is deferred.

- (b) A lump-sum amount, paid within thirty (30) calendar days following return of the signed Release (but not prior to the lapse of the seven (7) day revocation period), but no later than March 15 of the year following the year in which the Qualifying Termination occurs, equal to [insert applicable amount based upon salary grade from the following: for Associate Vice President 1.25 times Base Annual Salary; for Vice President through Executive Vice President 1.50 times Base Annual Salary; for President through Chief Executive Officer 1.75 times Base Annual Salary].
- (c) The Officer's termination of employment pursuant to the Notice of Termination shall be treated as a resignation under the applicable incentive plan and the Officer shall be entitled to consideration for a pro-rata incentive to the extent provided for in the incentive plan.
- (d) Outstanding stock options and stock appreciation rights previously granted by the Committee to the Officer pursuant to Article VI of the plan entitled "CMS Energy Corporation Performance Incentive Stock Plan," dated June 1, 2020, as amended, or any replacement thereof, shall be treated in accordance with applicable provisions of the plan. Restricted Stock awarded to the Officer shall be forfeited, except for the pro-rata portion of any such outstanding grant equal to a fraction, the numerator of which is the number of full and partial months of service from the date of grant to the termination date and the denominator of which is the time duration of the award until vesting as of the grant date, expressed in months. Any shares that are not forfeited shall be paid out if subject only to a time based vesting requirement, and otherwise shall continue to be subject to any applicable performance based vesting requirement and shall be paid out in the future in conformance therewith.
- (e) If the Officer is a participant in the SERP, the Officer's retirement benefits under the SERP will become fully vested as of the date of the Officer's Qualifying Termination and shall not be subject to further vesting requirements or to any forfeiture provisions.
- (f) For purposes of (1) the Officer's retirement, (2) the SERP and (3) benefits not expressly discussed in clauses (a) through (e) of this Section 3.2, but which are available to the general employee population or available only to officers and implemented with contracts with third parties, the benefit plan descriptions covering all employees and the retirement plan and SERP plan descriptions and contracts with third parties covering officers in place at the time of the Effective Date of Termination control the Officer's treatment under those plans and contracts. All rights of the Officer to indemnification as an officer or an employee will be determined under any applicable indemnification policy in effect at the time the matter giving rise to the need for

indemnification is alleged to have occurred. For any other benefits only available to officers, if those benefits are not expressly discussed in clauses (a) through (e) of this Section 3.2, those benefits are terminated for the Officer as of the Effective Date of Termination.

## **Article 4. Notice of Termination; Resignation as Officer and Director**

- 4.1** Any Qualifying Termination of the Officer's employment shall be communicated by a Notice of Termination.
- 4.2** Upon receipt of the Notice of Termination, the Officer shall submit to the Employer, within 10 days, his or her written resignation as (i) an officer of the Employer and of all Affiliates and (ii) a member of the board of directors of the Employer and of all Affiliates.

## **Article 5. Restrictive Covenants and Clawback**

- 5.1** The following shall apply after any termination (including, without limitation, due to retirement, disability or resignation for any reason) of the Executive's employment:

- (a) Confidentiality.** The Employer has advised the Officer and the Officer acknowledges that it is the policy of CMS Energy Corporation and its Affiliates to maintain as secret and confidential all Protected Information (as defined below), and that Protected Information has been and will be developed at substantial cost and effort to CMS Energy Corporation and its Affiliates. The Officer shall not at any time, directly or indirectly, divulge, furnish, or make accessible to any person or Entity (other than as may be required in the regular course of the Officer's employment), nor use in any manner, either during the term of employment or after termination, for any reason, any Protected Information, or cause any such information of CMS Energy Corporation and its Affiliates to enter the public domain.

“Protected Information” means trade secrets, confidential and proprietary business information of CMS Energy Corporation and its Affiliates and any other information of CMS Energy Corporation and its Affiliates, including, but not limited to, processes, plans, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by CMS Energy Corporation and its Affiliates and their agents or employees, including the Officer; provided, however, that information that is in the public domain (other than as a result of a breach of this Agreement), approved for release by CMS Energy Corporation or its Affiliates or lawfully obtained from third parties who are not bound by a confidentiality agreement with CMS Energy Corporation or its Affiliates, is not Protected Information. Notwithstanding the foregoing, nothing in this subsection is to be construed as prohibiting the Officer from providing information to a state or federal agency, legislative body or one of its committees or a court with jurisdiction when the Officer is legally required to do so, provided that promptly after being notified

of such requirement the Officer notifies the Employer, or from disclosing Protected Information to the Officer's spouse, attorney and/or his or her personal tax and financial advisors as reasonably necessary or appropriate to advance the Officer's tax, financial and other personal planning (each an "Exempt Person"), provided, however, that any disclosure or use (beyond the specific purpose for which it was released to such Exempt Person) of Protected Information by an Exempt Person shall be deemed to be a breach of this Section 5.1(a) by the Officer.

- (b) **Nonsolicitation.** During the term of employment and for a period of twelve (12) months after the date of the termination of the Officer's employment, the Officer shall not: (i) employ or retain or solicit for employment or arrange to have any other person or Entity employ or retain or solicit for employment or otherwise participate in the employment or retention of any person who (x) is an employee or consultant of CMS Energy Corporation or its Affiliates or (y) was an employee or consultant of CMS Energy Corporation or its Affiliates at any time during the twelve (12) month period immediately preceding the date of the occurrence of the activity described in clause (i); or (ii) solicit suppliers or customers of CMS Energy Corporation or its Affiliates or induce any such person to terminate their relationship with them.
- (c) **Cooperation.** The Officer shall fully and unconditionally cooperate with CMS Energy Corporation and its Affiliates and their attorneys in connection with any and all lawsuits, claims, investigations, or similar proceedings that have been or could be asserted at any time arising out of or related in any way to the Officer's employment or activities on behalf of CMS Energy Corporation and its Affiliates.
- (d) **Nondisparagement.** The provisions of this Section 5.1(d) apply at all times following the termination of the Officer's employment for any reason: The Officer shall not disparage CMS Energy Corporation or its Affiliates or their officers and/or directors, or otherwise make comments harmful to their reputations. The Officer further shall not testify or act in any capacity as a paid or unpaid expert witness, advisor or consultant or otherwise on behalf of any person, or Entity that has or may have any claim, demand, action, suit, cause of action, or judgment against CMS Energy Corporation or its Affiliates, or in any regulatory agency proceeding in a manner adverse to their interests. The executive officers and directors of CMS Energy Corporation and its Affiliates shall not disparage the Officer or otherwise make comments harmful to the Officer's reputation. Notwithstanding the foregoing, nothing in this Section 5.1(d) prohibits the Officer or representatives of CMS Energy Corporation or its Affiliates from testifying truthfully under oath in any judicial, administrative or legislative proceedings or in any arbitration, mediation or other similar proceedings where his or her testimony has been legally compelled or pursuant to Section 6.1 herein.

- (e) **Exceptions to Restrictions on Communications and Confidentiality.** Nothing in this Agreement is intended to prohibit the Executive from reporting possible violations of law or regulation to any governmental agency or entity or from making other disclosures that are protected under law or regulation.
- (f) **Return of the Employer Property.** The Officer agrees that upon termination of employment he or she shall return all property of the Employer or any Affiliate now in his or her possession and shall not retain any copies thereof.
- (g) **Clawback Relating to Illegal Acts or Restatement of Corporation's Financial Statements.** If, due to a restatement of CMS Energy Corporation's or an Affiliate's publicly disclosed financial statements or otherwise, the Officer is subject to an obligation to make a repayment to CMS Energy Corporation or an Affiliate pursuant to a clawback provision contained in a SERP Plan, the PISP, a bonus plan or other benefit plan (a "benefit plan clawback provision") of CMS Energy Corporation or its Affiliate, it shall be a precondition to the obligation of Employer to make any payment under this Agreement, that the Officer fully repay to CMS Energy Corporation or its Affiliate any amounts owing under such benefit plan clawback provision. The payments under this Agreement are further subject to any provision of law which may require the Officer to forfeit or repay any benefits provided hereunder that are based upon a bonus or incentive compensation, or equity compensation, in the event of a restatement of CMS Energy Corporation's or an Affiliate's publicly disclosed accounting statements or other illegal act, whether required by Section 304 of the Sarbanes-Oxley Act of 2002, federal securities law (including any rule or regulation promulgated by the Securities and Exchange Commission), any state law, or any rule or regulation promulgated by the applicable listing exchange or system on which CMS Energy Corporation or an Affiliate lists its traded shares. To the degree any benefits hereunder are not otherwise forfeitable pursuant to the preceding sentences of this Section 5.1(g), the Board or Committee may require the Officer to repay to Employer any amounts paid under this Agreement that are computed on the basis of an actual bonus under a bonus plan applicable to the Officer, if the Board or Committee determines, on the basis of the clawback provisions in the bonus plan under which such bonus payments are made, that the Officer would have been required to make a repayment of such bonus. The rights set forth in this Agreement concerning the right of CMS Energy Corporation, an Affiliate and/or Employer to a clawback are in addition to any other rights to recovery or damages available at law or equity and are not a limitation of such rights.
- (h) **Enforcement.** The parties to this Agreement acknowledge that the services of the Officer are unique and extraordinary and that a breach of any provision of this Section 5.1 will cause irreparable harm to the Employer. Accordingly, the Officer agrees that notwithstanding the provisions of Section 6.1 herein, the Employer has the right to seek to enforce the restrictive covenants contained in this Section 5.1 in a court of law or equity and the Officer hereby consents to the imposition of an injunction or a temporary restraining order or such other

equitable relief as necessary to protect the rights of the Employer under this Agreement.

## **Article 6. Dispute Resolution and Notice**

- 6.1 Dispute Resolution.** Any dispute or controversy between the Officer and the Employer arising under or in connection with this Agreement (other than Article 5 of this Agreement) shall first be submitted in writing to the Committee for attempted resolution. If such submission does not result in mutually agreeable resolution within sixty (60) days thereof, such dispute or controversy shall be settled by final and binding arbitration. Such arbitration shall be conducted before a single arbitrator selected by the parties to be conducted in Jackson, Michigan. The arbitration will be conducted in accordance with the rules of the American Arbitration Association then in effect and be finished within ninety (90) days after the selection of the arbitrator, and if the Officer and the Employer are unable to agree within thirty (30) days on such a single arbitrator, such Association shall select such arbitrator. The arbitrator shall not have authority to fashion a remedy that includes consequential, exemplary or punitive damages of any type whatsoever, and the arbitrator is hereby prohibited from awarding injunctive relief of any kind, whether mandatory or prohibitory. Judgment may be entered on the award of the arbitrator in any court having competent jurisdiction. The Officer and the Employer shall share equally the cost of the arbitrator and of conducting the arbitration proceeding, but each party shall bear the cost of its own legal counsel and experts and other out-of-pocket expenditures. Notwithstanding the foregoing, the Officer and the Employer acknowledge that the enforcement of the Employer's rights under Article 5 herein are unique and agree that the Employer is not limited to the remedy of arbitration but may elect the remedy of its choice including filing suit in a court of law or equity and the Officer agrees that the Employer has the right to obtain an injunction and/or a temporary restraining order to protect its rights.
- 6.2 Notice.** Any notices, requests, demands, or other communications provided for by this Agreement shall be in writing and sent by registered or certified mail to the Officer at the address set forth beneath his or her signature on the last page of this Agreement or, to the Employer, at One Energy Plaza, Jackson, Michigan 49201, Attention: Corporate Secretary. Notices, requests, demands or other communications may also be delivered by messenger, courier service or other electronic means and are sufficient if actually received by the party for whom it is intended.

## **Article 7. Successors and Assignment**

- 7.1 Successors.** Any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) to the business of CMS Energy Corporation or purchaser of all or substantially all of the assets of CMS Energy Corporation shall be required to expressly assume and agree to perform under this Agreement in the same manner and to the same extent that the Employer would be required to perform if no such

succession had taken place. This Agreement shall be binding upon any successor in accordance with the operation of law.

- 7.2 Assignment by the Officer.** This Agreement shall inure to the benefit of and be enforceable by the Officer's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If the Officer dies while any amount would still be payable to him or her hereunder had he or she continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Officer's Beneficiary. If the Officer has not named a Beneficiary, then such amounts shall be paid to the Officer's devisee, legatee, or other designee, or if there is no such designee, to the Officer's estate.

## **Article 8. Miscellaneous**

- 8.1 Employment Status.** The employment of the Officer by the Employer is "at will" and, subject to the Officer's rights pursuant to this Agreement or any separate written change in control agreement entered into by the Officer and CMS Energy Corporation or the Employer, may be terminated by either the Officer or the Employer at any time, subject to applicable law. Further, the Officer has no right to be an officer of CMS Energy Corporation or any of its Affiliates and serves as an officer entirely at the discretion of the Board.
- 8.2 Entire Agreement.** This Agreement supersedes any prior agreements or understandings, oral or written, between the parties hereto, with respect to the subject matter hereof, and this Agreement (including the "whereas" clauses and Exhibit A) constitutes the entire agreement of the parties with respect thereto. Without limiting the generality of the foregoing sentence, this Agreement completely supersedes, cancels, voids and renders of no further force and effect any and all other employment agreements, and other similar agreements, communications, representations, promises, covenants and arrangements, whether oral or written, between the Employer and the Officer and between the Officer and CMS Energy Corporation or any of its Affiliates that may have taken place or been executed prior to the Effective Date and which may address the subject matters contained herein. Notwithstanding the above, this Agreement is supplemental to and does not replace any written separation agreement entered into between the parties that is contingent on a change in control, and if change in control benefits under the separate agreement that are contingent on a change in control, as defined in the separate written change in control agreement, are paid or payable to the Officer, then this Agreement shall be void, null and of no effect, and no Severance Benefits shall be paid hereunder.
- 8.3 Severability.** In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect, and the parties shall negotiate in good faith to accomplish the purposes and amend this Agreement so as, to the extent possible under the law, to carry out the original intent of the provision or portion determined to be invalid or unenforceable.

- 8.4 Tax.** The Employer may withhold from any benefits payable under this Agreement any authorized deductions and all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling. The benefits payable under this Agreement are intended to be exempt from, or to comply with, Section 409A, and this Agreement shall be interpreted accordingly; provided, however, that the Employer does not guarantee the Officer any particular tax results with respect to such benefits. Notwithstanding anything contained in this Agreement to the contrary, if the Officer is a “specified employee” (determined in accordance with Section 409A and Treasury Regulation Section 1.409A-3(i)(2)) as of the date of the Officer’s separation from service under Section 409A, and if any payment, benefit or entitlement provided for in this Agreement or otherwise both (i) constitutes a “deferral of compensation” within the meaning of Section 409A and (ii) cannot be paid or provided in a manner otherwise provided herein or otherwise without subjecting the Officer to additional tax, interest and/or penalties under Section 409A, then any such payment, benefit or entitlement that is payable during the first 6 months following the date of the Officer’s separation from service shall be paid or provided to the Officer in a lump sum cash payment to be made on the earlier of (x) the Officer’s death or (y) the first day that is more than six (6) months immediately following the date of the Officer’s “separation from service” (as such term is used under Section 409A)). Each payment to be made under this Agreement shall be treated as a separate payment for purposes of Section 409A. Any in-kind benefit or reimbursement provided under this Agreement that is subject to the conditions set forth in Treasury Regulation Section 1.409A-3(i)(1)(iv) shall at all times meet those conditions. Notwithstanding anything contained in this Agreement to the contrary, the Employer shall have the unilateral right to amend this Agreement at any time to the extent deemed necessary or advisable by the Employer to ensure compliance with, or exemption from, the requirements of Section 409A.
- 8.5 Beneficiaries.** The Officer may designate one (1) or more persons or Entities as the primary and/or contingent beneficiaries of any amounts to be received under this Agreement. Such designation must be in the form of a signed writing on a form provided by the Employer. The Officer may make or change such designation at any time.
- 8.6 Payment Obligation Absolute.** Except as otherwise provided in this Agreement and as provided in the last sentence of this paragraph, the Employer’s and CMS Energy Corporation’s obligations to make the payments and provide the benefits to the Officer specified herein shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, defense, or other right which the Employer, CMS Energy Corporation or any of its Affiliates may have against the Officer or anyone else. Except as otherwise provided in this Agreement, all amounts payable by the Employer hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Employer shall be final, but subject to the provisions of the next sentence. If the Officer should seek to litigate this Agreement or the subject matters addressed herein in a state or

federal court, subject to the requirements of Section 409A, to the extent applicable, (i) the Officer at least ten (10) days prior to filing in court shall tender back to the Employer all cash consideration paid to the Officer under this Agreement prior thereto and (ii) any payments then or thereafter due to the Officer under this Agreement shall be withheld until said litigation is finally resolved.

The Officer shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, and **the** obtaining of any such other employment, provided such other employment is not a violation of the provisions of Article 5 herein, shall in no event effect any reduction of the Employer's obligations to make the payments and arrangements required to be made under this Agreement.

- 8.7 Contractual Rights to Benefits.** Subject to approval and ratification by the Committee, this Agreement establishes and vests in the Officer a contractual right to the benefits to which he or she is entitled hereunder. However, nothing herein contained shall require or be deemed to require, or prohibit or be deemed to prohibit, the Employer to segregate, earmark, or otherwise set aside any funds or other assets, in trust or otherwise, to provide for any payments to be made or required hereunder.
- 8.8 Modification.** Except as otherwise provided in this Agreement, this Agreement shall not be varied, altered, modified, canceled, changed, or in any way amended except by mutual agreement of the parties in a written instrument executed by the parties hereto or their legal representatives, provided however, that the consent of the Employer shall only be given with the prior approval of the Committee and no person acting on behalf of the Employer, or purporting to do so, shall have any authority to do so without such prior approval.
- 8.9 Counterparts and Headings.** This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures transmitted via facsimile shall be regarded by the parties as original signatures. The headings of the various sections and subsections of this Agreement shall not limit or affect the terms and provisions of the Agreement.
- 8.10 Representation.** In entering this Agreement, the Officer represents and warrants that this Agreement is a legal, valid and binding agreement, enforceable in accordance with its terms and does not conflict with any other agreement to which [he] [she] is a party. The Officer acknowledges that [he] [she] has had an opportunity to consult with [his] [her] legal and financial advisors before executing and delivering this Agreement, has read and understands this Agreement and the terms are fully understood and voluntarily accepted by [him] [her].
- 8.11 Applicable Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Michigan, without regard to its conflicts of laws principles.

IN WITNESS WHEREOF, the parties have executed this Agreement as of this \_\_\_\_ day of \_\_\_\_\_, 20--.

CMS ENERGY CORPORATION or Employer

By: \_\_\_\_\_  
Its: \_\_\_\_\_

OFFICER:

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**GENERAL RELEASE AGREEMENT**

This **General Release Agreement** (“Agreement”), made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, pursuant to Michigan law, among \_\_\_\_\_ (the “Officer”), an individual, and \_\_\_\_\_, a Michigan corporation (the “Employer”) is a general release of claims against the Employer, CMS Energy Corporation and all of their subsidiaries and affiliates (collectively the “CMS Companies”).

**WHEREAS**, the Officer’s employment with the Employer [will end] [has ended] on \_\_\_\_\_, 20\_\_\_\_ and [he] [she] is eligible for the receipt of severance benefits under an Officer Separation Agreement (the “Separation Agreement”), provided that the Officer first executes and delivers to the Employer a prescribed form of general release attached as Exhibit A to the Separation Agreement;

**WHEREAS**, terms used in this Agreement that are also used and defined in the Separation Agreement shall have the same definition in this Agreement if not separately and differently defined herein, such terms being recognizable by initial caps; and

**WHEREAS**, this General Release Agreement satisfies a condition for receipt of Severance Benefits under Article 3 of the Separation Agreement.

**NOW THEREFORE**, in consideration of the covenants undertaken and the releases contained in this Agreement, the Officer and the Employer agree as follows:

**1. MONETARY AND OTHER CONSIDERATION**

In consideration for the releases and the other covenants in this Agreement, the Officer agrees and reaffirms that the only monetary and other consideration to which [he] [she] is entitled due to the termination of employment is that provided to the Officer pursuant to the Separation Agreement, as set forth on Attachment A attached to this Agreement.

**2. RETURN OF COMPANY PROPERTY**

By signing this Agreement, the Officer represents and warrants that [he] [she] has returned to the Employer all of its property and all the property of any of the CMS Companies which the Officer had in [his] [her] possession and that [he] [she] has not retained copies of said property.

**3. GENERAL RELEASE AND DISCHARGE BY OFFICER**

In consideration of the payments and commitments made by the Employer to the Officer (described in Section 1 above), the Officer on [his] [her] own behalf, and [his] [her] descendants,

ancestors, dependents, heirs, executors, administrators, assigns, and successors, and each of them, hereby covenants not to sue and fully releases and discharges the Employer, CMS Energy Corporation, and all of their subsidiaries and affiliates, past and present, and each of them as well as its and their trustees, directors, officers, agents, attorneys, insurers, employees, stockholders, representatives, assigns, and successors, past and present, and each of them, hereinafter together and collectively referred to as "Releasees," with respect to and from any and all claims, wages, demands, rights, liens, agreements, contracts, covenants, actions, suits, causes of action, obligations, debts, costs, expenses, attorneys' fees, damages, judgments, orders and liabilities of whatever kind or nature in law, equity or otherwise, whether now known or unknown, suspected or unsuspected, and whether or not concealed or hidden, which the Officer now owns or holds or has at any time on or prior to the Effective Date of Termination owned or held as against said Releasees, arising out of or in any way connected with the Officer's employment relationship with the Employer or the Releasees, or the Officer's termination of employment or any other transactions, occurrences, acts or omissions or any loss, damage or injury whatsoever, known or unknown, suspected or unsuspected, resulting from any act or omission by or on the part of said Releasees, or any of them, committed or omitted prior to the date of this Agreement, including but not limited to, claims based on any express or implied contract of employment which may have been alleged to exist between the Employer, the Releasees and the Officer, or under the Age Discrimination in Employment Act of 1967 ("ADEA"), 29 U.S.C. §621, et seq, as amended by the Older Workers Benefit Protection Act of 1990, Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e, et seq, as amended, the Civil Rights Act of 1991, P. L. 102-1 66, the Elliott-Larsen Civil Rights Act, MCLA §37.2101, et seq, the Rehabilitation Act of 1973, 29 U.S.C. §701, et seq, as amended, the Americans with Disabilities Act of 1990, 42 U.S.C. §12206, et seq, as amended, or the Persons with Disabilities Civil Rights Act, MCLA §37.1101, et seq, as amended, or any other federal, state or local law, rule, regulation or ordinance, and claims for severance pay, sick leave, holiday pay, and any other fringe benefit provided to the Officer by the Employer or Releasees except for those rights preserved by Section 3.2(f) of the Separation Agreement. Nothing in this Agreement is intended to, nor do the Officer and the Employer, waive the right to enforce the Separation Agreement.

#### **4. REVOCATION OF RELEASE BY OFFICER**

The Officer specifically acknowledges for purposes of this Agreement that: (1) the Officer has been advised by the Employer to consult with an attorney prior to signing this Agreement; (2) the Officer has been given [21] [45] days to consider the release; and (3) the Officer may revoke this Agreement within 7 days of signing this Agreement. In the event of such a revocation, the Officer will repay to Employer all funds already received under the Separation Agreement and waive [his] [her] rights to receive any additional funds under the Separation Agreement. Such a revocation, to be effective, must be in writing and either (i) postmarked within 7 days of execution of this Agreement and addressed to the attention of \_\_\_\_\_, CMS Energy Corporation, at One Energy Plaza, Jackson, Michigan 49201, or (ii) hand delivered to \_\_\_\_\_ within 7 days of execution of this Agreement. The Officer understands that if revocation is made by mail, mailing by certified mail, return receipt requested, is recommended to show proof of mailing. IF THE OFFICER SIGNS THIS AGREEMENT PRIOR TO THE END OF THE [21] [45] DAY PERIOD, THE OFFICER CERTIFIES THAT THE OFFICER

KNOWINGLY AND VOLUNTARILY DECIDED TO SIGN THE AGREEMENT AFTER CONSIDERING IT LESS THAN [21] [45] DAYS AND [HIS] [HER] DECISION TO DO SO WAS NOT INDUCED BY THE EMPLOYER THROUGH FRAUD, MISREPRESENTATION OR A THREAT TO WITHDRAW OR ALTER THE OFFER THE SEVERANCE BENEFITS PAYABLE UNDER THE SEPARATION AGREEMENT PRIOR TO THE EXPIRATION OF THE [21] [45] DAY TIME PERIOD.

THIS AGREEMENT AND THE RELEASE CONTAINED IN THIS AGREEMENT SHALL BECOME EFFECTIVE AND ENFORCEABLE ONLY AFTER THE REVOCATION PERIOD HAS PASSED WITHOUT NOTICE OF REVOCATION AS OUTLINED IN THIS PARAGRAPH.

## **5. GOVERNING LAW AND SEVERABILITY OF INVALID PROVISIONS**

This Agreement will be governed by and construed in accordance with the laws of the State of Michigan, without regard to its conflicts of law principles. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect, and the parties shall negotiate in good faith to accomplish the purposes and amend this Agreement so as, to the extent possible under the law, to carry out the original intent of the provision or portion determined to be invalid or unenforceable.

## **6. FULL UNDERSTANDING AND VOLUNTARY ACCEPTANCE**

In entering this Agreement, the Officer represent that [he] [she] has had the opportunity to consult with attorneys of [his] [her] own choice, that [he] [she] has read the terms of this Agreement and that those terms are fully understood and voluntarily accepted by [him] [her].

## **7. DISPUTE RESOLUTION**

The provisions of Article 6, Dispute Resolution and Notice, of the Separation Agreement, shall apply to and govern any dispute arising under this Agreement.

## **8. MODIFICATION**

Except as otherwise provided in this Agreement, this Agreement shall not be varied, altered, modified, canceled, changed, or in any way amended except by mutual agreement of the parties in a written instrument executed by the parties hereto or their legal representatives.

## **9. COUNTERPARTS AND HEADINGS**

This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures transmitted via facsimile shall be regarded by the parties as original signatures. The headings of the various sections and subsections of this Agreement shall not limit or affect the terms and provisions of this Agreement.

Signed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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[OFFICER'S NAME]

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[EMPLOYER'S NAME]

By:

Its:

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**ATTACHMENT A**

“INTENTIONALLY LEFT BLANK”

Effective July 1, 2023

## **Change in Control Agreement**

**Tier IV**

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## Change in Control Agreement

THIS CHANGE IN CONTROL AGREEMENT (hereinafter referred to as this "Agreement") is made, entered into, and effective as of \_\_\_\_\_, 20-- (hereinafter referred to as the "Effective Date"), by and between \_\_\_\_\_, a Michigan corporation, (hereinafter referred to as the "Employer") and \_\_\_\_\_, an individual, (hereinafter referred to as the "Executive").

WHEREAS, the Board of Directors of CMS Energy Corporation, a Michigan corporation (hereinafter referred to as "CMS Energy Corporation") has approved entering into change in control agreements with certain key executives as being necessary and advisable for the success of CMS Energy Corporation;

WHEREAS, the Executive is currently employed at \_\_\_\_\_, by the Employer in a key management position as \_\_\_\_\_;

WHEREAS, the Board of Directors of CMS Energy Corporation wants to provide the Executive with a measure of financial security in the event of a change in control of CMS Energy Corporation as defined in this Agreement; and

WHEREAS, both the Executive and the Employer seek to have any proposal involving a change in control of CMS Energy Corporation as defined in this Agreement be considered by the Executive objectively and with reference only to the business interests of CMS Energy Corporation and its shareholders.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements of the Executive and the Employer and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Executive and the Employer, intending to be legally bound, agree as follows:

### Article 1. Establishment, Term, and Purpose

This Agreement will commence on the Effective Date and shall continue in effect until December 31, 20\_\_. However, at December 31, 20\_\_, and, if extended, at the end of each additional year thereafter, the term of this Agreement shall be extended automatically for one (1) additional year, unless the Committee (as defined in Section 2.13 herein) delivers notice six (6) months prior to the end of such term, or extended term, to the Executive, stating that the Agreement will not be extended. In such case, the Agreement will terminate at the end of the term, or extended term, then in progress. However, in the event of a Change in Control (as defined in Section 2.10 herein) of CMS Energy Corporation, the term of this Agreement shall automatically be extended to the earlier of (i) the date that is two (2) years from the date of the Change in Control if the current term of this Agreement has less than two (2) full years remaining until its expiration or (ii) the date the Executive attains age 65. If the term of this Agreement is not extended, the Employer is not obligated to pay any severance benefits under Section 3.2 herein for a Change in Control that happens after the expiration of the term of this Agreement. In addition, notwithstanding the above, any obligation of the Employer arising during the term of this Agreement shall survive the termination of this Agreement until paid in full, provided that the Executive has provided or received a Notice of Termination within the applicable time limitations under Section 2.26 herein. Notwithstanding the forgoing, the

obligations of the Executive under Article 5 herein shall continue in effect and survive the expiration of the term of this Agreement.

## **Article 2. Definitions**

Whenever used in this Agreement, the following terms shall have the meanings set forth below:

- 2.1** “**Affiliate**” has the meaning set forth in Rule 12b-2 under the Exchange Act.
- 2.2** “**Agreement**” means this agreement, including the “whereas” clauses and Exhibit A.
- 2.3** “**Base Annual Salary**” means the greater of the Executive’s full annual salary, whether or not any portion thereof is paid on a deferred basis, at: (i) the date of the Qualifying Termination, or (ii) at the date of the Change in Control. It does not include any incentive compensation in any form, bonuses of any type or any other form of monetary or nonmonetary compensation other than salary.
- 2.4** “**Beneficial Owner**” has the meaning set forth in Rule 13d-3 under the Exchange Act.
- 2.5** “**Beneficiary**” means the persons or Entities designated by the Executive pursuant to Section 9.5 herein.
- 2.6** “**Benefit plan clawback provision**” has the meaning set forth in Section 5.2(g) herein.
- 2.7** “**Bonus-based payment**” has the meaning set forth in Section 5.2(g) herein.
- 2.8** “**Board**” means the Board of Directors of CMS Energy Corporation.
- 2.9** “**Cause**” is determined solely by the Committee in the exercise of good faith and reasonable judgment, and means the occurrence of any one or more of the following:
  - (a) The continued failure by the Executive to substantially perform his or her duties of employment (other than any such failure resulting from the Executive’s Disability), after a demand for substantial performance is delivered to the Executive that identifies the manner in which the Committee believes that the Executive has not substantially performed his or her duties, and the Executive has failed to remedy the situation within a reasonable period of time specified by the Committee which shall not be less than 30 days; or
  - (b) The Executive’s (i) indictment for a felony or (ii) a conviction for a misdemeanor involving fraud, embezzlement, theft, misappropriation, or failure to be truthful; or
  - (c) The Executive’s (i) gross negligence, (ii) failure or refusal, on request or demand by the Employer or any governmental authority, to provide testimony to or to cooperate with any governmental regulatory authority, or any other similar non-cooperation by the Executive, (iii) willful engaging in misconduct materially or demonstrably injurious to the business or reputation (by adverse publicity or otherwise) of CMS Energy Corporation or its Affiliates, monetarily or otherwise, or (iv) violation of a material provision of the

Employer's code of conduct and code of ethics, including but not limited to violations of the Employer's policies relating to substance abuse and discrimination; or

- (d) The Executive's breach of the terms of Article 5 herein.

However, for purposes of clause (c), no act or failure to act on the Executive's part shall be considered "willful" if done, or omitted to be done, by the Executive (i) in good faith and (ii) with reasonable belief that his or her action or omission was in the best interest of CMS Energy Corporation or its Affiliates.

**2.10 "Change in Control"** means a change in control of CMS Energy Corporation, and shall be deemed to have occurred upon the first to occur of any of the following events:

- (a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of CMS Energy Corporation (not including in the securities beneficially owned by such Person any securities acquired directly from CMS Energy Corporation or its Affiliates) representing thirty percent (30%) or more of the combined voting power for the election of directors of CMS Energy Corporation's then outstanding equity securities with the power under ordinary circumstances to vote for the election of directors, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of Section 2.10 (c) below; or
- (b) The following individuals cease for any reason to constitute a majority of directors then serving: individuals who, on the Effective Date, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of CMS Energy Corporation) whose appointment or election by the Board or nomination for election by CMS Energy Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended; or
- (c) The consummation of a merger or consolidation of CMS Energy Corporation or any direct or indirect subsidiary of CMS Energy Corporation with any other corporation or other entity, other than: (i) any such merger or consolidation which involves either CMS Energy Corporation or any such subsidiary and would result in the voting securities of CMS Energy Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of CMS Energy Corporation or its Affiliates, at least fifty-one percent (51%) of the combined voting power of the voting securities of CMS Energy Corporation or the surviving entity or any parent thereof outstanding immediately after such merger or consolidation and immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of CMS Energy Corporation, the entity surviving such merger or consolidation or, if CMS Energy Corporation or the entity surviving

such merger is then a subsidiary, the ultimate parent thereof; or (ii) a merger or consolidation effected to implement a recapitalization of CMS Energy Corporation (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of CMS Energy Corporation (not including in the securities beneficially owned by such Person any securities acquired directly from CMS Energy Corporation or its Affiliates) representing thirty percent (30%) or more of the combined voting power of CMS Energy Corporation's then outstanding securities; or

- (d) Either (1) the stockholders of CMS Energy Corporation approve a plan of complete liquidation or dissolution of CMS Energy Corporation and such plan is consummated, or (2) there is consummated an agreement for the sale, transfer or disposition by CMS Energy Corporation of all or substantially all of CMS Energy Corporation's assets (or any transaction having a similar effect). For purposes of clause (d)(2), (i) the sale, transfer or disposition of a majority of the shares of common stock of Consumers Energy Company shall constitute a sale, transfer or disposition of substantially all of the assets of CMS Energy Corporation and (ii) the sale, transfer or disposition of subsidiaries or affiliates of CMS Energy Corporation, singly or in combinations, or their assets, only qualifies as a Change in Control if it satisfies the substantiality test contained in that clause and the Board of CMS Energy Corporation's determination in that regard is final. In addition, for purposes of clause (d)(2), the sale, transfer or disposition of assets has to be in a transaction or series of transactions closing within six (6) months after the closing of the first transaction in the series, other than with an entity in which at least fifty-one (51%) of the combined voting power of the voting securities is owned by stockholders of CMS Energy Corporation in substantially the same proportions as their ownership of CMS Energy Corporation immediately prior to such transaction or transactions and immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the entity to which such assets are sold, transferred or disposed or, if such entity is a subsidiary, the ultimate parent thereof.

Notwithstanding the foregoing clauses (a), (c) and (d), a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions closing within six (6) months after the closing of the first transaction in the series immediately following which the record holders of the common stock of CMS Energy Corporation immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of CMS Energy Corporation immediately following such transaction or series of transactions.

- 2.11 "Change in Control Severance Benefits"** has the meaning ascribed to the same in Article 3 herein.
- 2.12 "Code"** means the United States Internal Revenue Code of 1986, as amended, and any successors thereto.
- 2.13 "Committee"** means the Compensation and Human Resources Committee of the Board or any other committee appointed by the Board to perform the functions of the Compensation and Human Resources Committee. The Committee is responsible for the administration of this Agreement and shall interpret and apply the provisions of this Agreement. Notwithstanding the above, the Committee may obtain and rely

upon advice from consultants, attorneys and advisors of its choice in making determinations concerning this Agreement.

- 2.14** “**Direct Competitor**” has the meaning set forth in Section 5.1(a) herein.
- 2.15** “**Disability**” means a determination by the insurer or third-party administrator under an individual and/or group disability policy covering the Executive that the Executive is totally and permanently disabled as defined in the policy, or if there is no such coverage, then a disability that satisfies the requirements of total and permanent disability under Section 22(e) of the Code.
- 2.16** “**Effective Date**” means the date of this Agreement set forth in the first paragraph of this Agreement.
- 2.17** “**Effective Date of Termination**” means the first day of the month next following the date on which a Qualifying Termination occurs, as provided under Section 2.28 herein, which triggers the payment of Change in Control Severance Benefits hereunder. Such first day of such month shall be specified in the Notice of Termination. If Executive is otherwise eligible for retirement, he or she may elect to retire on the Effective Date of Termination without waiving any Change in Control Severance Benefits to which he or she may be entitled pursuant to this Agreement.
- 2.18** “**Employer**” means the corporation named in the first paragraph of this Agreement as the Employer.
- 2.19** “**Entity**” means any corporation, partnership, limited liability company, joint venture, sole proprietorship or firm.
- 2.20** “**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended.
- 2.21** “**Excess Parachute Payment**” and “**Parachute Payment**” have the meanings set forth in Section 6.1 herein.
- 2.22** “**Excise Tax**” has the meaning set forth in Section 6.1 herein.
- 2.23** “**Executive**” means the individual named in the first paragraph of this Agreement.
- 2.24** “**Exempt Person**” has the meaning set forth in Section 5.2(a) herein.
- 2.25** “**Good Reason**” exists only on the date of a Change in Control or during the twenty-four (24) months which follow a Change in Control and means, without the Executive’s express prior consent, the occurrence of any one or more of the following:
- (a) An assignment to the Executive which results in a material diminution of the Executive’s position, authority, duties, or responsibilities as constituted as of the Effective Date (excluding an isolated, insubstantial, and inadvertent action which is remedied by the Employer promptly after receipt of notice thereof given by the Executive), provided, however that a Change in Control which results in the Employer becoming controlled by another Entity, after which the Executive’s position, authority, duties or responsibilities do not, taken as a whole, change (except in respect of the Persons or Entities to which he or she

reports or the duties he or she performs due to becoming controlled by such other Entity), shall not constitute a material change in the Executive's position, authority, duties or responsibilities; or

- (b) Materially reducing the Executive's Base Salary; or
- (c) Materially reducing the Executive's targeted annual incentive opportunity; or
- (d) Materially reducing the Executive's targeted long-term incentive opportunity; or
- (e) A material failure to maintain the Executive's aggregate amount of benefits under, or relative level of participation in, employee benefit or retirement plans, policies, practices, or arrangements of a material nature available to employees of CMS Energy Corporation and its Affiliates and in which the Executive participates as of the date of a Change in Control; or
- (f) A material breach of this Agreement by the Employer which is not remedied by the Employer after receipt of notice of such breach delivered by the Executive to the Committee; or
- (g) Any successor company fails or refuses to assume the obligations owed to Executive under this Agreement in their entirety, as required by Section 8.1 herein; or
- (h) The Executive is required to be based at a location in excess of thirty-five (35) miles from both (i) the Executive's primary residence and (ii) the location of the Executive's principal job location or office, both immediately prior to a Change in Control, except for required travel on the Employer's or CMS Energy Corporation's business to an extent substantially consistent with the Executive's prior business travel obligations.

Notwithstanding the above, (i) no amendment of, or termination and replacement of, any annual or long term incentive plan, or benefit or retirement plan, policy, practice or arrangement referred to in (c), (d) or (e) above, shall be deemed to constitute Good Reason so long as the opportunities or amounts referred to therein remain unchanged after such amendment or such termination and replacement; and (ii) the Executive must provide notice to the Employer of the existence of Good Reason not more than ninety (90) days after the initial existence of the circumstance that constitutes Good Reason as set forth above and provide a period of thirty (30) days for the Employer to remedy the circumstance giving rise to the Good Reason and thus not have to pay the Change in Control Severance Benefits as provided for under Section 3.2 herein; provided, however, that the failure by the Executive to give such notice within such ninety (90) days shall constitute a waiver of such Good Reason by the Executive in that instance. The remedying of any circumstances by Employer or the failure of the Executive to give such notice as aforesaid, shall not impair Executive's right to claim Good Reason based upon a recurrence of such circumstances or the occurrence of different circumstances within the time period (twenty-four (24) months following a Change in Control) specified in the first sentence of this section. All provisions and interpretations relating to Good Reason are to be applied consistent with Section 409A of the Code and the applicable Treasury Regulations at Section 1.409A-1(n)(2), and their successors ("Section 409A").

**2.26** “**Notice of Termination**” shall be provided for a Qualifying Termination and shall mean a written notice which shall indicate the specific termination provision in this Agreement relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for a Qualifying Termination. The notice shall provide (i) the date of the Qualifying Termination and (ii) the date of the Effective Date of Termination. Such Notice of Termination when provided by the Executive for Good Reason as set forth in Section 2.25 herein (after the expiration of the ninety (90) day notice and the thirty (30) day cure period described in Section 2.25 herein) shall be consistent with the requirements of Section 409A. For all Qualifying Terminations, the Notice of Termination will be provided before or within 10 days after the date of the Qualifying Termination.

**2.27** “**Person**” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as provided in Section 13(d).

**2.28** “**Qualifying Termination**” means:

- (a) A termination of the Executive’s employment by the Employer on the date of a Change in Control or during the twenty-four (24) months which follow a Change in Control for reasons other than death, Disability, or Cause pursuant to a Notice of Termination delivered to the Executive by the Employer; or
- (b) A termination by the Executive for Good Reason on the date of a Change in Control or during the twenty-four (24) months which follow a Change in Control, pursuant to a Notice of Termination delivered to the Employer by the Executive.

The date of the Qualifying Termination will be the date the Executive experiences a separation from service from the Employer, as that term is defined under Section 409A and any applicable regulations.

**2.29** “**Reduced Payment Amount**” has the meaning set forth in Section 6.2 herein.

**2.30** “**Release**” means the signed release of claims, which shall be substantially in the form attached hereto as Exhibit A. The Release contained in Exhibit A to this Agreement will be provided to the Executive for signature not more than 10 days following the Qualifying Termination.

**2.31** “**Section 409A**” means Section 409A of the Code and any applicable Treasury Regulations, and their successors.

**2.32** “**SERP**” means the retirement plan applicable to the Executive and entitled “Supplemental Executive Retirement Plan for the Employees of CMS Energy/Consumers Energy Company,” dated April 1, 2011, as amended, or under the successor or replacement of such retirement plan if it is then no longer in effect. [For the Executives covered under the defined contribution supplemental executive retirement plan, the following definition shall be used: “means the retirement plan applicable to the Executive and entitled “Defined Contribution Supplemental

Executive Retirement Plan" dated July 1, 2023, as amended, or under the successor or replacement of such retirement plan if it is then no longer in effect.]

**2.33 "Total Payments"** has the meaning set forth in Section 6.1 herein.

## **Article 3. Change in Control Severance Benefits**

### **3.1 Right to Change in Control Severance Benefits.**

- (a) **Change in Control Severance Benefits.** The Executive shall be entitled to receive from the Employer Change in Control Severance Benefits, as described in Section 3.2 herein, if a Qualifying Termination of the Executive's employment satisfying the definitions contained in Section 2.28(a) or (b) herein has occurred on the date of a Change in Control or within twenty-four (24) months immediately following a Change in Control. Benefits received by the Executive under the pension plan and SERP (or any replacement or successor plans thereto) shall not be used as an offset to the level of Change in Control Severance Benefits owed to Executive.
- (b) **No Change in Control Severance Benefits.** The Executive shall not be entitled to receive Change in Control Severance Benefits under this Agreement if the Executive's employment with the Employer ends for reasons other than a Qualifying Termination.
- (c) **Waiver and Release.** The Executive shall sign and return to the Employer a Release to be eligible for payment of Change in Control Severance Benefits under Section 3.2 herein. Attached hereto as Exhibit A and incorporated by reference in this Agreement is the form of release Executive shall sign and return to qualify for Change in Control Severance Benefits under this Agreement. The Executive shall be obligated to sign and return the Release to the Employer on a timely basis, but not more than 45 days (or any shorter period specified in the Release when delivered to the Executive) after receipt of the Release from the Employer. No payment will be made until the seven (7) day right to revocation of the Release has elapsed.
- (d) **No Duplication of Severance Benefits.** If the Executive receives Change in Control Severance Benefits, any other severance benefits received by employees not covered by this Agreement, if any, to which the Executive is entitled shall be reduced on a dollar-for-dollar basis with respect to Change in Control Severance Benefits paid pursuant to this Agreement so that there is no duplication of severance benefits.

### **3.2 Description of Change in Control Severance Benefits.** In the event the Executive becomes entitled to receive Change in Control Severance Benefits, as provided in Section 3.1(a) herein, the Employer (subject to Section 3.1(c)) shall provide the Executive with the benefits set forth below.

- (a) A lump-sum amount paid within thirty (30) calendar days following the date of the Executive's Qualifying Termination equal to the sum of the Executive's unpaid salary, unreimbursed business expenses, and unreimbursed allowances owed to the Executive through and including the date of the Qualifying Termination. In the event the Executive is terminated following a performance year under the Officer Incentive Compensation Plan but prior to payment of a

bonus for such year, the Executive will not forfeit such bonus but shall receive any payment when the same is paid to active employees. To the extent, if any, the Executive has elected to defer any bonus, any payments due under this provision corresponding to the amount of the deferral shall be paid or deferred in accordance with the terms elected by the Executive with respect to said plan under which the bonus is deferred.

- (b) A lump-sum amount, paid within thirty (30) calendar days following return of the signed Release (but not prior to the lapse of the seven (7) day revocation period), but no later than March 15 of the year following the year in which the Qualifying Termination occurs, equal to [three (3)] [two (2)] times the sum of the following: (A) the Executive's Base Annual Salary and (B) the Executive's annual target bonus opportunity for the plan year in which the Qualifying Termination occurs. Notwithstanding the above, to the extent that at the time of the Qualifying Termination the Executive is age [62] [63] or older, the amount payable under this provision shall be equal to the product of (x) the sum of A and B above, multiplied by (y) a fraction the numerator of which shall be equal to the number of full and partial months during the period commencing on the Effective Date of Termination and ending on the Executive's 65th birthday and the denominator of which shall be [thirty-six (36)] [twenty-four (24)]. Prior to such reduction, the Committee shall determine that the Executive is a bona fide executive as that term is defined in the Age Discrimination in Employment Act ("ADEA") and that the other provisions relating to mandatory retirement of an executive under ADEA are satisfied.
- (c) A lump-sum amount, paid within thirty (30) calendar days following return of the signed Release (but not prior to the lapse of the seven (7) day revocation period), but no later than March 15 of the year following the year in which the Qualifying Termination occurs, equal to the Executive's annual target bonus opportunity for the plan year in which the Qualifying Termination occurs adjusted on a pro rata basis for the number of days that have elapsed to the Qualifying Termination during such plan year (as compared to the total plan year, 365 days.) To the extent, if any, the Executive has elected to defer any bonus under the applicable bonus plan, any payments due under this provision corresponding to the amount of the deferral shall be paid in accordance with the payment terms elected by the Executive with respect to the plan under which the bonus is deferred.
- (d) The Executive and the Employer agree that a portion of the lump-sum amount, payable under (b) above, shall be as consideration for the Executive entering into the noncompete and other restrictive covenants as described in Article 5 herein. The value of the consideration for the noncompete and other restrictive covenants will be determined by an independent valuation consultant selected by the Committee for the sole purpose of determining what portion of the total consideration (which total shall not change as a result of such computation) should, on the basis of value, be allocated to the noncompete and other restrictive covenants as described in Article 5 herein.
- (e) The Employer shall provide the Executive continued health coverage or, at Employer's option, monthly payments as described herein to defray the cost of continued health coverage for [twenty-four (24)] [thirty-six (36)] months following the date of the Executive's Qualifying Termination, generally in

accordance with rules and provisions under the Consolidated Omnibus Budget Reconciliation Act of 1985, provided that (i) the Employer shall pay 100% of the monthly cost of such continued health coverage during such [twenty-four (24)] [thirty-six (36)] – month period and (ii) such continued health coverage shall terminate when the Executive becomes eligible for comparable health coverage under a new employer.

- (f) Extension (as allowable by the plan entitled “CMS Energy Corporation Performance Incentive Stock Plan,” dated June 1, 2020, as amended) by one (1) year after the Qualifying Termination of the period for the Executive to exercise any outstanding stock options or stock appreciation rights granted by the Committee to Executive pursuant to said plan, subject to earlier termination of such option or stock appreciation right in accordance with the terms of such plan.
- (g) Immediate vesting and distribution to the Executive (as allowable by the plan entitled “CMS Energy Corporation Performance Incentive Stock Plan (PISP)” dated June 1, 2020, as amended) within forty-five (45) days after delivery of the Notice of Termination of all outstanding shares of restricted stock previously awarded to Executive pursuant to said plan. Any portion of an award of restricted stock subject to future performance goals will vest pro rata based upon the number of days into the performance period up to the Change in Control date, using the target number of shares as the basis for the pro ration. For any award of restricted stock that is tenure based, the number of shares distributed to the Executive shall assume that all requirements with respect to tenure are satisfied by the Executive. Otherwise, the terms of said plan shall govern and be applied.
- (h) If the Executive is a participant in the SERP, the Executive’s retirement benefits under the SERP will become fully vested as of the date of the Qualifying Termination and shall not be subject to further vesting requirements or to any forfeiture provisions. In addition the Executive shall be provided the following: (i) an additional thirty-six (36) [24] months of Preference Service (as defined in the SERP) for purposes of the SERP in accordance with Section III of the SERP, subject, however, to the total of Preference Service plus Accredited Service being limited to a maximum of thirty-five (35) years under the SERP, and (ii) one third [half] of the amount paid to the Executive pursuant to clause (b) of this Section 3.2 shall be considered a year of Earnings plus Incentive Compensation (as the terms are defined in the SERP) for each of three [two] (3)[(2)] plan years and shall be included when determining the highest five years for purposes of computing Final Executive Pay under the SERP (as defined in the SERP). [Note: For persons with 2 years of benefits under section 3.2(b), use bracketed substitute items in prior sentence] [For an executive in the defined contribution supplemental executive retirement plan the following replaces the above: “If the Executive is a participant in the SERP, the Executive’s account balance under the SERP will become fully vested as of the date of the Qualifying Termination and shall not be subject to further vesting requirements or to any forfeiture provisions. The Executive shall have added to his or her account balance under the SERP, within fifteen (15) days of delivery of the Notice of Termination, an amount equal to fifteen percent (15%) [10% in the case of those Executives at the Vice President through Senior Vice President level] of

the amount paid to the Executive under clauses (b) and (c) of this Section 3.2.”]

- (i) For purposes of (1) the Executive’s retirement, (2) the SERP and (3) benefits not expressly discussed in clauses (a) through (h) of this Section 3.2, but which are available to the general employee population or available only to officers and implemented with contracts with third parties, the benefit plan descriptions covering all employees and the retirement plan and the SERP plan descriptions and contracts with third parties covering officers in place at the time of the Effective Date of Termination control the Executive’s treatment under those plans and contracts. All rights of the Executive to indemnification as an officer or an employee will be determined under any applicable indemnification policy in effect at the time the matter giving rise to the need for indemnification is alleged to have occurred, or at the time immediately before the Change in Control, at the election of the Executive. For any other benefits only available to officers, if those benefits are not expressly discussed in clauses (a) through (h) of this Section 3.2, those benefits are terminated for the Executive as of the Effective Date of Termination.

#### **Article 4. Notice of Termination; Resignation As Officer and Director**

- 4.1** Any Qualifying Termination of the Executive’s employment shall be communicated by a Notice of Termination.
- 4.2** Upon receipt of the Notice of Termination, when delivered to the Executive by the Employer, or with the Notice of Termination, when delivered to the Employer by the Executive, the Executive shall submit to the Employer, within 10 days, his or her written resignation as (i) an officer of the Employer and of all Affiliates and (ii) a member of the board of directors of the Employer and of all Affiliates.

#### **Article 5. Restrictive Covenants, Exceptions and Clawback**

- 5.1** The following shall apply after any termination (including, without limitation, due to retirement or disability) excluding a termination for Good Reason or without Cause of the Executive’s employment, whether prior to or following a Change in Control:
  - (a) Noncompetition.** During the term of employment and for a period of twenty-four (24) months after the date of the termination of the Executive’s employment, the Executive shall not: (i) directly or indirectly, separately or acting or conspiring with any Person or Entity whether or not employed by CMS Energy Corporation or any of its Affiliates, engage in or prepare to engage in or have a financial or other interest in any business which is a Direct Competitor (as defined below); or (ii) serve as an employee, agent, partner, member, shareholder, director, or consultant, or in any other capacity whatsoever participate, engage, or have a financial or other interest in, any business which is a Direct Competitor; provided, however, that notwithstanding anything to the contrary contained in this Agreement, the Executive may own up to two percent (2%) of the outstanding shares of the capital stock of an Entity whose shares are registered under Section 12 of the Exchange Act.

A “Direct Competitor” means an Entity engaged in the business of (1)(a) selling electric power or natural gas at retail or wholesale within the State of Michigan or (b) selling electric power at wholesale within the market area in which an electric generating plant owned by an Affiliate of CMS Enterprises Company is located or (c) storing natural gas within the State of Michigan or (d) generating, transmitting or distributing electricity or natural gas within the State of Michigan, or (2) developing an electric generating plant within the State of Michigan or a market area in which an electric generating plant owned by an Affiliate of CMS Enterprises Company is located. A “Direct Competitor” also means any Entity that the Committee designates as a Direct Competitor, prior to the termination date specified in a Notice of Termination, that it believes, in good faith, is a competitor to CMS Energy Corporation or its Affiliates.

**5.2** The following shall apply after any termination (including, without limitation, due to retirement, disability or resignation for any reason, including Good Reason) of the Executive’s employment, whether prior to or following a Change in Control:

(a) **Confidentiality.** The Employer has advised the Executive and the Executive acknowledges that it is the policy of CMS Energy Corporation and its Affiliates to maintain as secret and confidential all Protected Information (as defined below), and that Protected Information has been and will be developed at substantial cost and effort to CMS Energy Corporation and its Affiliates. The Executive shall not at any time, directly or indirectly, divulge, furnish, or make accessible to any person or Entity (other than as may be required in the regular course of the Executive’s employment), nor use in any manner, either during the term of employment or after termination, for any reason, any Protected Information, or cause any such information of CMS Energy Corporation and its Affiliates to enter the public domain.

“Protected Information” means trade secrets, confidential and proprietary business information of CMS Energy Corporation and its Affiliates and any other information of CMS Energy Corporation and its Affiliates, including, but not limited to, customer lists (including potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by CMS Energy Corporation and its Affiliates and their agents or employees, including the Executive; provided, however, that information that is in the public domain (other than as a result of a breach of this Agreement), approved for release by CMS Energy Corporation or its Affiliates or lawfully obtained from third parties who are not bound by a confidentiality agreement with CMS Energy Corporation or its Affiliates, is not Protected Information. Notwithstanding the foregoing, nothing in this subsection is to be construed as prohibiting the Executive from providing information to a state or federal agency, legislative body or one of its committees or a court with jurisdiction when the Executive is legally required to do so, provided that promptly after being notified of such requirement the Executive notifies the Employer, or from disclosing Protected Information to the Executive’s spouse, attorney and/or his or her personal tax and financial advisors as reasonably necessary or appropriate to advance the Executive’s tax, financial and other personal planning (each an “Exempt Person”), provided, however, that any disclosure or use (beyond the specific purpose for which it was released to such Exempt Person) of Protected Information by an Exempt Person shall be deemed to be a breach of this Section 5.2(a) by the Executive.

- (b) **Nonsolicitation.** During the term of employment and for a period of twenty-four (24) months after the date of the termination of the Executive's employment, the Executive shall not: (i) employ or retain or solicit for employment or arrange to have any other person or Entity employ or retain or solicit for employment or otherwise participate in the employment or retention of any person who (x) is an employee or consultant of CMS Energy Corporation or its Affiliates or (y) was an employee or consultant of CMS Energy Corporation or its Affiliates at any time during the twenty-four (24) month period immediately preceding the date of the occurrence of the activity described in clause (i); or (ii) solicit suppliers or customers of CMS Energy Corporation or its Affiliates or induce any such person to terminate their relationship with them.
- (c) **Cooperation.** The Executive shall fully and unconditionally cooperate with CMS Energy Corporation and its Affiliates and their attorneys in connection with any and all lawsuits, claims, investigations, or similar proceedings that have been or could be asserted at any time arising out of or related in any way to the Executive's employment or activities on behalf of CMS Energy Corporation and its Affiliates.
- (d) **Nondisparagement.** The provisions of this Section 5.2(d) apply at all times following the termination of the Executive's employment for any reason: The Executive shall not disparage CMS Energy Corporation or its Affiliates or their officers and/or directors, or otherwise make comments harmful to their reputations. The Executive further shall not testify or act in any capacity as a paid or unpaid expert witness, advisor or consultant or otherwise on behalf of any person or Entity that has or may have any claim, demand, action, suit, cause of action, or judgment against CMS Energy Corporation or its Affiliates, or in any regulatory agency proceeding in a manner adverse to their interests. The executive officers and directors of CMS Energy Corporation and its Affiliates shall not disparage the Executive or otherwise make comments harmful to the Executive's reputation. Notwithstanding the foregoing, nothing in this Section 5.2(d) prohibits the Executive or representatives of CMS Energy Corporation or its Affiliates from testifying truthfully under oath in any judicial, administrative or legislative proceedings or in any arbitration, mediation or other similar proceedings where his or her testimony has been legally compelled or pursuant to Section 7.1 herein.
- (e) **Exceptions to Restrictions on Communications and Confidentiality.** Nothing in this Agreement is intended to prohibit the Executive from reporting possible violations of law or regulation to any governmental agency or entity or from making other disclosures that are protected under law or regulation.
- (f) **Return of the Employer Property.** The Executive agrees that upon termination of employment he or she shall return all property of the Employer or any Affiliate now in his or her possession.

- (g) **Clawback Relating to Illegal Acts or Restatement of Corporation's Financial Statements.** If, due to a restatement of CMS Energy Corporation's or an Affiliate's publicly disclosed financial statements or otherwise, the Executive is subject to an obligation to make a repayment to CMS Energy Corporation or an Affiliate pursuant to a clawback provision contained in a SERP Plan, the PISP, a bonus plan or other benefit plan (a "benefit plan clawback provision") of CMS Energy Corporation or its Affiliate, it shall be a precondition to the obligation of Employer to make any payment under this Agreement, that the Executive fully repay to CMS Energy Corporation or its Affiliate any amounts owing under such benefit plan clawback provision. The payments under this Agreement are further subject to any provision of law which may require the Executive to forfeit or repay any benefits provided hereunder that are based upon a bonus or incentive compensation, or equity compensation, in the event of a restatement of CMS Energy Corporation's or an Affiliate's publicly disclosed accounting statements or other illegal act, whether required by Section 304 of the Sarbanes-Oxley Act of 2002, federal securities law (including any rule or regulation promulgated by the Securities and Exchange Commission), any state law, or any rule or regulation promulgated by the applicable listing exchange or system on which CMS Energy Corporation or an Affiliate lists its traded shares. To the degree any benefits hereunder are not otherwise forfeitable pursuant to the preceding sentences of this Section 5.2(g), the Board or Committee may require the Executive to repay to Employer any amounts paid under this Agreement that are computed on the basis of a target bonus or actual bonus under a bonus plan applicable to the Executive (a "bonus-based payment"), if the Board or Committee determines, on the basis of the clawback provisions in the bonus plan under which such bonus-based payments are computed, that the Executive would have been required to make a repayment of such bonus-based payments had they been paid to the Executive directly under such bonus plan rather than under this Agreement. The rights set forth in this Agreement concerning the right of CMS Energy Corporation, an Affiliate and/or Employer to a clawback are in addition to any other rights to recovery or damages available at law or equity and are not a limitation of such rights.
- (h) **Enforcement.** The parties to this Agreement acknowledge that the services of the Executive are unique and extraordinary and that a breach of any provision of this Section 5.2 will cause irreparable harm to the Employer. Accordingly, the Executive agrees that notwithstanding the provisions of Section 7.1 herein, the Employer has the right to seek to enforce the noncompete and other restrictive covenants contained in this Section 5.2 in a court of law or equity and the Executive hereby consents to the imposition of an injunction or a temporary restraining order or such other equitable relief as necessary to protect the rights of the Employer under this Agreement.

## Article 6. Excise Tax

- 6.1 Excise Tax.** In the event that the Executive becomes entitled to Change in Control Severance Benefits or any other payment or benefit under this Agreement, or under any other agreement, plan or arrangement for which Executive is eligible with (1) the Employer, (2) any Person or Entity whose actions result in a Change in Control, or (3) CMS Energy Corporation or any of its Affiliates (all of such payments and benefits collectively referred to as the “Total Payments”), and if all or any part of the Total Payments would but for this Article 6 be subject to the tax (the “Excise Tax”) imposed by Section 4999 of the Code (or any similar tax that may hereafter be imposed), then the payments and benefits to be paid or provided under this Agreement may be reduced (or repaid to the Employer, if previously paid or provided) as provided below. In no event shall the Executive be entitled to receive a tax gross-up payment or Excise Tax reimbursement. For purposes of this Article 6 the terms “Excess Parachute Payment” and “Parachute Payment” will have the meanings assigned to them by Section 280G of the Code.

All determinations required to be made under this Article 6 shall be made in writing in good faith by CMS Energy Corporation’s independent certified public accountants, appointed prior to any change in ownership (as defined in Code Section 280G, and/or tax counsel selected by such accountants (the “Accounting Firm”) in accordance with the principles of Code Section 280G. The Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code and other applicable legal authority. All fees and expenses of the Accounting Firm for its services in connection with the calculations under this Article 6 shall be paid by the Employer. The Accounting Firm shall make an initial determination at the time of a Change in Control. In addition, the Committee shall direct the Accounting Firm to submit its determination and detailed supporting calculations to both the Employer and the Executive within 15 calendar days after the date of the Executive’s Qualifying Termination, if applicable, and any other such time or times as may be reasonably requested by the Employer or the Executive.

- 6.2** The Accounting Firm shall calculate the amount of any Parachute Payment and Excess Parachute Payment due to the Executive and the related Excise Tax. The Accounting Firm also shall calculate an alternative amount referred to as the “Reduced Payment Amount” by reducing the Executive’s payments and benefits under this Agreement (which could require repayment of amounts previously paid or provided to the Executive) to the minimum extent necessary so that no portion of any payment, as so reduced or repaid, constitutes an Excess Parachute Payment. If the Accounting Firm determines that any Excise Tax is payable by the Executive, then the Executive shall receive either (i) all Payments otherwise due to him or her or (ii) the Reduced Payment Amount described in the preceding sentence, whichever will provide him or her with the greater after-tax economic benefit taking into account for these purposes any applicable Excise Tax and all other applicable taxes. All determinations shall be furnished to the Executive in writing.
- 6.3** The Employer and the Executive shall each provide the Accounting Firm access to and copies of any books, records and documents in their possession, reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determination contemplated

herein. Any reasonable determination by the Accounting Firm as to the amount of the Excise Tax, Parachute Payment, Excess Parachute Payment or Reduced Payment Amount (and supported by the calculations done by the firm) shall be binding upon the Employer and the Executive.

- 6.4** Any appropriate adjustments to the amounts payable to the Executive or previously paid to the Executive or to amounts not yet paid but due under this Article 6 may be made to properly reflect any changes in the calculations performed or any adjustments under Article 5. If an amount is required to be reduced or repaid under this Section 6, the payments shall be reduced as follows: (i) first from cash payments which are included in full as parachute payments, (ii) second from equity awards which are included in full as parachute payments, (iii) third from cash payments which are partially included as parachute payments and (iv) from equity awards that are partially included as parachute payments, in each instance provided that Code Section 409A is complied with and the payments to be made later in time are to be reduced before payments to be made sooner in time.

## **Article 7. Dispute Resolution and Notice**

- 7.1 Dispute Resolution.** Any dispute or controversy between the Executive and the Employer arising under or in connection with this Agreement (other than Article 5 of this Agreement) shall first be submitted in writing to the Committee for attempted resolution. If such submission does not result in mutually agreeable resolution within sixty (60) days thereof, such dispute or controversy shall be settled by final and binding arbitration. Such arbitration shall be conducted before a single arbitrator selected by the parties to be conducted in Jackson, Michigan. The arbitration will be conducted in accordance with the rules of the American Arbitration Association then in effect and be finished within ninety (90) days after the selection of the arbitrator, and if the Executive and the Employer are unable to agree within thirty (30) days on such a single arbitrator, such Association shall select such arbitrator. The arbitrator shall not have authority to fashion a remedy that includes consequential, exemplary or punitive damages of any type whatsoever, and the arbitrator is hereby prohibited from awarding injunctive relief of any kind, whether mandatory or prohibitory. Judgment may be entered on the award of the arbitrator in any court having competent jurisdiction. The Executive and the Employer shall share equally the cost of the arbitrator and of conducting the arbitration proceeding, but each party shall bear the cost of its own legal counsel and experts and other out-of-pocket expenditures. Notwithstanding the foregoing, the Executive and the Employer acknowledge that the enforcement of the Employer's rights under Article 5 herein are unique and agree that the Employer is not limited to the remedy of arbitration but may elect the remedy of its choice including filing suit in a court of law or equity and the Executive agrees that the Employer has the right to obtain an injunction and/or a temporary restraining order to protect its rights.
- 7.2 Notice.** Any notices, requests, demands, or other communications provided for by this Agreement shall be in writing and sent by registered or certified mail to the Executive at the address set forth beneath his or her signature on the last page of this Agreement or, to the Employer, at One Energy Plaza, Jackson, Michigan 49201, Attention: Corporate Secretary. Notices, requests, demands or other communications may also be delivered by messenger, courier service or other electronic means and are sufficient if actually received by the party for whom it is intended.

## Article 8. Successors and Assignment

- 8.1 Successors.** Any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) to the business of CMS Energy Corporation or purchaser of all or substantially all of the assets of CMS Energy Corporation shall be required to expressly assume and agree to perform under this Agreement in the same manner and to the same extent that the Employer would be required to perform if no such succession had taken place. This Agreement shall be binding upon any successor in accordance with the operation of law.
- 8.2 Assignment by the Executive.** This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If the Executive dies while any amount would still be payable to him or her hereunder had he or she continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's Beneficiary. If the Executive has not named a Beneficiary, then such amounts shall be paid to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate.

## Article 9. Miscellaneous

- 9.1 Employment Status.** The employment of the Executive by the Employer is "at will" and, subject to the Executive's rights pursuant to this Agreement or any separate written separation agreement entered into by the Executive and CMS Energy Corporation, may be terminated by either the Executive or the Employer at any time, subject to applicable law. Further, the Executive has no right to be an officer of CMS Energy Corporation or any of its Affiliates and serves as an officer entirely at the discretion of the Board.
- 9.2 Entire Agreement.** This Agreement supersedes any prior agreements or understandings, oral or written, between the parties hereto, with respect to the subject matter hereof, and this Agreement (including the "whereas" clauses and Exhibit A) constitutes the entire agreement of the parties with respect thereto. Without limiting the generality of the foregoing sentence, this Agreement completely supersedes, cancels, voids and renders of no further force and effect any and all other change in control agreements, and other similar agreements, communications, representations, promises, covenants and arrangements, whether oral or written, between the Employer and the Executive and between the Executive and CMS Energy Corporation or any of its Affiliates that may have taken place or been executed prior to the Effective Date and which may address the subject matters contained herein. Notwithstanding the above, this Agreement is supplemental to and does not replace any written separation agreement entered into between the parties that is not contingent on a Change in Control, provided however that in no event will the Executive be entitled to payments under this Agreement that would be duplicative of any payment and/or benefits due under such other written separation agreement.
- 9.3 Severability.** In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect, and the parties shall negotiate in good faith to accomplish the purposes and amend

this Agreement so as, to the extent possible under the law, to carry out the original intent of the provision or portion determined to be invalid or unenforceable.

- 9.4 Tax.** The Employer may withhold from any benefits payable under this Agreement any authorized deductions and all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling. The benefits payable under this Agreement are intended to be exempt from, or to comply with, Section 409A and this Agreement shall be interpreted accordingly; provided, however, that the Employer does not guarantee the Executive any particular tax results with respect to such benefits. Notwithstanding anything contained in this Agreement to the contrary, if the Executive is a “specified employee” (determined in accordance with Section 409A and Treasury Regulation Section 1.409A-3(i)(2)) as of the date of the Executive’s separation from service, and if any payment, benefit or entitlement provided for in this Agreement or otherwise both (i) constitutes a “deferral of compensation” within the meaning of Section 409A and (ii) cannot be paid or provided in a manner otherwise provided herein or otherwise without subjecting the Executive to additional tax, interest and/or penalties under Section 409A, then any such payment, benefit or entitlement that is payable during the first 6 months following the date of the Executive’s separation from service shall be paid or provided to the Executive in a lump sum cash payment to be made on the earlier of (x) the Executive’s death or (y) the first day that is more than six (6) months immediately following the date of the Executive’s “separation from service” (as such term is used under Section 409A)). Each payment to be made under this Agreement shall be treated as a separate payment for purposes of Section 409A. Any in-kind benefit or reimbursement provided under this Agreement that is subject to the conditions set forth in Treasury Regulation Section 1.409A-3(i)(1)(iv) shall at all times meet those conditions. Notwithstanding anything contained in this Agreement to the contrary, the Employer shall have the unilateral right to amend this Agreement at any time to the extent deemed necessary or advisable by the Employer to ensure compliance with, or exemption from, the requirements of Section 409A.
- 9.5 Beneficiaries.** The Executive may designate one (1) or more persons or Entities as the primary and/or contingent beneficiaries of any amounts to be received under this Agreement. Such designation must be in the form of a signed writing on a form provided by the Employer. The Executive may make or change such designation at any time.
- 9.6 Payment Obligation Absolute.** Except as otherwise provided in this Agreement and as provided in the last sentence of this paragraph, the Employer’s and CMS Energy Corporation’s obligations to make the payments and provide the benefits to the Executive specified herein shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, defense, or other right which the Employer, CMS Energy Corporation or any of its Affiliates may have against the Executive or anyone else. Except as otherwise provided in this Agreement, all amounts payable by the Employer hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Employer shall be final, but subject to the provisions of the next sentence. If the Executive should seek to litigate this Agreement or the subject matters addressed herein in a state or federal court, subject to the requirements of Section 409A, to the extent applicable, (i) the Executive at least ten (10) days prior to filing in court shall tender back to the Employer all cash consideration paid to the Executive under this Agreement prior thereto and (ii) any payments then or thereafter due to the Executive under this Agreement shall be withheld until said litigation is finally resolved.

The Executive shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, and the obtaining of any such other employment, provided such other employment is not a violation of the provisions of Article 5 herein, shall in no event effect any reduction of the Employer's obligations to make the payments and arrangements required to be made under this Agreement.

- 9.7 Contractual Rights to Benefits.** Subject to approval and ratification by the Committee, this Agreement establishes and vests in the Executive a contractual right to the benefits to which he or she is entitled hereunder. However, nothing herein contained shall require or be deemed to require, or prohibit or be deemed to prohibit, the Employer to segregate, earmark, or otherwise set aside any funds or other assets, in trust or otherwise, to provide for any payments to be made or required hereunder.
- 9.8 Modification.** Except as otherwise provided in this Agreement, this Agreement shall not be varied, altered, modified, canceled, changed, or in any way amended except by mutual agreement of the parties in a written instrument executed by the parties hereto or their legal representatives.
- 9.9 Counterparts and Headings.** This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures transmitted via facsimile shall be regarded by the parties as original signatures. The headings of the various sections and subsections of this Agreement shall not limit or affect the terms and provisions of this Agreement.
- 9.10 Representation.** Each of the Executive and the Employer represents and warrants that this Agreement is a legal, valid and binding agreement, enforceable in accordance with its terms, and does not conflict with any other agreement to which he, she or it is a party. The Executive acknowledges that he or she has had an opportunity to consult with his or her legal and financial advisors before executing and delivering this Agreement, and has read and understands this Agreement.
- 9.11 Applicable Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Michigan, without regard to its conflicts of laws principles.

**REMAINDER OF PAGE INTENTIONALLY LEFT BLANK**

Effective July 1, 2023

IN WITNESS WHEREOF, the parties have executed this Agreement as of this    day of                   , 20  .

**CMS ENERGY CORPORATION or EMPLOYER**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## EXECUTIVE:

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Address: \_\_\_\_\_

**GENERAL RELEASE AGREEMENT**

This **General Release Agreement** (“Agreement”), made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, pursuant to Michigan law, among \_\_\_\_\_ (the “Executive”), an individual, and \_\_\_\_\_, a Michigan corporation (the “Employer”) is a general release of claims against the Employer, CMS Energy Corporation and all of their subsidiaries and affiliates (collectively the “CMS Companies”).

**WHEREAS**, the Executive’s employment with the Employer [will end] [has ended] on \_\_\_\_\_, 20\_\_\_\_ and [he] [she] is eligible for the receipt of severance benefits under a Change in Control Agreement dated as of \_\_\_\_\_, 20\_\_\_\_ between the Executive and the Employer (the “CIC Agreement”) provided that the Executive first executes and delivers to the Employer a prescribed form of general release attached as Exhibit A to the CIC Agreement;

**WHEREAS**, terms used in this Agreement that are also used and defined in the CIC Agreement shall have the same definition in this Agreement if not separately and differently defined herein, such terms being recognizable by initial caps; and

**WHEREAS**, this General Release Agreement satisfies a condition for receipt of Change in Control Severance Benefits under Article 3 of the CIC Agreement.

**NOW THEREFORE**, in consideration of the covenants undertaken and the releases contained in this Agreement, the Executive and the Employer agree as follows:

**1. MONETARY AND OTHER CONSIDERATION**

In consideration for the releases and the other covenants in this Agreement, the Executive agrees and reaffirms that the only monetary and other consideration to which [he] [she] is entitled due to the termination of employment is that provided to the Executive pursuant to the CIC Severance Agreement, as set forth on Attachment A attached to this Agreement.

**2. RETURN OF COMPANY PROPERTY**

By signing this Agreement, the Executive represents and warrants that [he] [she] has returned to the Employer all of its property and all the property of any of the CMS Companies which the Executive had in [his] [her] possession and that [he] [she] has not retained copies of said property.

**3. GENERAL RELEASE AND DISCHARGE BY EXECUTIVE**

In consideration of the payments and commitments made by the Employer to the Executive (described in Section 1 above), the Executive on [his] [her] own behalf, and [his] [her] descendants, ancestors, dependents, heirs, executors, administrators, assigns, and successors, and each of them, hereby covenants not to sue and fully releases and discharges the Employer, CMS Energy Corporation, and all of their subsidiaries and affiliates, past and present, and each of them as well as its and their trustees, directors, officers, agents, attorneys, insurers, employees, stockholders, representatives, assigns, and successors, past and present, and each of them, hereinafter together and collectively referred to as “Releasees,” with respect to and from any and all claims, wages, demands, rights, liens, agreements, contracts, covenants, actions, suits, causes

of action, obligations, debts, costs, expenses, attorneys' fees, damages, judgments, orders and liabilities of whatever kind or nature in law, equity or otherwise, whether now known or unknown, suspected or unsuspected, and whether or not concealed or hidden, which the Executive now owns or holds or has at any time on or prior to the Effective Date of Termination owned or held as against said Releasees, arising out of or in any way connected with the Executive's employment relationship with the Employer or the Releasees, or the Executive's termination of employment or any other transactions, occurrences, acts or omissions or any loss, damage or injury whatsoever, known or unknown, suspected or unsuspected, resulting from any act or omission by or on the part of said Releasees, or any of them, committed or omitted prior to the date of this Agreement, including but not limited to, claims based on any express or implied contract of employment which may have been alleged to exist between the Employer, the Releasees and the Executive, or under the Age Discrimination in Employment Act of 1967 ("ADEA"), 29 U.S.C. §621, et seq, as amended by the Older Workers Benefit Protection Act of 1990, Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e, et seq, as amended, the Civil Rights Act of 1991, P. L. 102-1 66, the Elliott-Larsen Civil Rights Act, MCLA §37.2101, et seq, the Rehabilitation Act of 1973, 29 U.S.C. §701, et seq, as amended, the Americans with Disabilities Act of 1990, 42 U.S.C. §12206, et seq, as amended, or the Persons with Disabilities Civil Rights Act, MCLA §37.1101, et seq, as amended, or any other federal, state or local law, rule, regulation or ordinance, and claims for severance pay, sick leave, holiday pay, and any other fringe benefit provided to the Executive by the Employer or Releasees except for those rights preserved by Section 3.2(i) of the CIC Agreement. Nothing in this Agreement is intended to, nor do the Executive and the Employer, waive the right to enforce the CIC Agreement.

#### **4. REVOCATION OF RELEASE BY EXECUTIVE**

The Executive specifically acknowledges for purposes of this Agreement that: (1) the Executive has been advised by the Employer to consult with an attorney prior to signing this Agreement; (2) the Executive has been given [21] [45] days to consider the release; and (3) the Executive may revoke this Agreement within 7 days of signing this Agreement. In the event of such a revocation, the Executive will repay to Employer all funds already received under the CIC Agreement and waive [his] [her] rights to receive any additional funds under the CIC Agreement. Such a revocation, to be effective, must be in writing and either (i) postmarked within 7 days of execution of this Agreement and addressed to the attention of \_\_\_\_\_, CMS Energy Corporation, at One Energy Plaza, Jackson, Michigan 49201, or (ii) hand delivered to \_\_\_\_\_ within 7 days of execution of this Agreement. The Executive understands that if revocation is made by mail, mailing by certified mail, return receipt requested, is recommended to show proof of mailing. IF THE EXECUTIVE SIGNS THIS AGREEMENT PRIOR TO THE END OF THE [21] [45] DAY PERIOD, THE EXECUTIVE CERTIFIES THAT THE EXECUTIVE KNOWINGLY AND VOLUNTARILY DECIDED TO SIGN THE AGREEMENT AFTER CONSIDERING IT LESS THAN [21] [45] DAYS AND [HIS] [HER] DECISION TO DO SO WAS NOT INDUCED BY THE EMPLOYER THROUGH FRAUD, MISREPRESENTATION OR A THREAT TO WITHDRAW OR ALTER THE OFFER THE SEVERANCE BENEFITS PAYABLE UNDER THE CIC AGREEMENT PRIOR TO THE EXPIRATION OF THE [21] [45] DAY TIME PERIOD.

THIS AGREEMENT AND THE RELEASE CONTAINED IN THIS AGREEMENT SHALL BECOME EFFECTIVE AND ENFORCEABLE ONLY AFTER THE REVOCATION PERIOD HAS PASSED WITHOUT NOTICE OF REVOCATION AS OUTLINED IN THIS PARAGRAPH.

## **5. GOVERNING LAW AND SEVERABILITY OF INVALID PROVISIONS**

This Agreement will be governed by and construed in accordance with the laws of the State of Michigan, without regard to its conflicts of law principles. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect, and the parties shall negotiate in good faith to accomplish the purposes and amend this Agreement so as, to the extent possible under the law, to carry out the original intent of the provision or portion determined to be invalid or unenforceable.

## **6. FULL UNDERSTANDING AND VOLUNTARY ACCEPTANCE**

In entering this Agreement, the Executive represents that [he] [she] has had the opportunity to consult with attorneys of [his] [her] own choice, that [he] [she] has read the terms of this Agreement and that those terms are fully understood and voluntarily accepted by [him] [her].

## **7. DISPUTE RESOLUTION**

The provisions of Article 7, Dispute Resolution and Notice, of the CIC Agreement, shall apply to and govern any dispute arising under this Agreement.

## **8. MODIFICATION**

Except as otherwise provided in this Agreement, this Agreement shall not be varied, altered, modified, canceled, changed, or in any way amended except by mutual agreement of the parties in a written instrument executed by the parties hereto or their legal representatives.

## **9. COUNTERPARTS AND HEADINGS**

This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures transmitted via facsimile shall be regarded by the parties as original signatures. The headings of the various sections and subsections of this Agreement shall not limit or affect the terms and provisions of this Agreement.

Effective July 1, 2023

Signed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

---

[EXECUTIVE'S NAME]

---

[EMPLOYER'S NAME]

By:

Its:

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**ATTACHMENT A**

**Execution Version**

**AMENDMENT NO. 1 TO  
PURCHASE AND SALE AGREEMENT**

THIS AMENDMENT NO. 1 TO PURCHASE AND SALE AGREEMENT (this “*Amendment*”) is made and entered into as of May 31, 2023 (the “*Effective Date*”) by and between New Covert Generating Company, LLC, a Delaware limited liability company (“*Seller*”), and Consumers Energy Company, a Michigan corporation (“*Buyer*”), who are parties to that certain Purchase and Sale Agreement, dated June 21, 2021, by and between Seller and Buyer (the “*PSA*”). Seller and Buyer are sometimes referred to herein each as a “*Party*” and collectively as the “*Parties*”. Capitalized terms used in this Amendment but not otherwise defined herein shall have the meanings ascribed to them in the PSA.

**RECITALS**

WHEREAS, the Parties desire to amend the PSA pursuant to the terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. Amendment to Exhibits.

- a. A new Exhibit 5.4(a) entitled “Form of MISO GIA”, a copy of which is attached to this Amendment, is hereby added to the Table of Contents in the PSA as well as to the Exhibits to the PSA.
- b. A new Exhibit 6.11 entitled “Form of Contingent Assignment and Assumption Agreement”, a copy of which is attached to this Amendment, is hereby added to the Table of Contents in the PSA as well as to the Exhibits to the PSA.
- c. A new Exhibit 10.4(c) entitled “Form of Amended and Restated Transaction Confirmation”, a copy of which is attached to this Amendment, is hereby added to the Table of Contents in the PSA as well as to the Exhibits to the PSA.

2. Amendment to Section 1.1 Definitions.

- a. Section 1.1 of the PSA is hereby amended to delete the definitions of “*External Resource Transaction*”, “*Post-Closing Gas Agreement*”, “*Post-Closing Water Services Agreement*”, “*Tax Clearance Certificate*” and “*Tax Status Letter*” in their entirety from the PSA.
- b. Section 1.1 of the PSA is hereby amended by removing the definition of “*Net Working Capital*” and replacing it in its entirety with the following:

“*Net Working Capital*” means, as of the applicable date and without duplication, the amount (expressed as a positive or negative number) determined by subtracting (a) the aggregate value of the current liabilities of the Business that are included in the Assumed Liabilities from (b) the aggregate value of the current assets of the Business that are included in the Purchased Assets, as calculated in accordance with the formula and methodology (including adjustments) as described in, and used in the preparation of, and only applying values to the categories of listed assets and liabilities as set forth in, Schedule 1.1-A. For the avoidance of doubt, any liabilities associated with

(i) that certain Security Agreement among Sequent Energy Management L.P., New Covert Generating Company, LLC and MUFG Union Bank, N.A., as Collateral Agent, dated May 24, 2019; (ii) that certain Transaction Confirmation between Sequent Energy Management, L.P., and New Covert Generating Company, LLC, dated June 27, 2018; or (iii) to the extent covered under the second sentence of the first paragraph of Section 13 of that certain Amended and Restated Transaction Confirmation, by and between Sequent Energy Management LLC (f/k/a Sequent Energy Management, L.P.) and New Covert Generating Company, LLC, dated May 31, 2023 and entered into pursuant to Section 10.4(c) (including in the case of clauses (ii) and (iii) above, any unpaid amounts payable to Sequent Energy Management L.P. (n/k/a Sequent Energy Management LLC) thereunder), which for avoidance of doubt shall include amounts covered under clauses (i), (ii) or (iii) and incurred on the Closing Date until the time that Closing is deemed to have occurred for tax and accounting purposes, will not be included in the calculation of Net Working Capital and shall constitute Excluded Liabilities. Schedule 1.1-A, which is a sample calculation of Net Working Capital as of December 31, 2020, is solely for illustrative purposes.”

3. Amendment to Section 2.3(g). Section 2.3(g) of the PSA is hereby amended by replacing it in its entirety with the following:

“(g)(i) all amounts payable under the Assigned Contracts for goods or services received thereunder prior to or on the Closing Date that remain unpaid and are delinquent as of the Closing Date and any Liens arising therefrom; or (ii) any Liabilities associated with (x) that certain Security Agreement among Sequent Energy Management L.P., New Covert Generating Company, LLC and MUFG Union Bank, N.A., as Collateral Agent, dated May 24, 2019; (y) that certain Transaction Confirmation between Sequent Energy Management, L.P., and New Covert Generating Company, LLC, dated June 27, 2018; or (z) to the extent covered under the second sentence of the first paragraph of Section 13 of that certain Amended and Restated Transaction Confirmation, by and between Sequent Energy Management LLC (f/k/a Sequent Energy Management, L.P.) and New Covert Generating Company, LLC, dated May 31, 2023 and entered into pursuant to Section 10.4(c) (including in the case of clauses (y) and (z) above, any unpaid amounts payable to Sequent Energy Management L.P. (n/k/a Sequent Energy Management LLC) thereunder), which for avoidance of doubt shall include amounts covered under clauses (x), (y) or (z) and incurred on the Closing Date until the time that Closing is deemed to have occurred for tax and accounting purposes;”

4. Amendment to Section 2.5. Section 2.5 of the PSA is hereby amended by replacing it in its entirety with the following:

“Closing. The Closing shall take place at the offices of Consumers Energy Company, One Energy Plaza, Jackson, MI 49201 (a) at 8:30 A.M. local time on May 31, 2023 (subject to the satisfaction or waiver of the conditions to the Closing set forth in ARTICLE VI and ARTICLE VII, other than actions that by their nature can only be taken at the Closing, but subject to the satisfaction or waiver of those conditions at the Closing) or (b) on such other date and at such other time as Buyer and Seller mutually agree in writing; provided, that except for timely delivery of any Closing documentation that must be provided to the relevant recipient(s) as originals, the Closing may occur remotely via electronic exchange of the remaining required Closing documentation in lieu of any in-person Closing, and the Parties shall reasonably cooperate in connection therewith. All actions listed in Section 2.6 or Section 2.7 that occur on the Closing Date shall be deemed to occur simultaneously at the Closing. For purposes of this Agreement and the transactions contemplated hereby, the effective time of the Closing for tax and accounting purposes will be deemed to occur at 11:59 P.M. local time on the Closing Date. Notwithstanding the effective time of the Closing, Seller shall remain responsible for all PJM settlement activities so long as the Project remains connected to PJM before its transition to MISO.”

5. Amendments to Section 2.6.

- a. Section 2.6(b) of the PSA is hereby amended by replacing it in its entirety with the following:

“(b)(i) evidence that an application in the form attached as Exhibit 2.6(b)-1 was filed with the state of Michigan on or before March 1, 2023 and (ii) a letter from any Taxing Authority for the State of Michigan who responds to such application indicating whether there are any amounts owed to such Taxing Authority as of the date set forth in such letter; provided, that, if any Taxes attributable to a Pre-Closing Taxable Period are claimed by any such Taxing Authority to be owed (whether before or after the Closing), Seller covenants and agrees that it shall make timely payments of such amounts and such amounts paid or to be paid are solely at Seller's cost and expense;”

- b. Section 2.6(l) of the PSA is hereby amended by replacing it in its entirety with “[Reserved]”.

6. Amendment to Section 2.7. Section 2.7(c) of the PSA is hereby amended by replacing it in its entirety with “[Reserved]”.

7. Amendment to Section 5.1. Section 5.1(c)(iv) of the PSA is hereby amended by replacing it in its entirety with “[Reserved]”.

8. Amendment to Section 5.2.

- a. Section 5.2(a) of the PSA is hereby amended and restated in its entirety as follows:

“(a) During the Interim Period, Seller will, and will cause its Representatives to (at Buyer's sole cost and expense) provide Buyer and its Representatives with reasonable access, upon reasonable prior notice to Seller and during normal business hours, to the Property and to the officers and employees of Seller and its Affiliates who have significant responsibility in respect of the Business or the Purchased Assets, but only to the extent that such access is under the supervision of Seller's Representatives and does not disrupt or interfere with the business of Seller or the Business and that such access is reasonably related to the requesting Party's obligations and rights hereunder, and subject to compliance with applicable Laws, COVID-related restrictions and protocols and any Contracts or Permits to which Seller or any of its Affiliates is a party; provided, however, that Seller shall have the right to (x) have a Representative present for any communication with employees or officers of Seller or its Affiliates, and (y) impose reasonable restrictions and requirements for safety purposes. During the Interim Period, Seller will use commercially reasonable efforts to provide Buyer with information as may be reasonably requested by Buyer, relating to any occurrence or failure of an event or circumstance to occur, which occurrence or failure would reasonably be likely to cause any representation or warranty of Seller contained in this Agreement to be untrue or inaccurate. In all events, Seller shall have the right to restrict access to any information to the extent the disclosure of such information would, as reasonably determined by Seller, (1) jeopardize attorney-client privilege relating to any pending or threatened Claim or (2) conflict with any confidentiality obligations by which Seller or any of its Affiliates is bound that Seller is unable to overcome after using commercially reasonable efforts to seek the consent to disclosure from the owner of the confidential information or otherwise having used commercially reasonable efforts to enable the confidential information to be disclosed to Buyer in a manner consistent with such confidentiality obligations. Prior to the Closing Date, Buyer shall not have the right to examine and/or inspect the Property more than one time per week (recognizing that due to the reason for the examination and/or inspection, it may extend beyond one day). Within a reasonable time prior to the anticipated Closing Date and until the end of the Term of the Transition Services Agreement (as ‘Term’ is defined in the Transition Services Agreement), Seller shall use commercially

reasonable efforts to provide or cause to be provided to Buyer such pertinent data or information as Buyer shall reasonably require to determine the amount of service, compensation or any other information related to benefits with respect to each Facility Employee that Buyer elects to hire as of the Closing Date or during the Term of the Transition Services Agreement (as "Term" is defined in the Transition Services Agreement)..”

- b. Section 5.2 of the PSA is hereby amended by adding a new Section 5.2(e) at the end thereof as follows:

“(e) From and after the date that is three (3) months prior to the anticipated Closing Date until the end of the Term of the Transition Services Agreement (as “Term” is defined in the Transition Services Agreement), Seller shall use commercially reasonable efforts to facilitate Buyer’s access to the Facility Employees for the purpose of communicating with such Facility Employees regarding bona fide employment opportunities following the Closing with Buyer.”

9. Amendment to Section 5.4.

- a. Section 5.4(a) of the PSA is hereby amended by replacing it in its entirety with the following:

“(a) The covenant described in this Section 5.4(a) is the “**Interconnection and Capacity Requirement**” and shall be completed at Seller's sole cost and expense; provided, that in no event shall Seller be required to incur any out-of-pocket fees, costs and/or expenses in connection with satisfying the Interconnection and Capacity Requirement that (when combined with out-of-pocket fees, costs and/or expenses borne by USPG in connection with the PJM TSA Services under Section 5.24) exceed the Interconnection Cap. During the Interim Period Seller shall establish a MISO Interconnection Queue Position and use commercially reasonable efforts to pursue entry into a generator interconnection agreement with MISO, substantially in the form attached hereto as Exhibit 5.4(a) (the “**MISO GIA**”). As part of meeting the Interconnection and Capacity Requirement, during the Interim Period, Seller shall (i) keep Buyer reasonably informed as to the process, (ii) provide Buyer with an opportunity to participate in calls with MISO and/or PJM (to the extent reasonably practicable and permitted by MISO and/or PJM), and (iii) provide Buyer with a reasonable opportunity to review and comment on any material documentation to be submitted by Seller to MISO and/or PJM.”

- b. Section 5.4(b) of the PSA is hereby amended by removing the following:

“or enter into a reasonably acceptable External Resource Transaction with respect to the entire Project by the deadline stated in Section 6.8.”

10. Amendment to Section 5.11(c). Section 5.11(c) of the PSA is hereby amended by adding the following as the new last sentence thereof:

“If after the Closing Seller receives a refund or utilizes a credit of any Property Tax in respect of the Purchased Assets attributable to that portion of a Straddle Period beginning after the Closing Date, Seller shall pay to Buyer within twenty (20) Business Days after such receipt or utilization an amount equal to such refund received or credit utilized, together with any interest received or credited thereon net of any out-of-pocket costs associated therewith.”

11. Amendment to Section 5.24. Section 5.24 of the PSA is hereby amended by replacing it in its entirety with the following:

“Commencing promptly after the date of this Agreement, the Parties shall in good faith negotiate a transition services agreement between USPG and Buyer (in form and substance reasonably satisfactory to Buyer and Seller) pursuant to which USPG will provide mutually-agreeable transition services (including such services as are necessary to transition operations, maintenance and ongoing activities at the Project) to Buyer following the Closing (the “**Transition Services Agreement**”). The Parties shall use commercially reasonable efforts to cause the Transition Services Agreement to be finalized by no later than December 15, 2021, and if the same does not occur by such date then all remaining open issues will be submitted to the Parties’ respective senior officers to seek prompt resolution thereof. The Parties agree that the Transition Services Agreement will, without limitation, contain provisions whereby the services to be provided to Buyer under the Transition Services Agreement will include reasonable PJM market participant services (the “**PJM TSA Services**”) at no cost to Buyer; provided, that in no event shall Seller be required to incur any out-of-pocket fees, costs and/or expenses in connection with providing the PJM TSA Services that (when combined with out-of-pocket fees, costs and/or expenses borne by Seller in connection with the satisfying the Interconnection and Capacity Requirement) exceed the Interconnection Cap. The Transition Services Agreement will also contain provisions to address any issues with Buyer not being able to formally add new employees during the months of December or January due to systems updates.”

12. Amendment to Section 6.8. Section 6.8 of the PSA is hereby amended by replacing it in its entirety with the following:

“The MISO GIA shall have been fully executed by all parties thereto.”

13. Amendment to Article VI. Article VI of the PSA is hereby amended by adding a new Section 6.11 at the end thereof as follows:

“6.11 Contingent Assignment and Assumption Agreement. A contingent assignment and assumption agreement substantially in the form of Exhibit 6.11 shall have been duly executed and delivered by Seller, Buyer, USPG, and Consolidated Asset Management Services (Michigan), LLC and shall be in full force and effect.”

14. Amendment to Section 10.4(c). Section 10.4(c) of the PSA is hereby amended by replacing it in its entirety with the following:

“On the Closing Date prior to the Closing, Seller shall enter into the Amended and Restated Transaction Confirmation, by and between Sequent Energy Management LLC (f/k/a Sequent Energy Management, L.P.) and Seller, in the form attached hereto as Exhibit 10.4(c), it being understood and agreed by Seller that: (a) Seller shall not be permitted to enter into such Contract until such time; and (b) such Contract shall not become effective and assigned to Buyer until the effective time of the Closing for tax and accounting purposes is deemed to have occurred under Section 2.5. If a Contract listed in Schedule 1.1-AC by its terms (as such terms exist as of the date hereof) expires prior to the Closing Date, then such Contract shall be deemed not to be an Assigned Contract.”

15. Amendment to Exhibit 2.1(a). Exhibit 2.1(a) of the PSA is hereby amended by replacing item (p) therein in its entirety with “[Reserved].”

16. Amendments to Exhibit 2.1(b).

- a. Exhibit 2.1(b) is hereby amended by replacing item (g) therein in its entirety with the following:

“(g) cash, cash equivalents, certificates of deposit, bank deposits, commercial paper, securities, and accounts receivable and any similar current assets of Seller or any of its Affiliates earned or accrued, or arising from or relating to the Business, prior to the Closing;”

- b. Exhibit 2.1(b) is hereby amended by replacing item (i) therein in its entirety with the following: “(i) all bank accounts of Seller;”

17. Amendment to Exhibit 2.6(b)-2. Exhibit 2.6(b)-2 of the PSA is hereby removed in its entirety.

18. Amendment to Exhibit 5.17. The Form of Monthly Operating Report is hereby amended by removing the below and replacing it with “[Reserved]”:  
“Progress towards MISO reconnection and any External Resource Transaction;”
19. Amendment to Schedule 1.1-A. Schedule 1.1-A of the PSA is hereby replaced with Schedule 1.1-A attached to this Amendment.
20. Amendments to Schedule 1.1-AC.
  - a. Schedule 1.1-AC of the PSA is hereby amended by removing the following items and replacing each with “[Reserved]”:  
“6. ITS-3 Service Agreement between ANR Pipeline Company and New Covert Generating Company, LLC, dated May 2, 2012”  
“7. IPLS Service Agreement between ANR Pipeline Company and New Covert Generating Company, LLC, dated May 2, 2012”  
“9. Base Contract for Sale and Purchase of Natural Gas between Sequent Energy Management, L.P., and New Covert Generating Company, LLC, dated June 1, 2018”  
“10. Transaction Confirmation between Sequent Energy Management, L.P., and New Covert Generating Company, LLC, dated June 27, 2018”  
“12. Facilities Reimbursement Agreement by and between New Covert Generating Company, LLC and ITC Interconnection LLC, dated as of August 25, 2014, as amended by Amendment No. 1, dated February 1, 2017”  
“13. Facilities Development Agreement by and between New Covert Generating Company, LLC and ITC Interconnection LLC, dated as of August 25, 2014, as amended by that certain Letter dated December 9, 2014”  
“14. Substation Purchase Agreement between ITC Interconnection LLC and New Covert Generating Company, LLC, dated June 1, 2016”  
“15. Interconnection Service Agreement (PJM Queue #AC1-072) among PJM Interconnection, L.L.C., New Covert Generating Company, LLC and ITC Interconnection LLC, dated May 8, 2018”
  - b. Schedule 1.1-AC of the PSA is hereby amended by removing item “8. Master Services Agreement between New Covert Generating Company, LLC and SUEZ WTS Services USA, Inc. (f/k/a GE Mobile Water, Inc.), dated November 1, 2016” and replacing it with the following:  
“8. Master Services Agreement between New Covert Generating Company, LLC and SUEZ WTS Services USA, Inc. (f/k/a GE Mobile Water, Inc.), dated November 1, 2016 (as amended by that certain Contract Amendment, effective January 1, 2022)”
  - c. Schedule 1.1-AC of the PSA is hereby amended by removing item “22. If duly executed and entered into prior to Closing, the Generator Interconnection and Operating Agreement, to be entered into between Michigan Electric Transmission Company, LLC, Midcontinent Independent System Operator, Inc., New Covert Generating Company, LLC and/or other parties upon completion of the MISO interconnection process” and replacing it with the following:  
“22. The MISO GIA”
  - d. Schedule 1.1-AC of the PSA is hereby amended by adding the following item:  
“Amended and Restated Transaction Confirmation, by and between Sequent Energy Management LLC (f/k/a Sequent Energy Management, L.P.) and New Covert Generating Company, LLC, dated May 31, 2023”

21. Amendment to Schedule 3.3(b).

- a. Schedule 3.3(b) of the PSA is hereby amended by removing the following items from Section 2 thereof and replacing each with “[Reserved]”:
  - “(d) Consent of ANR Pipeline Company under that certain ITS-3 Service Agreement between ANR Pipeline Company and Seller, dated May 2, 2012.”
  - “(e) Consent of ANR Pipeline Company under that certain IPLS Service Agreement between ANR Pipeline Company and Seller, dated May 2, 2012.”
  - “(j) Consent of ITC Interconnection LLC under that certain Facilities Reimbursement Agreement by and between Seller and ITC Interconnection LLC dated as of August 25, 2014, as amended by Amendment No. 1 dated February 1, 2017.”
  - “(k) Consent of ITC Interconnection LLC under that certain Facilities Development Agreement by and between Seller and ITC Interconnection LLC, dated as of August 25, 2014, as amended by that certain Letter dated December 9, 2014.”
  - “(l) Consent of ITC Interconnection LLC under that certain Substation Purchase Agreement between ITC Interconnection LLC and Seller, dated June 1, 2016.”
  - “(m) Consent of both PJM Interconnection, LLC and ITC Interconnection LLC under that certain Interconnection Service Agreement (PJM Queue #AC1-072) among PJM Interconnection, LLC, Seller and ITC Interconnection LLC, dated May 8, 2018.”
- b. Schedule 3.3(b) of the PSA is hereby amended by removing item “(f) Consent of SUEZ WTS Services USA, Inc. (f/k/a GE Mobile Water, Inc.) under that certain Master Services Agreement between Seller and SUEZ WTS Services USA, Inc. (f/k/a GE Mobile Water, Inc.) dated November 1, 2016.” and replacing it with the following:

“(f) Consent of SUEZ WTS Services USA, Inc. (f/k/a GE Mobile Water, Inc.) under that certain Master Services Agreement between Seller and SUEZ WTS Services USA, Inc. (f/k/a GE Mobile Water, Inc.) dated November 1, 2016 (as amended by that certain Contract Amendment, effective January 1, 2022).”

22. Letters of Credit. Schedule 5.1(c) of the PSA is hereby amended by replacing it in its entirety with “[Reserved]”.
23. No Other Modification. Except as set forth in this Amendment, the terms of the PSA shall remain unmodified, and the PSA, as amended by this Amendment, is and shall remain in full force and effect in accordance with its terms and is hereby ratified by the Parties. On and after the date of this Amendment, each reference in the PSA to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import, and each reference to the PSA in any other agreements, documents or instruments executed and delivered in connection with the PSA shall mean and be a reference to the PSA as modified by this Amendment.
24. Headings; Counterparts; Facsimile. The headings used in this Amendment have been inserted for convenience of reference only and do not define or limit the provisions hereof. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any electronic or facsimile copies hereof or signature hereon shall, for all purposes, be deemed originals.

IN WITNESS WHEREOF, the undersigned Parties have executed this Amendment as of the Effective Date.

**SELLER:**

**NEW COVERT GENERATING COMPANY, LLC**

By: /s/ Mark R. Sudbey

Name: Mark R. Sudbey  
Title: CEO

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[Signature Page to Amendment No. 1 to Purchase and Sale Agreement]

IN WITNESS WHEREOF, the undersigned Parties have executed this Amendment as of the Effective Date.

**BUYER:**

**CONSUMERS ENERGY COMPANY**

By: /s/ Timothy J. Sparks

Name: Timothy J. Sparks  
Title: Vice President of Electric Supply

## Certification of Garrick J. Rochow

I, Garrick J. Rochow, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CMS Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 27, 2023

By:

/s/ Garrick J. Rochow

Garrick J. Rochow  
President and Chief Executive Officer

## Certification of Rejji P. Hayes

I, Rejji P. Hayes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CMS Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 27, 2023

By: \_\_\_\_\_ /s/ Rejji P. Hayes  
 Rejji P. Hayes  
 Executive Vice President and Chief Financial Officer

## Certification of Garrick J. Rochow

I, Garrick J. Rochow, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumers Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 27, 2023

By: \_\_\_\_\_ /s/ Garrick J. Rochow  
 Garrick J. Rochow  
 President and Chief Executive Officer

## Certification of Rejji P. Hayes

I, Rejji P. Hayes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumers Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 27, 2023

By: \_\_\_\_\_ /s/ Rejji P. Hayes  
 Rejji P. Hayes  
 Executive Vice President and Chief Financial Officer

## **Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of CMS Energy Corporation (the "Company") for the quarterly period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Garrick J. Rochow, as President and Chief Executive Officer of the Company, and Rejji P. Hayes, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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/s/ Garrick J. Rochow

Name: Garrick J. Rochow  
Title: President and Chief Executive Officer  
Date: July 27, 2023

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/s/ Rejji P. Hayes

Name: Rejji P. Hayes  
Title: Executive Vice President and Chief Financial Officer  
Date: July 27, 2023

## **Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Consumers Energy Company (the "Company") for the quarterly period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Garrick J. Rochow, as President and Chief Executive Officer of the Company, and Rejji P. Hayes, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Garrick J. Rochow

Name: Garrick J. Rochow  
Title: President and Chief Executive Officer  
Date: July 27, 2023

/s/ Rejji P. Hayes

Name: Rejji P. Hayes  
Title: Executive Vice President and Chief Financial Officer  
Date: July 27, 2023