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DTE Energy Co. (DTE)

Q2 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Thank you for standing by. My name is Rebecca, and I will be your conference operator today. At this time, I would like to welcome everyone to the DTE Energy Q2 2025 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Thank you.

I will now turn the call over to Matt Krupinski. Please begin.

Matthew Krupinski

Director-Investor Relations, DTE Energy Co.

Thank you; and good morning, everyone. Before we get started, I'd like to remind you to read the Safe Harbor statement on page 2 of the presentation, including the reference to forward-looking statements. Our presentation also includes references to operating earnings, which is a non-GAAP financial measure. Please refer to the reconciliation of GAAP earnings to operating earnings provided in the appendix.

With us this morning are Jerry Norcia, Chairman and CEO; Joi Harris, President and COO; and Dave Ruud, Executive Vice President and CFO.

And now, I'll turn it over to Jerry to start our call this morning.

Gerardo Norcia

Chairman & Chief Executive Officer, DTE Energy Co.

Thanks, Matt. Good morning, everyone, and thanks for joining us. I hope everyone is having a healthy and safe year so far. This morning, we will discuss the achievements we've made this year, as we continue to deliver for all of our key stakeholders. Joi will provide an update on our business strategy, highlighting the significant improvements we are making to enhance reliability for our customers and the progress we are making on renewable energy investments, supporting our path to cleaner generation. Joi will also provide an update on data center opportunities that provide potential upside to the plan. And Dave will provide a financial update and wrap things up before we take your questions.

So, to start, I'm sure you're all aware that I will be turning over the CEO role to Joi Harris, effective September 8 of this year. As I'm sure that you have seen over the last few years, we have been preparing for this structured transition for some time. I have worked with Joi for over 20 years, and I've been watching her to continue to deliver and really over-deliver in every role and challenge that she has taken on DTE.

And particularly, in these last couple of years where she has been serving as President and COO, she has just continued to excel in leading our company to be successful in all of our most critical areas. So, it has just become obvious to me, to our board and to our entire company that Joi is ready for this role and ready to lead our company to continued excellence.

It has been a real honor to be DTE's CEO for the last six years. And I'm extremely proud of what we have accomplished over that time. As Joi transitions to the CEO role, I will be serving as Executive Chairman, supporting Joi and the company, helping to ensure the continued success of DTE for all of our stakeholders. I am confident that we will continue to deliver and are well-positioned for long-term growth with solid opportunities across all of our business units.

I'll provide a brief overview of slide 4, highlighting our key successes and the opportunities that reinforce my confidence in our continued progress towards our goals. We have had a strong first half of 2025 and are well-positioned to meet our targets this year. Our success is a testament to our dedicated and engaged team, committed to serving our customers and communities.

As I mentioned last quarter, this year, we were recognized by the Gallup organization for the 13th consecutive year with a Great Workplace Award. And our employee engagement ranks with a 94 percentile globally among thousands of organizations. As I mentioned before, our high level of employee engagement is our secret sauce for continued success.

We remain committed to making significant investments to enhance the grid and improve reliability for our customers. And we see that these investments and process improvements deliver results. We saw nearly 70% improvement in reliability in 2024 when compared to 2023. And we continue to make progress in 2025 as we work towards our goal of reducing outages by 30% and the amount of time customers spend without power by 50% by 2029.

We continue to successfully execute significant investments in cleaner generation for our customers, which will continue over the next five years and into the next decade, significantly increasing our solar and wind investments as well as battery storage. Joi will share more details on our renewable investment strategy to support both our voluntary program and Michigan's clean energy goals.

Our 2025 operating EPS guidance is \$7.09 to \$7.23. And we remain well-positioned to achieve the higher end of the range this year and continue to use additional favorability to extinguish backlogs that supports future years. Our long-term operating EPS growth rate remains at 6% to 8%, with 2025 original guidance as the basis for this growth. And with the 45z production tax credits from our RNG projects coming into the plan this year, we have confidence we will reach the higher end of our targeted range, 2025 through 2027.

As I'm sure you are aware, the budget bill that passed recently did extend the RNG tax credits through 2029. This is definitely a positive for DTE. We plan to update our five-year plan this fall, and we'll provide more detail at that time. I'll say, at this time, that this gives us even more confidence that we'll be able to deliver on our targets over the next five years and beyond.

So, I'm feeling really positive about 2025 and the position we are in to continue to achieve long-term success. And as we have said, data center opportunities will provide upside to our current five-year plan. We are in late-stage discussions with multiple data centers for significant new load, which Joi will provide more details on shortly.

We continue to maintain a strong balance sheet and investment-grade credit ratings to support our customer-focused capital investment plan. We remain committed to deliver premium shareholder returns that our investors have come to expect. And our 2025 annualized dividend of \$4.36 per share aligns with our practice of providing a growing dividend consistent with EPS growth.

Now, I'll turn it over to Joi. Joi, over to you.

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

Thanks, Jerry; and good morning, everyone. I'll start by saying how grateful and excited I am for this opportunity to serve DTE as its next CEO. In particular, I would like to express my appreciation to Jerry for his mentorship and friendship over the past 20 years. Jerry has been an exceptional leader for DTE, driving the company to success year-after-year. And I look forward to working with him for a few more years to continue to drive value for DTE.

As I take on the role of CEO for DTE Energy, I want to emphasize that our core priorities, long-term vision and strategic goals remain unchanged. We are committed to building on the strong foundation and momentum we've established over the years and will continue to deliver exceptional results for our customers, communities and investors.

Our plan is supported by a highly engaged and dedicated team, one that is deeply committed to achieving best-in-class outcomes across all key priorities. It is this shared focus and collective energy that fuel our continued success. We continue to see strong growth in our utility operations, driven by customer-focused investments aimed at improving reliability and transitioning to cleaner energy. Our solid regulatory framework provides a stable and supportive environment for these infrastructure investments, enabling us to move forward with confidence as we modernize our distribution system and continue our transition to cleaner energy.

Beyond our core utility business, we see transparent, low-risk growth opportunities at DTE Vantage, providing diversification, both in terms of earnings and geographic reach, while aligning with our broader strategic objective. We have a strong project development pipeline in place at DTE Vantage with multiple customer energy solutions projects underway, including a project with Ford Motor Company, which is expected to come on line in 2026; and a project to build and operate a 42-megawatt combined heat and power project for a large industrial customer, which is expected to begin construction later this year. These projects are supported by long-term, fixed-fee contracts, providing solid, low-risk growth opportunities in this space.

So, overall, we have a robust five-year plan in place, anchored by \$30 billion of customer-focused capital investment over the next five years, with more than 90% of that investment directed towards strengthening and modernizing our utility operations. Additionally, we are well-positioned to meet the potential surge in demand from data centers. This represents significant upside to our plan, offering opportunities for additional investments in new generation capacity, while supporting our commitment to customer affordability. I am confident in our direction, energized by our team and excited about the opportunities ahead and as we continue to deliver sustainable long-term value for all of our stakeholders.

Let me move to slide 6 to highlight progress we are making to improve reliability. Our investments in our grid and the process improvements we are making are driving improved reliability for our customers with a continued emphasis on maintaining affordability. In the first half of the year, we made significant progress in strengthening the grid. We installed more than 220 smart grid devices to help reduce outage duration and improve response time; and conducted over 230 miles of pole top maintenance, upgrading and replacing over 1,500 utility poles, enhancing system resilience. We also continued the replacement of the aging 4.8kV system, a key step in modernizing our network; and trimmed over 3,300 miles of trees as part of our ongoing vegetation management program to prevent outages.

Our system was put to the test at the end of June with a record-breaking four-day heat wave, followed by a powerful storm that swept through our service territory, with winds reaching nearly 60 miles per hour, impacting over 55,000 customers. During the heat wave, our generation fleet performed exceptionally well, meeting high customer demand with reliability and resilience. And our storm response was very effective, restoring power to 95% of affected customers within 24 hours and nearly 100% within 48 hours.

I am grateful for the dedication of our teams, including line workers, contractors, dispatchers and everyone involved in this restoration effort. Their hard work through all of this highlights the critical importance of what we do and demonstrates the incredible results we can achieve when we work together.

As I mentioned, we benefit from a constructive regulatory environment here in Michigan, supportive of the investments we need to make on behalf of our customers. We continue to work collaboratively with our regulators to affordably execute our distribution investments for our customers.

Our DTE electric rate case filing supports our current five-year plan of \$10 billion in grid investment, including a request for \$1 billion of distribution spend to be included in our infrastructure recovery mechanism by 2029. These investments to improve reliability are also supported by the recent MPSC electric distribution audit. Lastly, we expect to file a DTE gas rate case later this year that will be focused on continued infrastructure investment and reliability improvements, while maintaining affordability for our customers.

Let me move to slide 7 to provide an update on our renewable investments and data center opportunities. We have plans for significant investments in cleaner generation over the next five years and into the next decade. And these investments are supported by the recent settlement of our 2024 renewable energy plan filing, our long-term integrated resource plan, and Michigan's clean energy plan. The progress we are making on these investments has allowed us to safe-harbor investment tax credit for these renewable projects into 2029, with the IRA provisions continuing to support our ability to execute these investments affordably for our customers.

Currently, we have 2,500 megawatts of renewable generation in service and are building roughly 900 megawatts of renewables per year on average over the next five years. Solid land positions, combined with our ability to

successfully move these projects through the interconnection and permitting processes, puts us in a great position to execute our transition to cleaner energy.

We also continued to make great progress with data centers. We are in advanced discussions with multiple hyperscalers for over 3 gigawatts of new load and are having ongoing discussions with multiple other data center operators for an additional 4 gigawatts. Customers currently in advanced discussions have secured land positions, established clear zoning pathways and have earned the backing of local communities. And the remaining 4 gigawatts in the pipeline either have confirmed access to land or are nearing finalization of land agreement.

The near-term data center load ramp up to 3 gigawatts will be met through a combination of existing generation capacity and new energy storage solutions. And longer term, additional data center loads will require incremental investments in new baseload generation. Energy storage needs will be aligned directly with data center load ramp on a one-to-one basis in the near term, driving incremental investment, which is not included in our current five-year capital plan.

And as we have mentioned, we continue to target closing our first large data center deal by the end of this year, which we expect will ramp to at least 1 gigawatt of new load. In addition to the growth these data centers could generate, they will also enhance affordability for existing customers. And as we have said, these data center opportunities are all upside to our current five-year plan.

And with that, I'll turn it over to Dave to give you a financial update.

David Ruud

Chief Financial Officer & Executive Vice President, DTE Energy Co.

Thanks, Joi; and good morning, everyone. Let me start on slide 8 to review our second quarter financial results. Operating earnings for the quarter were \$283 million. This translates into \$1.36 per share. You can find a detailed breakdown of EPS by segment, including a reconciliation to GAAP reported earnings in the appendix.

I'll start the review at the top of the page with our utilities. DTE Electric earnings were \$318 million for the quarter. Earnings were \$39 million higher than the second quarter of 2024. The main drivers of the variance were rate implementation and timing of taxes, partially offset by higher O&M and rate base costs and warmer weather last year. On the timing of taxes, I mentioned this was fairly significant in the first quarter at negative \$67 million relative to 2024. This is related to investment tax credits on two solar projects that went into service in the first quarter. This timing was known and built into our plan and reverses during the balance of the year, with \$37 million reversing in the second quarter.

Moving on to DTE Gas. Operating earnings were \$6 million, which was \$6 million lower than the second quarter of 2024. The earnings variance was driven by higher O&M and rate base costs, partially offset by cooler weather. Let's move to DTE Vantage on the third row. Operating earnings were \$31 million for the second quarter of 2025. This is a \$17 million increase from 2024, driven by RNG production tax credits and higher custom energy solutions earnings. We remain on track for the full-year guidance at DTE Vantage.

On the next row, you can see Energy Trading earned \$24 million for the quarter. We continued to experience favorability and strong margins in our contracted and hedged physical power portfolio, putting us in a strong position to start 2025. On a year-to-date basis, we are currently near the high end of operating earnings guidance for this segment. This strong performance places us in a favorable position to leverage any potential further upside across DTE to provide flexibility and strategic support for future years.

Finally, Corporate & Other was unfavorable by \$56 million quarter-over-quarter due primarily to the timing of taxes, as well as higher interest expense. As with DTE Electric, this tax timing will reverse during the year and we expect to end the year in the guidance range in this segment. Overall, DTE earned \$1.36 per share in the second quarter of 2025, which positions us well to achieve the high end of our guidance range in 2025.

Let me wrap up on slide 9, and then, we open the line for questions. Our team remains committed to deliver for all of our stakeholders. We are positioned to achieve the high end of our operating EPS guidance this year and continue to use favorability to eliminate backlogs that will help future years. Our five-year capital investment plan of \$30 billion supports our customer-focused reliability investments and our cleaner generation investments. Emerging data center opportunities provide potential upside to this five-year capital investment and EPS growth plan.

DTE continues to be well-positioned to deliver the premium total shareholder returns that our investors have come to expect, with a strong balance sheet that supports our future capital investment plan with modest equity issuances of \$0 to \$100 million over the next three years. We remain confident in our long-term operating EPS growth rate target of 6% to 8% through 2029. With RNG tax credits providing additional confidence, we will reach the high end of our targeted range through 2027. As Jerry mentioned, the extension of these tax credits through 2029 are positive for DTE, giving us greater confidence in our five-year plan, which we'll be updating this fall.

With that, I thank you for joining us today, and we can open the line for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of Nicholas Campanella with Barclays.

Nicholas Joseph Campanella

Analyst, Barclays Capital, Inc.

Q

Hey. Good morning. Thanks for taking my questions. hope everyone's doing well.

Gerardo Norcia

Chairman & Chief Executive Officer, DTE Energy Co.

A

Good morning.

Nicholas Joseph Campanella

Analyst, Barclays Capital, Inc.

Q

And congrats on all the announcements. So, hey, so I just wanted to confirm, sounds like line of sight to 3 gigawatts of conversations. There's four more gigawatts behind that. Just what is the current capacity on the system to absorb that 3 gigawatts? And I guess, just what is the kind of tipping point for you to have to pull forward the 2026 IRP with more capacity needed; or said differently, when would you start to have to incur new generation CapEx? How many gigawatts? Thank you.

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Hey, Nick. Thanks for the question. And what an exciting time that we're talking about load growth. That's really an important piece of discussions we're having internally with data center providers. And those conversations are going quite well. So, let me just recap. Early on, we announced 2.1 gigawatts frame agreements with data center providers. And we're seeing a lot of interest in Michigan because we have excess capacity. So, that's drawn data center providers to the state. And of course, we now have the sales and use tax exemption, so that further increases their interest.

What we're seeing now is a lot of activation on the part of hyperscalers. So, we've been very conservative about building out our pipeline and allowing people to enter our pipeline, companies to enter our pipeline. They have to have land positions or line of sight to a land position and a pathway to zoning and permitting that's required for them to build. And so, based on just recent intensity on the part of hyperscalers, we're seeing them make pretty nice inroads on securing land positions and making their way to permitting requirements. And they're also garnering the support of the local communities, and that goes a long way in advancing them through our pipeline.

So, now, we see what was co-locators kind of moving toward the back of the pipeline and hyperscalers consuming at least the upper portion of our pipeline and positioning themselves to sign Energy Service Agreements along with storage agreements. And we're exchanging paper right now, and that paper has a little bit of red ink on it, and that's all good progress. So, we're in active negotiations with large hyperscalers and we're continuing conversations with those co-locators.

As we understand their load ramps, we're going to use our existing D11 rates or our existing industrial rate to serve that load, along with storage. And the way you can think about it is near-term load ramps would require us to begin construction of storage assets in 2026 and beyond. There is some urgency on the part of the data center providers to begin the construction of their facilities by 2028, so that they can take advantage of the sales and use tax. So, with that said, we have to get ahead of them in building out those storage assets.

This load ramp – all those load ramps that we are getting a better understanding of and we'll finalize, once we finalize the deals, will be incorporated in our IRP next year. So, the idea here is to serve the load with the existing capacity. We have up to 1 gigawatt. And there are certain periods within the planning year, where we're a little short – I'll call it, marginally short, that will meet the need by way of storage. So, it will bridge the gap near term.

As we progress through their load ramps, we'll get to a point where we have to build out more dispatchable resources, larger dispatchable resources, but that will get all flushed out in our IRP next year. So, we don't intend to pull forward the IRP. What we intend to do is serve the load near-term with our existing riders and tariffs, and then, move toward building out larger assets based on the results of the IRP.

Nicholas Joseph Campanella

Analyst, Barclays Capital, Inc.

Q

Thanks a lot. That's really clear. So, I guess, to wrap that all up, I mean, thinking about the context of the long-term CAGR, load is a tailwind. It seems like some CapEx in storage is coming into the plan as soon as 2026. You just got the extension of RNG. I know, you've had that communication that you're at the high end or above the EPS CAGR in 2026 and 2027. Just how are you kind of thinking about it beyond that through 2029?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Yeah. So, where we are right now is, of course, the RNG tax credit give us flexibility in our plan. And it was really positive mood to see that get extended. So, that gives us additional flexibility and it gives us confidence that we can hit that high end. And so, as our plan unfolds and we updated – we're intending to update our plan toward the

end of this year and felt likely in the in the third quarter call or at EEI, we'll offer up what our plan looks like for CapEx and also our growth rate. But we don't intend to go beyond the ^% to 8%. This just gives us confidence that we can hit that higher end.

Nicholas Joseph Campanella

Analyst, Barclays Capital, Inc.

Thank you so much.

Q

Operator: Your next question comes from the line of David Arcaro (sic) [Arcaro] (00:37:59) with Morgan Stanley.

David Arcaro

Analyst, Morgan Stanley & Co. LLC

Oh, hey. Good morning. Thanks so much. And congratulations, Joi.

Q

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

Good morning, David.

A

David Arcaro

Analyst, Morgan Stanley & Co. LLC

Congratulations, Jerry. Good morning. I was wondering, maybe on the back of the OBBB, could you just frame any impacts on the renewable plans? Any risk that you see from the executive order and continued uncertainty there?

Q

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

Yeah. Thanks, David. And the final bill, the reconciliation bill, really supports our five-year plan. And what we've been able to do is safe-harbor our renewable investments through – into 2029. And this is all positive news for our customers. Just as a reminder, we have to build these assets. It is required under the law. And we also have a very popular and successful voluntary renewable program. So, we're going to build these renewable assets, regardless. And what the IRA did is make it more affordable for customers.

A

That said, what we've done, based on us just being in a position to activate very quickly, we've been able to safe-harbor those investment tax credits for our customers through 2029. Additionally, the battery storage projects will continue to qualify for the investment tax credits through 2036, which is also supportive of our plan and puts us in a really good position with the build-out we intend to do for data centers.

Transferability was maintained, so that's another key element that we view as very positive. So, we feel really confident in what our plan entails today. And also, we feel really good about where we're sitting with RNG tax credits as well. The added year is an added benefit. And as I mentioned before, that gives us more flexibility and allows us to have more confidence around hitting the high end.

In terms of some of the executive orders, the safe-harboring we've already done really insulates us from any exposure to [ph] FIAC (00:40:12). And so, I feel like we've got solid plans in place that remain in place through the duration of our five-year plan. And we still have a little bit of opportunity because we have to begin construction by

the end of this year, so that gives us a little more flexibility. If there is any additional tax credits that we want to secure, we may be able to do that. But all in all, I think the final bill supports our plan. And we've been able to activate – to insulate ourselves from any exposure year after.

David Arcaro

Analyst, Morgan Stanley & Co. LLC

Q

Great. That's really helpful color. Thanks for that. And then, maybe just to look at earnings performance so far this year, I think, Dave, you'd mentioned just – where do you stand in terms of how much flex you have here to absorb any volatility maybe in weather for the rest of 2025? And where do you stand in terms of now looking ahead to 2026 and pulling forward against some strength in earnings this year?

David Ruud

Chief Financial Officer & Executive Vice President, DTE Energy Co.

A

Yeah, David, as we said, we're in a good position right now after the second quarter. I can also say, we've had a warm July. And so, we are looking for those opportunities where we can to ensure we're going to have a great year in 2025, but then, look for those investment opportunities that can help us in future, too. So, we're feeling positive on the year and our ability to hit the upper end and continue to help future years.

David Arcaro

Analyst, Morgan Stanley & Co. LLC

Q

Great. Sounds good. Thanks so much. Appreciate it.

Operator: Your next question comes from the line of Jeremy Tonet with JPMorgan.

Aidan C. Kelly

Analyst, JPMorgan Securities LLC

Q

Hey, good morning. This is actually Aidan Kelly on for Jeremy.

Gerardo Norcia

Chairman & Chief Executive Officer, DTE Energy Co.

A

Hey, Aidan.

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Hey, Aidan. How are you?

Aidan C. Kelly

Analyst, JPMorgan Securities LLC

Q

Yeah, just wanted to hone in on the data center front again. Just curious to see if you could offer any, like, confidence level for the 3 gigawatts of hyperscaler load coming online, as well as the 4 gigawatts you kind of outlined in the opening remarks. I know you mentioned some pathways to zoning and permitting and land position, so seems like some good visibility there, but just wanted to see how you frame it in terms of confidence level.

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Yeah. So, our goal is to get at least 1 gigawatt signed before the end of the year. And we're making great progress toward that goal. We're in active discussions. I can tell you that I've had personal interaction with the principals at some of the data center. These are hyperscalers, large companies that are looking to land here in Michigan. And we've got meetings set up yet this week to talk to additional providers.

So, we're feeling really good about the progress that we're making and the fact that we're exchanging terms, we're getting feedback on what works for them certainly, and we've got some flexibility to meet their needs. I think, we will have a lot more to say on the third quarter call and by the end of the year. But certainly, things are progressing in the right fashion, and we feel really good about the progress and are feeling fairly confident that we'll get something done before the end of the year.

Aidan C. Kelly

Analyst, JPMorgan Securities LLC

Q

Understood. Understood. That's helpful. I guess, just on the storage, just curious for that 1 gigawatt of data center, presumably could be matched with energy storage. Like would that be over like a one, three, or five-year, like, timeframe, like at a high level?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Yeah. So, think about it – I'll explain it this way. So, as the data center load comes on – let's just call it, this gigawatt – we'll meet that demand with the access capacity we have, plus a storage build-out. And you can think about it as one for one. So, if we bring on a gigawatt of data center load, we'll have to build a gigawatt of storage. And to do that, we'll use the combination of PPAs and self-build to meet that demand.

And so, the pricing that we're seeing, just so you have some benchmarks to use, is about \$15 a megawatt for self-build. And combine the two, both self-build and PPAs will be roughly about \$1 billion for every gigawatt that we bring on of storage. And we'll start that construction based on the low ramps, at least that we're seeing now in 2026. So, think about it coming online in 2027 in increments, just based on their load ramps. And that will progress over a couple of years, call it.

As we get further into the plan, we get out toward the end of our five-year plan, the demand grows in such a way, at least as we understand it today, that we'll have to build something more substantial, like a combined cycle plant with carbon capture or being carbon-capture-ready. So, that's how we're looking at it today. And as the negotiations materialize and we finalize those load ramps, we'll incorporate all of this into our IRP. And the IRP process will determine the optimal generation mix.

Aidan C. Kelly

Analyst, JPMorgan Securities LLC

Q

Understood. That's super clear. I'll leave it there. Thanks.

Operator: Your next question comes from the line of Julien Dumoulin-Smith with Jefferies.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Q

Hey. Good morning, team. Thank you guys so very much. Appreciate it. And congrats to both of you again. Really, it's been a pleasure. And more importantly, Joi, I look forward to working with you, going forward. Congrats, again.

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

Thank you.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Of course, absolutely. If I could pick up where you just left it off there, because I think it was a nice point. As you think about the totality of the update to come here, right, clearly, I believe the forecast hasn't really reflected the total opportunity in RNG and the extension through 2029 per your comments to Nick. And subsequently per your prior comments here, it seems like the battery storage opportunity seems very much ripe in that same 2027 to 2029 period.

But maybe if I can put a finer point on the last point you said a second ago about the gas opportunity, how do you think about that – the visibility on that piece here in the IRP and the potential to have that CapEx ramp in those tail end, the 2027 through 2029 period? Just trying to make sure I understand the different puzzle pieces that fit into kind of a third quarter or a year-end kind of update here, if you think about it. What are the different CapEx items?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

Yeah. So, the combined cycle plant would be towards the tail end of our five-year plan and into the next phase of our plan. We would have to go through the – well, the Certificate of Need process, which is really a part of the IRP in order to bring on a combined cycle plant.

As you know, the queues are building, so we're getting ourselves in the queue. We're already in the MISO queue for at least one plant and potentially two and that to serve our existing load. We're still intending to retire Monroe at the end of 2032. And so, therefore, we've got to get in the queue and we've got to ready ourselves in advance of us filing the IRP. So, the timing doesn't exactly match up.

All that said, we continue to prepare as if we are going to bring on CCGP at that time and establish the right relationships with EPC contractors, and also, with turbine providers. So, if you want to think about the storage, think about the storage coming into the plan beginning in 2026 in increments, and then, toward the very tail end of the plan, that would result in us bringing on capital for a combined cycle plant.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Got it. Excellent. And then, just to understand the ramp rate here. I mean, obviously you talked about 1 gigawatt of both conveniently incremental load and opportunity to serve. Is there a potential that you kind of accelerate, though, that incremental? You talked about the seven, I think, implied gigawatts of opportunity here. How do you think about the timing of that sort of feathering in? Is that principally at the tail end or beyond the plan, or is there a potential that you actually are ramping up even more, shall we say, multiple parallel data centers to achieve more than 1 gigawatt? And is that conceivable given the generation mix and planning cycle you just described?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Well, Julien, let me just say it this way. The negotiations are ongoing and a point of negotiation is really understanding the load ramp. So, we've got early – near-term ideas around what that low ramp exactly looks like for at least a few of the hyperscalers and we're still continuing those discussions. So, serving where we have a short is really early on in the plan, is really how we support the load. We bring on the storage to support the load during those periods.

But until we get a final deal done, we don't know, definitively, what those load ramps look like. That's still a point of negotiation. And so, I don't want to get too far over our skis and articulate to you that we're going to ramp in 1 gigawatt this year and 1 gigawatt next year. I can't say that definitively. What I do know is, at least what we're seeing right now across multiple data center providers, we've got at least 1 gigawatt worth of opportunity that we will have to support near term.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Q

Look forward to that update, all right?

David Ruud

Chief Financial Officer & Executive Vice President, DTE Energy Co.

A

To clarify on that, Julien, a little bit, this is Dave. Yeah, with the additional storage, it gives us a little more of the excess generation that we've been talking about. So, we're able to use that storage to reach some of those capacity positions. And so, we do have more than 1 gigawatt of availability as we bring the storage on to support that.

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Yeah. It's one for one. So, 1 gigawatt of storage gives you essentially – makes 1 gigawatt, almost 2 gigawatts.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Q

Okay. Thanks for that clarification. Appreciate it. Best of luck, guys.

Operator: Your next question comes from the line of Andrew Weisel with Scotiabank (sic) [Scotiabank] (00:50:41).

Andrew Weisel

Analyst, Scotiabank GBM

Q

Hey. Good morning, everyone.

Gerardo Norcia

Chairman & Chief Executive Officer, DTE Energy Co.

A

Good morning.

Andrew Weisel

Analyst, Scotiabank GBM

Q

I want to echo the congratulations to both Joi and Jerry. Between the last Gerry; this Jerry; now, Joi, your board certainly like alliteration.

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

[indiscernible] (00:50:59)

Andrew Weisel

Analyst, Scotiabank GBM

Q

Joi, my first one's more of a philosophical one. It is a financial question. But the company' generally have been very conservative. Your DTE reputation is one of under-promising and over-delivering. I think, the philosophy serves you well, but my question is how are you thinking about that philosophy?

I think, I heard you say that you're not expecting to grow EPS faster than the high end of 6% to 8%. So, maybe that sort of answers it. I'd love to hear how you're thinking about that general attitude. I know you've clearly alluded to an update in a few months, but how do you think about that philosophy?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Yeah, I feel like I've learned from the best to make sure that we always deliver for our stakeholders, including our shareholders. And so, we want to make sure that we have a high degree of confidence in our plans and we have the requisite flexibility in those plans to be consistent and deliver consistently for our shareholders. So, at this point, I think, we've got a solid plan in place, and we're incorporating what we believe is flexible in that plan, so that we continue to deliver right on top of what we promise.

Andrew Weisel

Analyst, Scotiabank GBM

Q

Okay. Very good. Next one, I think, we'll get your 10-Q later today, but can you let us know, did you issue any equity during the quarter? And, Dave, I think you reiterated the \$0 to \$100 million per year. How are you thinking about the long-term outlook? I guess the positive side, you've got tax credits from the OBBB on the negative side from a financing perspective, upside to CapEx. How do you think of those as kind of maybe washing out?

David Ruud

Chief Financial Officer & Executive Vice President, DTE Energy Co.

A

Yeah, Andrew, we have a little bit of equity that comes in kind of ratably throughout the year, so there's some of that. But it's within that \$0 to \$100 million we issue through an internal mechanisms. And that \$0 to \$100 million that is from 2025 to 2027 in our expectation and our base plan. And then, yeah, we did say after 2027, we see some incremental equity that would come in. Even in our base plan, that's \$200 million to \$300 million more out there in those years.

But to your question on, if we bring in some additional capital, we would have to look at some additional equity or equity-like products to continue to be at our 15% FFO to debt. But as you know, this is good equity and would be associated with the increased growth that we would see with that as well.

Andrew Weisel

Analyst, Scotiabank GBM

Q

Right. And that's something you'll give more details on in a few months?

David Ruud

Chief Financial Officer & Executive Vice President, DTE Energy Co.

A

Yeah. We'll put all that together when we show our new capital plan, would define how we're going to finance that as well.

Andrew Weisel

Analyst, Scotiabank GBM

Q

Okay, great. And during the quarter, was there any activity?

David Ruud

Chief Financial Officer & Executive Vice President, DTE Energy Co.

A

It's just a little bit that comes in ratably from the internal mechanisms we use. But nothing – yeah, nothing public.

Andrew Weisel

Analyst, Scotiabank GBM

Q

Okay, very good. And one last one, if I can. During the call – forgive me if I missed it, but I don't think you said anything about wind. There was a lot of focus on solar, and storage and gas. How are you thinking about opportunities for wind, whether that would be new build or potentially repowerings?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Yeah, we're examining wind. We currently have some wind assets that might be eligible for repowering, but right now, we're focused on building out solar, and that's where we have the greatest opportunity. But we have not closed the door completely on wind assets.

Andrew Weisel

Analyst, Scotiabank GBM

Q

Is there a reason there's such a preference for one over the other?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Just the amount of land that's required based on the land that we have. And the receptiveness to wind also is a key driver. Right now, solar – more communities are more receptive to solar build out in their areas, so that's really why we've pivoted to solar for the most part. The economics are a little better as well.

Andrew Weisel

Analyst, Scotiabank GBM

Q

Okay. That's very helpful. Thank you.

Operator: Your next question comes from the line of Sophie Karp with KeyBanc.

Sophie Karp

Analyst, KeyBanc Capital Markets, Inc.

Q

Hi. Good morning. Thank you for taking my question, and congratulations to Joi and Jerry on a good quarter as well. Can I ask you a question on the data center build-out again from a different angle, maybe? Is there a way for us to think about how much of a revenue increase is displaced by the addition of data center customers?

The industry keeps talking about savings that can be accrued to retail customers. How should we start thinking about that? Like, for every gigawatt of data center additions, X amount of revenue requirement is displaced, or like, is there a good rule of thumb you have given your framework?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Well, I'll put it to you this way. Just based on what we announced previously, the 2.1 gigawatts, I believe, that increases the load over that five-year time horizon by about 40%. So, you can think of that as headroom on rate growth for existing customers.

Sophie Karp

Analyst, KeyBanc Capital Markets, Inc.

Q

SQ>: So, effectively, we could take that, kind of net out the cost of investment that's needed to serve those additions, and that would be cost savings to customers?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Yeah.

David Ruud

Chief Financial Officer & Executive Vice President, DTE Energy Co.

A

Yeah, actually, for the initial that we bring on, there is not much additional capital investment we have to bring on. The storage will be paid for by the data centers. Really, you get the advantage because these data centers operate at like a 90% load factor and our system is about a 50% load factor. So, it really provides a lot of affordability. Just by using our base industrial rate provides a lot of affordability for our base customers.

Sophie Karp

Analyst, KeyBanc Capital Markets, Inc.

Q

Got it. This is very helpful. Thank you. And then, any color you could share on how the electric rate case is going?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Yeah, Sophie, we're still in audit and discovery. And we're getting about the amount of questions that we would anticipate, given the size and scale of the case and the fact that we're looking to expand the IRM and grow it to \$1 billion over the next couple of years. So, the line of questioning is, as you would think, it's all around system reliability and what we've been able to deliver and how our plans align with the Liberty Audit, which we feel we're in a really good position to answer those questions and provide compelling testimony.

We will hear back from interveners and staff next month, so we'll get staff and intervener testimony on August 22. And that'll be our first indication as to whether or not we're completely aligned with staff, or there's still some

explanation that's required. And likewise, we'll understand what interveners think of our plans and how we can engage them in discussions to potentially pursue a settlement. But that's where we stand right now. The PFD is expected in December, kind of mid-December, and then we'll get a final order in February.

Sophie Karp

Analyst, KeyBanc Capital Markets, Inc.

Q

Got it. Thank you. That's all for me. I appreciate the answers.

Operator: Your next question comes from the line of Anthony Crowdell with Mizuho Securities.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Q

Hey. Good morning, Joi. Good morning, Jerry. Congrats to both of you.

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Good morning. Thank you.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Q

Hey. Just one quick question. I'm wondering, Joi, it's very early in your tenure, but any legislative, or regulatory goals or processes you're hoping to accomplish early on in your tenure or that you're putting on your to do list of maybe, whether it's a decoupling mechanism or something through the legislature that you're focused on right now?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Yeah. Yeah. Right now, Anthony, we are focused very heavily on IRM. That is proven. We've used the IRM in the gas business for a number of years now, and that delivered the value for the customers and it's also helped keep us out of regulatory proceedings for multiple years. And so, our focus is growing the electric IRM and we've included that in the case.

And that's the biggest thing for us right now on the regulatory front. And we think we've laid a good foundation for that and the Liberty audit supports it. So, that's where I'm going to focus my attention. And as we see testimony from the staff and interveners, we'll make sure that they understand the benefits of expansion of the IRM going forward.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Q

Great. And then, if I could just take another crack, maybe in an earlier question. You were very clear on the 6% to 8% earnings growth rate. You seem like your intention to stay there. But are you including, if you do get some of the large load customers, the data centers – I mean, I'm just splitting hairs here, but is there the ability to rebase higher or something; or even with the potential, that long pipeline you have, are you still to see yourself at the 6% to 8%? And I know that's going really forward and I know that you haven't – a lot of it's still nearing finalization of agreement. But just I guess, how rigid is that 6% to 8% even if you get the 7 gigawatts on?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Yeah. So, I would say that the five-year plan that we laid out, we intend to stay in that 6% to 8%. Beyond that, there is a lot that can happen that we've got to reconcile. And it's too early for us to say definitively what we might look like beyond our five-year plan. So, as we have always done, we will look to continue to deliver value for all of our stakeholders and minimize any kind of risk that we see in our plan and use the flexibility to deliver smooth and reliable results going forward.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Q

Great. Thanks for taking my questions.

Gerardo Norcia

Chairman & Chief Executive Officer, DTE Energy Co.

A

Yeah, just add to that. I think Joi hit on it. We roll out the new plan. I think, we'll provide new guidance. We don't want to do this piecemeal. So, as all of this comes together, and I think, it will come together, we'll reevaluate where we're at.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Q

Thanks again, Jerry. Glad you stepped up there. We weren't sure if you were just already on the golf course.

Gerardo Norcia

Chairman & Chief Executive Officer, DTE Energy Co.

A

Well, I'm here, Anthony.

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Uh-oh, we lost you.

Anthony Crowdell

Analyst, Mizuho Securities USA LLC

Q

We lost you, Anthony.

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

We lost you. Just keeping us on track, Anthony.

Operator: Your next question comes from the line of Paul Freeman (sic) [Fremont] (01:02:21) with Ladenburg.

Paul Fremont

Analyst, Ladenburg Thalmann & Co., Inc.

Q

Hey. Thank you very much, and congratulations. I guess, first question, given that we're halfway through the year, can you give us an idea as to whether you would expect additional data center announcements to be a third quarter or a fourth quarter event?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Good morning, Paul. Our intention is to have a deal done by the end of the year, and we're really making nice progress near term. As I mentioned before, we have received feedback from the data center providers on contractual language, both in the ESA. And right now, we're really focused on solidifying the storage contracts. So, we understand the build out of that we'll have to do to support the load. So, our intention is to have a really good indicator by the third quarter and finalize – have a final deal in hand by the end of the year.

Paul Fremont

Analyst, Ladenburg Thalmann & Co., Inc.

Q

And then, in terms of Corporate & Other, you're showing sort of \$56 million negative change in the quarter. How much of that is the timing of tax that's expected to reverse by the end of the year?

David Ruud

Chief Financial Officer & Executive Vice President, DTE Energy Co.

A

Yeah, a lot of that is the timing of taxes. We're on track. That will all reverse. We're on track to meet our full-year guidance for that segment through the year.

Paul Fremont

Analyst, Ladenburg Thalmann & Co., Inc.

Q

Okay. So, that's like \$0.27 just by itself. Okay.

David Ruud

Chief Financial Officer & Executive Vice President, DTE Energy Co.

A

Yeah.

Paul Fremont

Analyst, Ladenburg Thalmann & Co., Inc.

Q

And then, last question for me, when the Treasury guidelines come out later in August, what are you expecting with respect to how they look at, say, the definition of safe harbor?

Joi M. Harris

President & Chief Operating Officer, DTE Energy Co.

A

Yeah. So, the way that we've been looking at this is, the begin construction in safe harbor language has existed in this form in the Treasury guidance for over a decade. And we've relied on that for four years. So, in terms of what we anticipate, we don't necessarily anticipate there being in a reversal of those guidelines. But what we've done is insulated ourselves based on our understanding of what it means today. And we made our purchases and secured our safe-harbor assets well in advance of the law being promulgated. So, we feel good about our position. We started in 2024 and right before the law passed, we were able to safe-harbor additional renewable assets at that time.

Paul Fremont

Analyst, Ladenburg Thalmann & Co., Inc.

Q

And then, excuse me, one last one. When you rebase, if you remain within the 6% to 8%, could any particular year be above sort of the 8% that you're currently at, at the high end?

David Ruud

Chief Financial Officer & Executive Vice President, DTE Energy Co.

I think, like we said already, Paul, I think we'll roll that up in the fall or at EEI. And we'll give you a better view and what we'll plan to do. At this point, everything is based off the guidance – original 2024 guidance growth rate in our current five-year plan. So, we'll give you a lot more insight on that at EEI or third quarter.

A

Paul Fremont

Analyst, Ladenburg Thalmann & Co., Inc.

I appreciate it. Thank you so much.

Q

Gerardo Norcia

Chairman & Chief Executive Officer, DTE Energy Co.

Thank you.

A

Operator: Ladies and gentlemen, there are no further questions. I will now turn the call back over to Jerry Norcia for closing remarks.

Gerardo Norcia

Chairman & Chief Executive Officer, DTE Energy Co.

Well, thank you, everyone, for joining us today. You can see that DTE is firing on all cylinders. I'm really proud of the accomplishments the team has made so far this year, especially in the areas of we've got really high levels of employee engagement, as I mentioned, which is our secret sauce; the grids operating extremely well. And all the investments, as Joi loves to say, as investments are working and are making a fundamental difference.

I also want to congratulate our power plant operators and leaders who really ran through a heat wave here flawlessly. And at Fermi, our nuclear plants specifically, we've been recognized by the industry as one of the best-in-class plants from an operating excellence perspective. And of course, our gas team is not going out of the park and weathered a nice, colder than normal weather and that's working well. And financially, we're going to hit our high end of guidance and we're building favorability, but we're going to use that to extinguish backlogs and prepare ourselves for 2026 and beyond.

So, I'll just close by saying, it's been a true honor to serve you and as DTE's CEO. Joi is an exceptional leader, who will continue execute the DTE strategic plans with excellence, and that's her specialty, is operating excellence, and that's what we need. I look forward to staying connected with you in my role as Executive Chairman over the next few years. And DTE's in great hands with Joi and she'll drive success for this company. So, have a great morning. Stay healthy and stay safe.

Operator: Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.

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