
Co-Generation from Woody Biomass

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Executive Vice President

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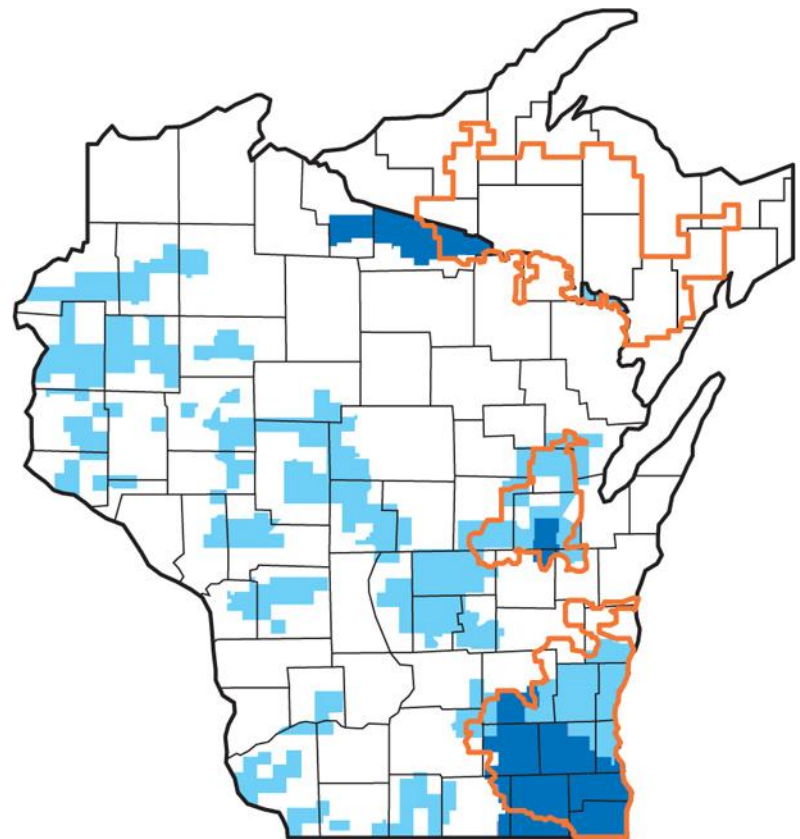
Wisconsin Energy Corporation

- Wisconsin Energy Corporation (NYSE: WEC), is one of the nation's premier energy holding companies, serving more than 1.1 million electric customers in Wisconsin and Michigan's Upper Peninsula and more than 1 million natural gas customers in Wisconsin.
- Wisconsin Energy, was established in 1987 and is the parent of Wisconsin Electric Power Company which was established in 1896. Wisconsin Electric Power Company is now doing business as We Energies. The company's other major subsidiary, We Power, designs, builds and owns electric generating plants.
- Wisconsin Energy, a component of the S&P 500, has more than \$12 billion of assets, approximately 4,700 employees and 46,000 stockholders of record.

Regulated Electric and Gas Utilities

Cornerstones of the Franchise

- **Largest electric, gas and steam company in Wisconsin**
 - 1.1 million electric customers
 - 1.0 million natural gas customers
 - 455 steam customers



- **Wisconsin Electric** Gas Service Area
- **Wisconsin Electric** Electric Service Area
- **Wisconsin Gas** Service Area

Customer Focused...Keeping the Lights On Best in the Midwest

- **Named the most reliable utility in the Midwest – again**
- **Sixth time in the past eight years that We Energies has received the ReliabilityOne™ award**
- **For the full year, best customer satisfaction ratings since the merger of Wisconsin Electric and Wisconsin Gas**
 - **Improvement of 5 percent in satisfaction with We Energies compared to 2008**
 - **Improvement of 3.5 percent in satisfaction with the transaction compared to 2008**
 - **Consistently performed in the top quartile of the industry – based on independent surveys during 2009**
 - **2nd in the Midwest among utilities reported by American Customer Satisfaction Index for the 1st quarter of 2010**

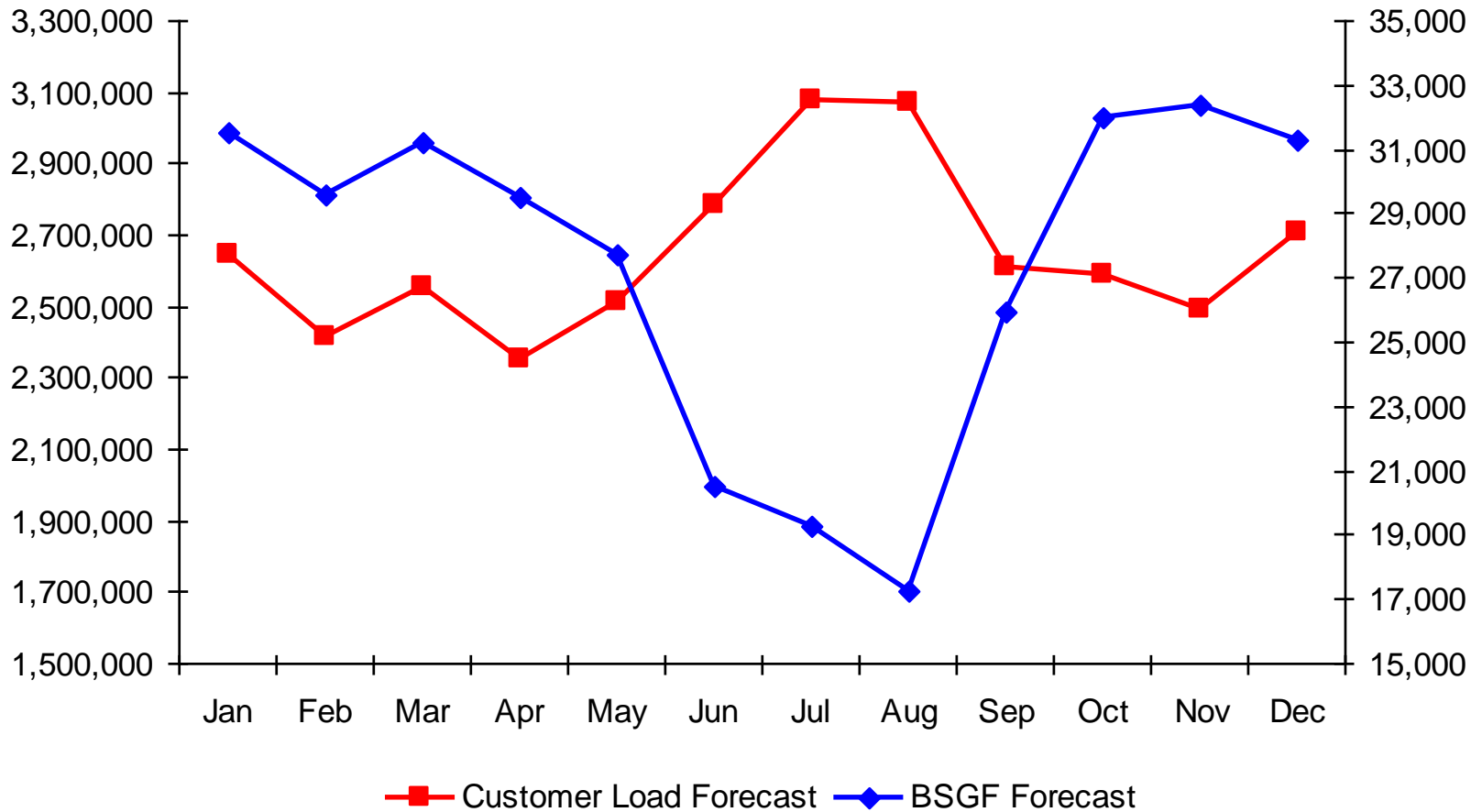
Biomass Project Background

- Requirements to meet Wisconsin & Michigan Renewable Portfolio Standard (RPS)
 - Wisconsin 8.27% by 2015
 - Michigan 10% by 2015

Balance is needed to meet RPS compliance

Year	New Generation	MW Capacity	MWH Energy
2010	Power Purchase Agreements (PPAs)	156	540,000
2011	Power Purchase Agreements (PPAs)	198	690,000
2012	Glacier Hills (Wind)	162	400,000
2012	Solar	5	6,000
2013	Rothschild Biomass Facility	50	310,000
2014	Solar	7.5	10,000
2014	<i>-- and beyond</i>		

Customer usage compared to BSGF



Siting Strategy

- **Work through the Wisconsin Paper Council**
- **Paper mill synergies**
 - **Supply chain for wood fiber operation**
 - **Minimize impact on pulp wood price**
 - **Shared infrastructure**
 - **Co-generation**
- **We Energies Requirements**
 - **Survive change in mill ownership**
 - **Survive mill closure**
 - **Meet economic threshold**

Domtar Co-Generation Partnership

- **We Energies seeks to build and own 50 MW biomass plant**
 - **Steam sold to Domtar Rothschild mill based upon an established co-generation cost methodology**
 - **Electrical output sold to Midwest Independent System Operator (MISO)**
- **Domtar provides land and existing infrastructure**
- **Either Domtar or We Energies may operate**
- **Domtar plans to manage biomass supply chain using sustainable harvesting practices**
- **Retire old steam boilers with more efficient proven technology resulting in 30% reduced emissions**

Domtar Co-Generation Partnership

Strengths

- **Creates over 100 permanent jobs**
- **Less expensive steam energy**
- **Protects several hundred jobs in paper industry**
- **Diversifies our renewable energy portfolio**
- **Can be dispatched**
- **Brownfield has advantages over a greenfield site**
- **Communities receive additional shared revenues**

Risks

- **Federal legislation**
- **EPA air regulations**
- **Biomass fuel supply**

Commercial Partners

- **Design Engineer – Poyry**
- **Constructor – Boldt**
- **Owners Engineer – HDR**
- **Boiler Island – Metso**
- **Steam Turbine Generator – GE**

Next Steps

- **Certificate of Authority (CA) Application filed with PSCW**
- **Public hearings expected in late summer**
- **Anticipated approval of CA & Air permit in late 2010**
- **Construction to begin in 2011 (approx. 26 months)**
- **Facility to begin commercial operation 2013**

