



1. MYTH – CLOSING SIMS MEANS THE ELECTRIC UTILITY WILL BE SOLD.

FACT – Closing Sims at the end of its useful life **creates an opportunity** to replace aging infrastructure and a coal-fired resource with newer, cleaner technologies. Additionally, this provides Grand Haven the opportunity to **diversify its power supply portfolio** to enhance reliability and lower rates.

WHAT DOES IT MEAN TO 'DIVERSIFY' A POWER SUPPLY PORTFOLIO?

Grand Haven will work closely with Michigan Public Power Agency to purchase smaller blocks of capacity and energy. Additionally, we are quite likely to build a smaller local plant to supplement these purchases. Using multiple resources, at multiple locations, utilizing multiple fuels and technologies, from multiple parties allows us to be less dependent on any one of these, ensuring less risk, lower price volatility, more sustainability, and higher reliability.

The BLP will continue to reliably and affordably distribute power to our community, with or without Sims, for the foreseeable future as it has since 1896.

2. MYTH – HAVING A LOCAL POWER PLANT PROVIDES MORE RELIABILITY FOR THE COMMUNITY.

FACT – Our local reliability is most dependent on our distribution system and its interconnections with the regional transmission system, not a local generation facility. Most outages are caused by storms, falling tree limbs, distribution equipment failure or malfunction, car accidents, or animals. Having a local power plant does not help prevent these occurrences nor does it help in restoration from these events. The BLP can do many things to improve its reliability, but maintaining a local plant simply isn't one of them. As evidence, Sims has

been off-line approximately 40% of the time over the last five years. The BLP was neither more nor less reliable when the plant was running. Sims made no difference in these regards. Our grid interconnections provide multiple paths to multiple resources, ensuring the BLP is not dependent on any single generation resource to provide service to our customers. Again, having access to multiple generation resources will always be more reliable than depending on any one of them.

Whatever “portfolio” of resources the BLP utilizes in the future, the combination of resources will no doubt be more, not less reliable than we are today.

3. MYTH – THE BLP NEEDS TO REPLACE SIMS WITH ONE, EQUALLY SIZED, OR EVEN LARGER GENERATION FACILITY.

FACT – Grand Haven is quite unique in its dependence and reliance (or more appropriately “over-reliance”) on a single local power plant. Additionally, Sims is oversized for our load. As a result, the BLP must maintain wholesale sales for Sims to remain economical. The Board has directed Staff in its 5-year Strategic Plan to *evaluate potential generation projects and longer-term purchased power alternatives that could provide “a more sustainable, economical, and diversified power supply portfolio” focusing on proven renewable and natural gas fired technologies.*

WHERE DOES THE POWER COME FROM WHEN SIMS IS NOT RUNNING?

The BLP buys all the power it does not generate locally from the Michigan Public Power Agency. This power is delivered to us over the regional transmission system. The Grand Haven system is interconnected with “the grid” at two locations, our Osipoff Substation on 172nd Avenue south of D & W and our Morford Substation on East Sternberg Road in Fruitport Township. The “backbone” of the BLP system, is a 69-kV transmission line connecting these two substations and two others, North and Island Substations, and the Sims Power Plant. The BLP is in the process of upgrading this 69-kV line as it was no longer meeting our system requirements during peak load periods. Upgrading the BLP’s transmission system ensures Grand Haven’s ability to import power from the regional transmission grid and provides our customers with improved reliability. Interestingly, power from Sims also flows

over these same lines before it reaches most of our customers.

HOW ARE SMALLER PUBLIC POWER UTILITIES ABLE TO COMPETE WITH MUCH LARGER PRIVATELY-OWNED UTILITIES?

Distributing energy is the focus of most smaller public power utilities. The local utility is well suited to provide increased reliability and efficient and effective distribution services, however, most often these smaller entities lack the size to gain the necessary economies of scale to develop a diverse portfolio of generation assets by themselves. Most municipally owned utilities have joined “joint action agencies” and state trade associations to work with other similarly situated local electric utilities for this reason.

Grand Haven is a member of the Michigan Public Power Agency, which is a 22-member joint action agency, and the Michigan Municipal Electric Association, which is Michigan’s trade group for municipally owned electric utilities.

Both MPPA and MMEA are located in Lansing and are integral “extensions” of each entity’s independent local operations.

WHAT DO JOINT ACTION AGENCIES PROVIDE?

Through JAA’s, smaller utilities gain the opportunity to combine certain transmission and generation operations and wholesale buying power to gain efficiencies and obtain the necessary economies of scale that none of their members could accomplish individually. Almost all Public Power utilities are members of Joint Action Agencies for these purposes.

WHAT DOES MMEA PROVIDES ITS 40-MEMBER CITIES?

MMEA provides its members with communication services, legislative services, legal assistance, educational seminars and training, and assistance with emergency disaster planning and mutual aid. The association also monitors legislation and regulations on both a state and national level that impact electric utilities.

616-846-6250 | ghblp.org

