The Impacts of Retiring Local Power Plants

The Midcontinent Independent System Operator (MISO), the organization that oversees electricity transmission to Grand Haven and a region spanning over fifteen states, recently confirmed that **power plants are retiring or closing faster than replacement generation is being built.** With this greater pace of retirement, this summer West Michigan and beyond may face capacity shortages that raise wholesale power supply costs and increase risk for possible temporary, scheduled power outages (also called "load shedding" or "rolling brownouts").

MISO reported in January that "...many thermal resources have recently retired from service due to economic, regulatory, and environmental pressures, and the aging thermal assets that remain in service may be more prone to unplanned outages and face supply chain issues.



Closing Down Local Power Generation

On a local level, Michigan is continuing to make strides to decarbonize its energy generation. Currently, the Michigan Public Service Commission (MPSC) is considering a Consumers Energy proposal to shut down their coal-fired JH Campbell power generation facility by 2025, 15 years ahead of its planned operating life. "The proposed closure of the Campbell facility is currently tied to an Integrated Resource Plan case before the MPSC," said Michigan Public Power Agency (MPPA) CEO and General Manager Patrick Bowland. According to their website, MPSC's goal is to ensure "safe, reliable and accessible energy and telecommunications services at reasonable rates." The Commission is expected to provide an order on the case by August 2022.

Michigan Power Generation Sources, 2021



Though Grand Haven does not, many other communities have a stake in Campbell's generation as part of their power supply purchases through MPPA, which was expected to operate as late as 2040. Campbell generates about 1420 MW at its maximum capacity, about 6% of the entire state's power generation. The Grand Haven BLP has a peak capacity requirement (load) around 66 MW, so the grid will lose the ability to supply approximately 20 Grand-Haven-sized towns' worth of peak day power with the closure of facilities at JH Campbell.

Changes to the Entire Grid

In addition to a tight capacity market, changes to power generation as we decarbonize and retire coal from the grid also require updating the entire grid, including transmission systems and substations nearby.



"For decades, the fossil fuel plants along the coast of Lake Michigan (including those in Muskegon, Holland, Grand Haven, and West Olive) all relied on a transmission network that funneled power east to the rest of the state," explained Bowland. "Moving Michigan's power generation from new areas as we add solar farms or other renewable sources in other locations will require investments to reconfigure the grid."

Without Campbell supplying power in the near future, nearby substations would experience changes in power flow, including those that supply Grand Haven and Zeeland which have historically received power directly from Campbell and would now need to receive power from elsewhere.

Capacity Shortages Affect Everyone

Power supply and transmission planning, and construction of new assets, takes place over many years. In fact, the Grand Haven BLP has purchased all of its required capacity through 2027.

"Though we won't need to make changes in our power capacity purchases, other MPPA members in Michigan may need to as a result of Campbell's potential early retirement," said GHBLP General Manager David Walters. "Grand Haven BLP purchases all of our capacity in advance, and we account for it several years out as required by the state's planning reserve requirements."

When the grid operator reaches capacity during peak usage times as temperatures warm, there comes a point at which customer demands may exceed capacity. When these peaks occur, the grid operator requires all affected utilities, public and private, to shed load as necessary to prevent problems to the system as a whole.

"In our community, we are prepared to do our part as directed with other utilities across the state, first through voluntary power reductions and then through mandatory short-term load reductions as required by MISO," said Walters. "As a customer owned utility, we have fair processes in place to minimize planned outage times by distribution circuit and we will make every attempt to communicate with each impacted area to warn of emergency outages before they happen."

For more information customers can visit ghblp.org where more information will be posted as it becomes available.

FY2023 Rate Structure & Reimplemented PSCA

After two years of a zeroed-out power supply cost adjustment (PSCA), with the approval of the FY2023 budget, Grand Haven BLP will reimplement the PSCA charge for all rate categories starting July 1, 2022. This reimplemented charge will affect all rate categories and recover a portion of the significant wholesale energy market price escalations that we as a utility have absorbed during the transition away from Sims. The BLP will determine the PSCA monthly using a 12-month rolling average calculation of the actual cost of our power supply cost above a preset "base."

Understanding Your Energy Rates

Kilowatt Hour (kWh) is the basic unit of energy by which the BLP meters and bills for electricity supplied to customers. An average residential customer uses about 608 kilowatt hours monthly. The Monthly Service Charge is a fixed charge billed to each customer to recover BLP costs that do not vary with the amount of electricity used. Such costs include billing, metering, administrative, and certain distribution system related expenses.

The Energy Charge recovers costs incurred by the BLP that generally vary with the amount of electricity the customer uses each month. Such costs include wholesale power purchases.

The Power Supply Cost Adjustment (PSCA) increases or decreases the Energy Charge to recover variations in the actual costs of wholesale power above or below the base cost.

The Demand Charge is assessed only to larger commercial and industrial customers. It is charged in proportion to each customer's maximum "peak" demand (highest electrical demand in a 15 minute interval) during the billing period.

Support	Renewak	oles with
the Gree	n Energy	Program

How You Can Sign Up

Looking for ways to make your energy consumption more environmentally friendly? With our Green Energy Program, you can enure that some or all of your power is generated from renewable sources.

Register for the Green Energy Program and the Grand Haven Board of Light & Power will purchase additional renewable energy credits on your behalf.

Visit ghblp.org/green-energy program for more information or contact our Customer Account Representatives at 616-846-6250.



Your Board of Directors:

Larry Kieft, Chairperson Michael Westbrook, Vice Chairperson Todd Crum, Director Andrea Hendrick, Director Gerald Witherell, Director

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July 2022



	Average Monthly kWh Usage	Monthly Service Charge	Average Monthly Energy Charge and PSCA	Average Monthly Demand Charge	FY 20223 Total Average Monthly Bill	FY 2022 Total Average Monthly Bill	% Change 2022 to 2023
Residential	602	\$15.00	\$71.14		\$86.14	\$83.23	3.5%
General Service Secondary	1,657	\$37.50	\$216.13		\$253.63	\$245.53	3.3%
General Service Primary	18,495	\$100.00	\$2,426.44		\$2,526.44	\$2,436.30	3.7%
General Service Large Secondary	12,664	\$150.00	\$1,006.33	\$659.49	\$1,815.82	\$1,754.42	3.5%
General Service Large Primary	208,220	\$350.00	\$12,277.80	\$9,437.74	\$22,065.54	\$21,054.90	4.8%
Weighted Average							3.8%