How the BLP Buys Energy for the Community

The BLP approaches buying power in a similar way to how you might invest for retirement – by planning ahead, buying incremental amounts over regular intervals and diversifying to spread out risk. Both have the same intention – responsibly securing a more predictable and stable future.

Like the stock market, there are a number of factors that can impact energy markets, be it a pandemic, a foreign war, international tariffs or extreme seasonal temperatures, etc. To protect the community from volatility, the BLP diversifies its energy purchases, just like you spread out your retirement savings into multiple baskets.



To do this, the BLP partners with other municipal utilities in the state, pooling resources to increase our collective purchasing power and leverage to get better prices. The utility plans for the longterm stability of its electrical rate structure and makes investments to protect customers against market volatility. It takes careful planning, execution, and constant vigilance to keep power supply costs in check.

A Five-Year Outlook

Prior to the closure of the JB Sims Power Plant in February 2020, the BLP began making incremental purchases in both *energy* and *capacity* (see an explanation of the difference between energy and capacity later in the article). The utility continues that forward-looking approach and has made some energy purchases as far out as 2035. These purchases contain a mixture of market energy and renewable power. While the graph here looks simple, the underlying data involves many separate energy transactions!



Annual Energy Purchases as of 3/24/2025

This strategy over the past nine years has allowed the BLP to:

- Decrease rates and then held them relatively stable for a period of years.
- Enter into two separate wind power agreements and six separate solar agreements.
- Increase the community's renewable energy purchases from 9.4% of total power supply purchases in 2019 to 26% in 2024.

The most recent development, the Brandt Woods Solar Project, is a 125 megawatt (MW) solar farm that went online in March 2025. Thirteen municipal members in the Michigan Public Power Agency pooled their resources to purchase 25 MWs of that project. The BLP's portion is 2.2 MW, which provides approximately 4,500 megawatt hours per year.

While this may seem like a small amount by itself, it's important to note that we have added it to three other solar projects (already in operation) to raise the BLP's peak solar energy generation to 16.6 MWs. In addition, we have signed onto two new solar projects that are scheduled for construction, which will take the BLP's peak solar energy generation to over 23 MWs. These solar projects, coupled with the other renewable agreements for wind and landfill gas, take the BLP's renewable energy generation to over 33 MWs during peak output. For reference, the BLP's average hourly load in 2024 was 31.8 MW.

RECs & Compliance with State Regulations

The BLP will also be purchasing renewable energy credits (RECs) each year as part of the diversification strategy. Not all renewable energy can come from local assets, so these RECs are a market tool that ensure investment in generation elsewhere in the United States.

While the State of Michigan has set aggressive targets for utilities renewable energy portfolios (15% renewable energy through 2029, 50% through 2034, 60% thereafter), the BLP will be retiring the RECs according to the State mandates and banking the excess credits from these early measures for future compliance years. This will allow the community to continue the diversification strategy of making incremental investments over multiple projects therefore reducing risk.

A Balanced Portfolio

The BLP's increased renewable energy purchases have now grown to a considerable size for such a small community, and it will be vitally important to balance the output of these renewable energy resources with the distinct hourly and seasonal load profile of our community. The BLP does not speculate with the community's power supply, but rather it takes all potential contingencies into account and considers all its stakeholders to avoid overcommitment in any specific market. This feeds back to the threepillar approach (Reliability, Sustainability and Affordability) that drives the Board's decisions.





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Story continued from inside

Revisiting the Difference Between Capacity and Energy

When we look at where our electricity comes from, there can be a lot of similar terms like **energy** or **capacity**, that might seem like synonyms. However, when discussing power supply, it's important to differentiate them. *Capacity* can be defined as how much power is available at any given moment vs. *Energy*, which relates to how that power is consumed over time. Grand Haven BLP needs to make its buying decisions based upon both categories. There are some real-world examples that can be used to help illustrate the difference between capacity and energy. Consider it this way:

Let's say you just inherited a big boat, which you want to tow to the lake. To move that boat, it requires a certain amount of horsepower – that power can be viewed as *Capacity*. However, you only have a compact car, so you can imagine that no matter how eager you are to get to the lake, that car isn't going to be able to meet the demand to pull that boat! You need more *Capacity*.

Taking the analogy further – let's say you borrow your brother's pickup truck, which has plenty of *capacity* to pull the boat. However, you neglect to fill the tank and run out of gas before you get to the lake. Regardless of your initial *Capacity*, you didn't have enough *Energy*. The fuel that you use to get to the lake represents the Energy. You need both, *capacity and energy*, to be successful in your outing. Careful planning around both is also true for a power purchasing strategy.



Much like layering in our energy purchases, the BLP also makes incremental purchases in capacity. Currently, the BLP is fully covered out to 2027, with other purchases extending long after that. As the energy markets increase the amount of renewable energy on the grid, capacity additions will be required, which is something the Board will be discussing in 2026 during their strategic planning development.

Conclusion

In serving our community, the BLP evaluates and balances multiple factors, with the three pillars (reliability, affordability, and sustainability) as the touchpoint for guiding every decision. Whether it's the long-term vs. short-term strategy, the investment in renewable energy, the management of energy and capacity supplies or how best to adapt to the ever-changing marketplace, the BLP will continue to use proven best industry practices of moving forward with a balanced approach for the betterment of our community.

Partnering in Safety

You can help us keep our power safe and reliable. If you see a downed line or power equipment that's at risk of damage from a tree, please contact our customer service team. Remember to always stay 50 feet from downed lines, even if they don't look energized.

Customer Service 8:00 am - 5:00 pm 24 hour Emergency Service 616-846-6250



Your Board of Directors:

Michael J. Westbrook, Chairperson Todd B. Crum, Vice Chairperson Phil Polyak, Director Kurt Knoth, Director Mike Welling, Director

Grand Haven Board of Light & Power 1700 Eaton Drive, Grand Haven, MI 49417 616.846.6250 | ghblp.org

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