Strategic Plan

Fiscal Years 2027 - 2031

Grand Haven Board of Light & Power

MESSAGE FROM THE GENERAL MANAGER

The Grand Haven Board of Light and Power (BLP) was established in September 1896 when the citizens of Grand Haven approved a $10,000 bond to construct the City's first electric generator. Over the past 130 years, the BLP has witnessed many changes in the Tri-Cities area and in the electric industry. During this time the BLP has had many milestones that we all can celebrate.

In 1930, the voters rejected the sale of the BLP to Consumers Energy and created a separate citizen elected Board to govern the utility. In 1950, the BLP installed Engine 7 at the Diesel Plant on Harbor Drive making that Plant the largest municipal-owned diesel plant in the nation. By 1959, the area had outgrown the Diesel Plant, and construction was started on a new coal fired power plant on Harbor Island. Continued growth led to a new larger plant, and in 1980 construction started on Sims Unit III, the BLP's largest ever generating asset. Due to changing energy market conditions and utility business models, the BLP ceased operations at both the Diesel Plant and the Sims Plant on Harbor Island in 2020. This allowed the BLP to take advantage of the greater transmission grid system and energy markets, enabling the BLP to move to a more diversified power supply portfolio. This transition resulted in less risk to the utility, lower costs for our customers, and dramatically decreased our community's carbon footprint.

While we celebrate 130 years of service to our community this year, it is also important to focus on where we are at today and where we are headed in the future. When I reflect on our recent history, I am proud of the many accomplishments the BLP has achieved over the past several years which have positioned the organization well for the future. Achievements such as the retirement of the baseload power plants mentioned above, the implementation of new technologies to improve utility operations and enhance the customers' experience, and significant investments into our infrastructure to reduce outages and strengthen the resiliency of our operations and systems.

Today, the BLP serves over 15,000 homes and businesses throughout the greater Tri-Cities area, making the BLP the fifth largest municipal electric utility in Michigan based on the number of customers served. This growth and success have been achieved through the hard work and dedication of our employees, thoughtful planning by our leadership, and the ongoing support of the communities we serve.

As we look to the future, this Strategic Plan will serve as a roadmap to guide the organization's desires and goals for long-term success. The Plan contains the BLP's mission statement, core values, and strategic priorities. The purpose of this document is to guide decision making and provide a clear vision of where we are headed so that all strategic priorities are considered in a balanced manner while honoring our core values to ultimately achieve our mission.

I look forward to this journey, and I am excited about what the BLP can accomplish over the next five years.

Robert Shelley
General Manager

STRATEGIC PLAN PURPOSE

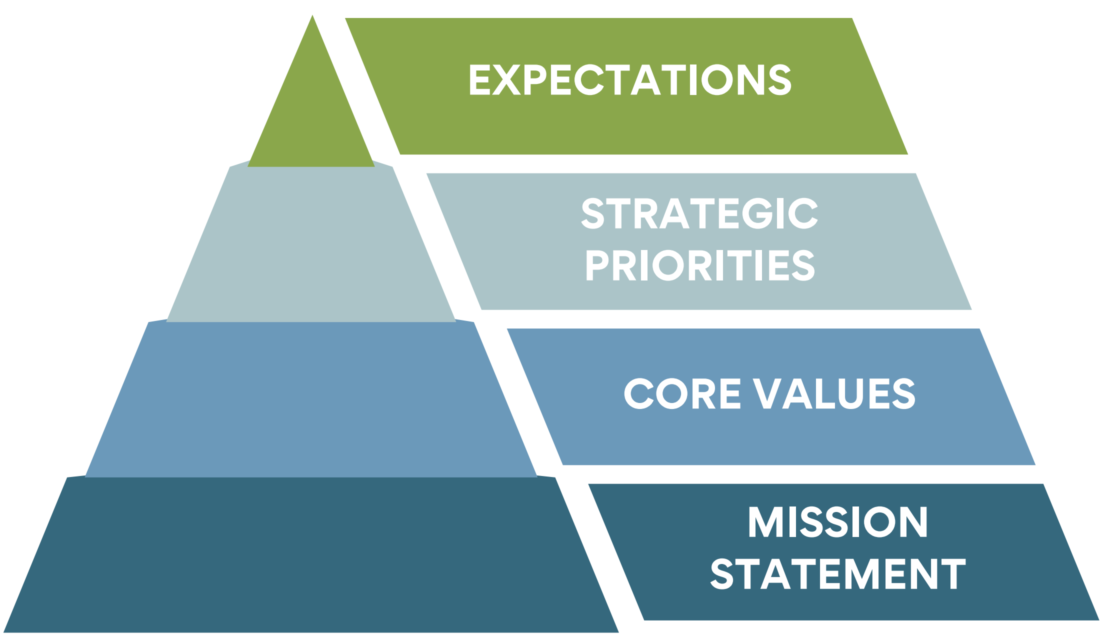
The purpose behind our Strategic Plan is to set the foundation of the BLP. The Plan is a multi-tiered pyramid by design, anchored by our Mission Statement and Core Values. These two components define why the BLP exists and how we conduct ourselves as an organization.

The next tier of the pyramid is Strategic Priorities. The Priorities serve as the framework to establish the BLP's objectives and to identify the areas of focus that will drive our success.

The top tier of the pyramid is Expectations, where the Plan defines the expected outcomes. These outcomes can be measured, tracked and reported to evaluate progress and ensure accountability.

This Plan should serve as an integral part of decision making throughout the BLP, influencing everything from budgeting and resource allocation to departmental planning and individual goal setting. Each goal should align with the Plan to ensure that the entire organization is working together towards the same end.

This document is a living and breathing guide that must be consulted, reviewed, and adjusted as needed to meet emerging challenges, capitalize on new opportunities, and to ensure the BLP remains focused on achieving its mission.



MISSION

The GHBLP mission is to provide reliable electric service that returns value to our customers while ensuring the economic and environmental sustainability of the utility.

OUR CORE VALUES ARE TO:

PRIORITIZE SAFETY

- Promote and sustain a culture of safety
- Maintain a safe and secure workplace
- Take proactive actions to safeguard our communities

CONTINUOUSLY IMPROVE OUR PERFORMANCE

- Maintain modern and reliable infrastructure
- Consider the environmental impacts of what we do
- Implement best and sustainable practices
- Utilize technology effectively

SERVE WITH INTEGRITY

- Be accountable for our actions
- Serve openly and honestly
- Treat all in our communities fairly, equitably, and respectfully

PROVIDE VALUE TO THE COMMUNITY

- Improve the communities we serve
- Remain a trusted local energy partner
- Engage and understand our customers

WORK COOPERATIVELY AS A TEAM

- Prioritize wellness, education and training
- Treat our team members fairly, equitably, and with mutual respect
- Value the contributions of everyone on the team

S.W.O.T ANALYSIS

STRENGTHS

- The BLP has proved itself as a long-term reliable electric utility provider and energy partner to the Tri-Cities area, providing service and value to the community since 1896.
- The utility is locally controlled by a five-member elected Board of Directors, which is answerable to the citizens (and customers) that elected them.
- Our current workforce is skilled, productive, and professional and is committed to providing economical, reliable, sustainable, and customer-focused utility services through continuous improvement.
- Like all public power utilities, our services are concentrated and focused on providing value to the local community, not remote stockholders nor more divergent interests.
- The BLP offers competitive and stable rates within the State of Michigan.
- Cash reserves have been maintained at recommended levels without raising rates.
- BLP is focused on proactively implementing utility "best practices" and prudent use of new technologies to address changes in the rapidly evolving electric utility industry.
- The BLP has Network Integrated Transmission Service from MISO, which allows access to the energy markets and facilitates a diversified power portfolio.
- Recent major upgrades and rebuilds have resulted in a relatively young transmission and distribution system age.
- The BLP is consistently recognized as an industry leading utility in multiple areas including reliability, safety, customer satisfaction, sustainability, and as a clean energy provider.

WEAKNESSES

- The Board & City Council relationship has been strained in the past. While trending in the right direction, there is still more to be done.
- The BLP is facing a significant unknown amount of "legacy" costs related to environmental remediation activities on Harbor Island.
- The BLP does not have any local generation and is 100% reliant on energy markets and the grid. This does not allow the BLP to have a local hedge or control against the markets or grid reliability.
- Cyber and physical security enhancements are required to meet evolving threats.
- The BLP's service territory is built out, leaving limited opportunities for expansion and load growth.
- A high percentage of the BLP's customers do not have direct representation on the Board.

S.W.O.T ANALYSIS

OPPORTUNITIES

- Our membership in an effective and proven state joint action agency provides a mechanism to partner with other public power utilities and private entities in cost effective, diversified, jointly owned, at-scale projects and wholesale power purchases.
- New balancing and storage technologies, behind-the-meter Distributed Energy Resources (DERs), demand-side management, and energy waste reduction options present new opportunities for the BLP to partner with its customers.
- New technologies and implementation of evolving best practices allows the BLP to improve our efficiency and productivity.
- Better understanding, communications, and interactions with our community allows us to cater utility services to meet their expectations.
- The evolving social, political, regulatory landscape, rapid electric utility industry changes, and technological advances provides enormous opportunities and risks (uncertainties).
- The evolving workforce allows for opportunities to attract new and diverse skillsets.

THREATS

- Pending capacity deficits in MISO's resource adequacy market, in which Grand Haven is now dependent upon to purchase most of its capacity requirements, will cause uncertainty and price volatility in the foreseeable and longer-term capacity and energy markets.
- Changes in weather, and concurrent changes in the power supply resource mix, create new reliability challenges.
- Legislative and regulatory initiatives and mandates continue to infringe on local control.
- Renewable and clean energy standards resulting in a high level of intermittent generation penetration is causing grid reliability issues and price volatility.
- Grid load growth is outpacing generation additions.
- There is a tie between the regional natural gas and electric energy markets. A lack of coordination between the electric and gas markets could cause uncertainty and volatility in both markets.
- Increased public interest and activism from stakeholders who want different outcomes that often pull the BLP in opposite directions.
- Cyber and physical security threats are ever changing. The BLP must continue to update its technology and infrastructure to ensure the security and reliability of our community's assets.
- The evolving social, political, regulatory landscape, rapid electric utility industry changes, and technological advances provides enormous opportunities and risks (uncertainties).
- Inflationary pressures continue to impact all aspects of BLP operations.
- The local industrial base is shrinking.


STRATEGIC PRIORITIES
FINANCIAL MANAGEMENT
CUSTOMER AND COMMUNTIY ENGAGEMENT
POWER SUPPLY
TRANSMISSION AND DISTRIBUTION
HUMAN RESOURCES

FINANCIAL MANAGEMENT

Strategic Objective

GHBLP will operate in a manner that manages financial resources to provide rate stability, customer value, and appropriately address risks.

Areas of Focus:

- Financial policies and internal controls
- Cash flow management
- Liability management
- Rates
- Financial monitoring and reporting
- Budgeting and capital planning

Expectations:

- Provide annual budgets and five-year capital plan for approval
- Maintain competitive, stable rates
- Remain in compliance with annual audits and financial policies

CUSTOMER AND COMMUNITY ENGAGEMENT

Strategic Objective

GHBLP will engage its customers and the community to build trust and invite meaningful public feedback on values and expectations.

Areas of Focus:

- Market research & data analytics
- Customer service tools/technology
- Customer satisfaction
- Community education and outreach
- Direct customer interaction

Expectations:

- Solicit customer feedback to gauge customer satisfaction and understand interests and expectations
- Provide clear and accurate information that promotes understanding and supports the organization’s goals and reputation
- Engage in two-way communications that build relationships with our stakeholders

POWER SUPPLY

Strategic Objective

GHBLP will maintain a diversified power supply portfolio that balances economics, risk management, and sustainability.

Areas of Focus:

- Wholesale market transactions
- Portfolio diversification
- Energy risk management
- Resource adequacy
- Grid resiliency
- Regulatory compliance

Expectations:

- Maintain a sustainable, economical, and diversified power supply portfolio by evaluating potential projects, renewables, emerging technologies, and long-term purchased power alternatives
- Address reliability, capacity, and energy needs by evaluating local generation options
- Utilize a five-year forward-facing energy and capacity plan to remain in compliance with energy risk management policies and regulatory mandates

TRANSMISSION AND DISTRIBUTION

Strategic Objective

GHBLP will operate and maintain a reliable modern system that supports the community's future growth.

Areas of Focus:

- Distribution system hardening
- Long-term system planning
- System operations
- System reliability

Expectations:

- Effectively and continuously plan for long-term system enhancement and growth
- Maintain strong electric reliability through proactive maintenance, system improvements and timely outage response
- Follow best practices to ensure safe and secure infrastructure and systems

HUMAN RESOURCES

Strategic Objective
GHBLP will attract, develop, and retain a qualified, effective, and professional team.

Areas of Focus:

- Maintaining competitive compensation and benefits
- Workforce planning and development
- Safety and wellness programs
- Hiring and retention practices
- Workplace culture
- Cyber Security

Expectations:

- Maintain a workplace culture that promotes employee satisfaction and teamwork
- Be considered an employer of choice within our region and industry
- Follow best practices to ensure a safe and secure workplace


Grand Haven Board of Light & Power
LIVE UNITED
MY BLP
THE LITTLE
RED HOUSE
ADULT DAY SERVICES & CARE
GUEST
STRIKE
OUT
INNING
HOME
DUDE
SMOKE ALARMS
WE SALUTE THE U.S. COAST GUARD

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