CITY OF CHARLEVOIX

Agenda
City of Charlevoix City Council Regular Meeting
Monday, December 5, 2022 - 4:30 PM
Council Chambers, 210 State Street, Charlevoix, MI

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1. **Roll Call**
2. **Presentations**
   A. MPPA Presentation
3. **Reports and Communications**
   A. Public Comment
   B. Mayor and Council Comments
4. **Adjourn**

Persons with disabilities who need an accommodation to fully participate in these meetings should contact the City Clerk's Office at 231-547-3250 or by email clerk@charlevoixmi.gov. A 24-hour notice may be needed for certain accommodations. An attempt will be made to grant all reasonable accommodations requests.

Charlevoix City Council

Presentations

Title: MPPA Presentation
Date: December 5, 2022

Presented By:

Background:
MPPA Presentation
Monday December 5, 2022

Patrick Bowland – CEO and General Manager
Patrick is responsible for the strategic direction and tactical leadership of MPPA including energy supply, energy services, asset management, operations, and member relations. Mr. Bowland joined MPPA in September 2015 with over 20 years' experience in the power industry, where he held numerous leadership positions responsible for constructing energy transactions with power generators, load serving entities, and large sophisticated end users. He holds a Bachelor of Science in Industrial Distribution and an MBA from Wayne State University.

Steve Donkersloot – Director of Strategic Energy Resources and Services
Steven joined MPPA in 2020, bringing with him many years of valuable experience. He started in the electric industry in 2009 as an intern for Lowell Light & Power (LL&P), a municipal electric utility and Member of MPPA, while attending Hope College. After graduating from Hope in 2010 with a BA in Accounting, he served LL&P in many capacities, including the General Manager position from 2016 – 2020. As GM, he was responsible for the overall management of the utility's operations, facilities, personnel, and policies. Steven is a strong believer in the value proposition of joint action and Public Power.

Below is a partial list of topics to be covered:

1. What is a Joint Action Agency
    1. A legal entity created to share resources of municipally owned electric utilities
2. Overview of MPPA (size, members, age)
3. Key Value Proposition to Members
4. Industry Transformation Drivers
    1. Technology
    2. Customer expectations
5. Agency Transformation
    1. Power Supply
    2. Staff
    3. Systems
    4. Services
6. Charlevoix
    1. Power Supply

        1. Current Resource Mix
        2. Forecasted Resource Changes
    2. Operations
        1. Financial
        2. Systems
7. Wrap Up

Recommendation:

Attachments:

1. City of Charlevoix

Michigan Public Power Agency

Michigan Public Power Agency

"Delivering Value Added Energy Solutions and Services to its Members"

City of Charlevoix

December 5, 2022

Public Power
✓ Not for profit
✓ Community-owned
✓ Locally controlled
Customer sided utility business model

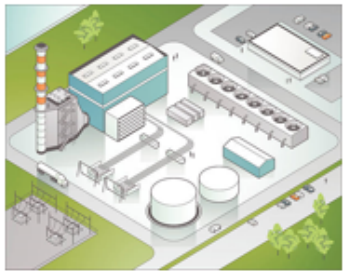
Joint Action Agency

Joint Action Agencies (JAA) formed -1970s

- Enabling Legislation 1976 (Act 448)
- Consortiums to invest in power projects
- JAA finance, own, or contract – Members take % share

Share resources and expertise

Lower costs and diversify risk



JOINT ACTION

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Michigan Public Power Agency

Established 1978

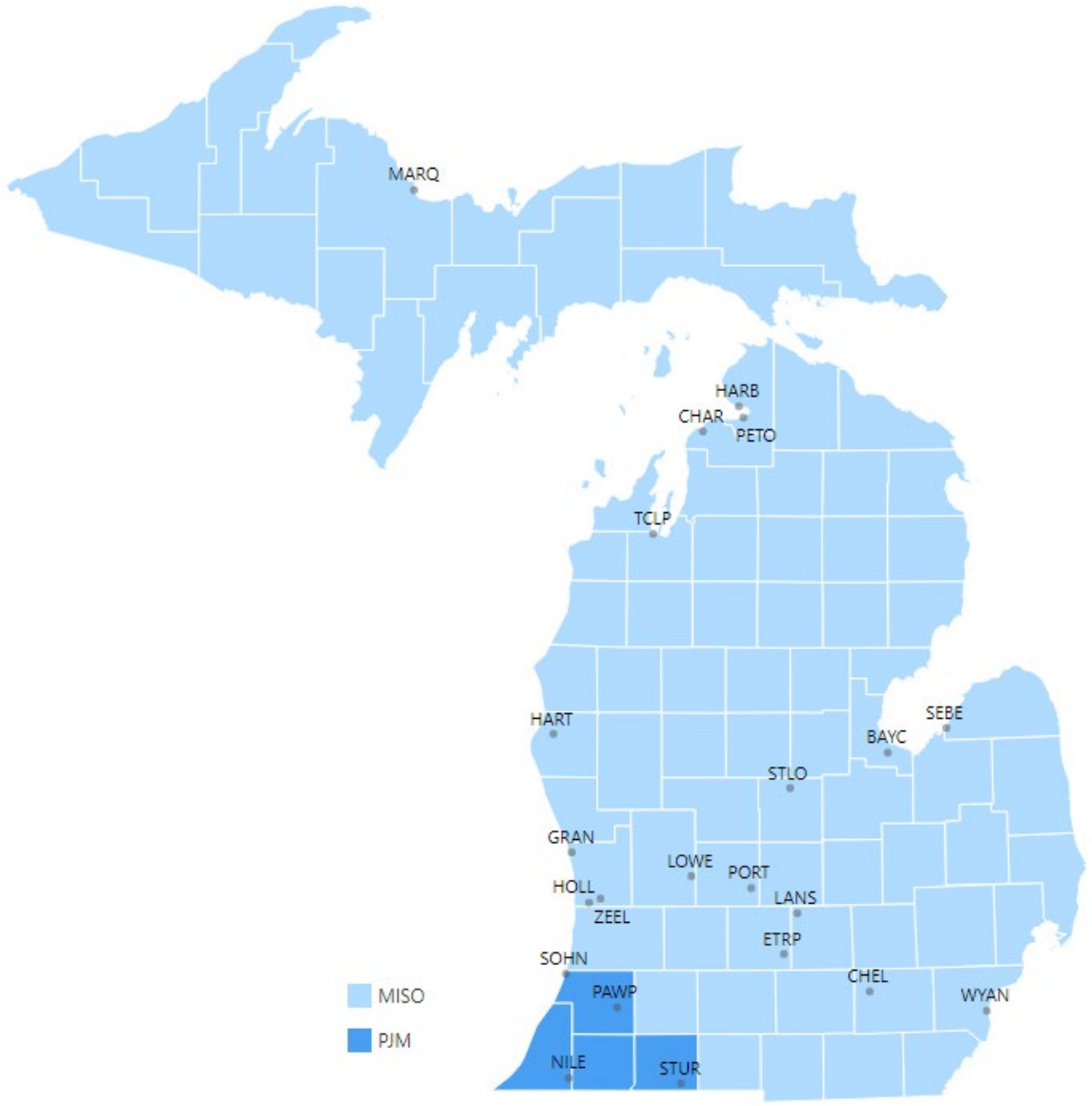
22 Members

PJM and MISO

Michigan Municipal Electric Utilities

Project Based Agency

5 Associate Members do not participate in power supply



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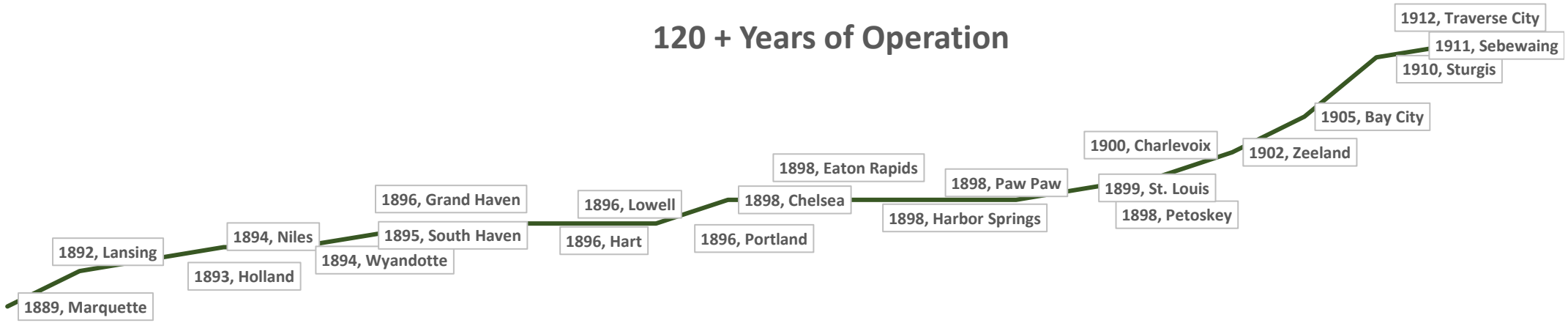
Agency Member Profile

1.4 GW
Peak Load

6 Million
MWh
Retail Sales

275,000
Retail
Customers



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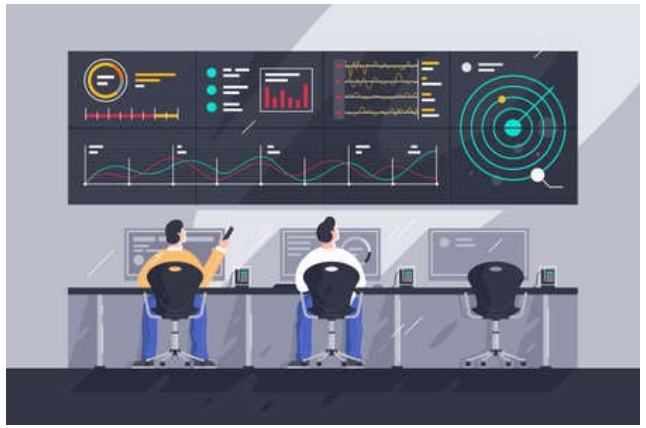
What we do for Members



Interface Wholesale Energy Markets

Power Supply Portfolio Management

Transaction / Investment

Economies of Scale

Risk Diversification

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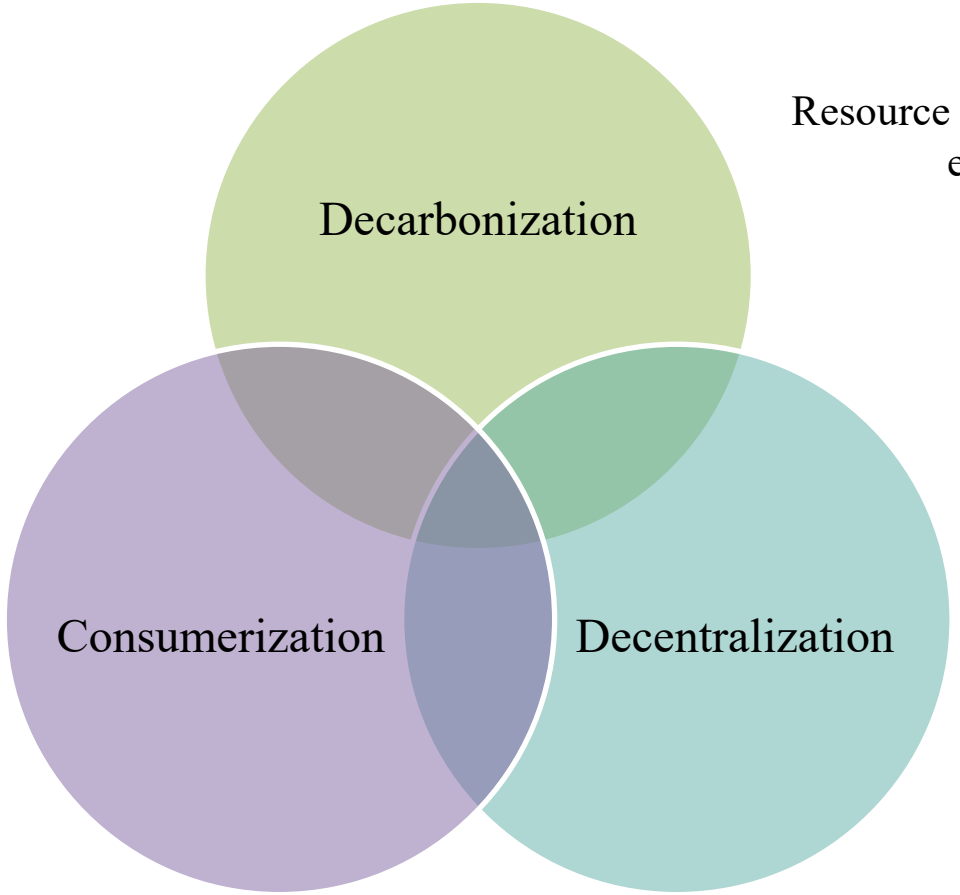
Industry Transformation



Resource changes focused on reducing / eliminating fossil fuel

Interest in and control over energy aided by Decarbonization & Decentralization

Smarter, faster, smaller, efficient, local

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MPPA Transformation

Renewables, Energy Storage, Distributed Energy Resources

Power Supply

Staffing

Analytics, Business Intelligence, Finance, Services

Huge volumes of data, scenario analysis, automation, new dispatch logic

Systems

Engagement

Education, Participation, Marketing

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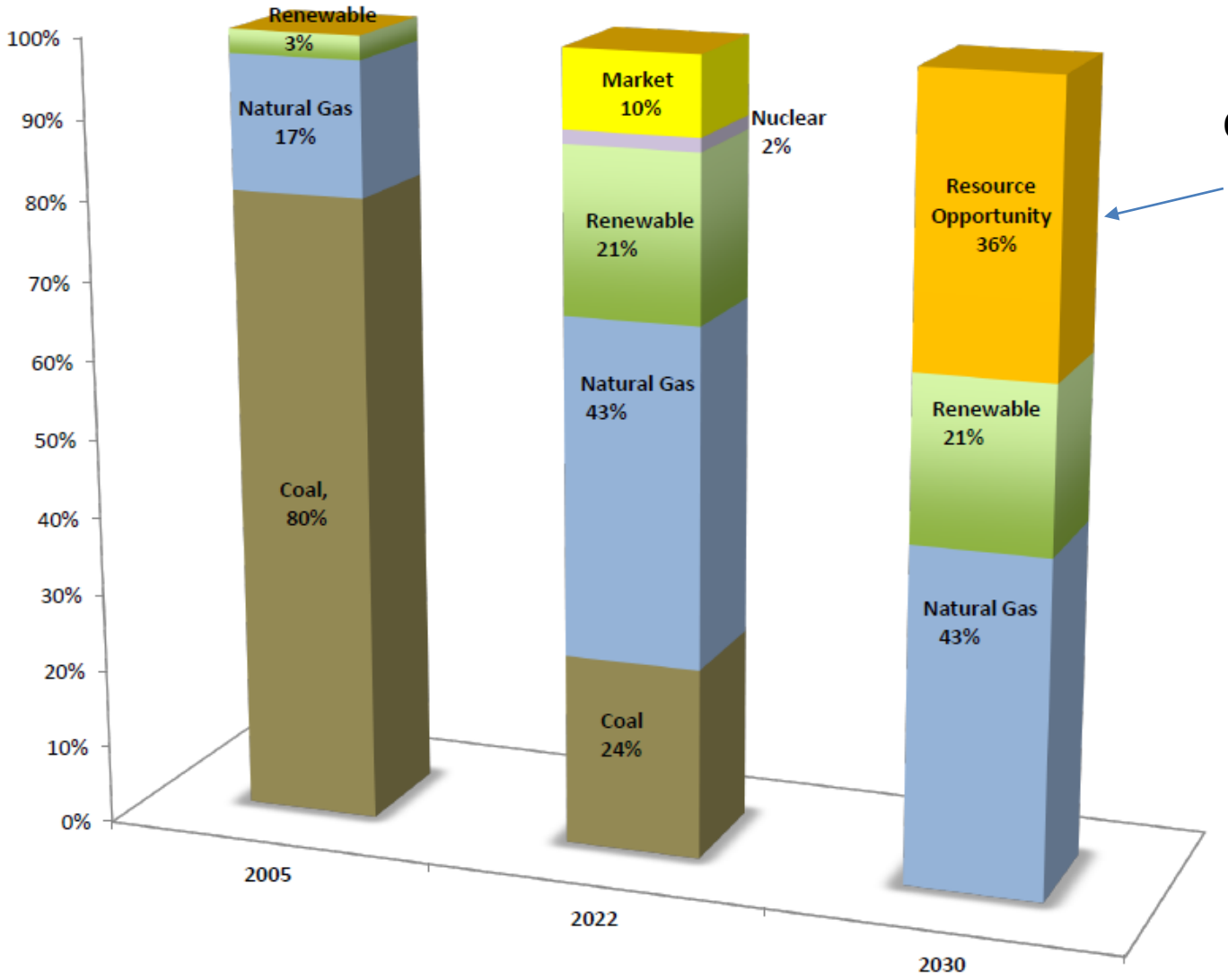
Power Supply Transformation – MPPA

$1+ Billion of Renewable PPAs

60% CO_2 reduction from 2005

- Coal debt retired in 2018 & 2021
- One of the largest solar projects in Michigan (160 MWs)

- We believe the last wind project to reach commercial operation



Complexity navigating reliability, supply fit, land use, carbon risk, cost

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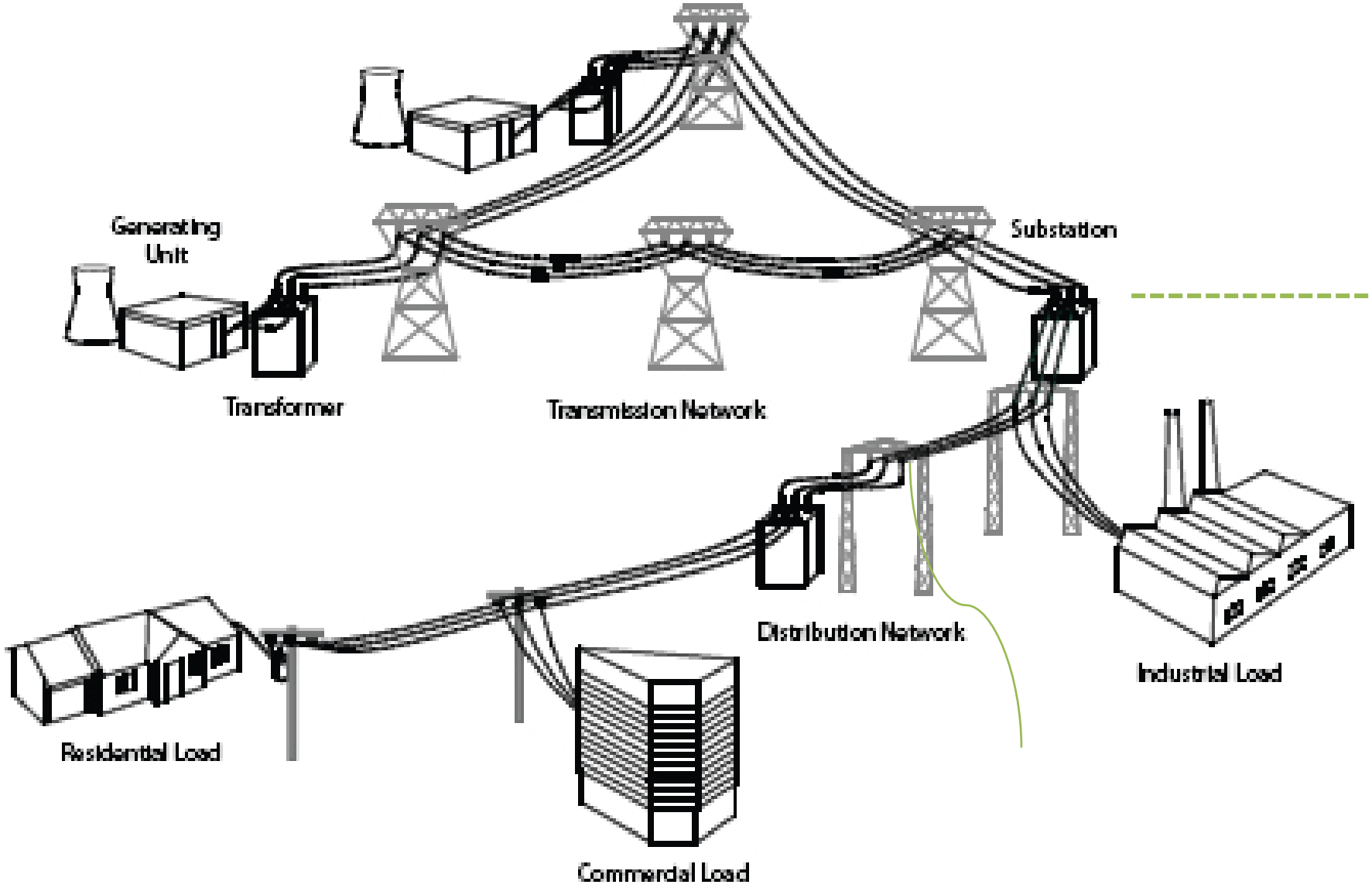
Historical dividing line for services?



MPPA

Member

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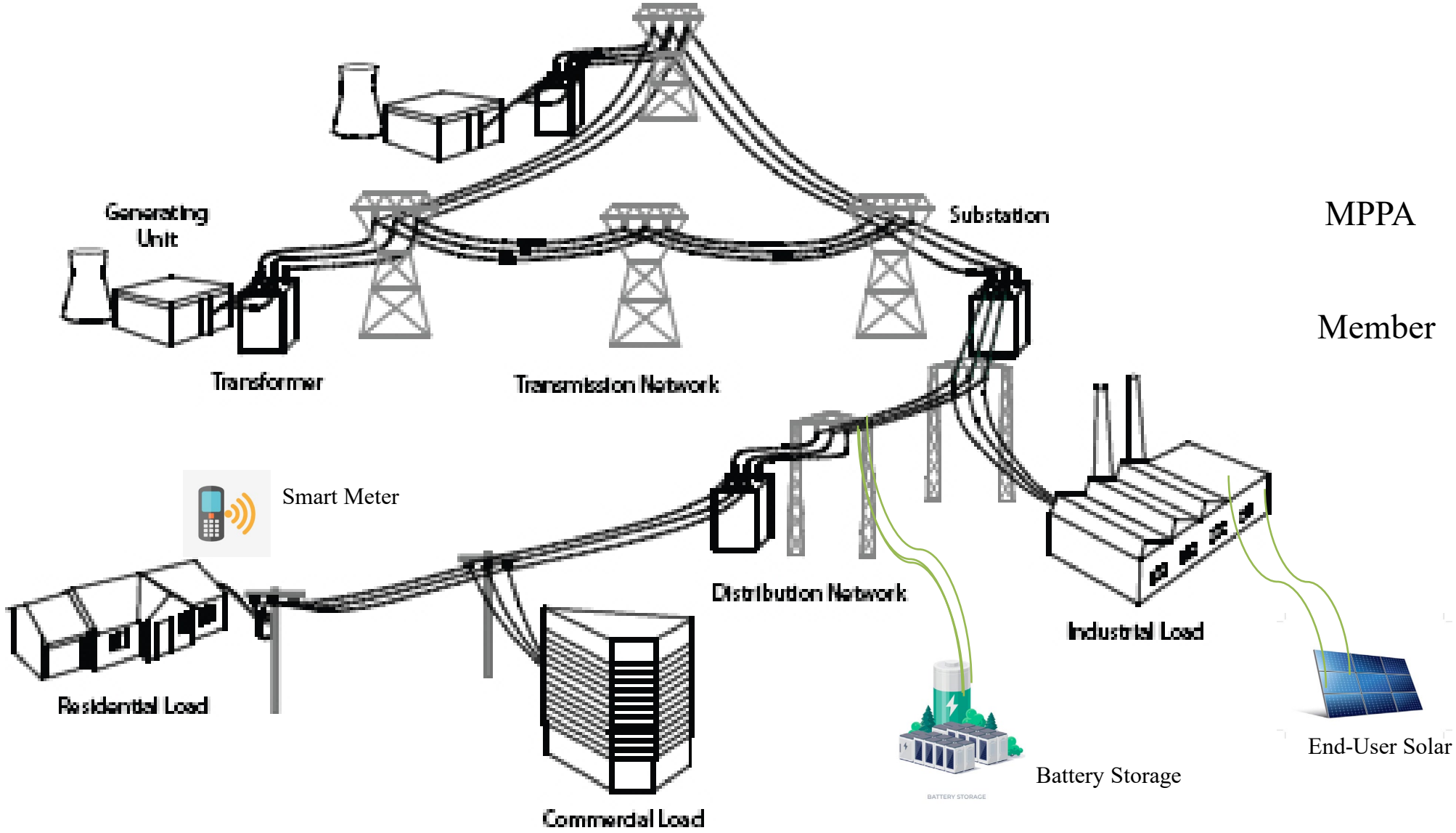
Future driving new services



MPPA

Member

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Charlevoix Energy Supply

- Legacy Participant in 1980's fossil fuel resources
- Current supply projected in excess of load in 2023 & 2024
- Coal going away by end of 2026
- Landfill largely going away in 2023 (not projected here)
- The changes are / will allow for more renewables

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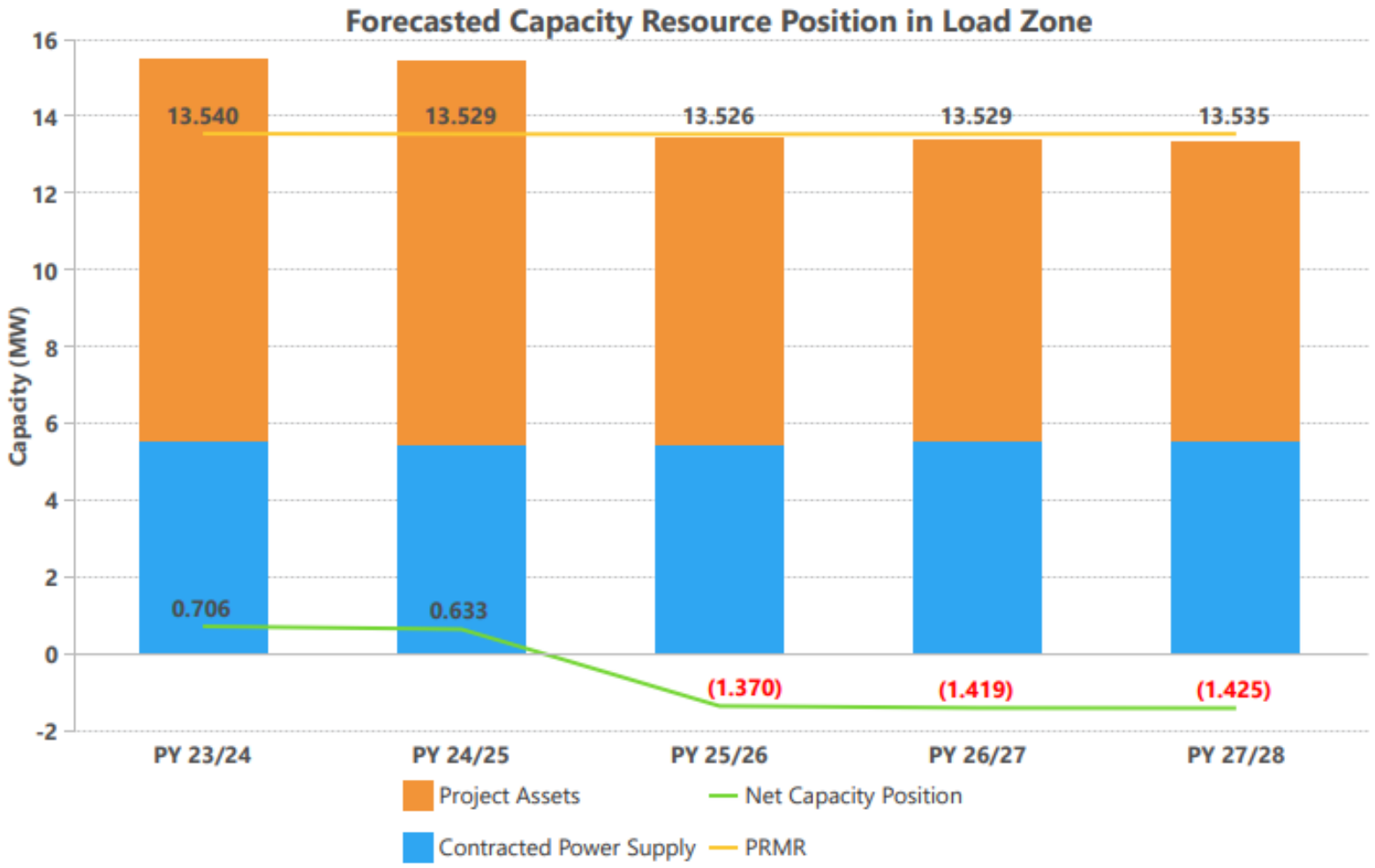
Charlevoix Capacity Supply

- Good shape through May 2025
- Small deficit thereafter
- Looking to hedge some with Energy Storage Capacity



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Charlevoix Utility Diagnostics

MPPA performs an Annual Creditworthiness and Business Risk Assessment for each Member

The reports are designed to:

- benchmark financial creditworthiness
- measure competitiveness
- assess preparedness for known industry risks

These reports should be the subject of governing body analysis & deliberation resulting in action

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Summary

- Industry is under dramatic change impacting all facets of utility operations
- MPPA is responding with new business plans, transitioning people skills and designing systems
- Members must respond to ensure they remain competitive, financially secure and customer focused
- Charlevoix participated in many Legacy Asset Projects at MPPA (pre-year 2000)
- Many of those Projects are reaching the end of life or repowering over the next 5 years
- Renewables and cleaner energy resources will be used to replace those Projects

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Charlevoix City Council

Reports and Communications

Title: Mayor and Council Comments
Date: December 5, 2022

Presented By:

Background:

Recommendation:

Attachments:
None