



**LANSING BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS
COMMITTEE OF THE WHOLE MEETING**

**January 14, 2025 – 5:30 P.M.
REO Town Depot - Board of Water & Light Headquarters
1201 S. Washington Ave., Lansing, MI 48910**

BWL full meeting packets and public notices/agendas are located on the official web site at <https://www.lbwl.com/about-bwl/governance>.

AGENDA

Call to Order

Roll Call

Public Comments on Agenda Items

- 1. Approval of the Committee of the Whole Meeting Minutes of November 7, 2024 **TAB 1**
- 2. BWL’s Renewable Energy Plan (REP) **TAB 2**
 - a. BWL’s Renewable Energy Plan Resolution..... **TAB 2a**
- 3. Retirement Plan Committee Update **TAB 3**

Other

Adjourn

COMMITTEE OF THE WHOLE
Meeting Minutes
November 7, 2024

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, on Thursday, November 7, 2024.

Committee Chairperson Semone James called the Committee of the Whole Meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader, Tracy Thomas, and Sandra Zerkle; and Non-Voting Member, Commissioner Robert Worthy (Delta Township)
Absent: Commissioners Beth Graham and Non-Voting Members, Commissioners Stuart Goodrich (Delhi Township) and J. R. Beauboeuf (East Lansing)

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Tracy Thomas, **Seconded** by Commissioner Tony Mullen to approve the Committee of the Whole Meeting minutes of September 10, 2024.

Action: Motion carried. The minutes were approved.

FY26-30 Strategic Plan Presentation

General Manager Dick Peffley stated that General Counsel Mark Matus' group did an outstanding job for the FY2026-2030 plan, and it is funded by the current budget.

Director of Strategic Planning & Development, Kellee Christensen, thanked her team for the work on the strategic plan and introduced Planning Business Analyst, Leah Bucio, who presented the FY26-30 Strategic Plan which will be effective July 1, 2025. The strategic plan includes BWL's mission, vision and values; stakeholder feedback; landscape and SWOT analyses; strategic priorities and outcomes for customers and in the community, in workforce development and diversity, in climate and environment, in operational resiliency and continuous improvement, and in financial stability; risk assessment and initiatives, progress measures and targets, and reporting. BWL worked with Aether Advisors, LLC

Commissioner Mullen asked whether the plan could be provided quarterly instead of annually. Ms. Christensen responded that a lot of the initiatives are longer term initiatives and can be reported quarterly but are on the balanced scorecard which gives a quarterly gauge. The status of initiatives that make progress during the year can be reported or placed on a dashboard. GM Peffley added that a dashboard can be put together and progress sent out in a quarterly or monthly packet. Commissioner Mullen commented that the information could be provided in an email rather than in a presentation.

Commissioner Zerkle asked whether there were any circumstances when the strategic plan needed to be changed before the year end. Ms. Christensen responded there would be an update made to the plan if a direction needed to make a change. GM Peffley responded that a change has not needed to be made yet, but the landscape has just changed in the government and the strategic plan group will make changes if needed and present them to the commissioners.

Chairperson James asked about the addition of the standards for the renewable and clean energy targets to the climate and environmental section in the strategic plan. Ms. Bucio responded that the standards would be added to the plan on page 9. Chairperson James also asked what was BWL's current rating. Ms. Bucio responded AA minus and GM Peffley added that it is a very high rating.

Commissioner Price thanked the staff for the presentation in a very accessible format and is looking forward to approving the plan at the Board Meeting.

Commissioner Mullen asked whether the strategic plan would be distributed or made available to the BWL community. GM Peffley responded that it would be placed on the BWL website and copies would be provided at community events.

Commissioner Thomas commended the staff on the attractiveness of the presentation and asked for clarification of the placement of the standards for the renewable and clean energy targets. Ms. Christensen responded that the standards for the renewable and clean energy targets would be placed under climate & environment.

Commissioner Zerkle requested copies of the strategic plan be provided at Board Meetings.

Chairperson James thanked GM Peffley and his staff and is looking forward to the strategic plan being implemented. GM Peffley responded that the fine-tuning changes would be implemented.

Motion by Commissioner David Price, **Seconded** by Commissioner Tony Mullen to forward the FY26-30 Strategic Plan Resolution to the full Board for approval.

Action: Motion Carried.

Chairperson James congratulated CFO Heather Shawa on her promotion to Assistant General Manager and Executive Assistant Smiljana Williams on her promotion to Chief of Staff.

Retirement Plan Committee Update

CFO Heather Shawa presented the Retirement Plan Committee (RPC) update. Execution and notification to participants of the approved fund changes to the Defined Contribution 401(a) and Deferred Compensation 457(b) Plans that will be effective December 13, 2024, is underway. The execution of all recommendations in the Defined Benefit Plan (DB) and Voluntary Employee Benefit Administration Plan (VEBA) from the plan compliance assessment is completed. In the DB Plan, pension payment processing will be transitioned to Northern Trust in January 2025 as part of the BWL's HRIS implementation. The RPC is working on extending the Nationwide service contract for the 401(a) and 457(b) plans which expires December 31, 2024. The RPC voted to approve the normal retirement age

for the 457(b) plan from 65 to 55, allowing more participants to take advantage of the three-year catch-up period leading up to retirement.

Commissioner Zerkle asked what the three-year catch-up period meant. GM Peffley responded that additional money can be contributed to the plan three years earlier.

Regular Board Meeting Schedule 2025

Motion by Commissioner Tony Mullen, **Seconded** by Commissioner Tracy Thomas, to forward the Resolution for the Regular Board Meeting Schedule 2025 to the full Board for consideration.

Action: Motion Carried.

Commissioner Mullen commented as a reminder that the Board acts as a commission through resolution and that when speaking publicly, Commissioners cannot speak as if representing the Board of Water and Light.

Other

Motion by Commissioner David Price, **Seconded** by Commissioner Tracy Thomas for excused absence for Commissioners J. R. Beauboeuf, Stuart Goodrich, and Beth Graham.

Action: Motion Carried.

Adjourn

Chairperson James adjourned the meeting at 6:11 p.m.

Respectfully Submitted
Semone James, Chairperson
Committee of the Whole

Renewable Energy Plan (REP) Filing – CY 2025

BWL PA 235 Compliance

Tuesday, January 14th

BWL Committee of the Whole (COW)

Anna Munie,
Manager, Energy Planning
& Decarbonization



HOMETOWN PEOPLE. HOMETOWN POWER.

Background – PA 235 Legislation

- PA 235 originally established in 2008
 - *Established the state's first renewable portfolio standard (RPS)*
 - *By 2021, achieve 15% renewables as a percentage of retail sales*
 - *After 2021, municipal utilities were no longer required to file annual Renewable Energy Plans (REP) with Michigan Public Service Commission (MPSC)*
 - *BWL continues to retire renewable energy credits with the State of Michigan to show compliance with current 15% target*
- Updates to PA 235 signed by Governor in 2023:
 - *Increased renewable portfolio standard (RPS)*
 - *Beginning in 2030, 50% renewables as a percentage of retail sales*
 - *Beginning in 2035, 60% renewables as a percentage of retail sales*
 - *Establishment of a new Clean Energy Standard (filing requirements still being developed)*
 - *Municipal utilities required to file annual Renewable Energy Plans beginning in 2025*
 - *Initial REP for years 2025-2045 to be filed with MPSC by February 27th, 2025*

Resources Supporting Renewable Portfolio Standard (RPS) Compliance

	Average Annual Clean MWh	Average Annual RECs	% of Average Annual RECs	Notes
Reo Roof Solar	7	21	<1%	Active, ends in modeling 2034
Cedar Expansion Solar	112	349	<1%	Active, ends in modeling 2034
Cedar St. Solar	37	117	<1%	Active, ends in modeling 2034
Beebe Wind 1b	52,770	52,770	5.3%	Active PPA, Ends 2035
Delta Solar 1	13,394	41,923	4.2%	Active PPA, Ends 2043
Delta Solar 2	25,751	80,601	8.1%	Active PPA, Ends 2043
East Lansing Community Solar	353	N/A	N/A	Not Registered into MIRECS
Pegasus Wind	199,661	199,661	20.2%	Active PPA, Ends 2040, GreenWise Source
Assembly Solar 1	19,780	21,758	2.2%	Active PPA, Ends 2046
Assembly Solar 2	123,031	135,333	13.7%	Active PPA, Ends 2046
Calhoun Solar	18,547	20,402	2.1%	Active PPA, Ends 2046
Delta Energy Park Solar	18,963	20,859	2.1%	Projected Operation 10/31/2026
Lake Lansing Solar	9,713	10,684	1.1%	Projected Operation 10/1/2025
Comfort Street Solar	6,692	7,361	<1%	Projected Operation 1/30/2026
Watertown Solar 1	10,553	11,608	1.2%	Projected Operation 8/12/2026
Watertown Solar 2	14,243	15,668	1.6%	Projected Operation 8/12/2026
White Tail Solar	238,286	N/A until 2035	N/A until 2035	Projected Operation 11/2025, No BWL RECs until 11/2035
Moltke Ridge Wind	436,484	436,484	44.1%	Projected Operation 6/2027
DEP Battery	61,948	N/A	N/A	Batteries not eligible for RECs

Renewable Energy Plan (REP) Filing- Municipal Utilities

2025-2045 MUNICIPAL UTILITY	
PA 235 RENEWABLE ENERGY PLAN SUMMARY	
MUNICIPAL UTILITY NAME + E-DOCKET #	
Row #	
1	Sales and Requirement Calculation
2	Method: Weather Normalized or 3 Year Average
3	If Selected Weather Normalized:
4	Current Year Sales to Retail Customers
5	Less Number of Megawatt Hours Sold from Michigan Nuclear Energy
6	Current Year Weather Normalization Factor
7	Less VGP Sales
8	Less Outflow from DG Customers
9	Current Year Weather Normalized Sales
10	If Selected 3 Year Average:
11	Current Year Retail Sales to Retail Customers
12	Less Number of Megawatt Hours Sold from Michigan Nuclear Energy
13	Less VGP Sales
14	Less Outflow from DG Customers
15	3 Year Average of Retail Sales
16	RECs Reported to Provider Subject to Section 29(4)
17	MWh Electricity Sold for PA-235 Compliance Requirement (Row 15 - 13 - 14 - 16)
18	RPS Required Energy Credits (Row 17 * Compliance Factor) (Compliance Factors: 2025-2029 = 15%, 2030-2034 = 50%, 2035+ = 60%)
19	Energy Credits
20	Energy Credit Beginning Balance
21	Energy Credits Obtained Through Generation/BOT
22	Energy Credits Obtained Through PPA
23	Energy Credits Obtained Through REC Purchases
24	Plus: Energy Credits Obtained (Row 21 + 22 + 23)
25	Less: Energy Credits Sold
26	Available Energy Credits (Row 20 + 24 - 25)
27	Compliance Requirement (Row 18)
28	Less: Energy Credit Expiration
29	Energy Credit Ending Balance (Row 26 - 27 - 28)

Filing Requirement Notes

- Forecast out for calendar years 2025 – 2045
- Municipal utility template and filing requirements are different than for investor-owned utilities
- Plans required to be updated and filed each calendar year with MPSC



Renewable Energy Plan Filing- Part 1

Projection of Retail Sales and Required Renewable Energy Credits

- 1) Retail Sales Projections
 - BWL will use 3-year average option

- 2) Voluntary Green Pricing (VGP) = BWL Greenwise
 - Greenwise sales are projected overall flat from 2025-2045

- 3) Outflow from Distributed Generation (DG)= Customer Owned Solar
 - Projections based on growth patterns from past three years

Line 17 then represents final retail sales

Line 18 = Total Renewable Energy Credits (RECs) needed each year for compliance

2025-2045 MUNICIPAL UTILITY PA 235 RENEWABLE ENERGY PLAN SUMMARY	
MUNICIPAL UTILITY NAME + E-DOCKET #	
Row #	
1	Sales and Requirement Calculation
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5	Less Number of Megawatt Hours Sold from Michigan Nuclear Energy
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16	RECs Reported to Provider Subject to Section 29(4)
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22	Energy Credits Obtained Through PPA
23	Energy Credits Obtained Through REC Purchases
24	Plus: Energy Credits Obtained (Row 21 + 22 + 23)
25	Less: Energy Credits Sold
26	Available Energy Credits (Row 20 + 24 - 25)
27	Compliance Requirement (Row 18)
28	Less: Energy Credit Expiration
29	Energy Credit Ending Balance (Row 26 - 27 - 28)

Renewable Energy Plan Filing- Part 2

Projection of Renewable Energy Credits (RECs) Generation & Balances

1) Energy Credit Beginning Balance

- REC "bank" of credits on file with State of Michigan from previous year renewables generation

2) Energy Credits Obtained

- From 2025 – 2035, municipal utilities can achieve RPS compliance through 1) owned projects; 2) Power Purchase Agreements; or 3) purchase of RECs from the market
- After 2035, all RECs must be associated with the utility also receiving energy and capacity for that project or asset

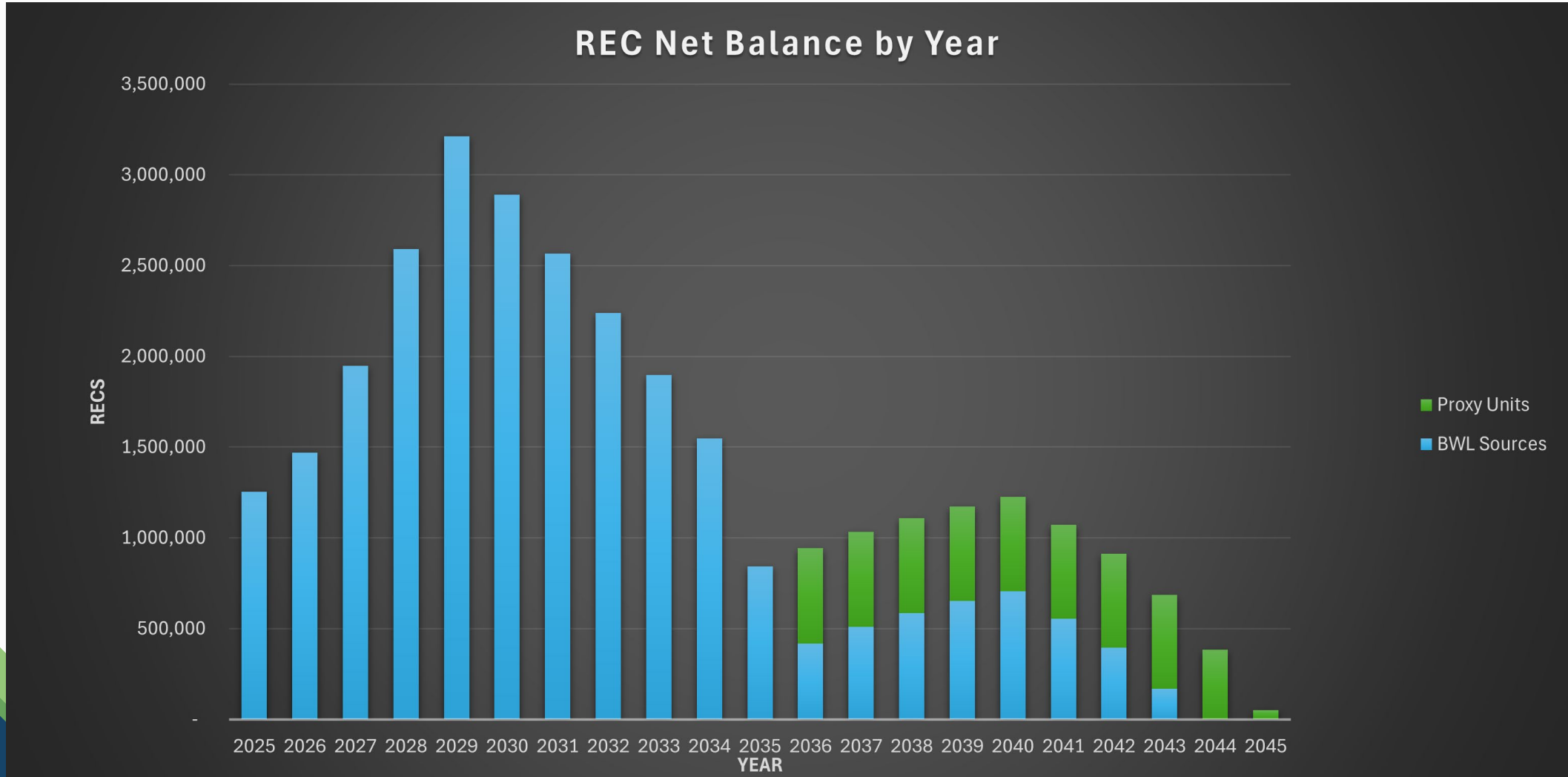
3) Energy Credits Sold = Sale of RECs through Greenwise

- Projections based on growth patterns from past three years

Line 27 – matches line 18 and used to match REC requirements with RECs generated/retired for compliance

2025-2045 MUNICIPAL UTILITY PA 235 RENEWABLE ENERGY PLAN SUMMARY	
MUNICIPAL UTILITY NAME + E-DOCKET #	
Row #	
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28	Less: Energy Credit Expiration
29	Energy Credit Ending Balance (Row 26 - 27 - 28)

Renewable Energy Plan Compliance – BWL Projections 2025 Renewable Energy Plan (REP)



Questions?



RESOLUTION 2025-01-XX
2025 - 2045 Renewable Energy Plan

WHEREAS, the Clean and Renewable Energy and Energy Waste Reduction Act, 295 PA 2008 (PA 295), established Michigan’s first renewable energy standard – 15% renewables, as a percentage of retail sales, by 2021; and

WHEREAS, PA 295 required municipal utilities to file annual renewable energy plans with the Michigan Public Service Commission (MPSC) until 2021; and

WHEREAS, PA 295 was amended by 2023 PA 235 (PA 235), which increased Michigan’s renewable energy standards to 50% renewables, as a percentage of retail sales, beginning in 2030; 60% renewables, as a percentage of retail sales, beginning in 2035; and reinstated the requirement that municipal utilities file annual renewable energy plans with the MPSC beginning in 2025; and

WHEREAS, the Michigan Municipal Electric Association (MMEA) has offered to jointly file all renewable energy plans on behalf of Michigan municipal utilities on or before February 27, 2025 with the MPSC and recommended each municipal utility obtain governing body review and approval of the renewable energy plan before submission to MMEA; and

WHEREAS, the proposed 2025 – 2045 Renewable Energy Plan was presented by management to the Committee of the Whole on January 14, 2025, and the Committee voted to recommend approval by the Board at the next board meeting;

THEREFORE, it is:

RESOLVED, that the Board approves the 2025 - 2045 Renewable Energy Plan for submission to MMEA for inclusion in the joint filing with the MPSC to comply with PA 235 for 2025.

Motion by Commissioner _____, **Seconded** by Commissioner _____, to approve the Resolution for 2025 - 2045 Renewable Energy Plan at a Board meeting held on January 28, 2025.



RETIREMENT PLAN COMMITTEE (RPC)

Investment Activity Updates for Committee of the Whole: 1/14/2025

Investment Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - No significant activity since last update

Investment Activity Update

- Defined Contribution 401(a) & Deferred Compensation 457(b) Plans
 - Notification of approved fund changes to participants was sent to participants on November 8, 2024, with an effective fund change date of December 13, 2024.



RETIREMENT PLAN COMMITTEE (RPC)

Administrative Activity Updates for Committee of the Whole: 1/14/2025

Administrative Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - DB Only
 - RPC voted to allow Northern Trust as a "Participant Servicer" and to distribute a DB participant Letter regarding the transition of the payment processing. The approved letter went into the November and December paystub distributions for DB participants.
 - VEBA Only
 - RPC approved the FY25 Q1 ASA reimbursement of \$2,626,090. This transaction was completed on December 13, 2024.

Administrative Activity Update

- Defined Contribution & Deferred Compensation Plans
 - RPC voted to approve a Nationwide contract amendment and extension. The contract term with Nationwide has now been extended through December 31, 2026, with an option to extend for an additional two years at that time.
 - 401 and 457 plan documents are being updated to incorporate legislative changes as well as the change to the normal retirement age for the 457 plan. The normal retirement age change became effective January 1, 2025, and the plan documents for each plan are expected to be fully executed by March 31, 2025.
 - RPC voted to adopt Section 115 under Secure 2.0, an optional provision that permits withdrawals of up to \$1,000 for certain emergency expenses. This adoption became effective January 1, 2025.

Glossary

- **DB** Defined Benefit Plan - The plan is a noncontributory single-employer defined benefit pension plan for employees of the BWL. The Defined Benefit Plan, by resolution of the Board of Commissioners, was closed to employees hired subsequent to December 31, 1996, and a defined contribution plan was established for employees hired after December 31, 1996. Effective December 1, 1997, all active participants in this plan were required to make an irrevocable choice to either remain in this plan (defined benefit) or move to the newly established defined contribution plan. Those participants who elected to move to the defined contribution plan received lump-sum distributions from this plan that were rolled into their accounts in the newly established defined contribution plan. Of the 760 employees who were required to make this election, 602 elected to convert their retirement benefits to the newly established defined contribution plan.
- **VEBA** Voluntary Employee Benefit Administration - The Post-Retirement Benefit Plan is a single-employer defined benefit healthcare plan. The Plan provides medical, dental, and life insurance benefits. Substantially all of the BWL's employees may become eligible for healthcare benefits and life insurance benefits if they reach normal retirement age while working for the BWL.
- **DC 401(a)** Defined Contribution Plan - The Defined Contribution Plan covers substantially all full-time employees hired after December 31, 1996. In addition, 602 employees hired before January 1, 1997 elected to convert their retirement benefits from the Defined Benefit Plan effective December 1, 1997. The Defined Contribution Plan operates as a money purchase pension plan and meets the requirements of Sections 401(a) and 501(a) of the IRC of 1986, as amended from time to time. For employees hired before January 1, 1997, the BWL is required to contribute 15.0% of the employees' compensation. For employees hired after January 1, 1997, the BWL is required to contribute 9.5% of the employees' compensation. In addition, the BWL is required to contribute 3.0% of the employees' compensation for all employees who are not eligible to receive overtime pay and 0.5% of the employees' compensation for all nonbargaining employees. No participant contributions are required.
- **DC 457(b)** Deferred Compensation Plan - The Deferred Compensation Plan covers substantially all full-time employees. The BWL contributes \$1,000 on behalf of each participant as of the first pay period of each year. Additionally, the BWL will provide a 100% match for each participant's contributions annually, up to \$1,500.
- **ASA** Administrative Services Agreement – The administrative services agreement is an agreement between the BWL and the VEBA trust regarding the payment of VEBA plan benefits. The agreement calls for the BWL to handle the processing of benefit payments and allows for the reimbursement for payment from the VEBA trust if certain conditions are satisfied. These conditions include both funding status and investment performance measures.