Michigan Public Power Agency

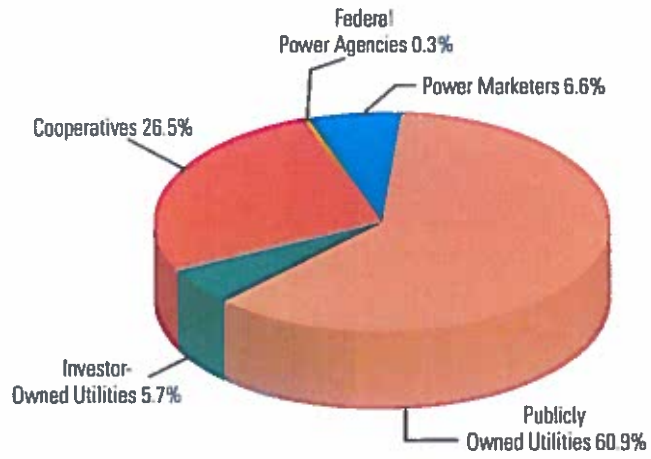
Value Added Energy Solutions and Services

House Energy Policy Committee Meeting
House Bill 5837
May 1, 2018

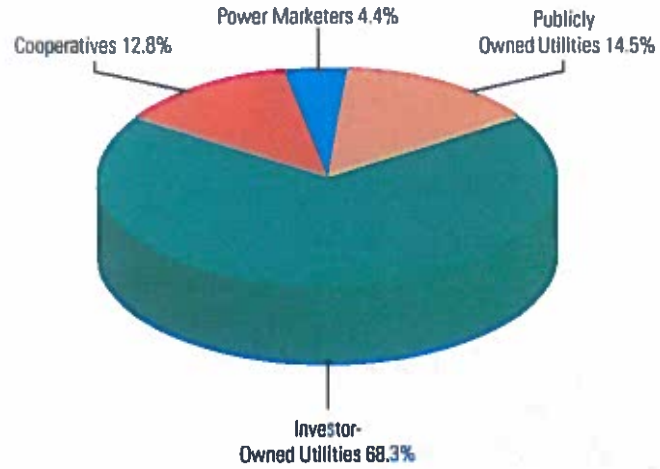
Public Power – United States

- Approximately 2,000 Public Power Entities in the United States
- Represent roughly 60% of Electric Utilities and 15% of the customers
- Vast majority of Public Power Entities are Members of approximately 80 Joint Action Agencies (JAAs)
- *JAAs pool resources to gain efficiency, share costs, obtain economies of scale and focus expertise in managing the complexities of the energy business*
- *These entities like MPPA are an extension of the local public power utility*

U.S. Utilities



U.S. Customers



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Public Power – Michigan

What is Joint Action?

- 40 Municipal Electric Utilities in the State of Michigan (approx 2 GW or 10% of peak)
- Joint Action Agencies formed in the 1970s
  - Municipal Utilities formed to invest / own baseload power projects
  - JAA pools needs of its members, finances (bond) and owns a % of large central station power
  - Member participants under JAA obligated through Municipal Resolution
- Michigan has 3 JAAs – MPPA (22 members), MSCPA (5 members) and WPPI (6 Members)
- Today Joint Action has evolved into operational services in addition to power supply that lower cost & business risk of its Members

JOINT ACTION

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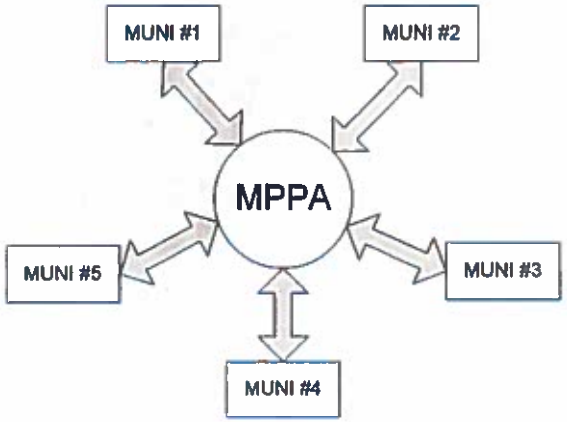
Joint Action Principles

Trust, Mutual Understanding and Shared Values

Scale

Collective Efficiency



Asset Investment
- Power Supply Resources
- Power Delivery Resources

Human Capital
- Industry Expertise
- Focus

Systems
- Resource Management
- Financing

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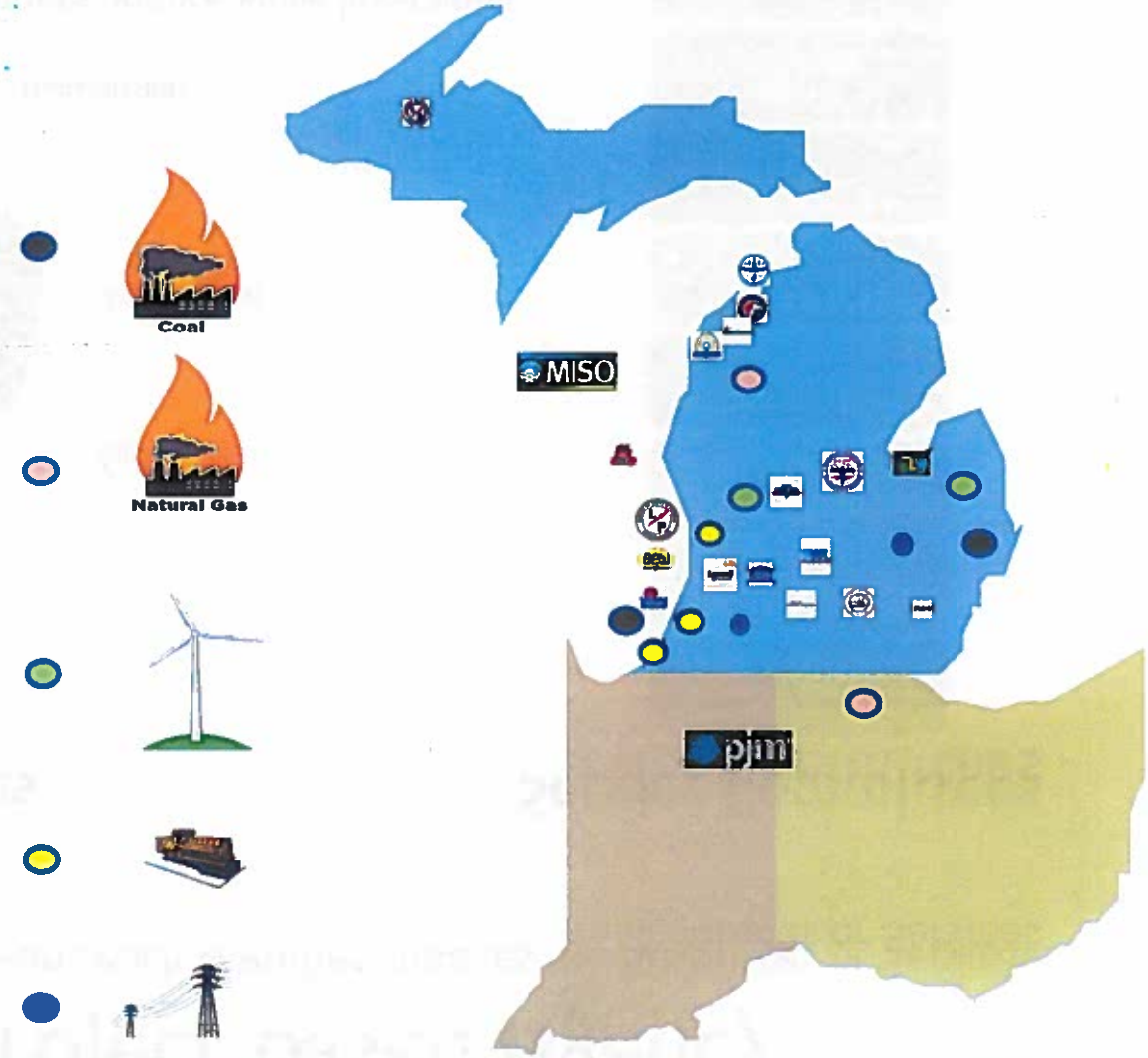
Created in 1978 Pursuant to 1976 Act 448

- 22 Municipal Members

Power Supply Resources

- Coal
- Natural Gas
- Wind
- Solar
- Landfill Gas
- Transmission



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Project Based Agency

Project Based Agency means each Member chooses the Resources or Services it wants to participate in.

Project Committees

Campbell 3

AMP

Fremont Energy Center

Belle River

Energy Services

Combustion Turbine

Landfill

Transmission

Service Committees

- Base Resources
- Combined-cycle
- NERC Compliance
- Peaking Capacity
- Renewable Resources
- Energy Efficiency
- Renewable Portfolio
- MIRECs

Members have the benefits of independence while leveraging expertise, resource sharing and economies of scale.

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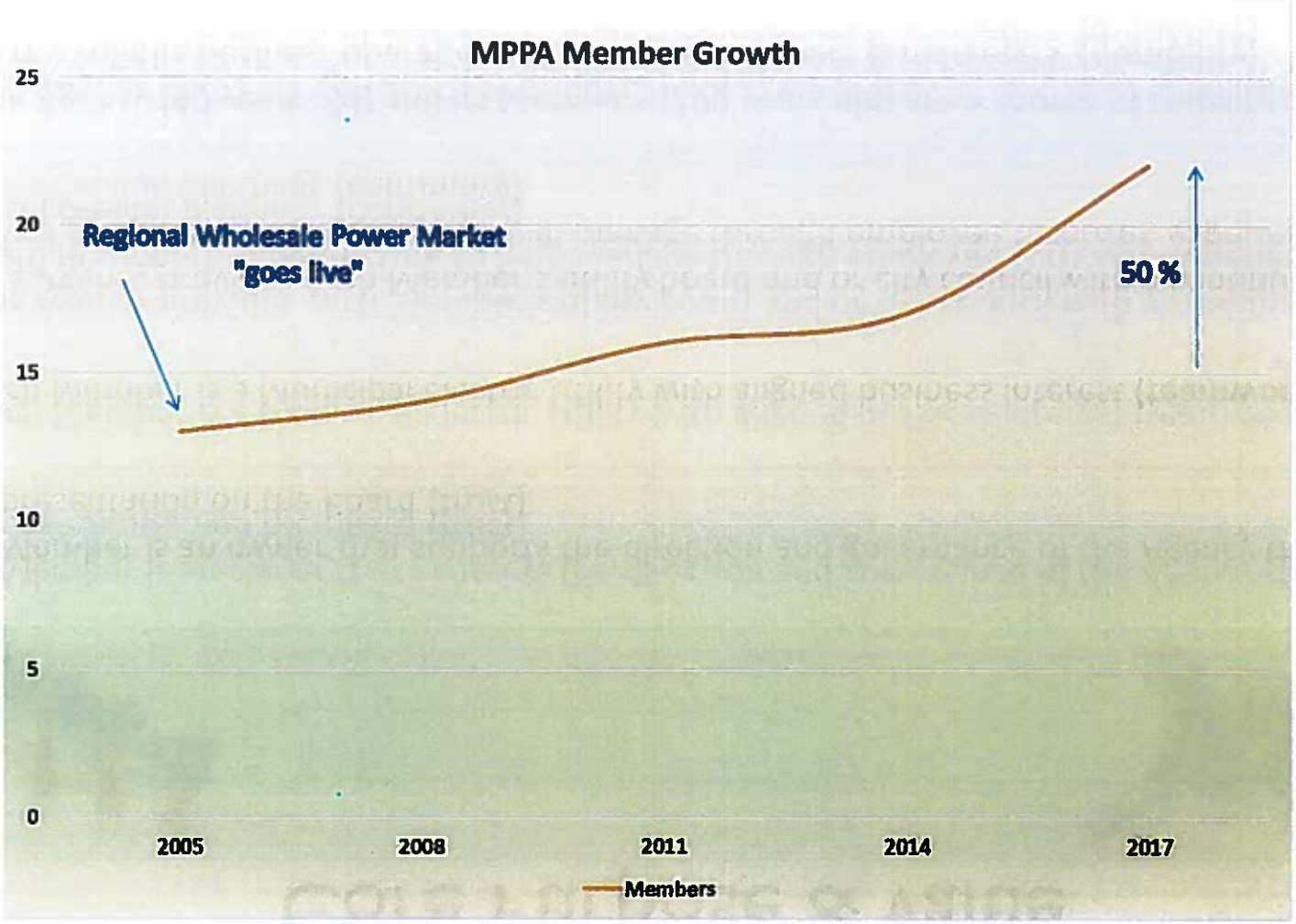
Strategic Member Growth



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Core Purpose & Value

- A Member is an owner that supports the direction and governance of the Agency through its representation on the Board **(trust)**
- Each Member is a Municipal Electric Utility with aligned business interest **(teamwork)**
- The Agency provides each Member's utility board and or city council with a continuous staffing support infrastructure to help manage through employee turnover, experience gaps & succession planning **(continuity)**
- The Agency (40 years old) and its Members (100 years old) are a source of stability compared to the volatile business operations of energy developers & marketers **(durability)**

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Market Operation Services

Operations

- Planning
- Load Forecasting
- Meter Data Management
- Scheduling
- Compliance
- Asset representation

Settlements

- Energy
- Capacity
- Ancillary Services
- Transmission

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Future of Joint Action

positioned for the challenge ahead

- Leverage *economies of scale* to obtain greatest efficiency
- Share resources to lower cost
- Deploy diversification to reduce risk
- Centralize & share staff to maximize skills & expertise

Data

Natural Gas

Renewable

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