



**COMMITTEE OF THE WHOLE MEETING
AGENDA
May 9, 2017**

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

Call to Order

Roll Call

Public Comments on Agenda Items

1. Committee of the Whole Meeting Minutes of 3/14/17.....**TAB 1**
2. Governance Policy Resolution..... **TAB 2**
3. Energy Optimization and Renewable Portfolio Annual Reports.....**TAB 3**
4. Smart Meter Communications Toolkit.....**INFO ONLY**
5. Attorney Client Memorandum.....**DISCUSSION**
Closed Session Discussion [MCL 15.268 (h); MCL 15.243 (g)]

Other

Adjourn

COMMITTEE OF THE WHOLE
Meeting Minutes
March 14, 2017

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, at 4:00 p.m. on Tuesday, March 14, 2017.

Committee of the Whole Chair Tony Mullen called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, Dennis M. Louney, Anthony McCloud, David Price, Ken Ross, Tracy Thomas and Sandra Zerkle and Non-Voting Members: Stuart Goodrich (Delhi), William Long (Delta Township) and Robert Nelson (East Lansing).

The Corporate Secretary declared a quorum.

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Thomas to approve the Committee of the Whole meeting minutes of November 8, 2016.

Action: Motion Carried

Charrette Presentation for the New Substation Exterior Wall

George Stojic, Executive Director of Planning and Development stated that three design charrettes have been conducted around the design of the wall for the Central Substation. Mr. Stojic introduced Ken Jones of Studio Intrigue Architects.

Ken Jones of Studio Intrigue Architects explained in detail the charrettes process that was conducted and the results achieved from the process regarding the design of the BWL Substation Wall. He informed the Committee that a series of charrettes took place involving the public from which a lot of input was received. He stated that there were conversations and ideas presented regarding height and appearance and the process included live interaction with the public to demonstrate suggestions. Mr. Jones stated during the charrettes process designs were narrowed down to three and the public went through a series of iterations to arrive at what is being presented today. Mr. Jones presentation included views of the proposed wall from various vantage points.



Michigan Public Power Agency (MPPA) Commissioner Appointment

George Stojic, Executive Director of Planning and Development stated due to his focus on other major projects, he would like to relinquish his MPPA appointed Commissioner position and request that Robert Lalonde be appointed as the new Commissioner and that Brad Stoecker be named as the First Alternate Commissioner with Constance Carantrza remaining as the Second Alternate Commissioner.

Motion by Commissioner Price, Seconded by Commissioner Ross to forward the proposed resolution to the full Board for consideration.

Action: Motion Carried

George Stojic, Executive Director of Planning and Development informed the Committee that the MPPA is having a Stakeholders meeting in May and that this would be a great opportunity for the Boards to meet and understand how the MPPA works. The MPPA also plans on bringing in guest speakers who will speak on industry issues. General Manager Peffley stated that information regarding the upcoming meeting will be provided to Commissioners by way of Corporate Secretary Griffin.

Futures Trading Resolution & Presentation

George Stojic, Executive Director of Planning and Development presented a PowerPoint presentation on Futures Contracts, which is an agreement to buy or sell commodity in the future for a price agreed upon when the contract is made. (Futures Option gives the option holder the right, but not obligation to buy or sell in the future at the agreed upon price) Mr. Stojic informed the Committee that Futures are traded on exchanges and exchanges are regulated by the Federal Government's Commodities Futures Trading Commission; this Commission wants a Resolution from the Board of Directors (or whomever is in control of the company) that authorizes the staff to engage in this act, which it is part of the regulatory process. With the passage of the proposed Resolution the Board will incorporate the futures contract in to the Risk Management program which includes a Risk Oversight Committee.

Mr. Stojic stated as we rely more on natural gas especially with another plant coming on, this is an excellent way to help manage both the risk of volatility of gas as well as the volume risk.

Bob LaLonde, BWL's Manager of Compliance and Operations provided more detail on the Futures contracts and what is being proposed to limit risk.

After a short question and answer session Mr. Lalonde spoke about the possibility of periodically reporting to the Board of Commissioners the results of Futures trading.

Motion by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed resolution for Futures Trading to the full Board for consideration.

Action: Motion Carried

Proposed Strategic Plan Update Format

Mark Matus, Director of Technical Services described the proposed update report on the strategic plan. The Committee discussed options for a reporting schedule. After some discussion among Board members it was determined that reporting should take place semiannually (twice a year).

Other

General Manager Peffley provided a brief update on the recent (wind) storm outage.

Commissioner Dennis M. Louney spoke about the possibility of Jan Beecher from MSU providing governance education to the Board. He also provided the Commissioners with a copy of an article that was published titled "Efficiency Deficiency" and thanked Sue Warren for her assistance with the SWAT Energy Efficiency event.

Adjourn

Meeting adjourned at 5:10 p.m.

Respectfully Submitted
Tony Mullen, Chair
Committee of the Whole

Proposed Resolution 2017-__ -__

Commissioner Governance

WHEREAS, The Lansing Board of Water & Light (BWL) is a municipally owned utility company organized under the Lansing City Charter as permitted by the Home Rule Cities Act, MCL 117.4(f)(c), and governed by the Board of Commissioners (“Board”). The Board, per the Lansing City Charter, is delegated administrative, executive and policy-making authority over the operation of the BWL, which includes the full and exclusive management of water, heat, steam and electric services and such additional services of the City of Lansing as may be agreed upon by the Board and City Council.

WHEREAS, per the Lansing City Charter, the Board has appointed three individuals, Director (also known as the General Manager), Internal Auditor (also known as the Director of Internal Audit) and Secretary (also known as the Corporate Secretary), who report directly to the Board and serve at the Board’s pleasure. The General Manager is also responsible to the Board for carrying out the duties assigned by the Board, which include but is not limited to the operation and management of the BWL.

WHEREAS, the Board’s role as the governing body for the BWL includes certain fiduciary duties such as acting in the BWL’s best interest, protecting and enhancing the BWL as owned by its rate payers, exercising reasonable care, loyalty and good faith in actions and decisions, meeting legal and regulatory requirements, and assuring the General Manager, Director of Internal Audit and Corporate Secretary are effective with adequate support and resources.

WHEREAS, while the Administrative Rules of Procedure as approved by Lansing City Council in accordance with Section 5-105 identifies how the Board will conduct business and is organized for fulfilling its policymaking responsibilities necessary for the operation of the BWL, it desires to better define the understanding between individual Board members on day to day dealings.

WHEREAS, the Board also desires to improve and clarify the general nature of its working relationship with the General Manager, Director of Internal Audit and Corporate Secretary; and distinguish its role as the governing body from the role of the General Manager, management and staff to ensure operational efficiency.

RESOLVED, the Board adopts the following policy which clarifies its role as the governing body, provides direction and priority focus for the General Manager, and interaction between the Board, General Manager, Director of Internal Audit, Corporate Secretary, management and staff:

COMMISSIONER GOVERNANCE POLICY

- 1) The Board’s objectives and goals for its effective governance of the BWL include the following:
 - a. Develop and adopt corporate policies for the governance of the BWL that are sufficient for the effective administrative and executive management of the BWL;

- b. Review and approve the corporate strategic plan that sets forth the mission , goals and broadly stated objectives and performance measures;
 - c. Review and approve major project plans and programs, capital and operating budgets proposed by the General Manager, or as otherwise requested by the Board;
 - d. Monitor organizational performance as communicated through the General Manager; and;
 - e. Support the General Manager by engaging in collaborative performance planning and evaluation.
- 2) The Board commits itself and its individual members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate professional and personal behavior. More specifically:
- a. Commissioners must, at all times, represent the interests of the BWL and their respective constituents. This accountability supersedes any conflicting loyalty such as advocacy to a personal cause or interest groups, membership on other boards, or employment in other organizations.
 - b. Commissioners may not attempt to exercise individual authority over the BWL, except as explicitly set forth in Board policies.
 - i. Commissioners' interactions with the General Manager, management and staff must clearly reflect that there is no authority vested in individual Commissioners, except when explicitly authorized by action of the Board.
 - ii. Only the Chair of the Board may speak on behalf of the Board. To that end, no individual Commissioner (other than the Chair) may speak for the Board except to repeat explicitly stated Board decisions. Commissioners' interactions with the public, the media or other external entities must clearly reflect that there is no authority vested in individual Commissioners, except when explicitly authorized by action of the Board.
 - iii. Commissioners will not express individual judgments about the performance of the General Manager, staff, or any individual staff member, except through the process established by the Board on the Annual Evaluation of the General Manager.
 - iv. Commissioners will refrain from making individual public comments about the BWL unless such comments are supported by relevant, timely, accurate and objectively reported information.
 - v. Individual Commissioners will never lead the public, media, BWL staff, to have the belief that the General Manager or any BWL staff person is out of compliance with the Board's policies unless the Board has publicly announced a formal determination of non-compliance.
 - vi. Commissioners will respect the confidentiality appropriate to issues and information of a sensitive nature.
- 3) The Board adopts and establishes that the General Manager's principal role, with the support of management and staff employees, is to:

- a. Carry out the administrative and management duties assigned for the full and exclusive management of the utility services provided by the BWL;
 - b. Support the Board in its development of policies;
 - c. Carry out the Board policies;
 - d. Keep the Board informed about the outcomes of its policies, including achievement of results and the use of resources;
 - e. Prepare and present, for Board approval and consistent with Board policies, a strategic plan, major project plans and programs and capital and operating budgets;
 - f. Manage and operate the BWL, accepting accountability for the performance of the organization in relation to the Board's policies, as well as its approved strategic and business plans, major project plans and programs, and capital and operating budgets.
 - g. Establish administrative and operational policies, standards, guidelines and procedures that support Board approved corporate policies, strategies, projects and budgets.
- 4) Board shall provide direction to the General Manager, Director of Internal Audit and Corporate Secretary collectively as a board through resolution or motion as adopted by the Board; which includes the understanding that:
- a. The General Manager, Director of Internal Audit and Corporate Secretary are respectively the Board's only formal connections to the BWL and are the only persons directly accountable to the Board for the operational conduct that directly impact their respective areas of responsibility. Additionally, the General Manager, Director of Internal Audit and Corporate Secretary are individually accountable only to the Board.

The authority and accountability of respective management and staff is inseparable from the authority and accountability of the General Manager, Director of Internal Audit and Corporate Secretary. To that end:
 - i. The Board shall not give orders directly or implied to anyone other than the General Manager, Director of Internal Audit or Corporate Secretary based on the areas of respective authority and accountability.
 - ii. To the extent that the Board's written policies do not give specific direction, the General Manager, Director of Internal Audit or Corporate Secretary will respectively use a reasonable interpretation of its policies, which includes the establishment of other operational policies, to make all decisions, develop all processes and procedures, take all actions and establish all practices necessary.
 - b. An individual Commissioner cannot make decisions or recommendations, nor issue directives that are binding on the General Manager, Director of Internal Audit and Corporate Secretary except in unusual instances which the Board has specifically authorized an individual Commissioner or Board committee.
 - c. When individual Commissioners, request information or assistance from management without formal Board authorization, the General Manager Director of Internal Audit

and Corporate Secretary can either respond to the request accordingly or refer the request to the Board.

- i. **Respond as requested.** The General Manager, Director of Internal Audit and Corporate Secretary at his or her discretion may notify all other Commissioners of the request and the response provided.
 - ii. **Refer the request.** The General Manager, Director of Internal Audit and Corporate Secretary at his or her discretion may refer the request to the Board for consideration and direction before taking any action. This is especially appropriate where the General Manager, Director of Internal Audit and Corporate Secretary believe the request is disruptive or requires a material amount of staff time or funds that were not previously budgeted or scheduled for that purpose.
- 5) This Commissioner Governance policy is not intended to and shall not be construed as supplanting the Administrative Rules of Procedures as approved by the Lansing City Council in accordance with the Lansing City Charter Section 5-105 in whole or part.. This Governance Policy is an understanding amongst the Board of Commissioners of how it will effectuate its executive and policymaking responsibilities with the utilization of its three appointees: General Manager, Director of Internal Audit and Corporate Secretary.

To the extent certain organizational resources are needed and permitted by the Administrative Rules of Procedure, which includes but is not limited to the use of consultants or legal counsel, this policy shall not prohibit or hinder such use, so long as the Administrative Rules of Procedure are followed.

2016 Energy Optimization and Renewable Energy Annual Update

Committee of the Whole

May 9, 2017



2016 Annual Update of PA 295

- Public Act 295 of 2008 requires each municipal utility to provide an annual update of its Energy Optimization and Renewable Energy programs to its governing board
- Each utility must file annual reports to the Michigan Public Service Commission
- Each utility must supply an annual report to its customers; the BWL will supply its report in the July Connections

Energy Optimization 2016 Programs

- Services for Low Income Customers
- Residential Programs
 - High Efficiency Lighting
 - Appliance Turn-in & Recycling
 - Multi-Family Services
 - Energy Star Products/Equipment
- Business Prescriptive & Custom Incentives
- Energy Education Services
- Pilot programs

Program Highlights

➤ Education in the Community

- Attended 48 local events
- Staff did 17 presentations to community groups
- Think! Energy (school program with Consumers Energy)

➤ Pilot Programs

- Non Profit Grant
 - 14 Nonprofit organizations participated
- Smart Thermostat Program
 - Installed 71 thermostats in 2016
- Michigan Saves Low Interest Financing (with CE)
 - Residential- 0% for \$1,000-\$30,000 loans for up to 4 years
 - Funded 12 loans in 2016

Million Kilowatt Hour Club

New Members for 2016	
Jackson National	3,354,130
GM Delta Lighting & Pumps	2,634,000
Ashley Capital	1,033,164

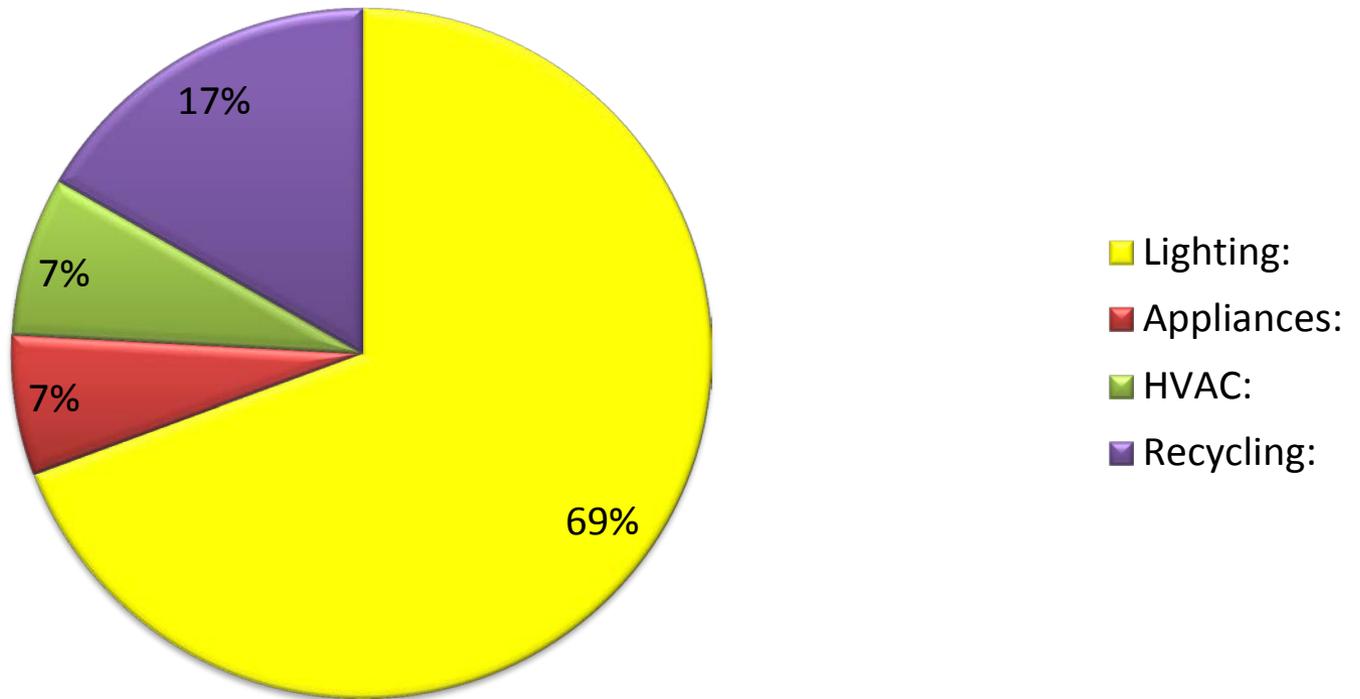
<i>Previous Members</i>	
General Motors	Quality Dairy
Ashley/Ryder	Demmer Properties LLC
State of Michigan DMB	Lansing School District
Peckham Vocational Ind.	General Motors
Sparrow Hospital	WMU Cooley Law School
Board of Water & Light	

Energy Optimization Summary

Program Portfolio	2016 Goals		2016 Actual	
	Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget
Low Income Services	425,815	\$213,875	649,543	\$218,940
Residential Programs	5,606,248	\$1,250,209	5,615,631	\$1,154,983
Business Services	16,151,740	\$2,517,342	19,901,755	\$2,312,594
Total Program Portfolio	22,183,803	\$3,981,426	26,166,929	\$3,686,517
Program Administration		\$374,639		\$355,912
Evaluation (EM&V)		\$320,564		\$249,611
ANNUAL TOTALS	22,183,803	\$4,676,629	26,166,929	\$4,292,040

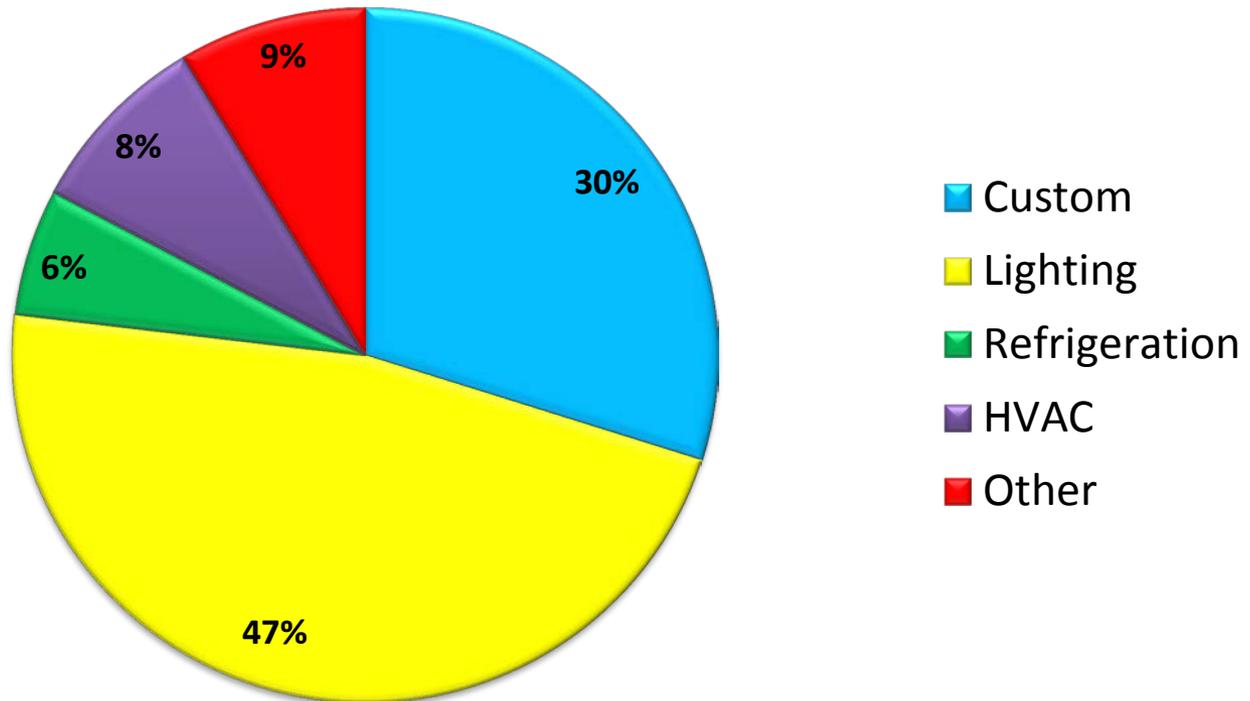
Residential Summary 2009-1026

Residential and Low Income Kilowatt Savings



Business Summary 2009-2016

Kilowatt Hour Savings



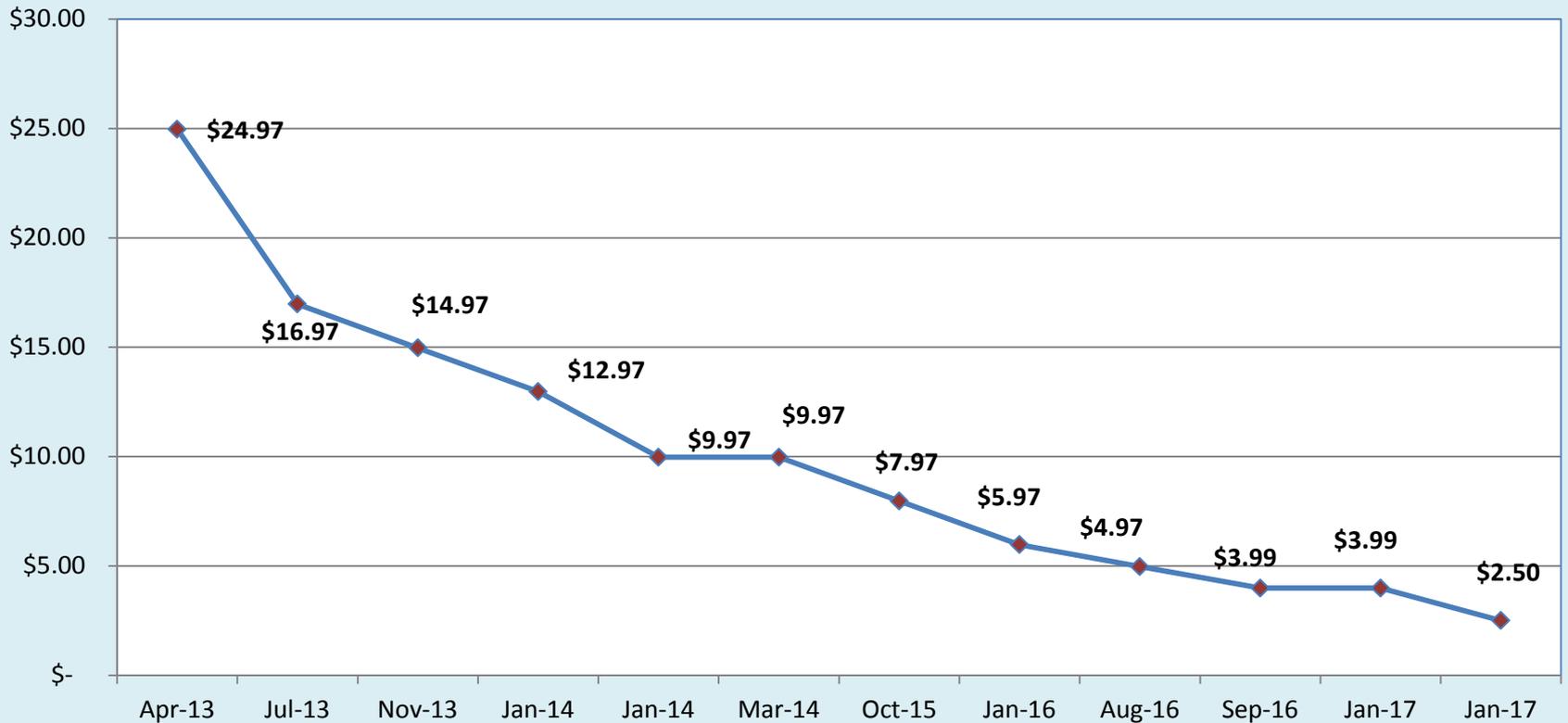
Lighting Changes & Challenges

- LED Market Share Increasing
- CFLs decreasing
 - GE discontinued production in 2016
- Retailers exiting CFL Market- Walmart, Sams Club, Target, Meijer, Costco and Batteries Plus
- Home Depot, Lowes & Menards reduced shelf space for CFLs

LED Price Reductions

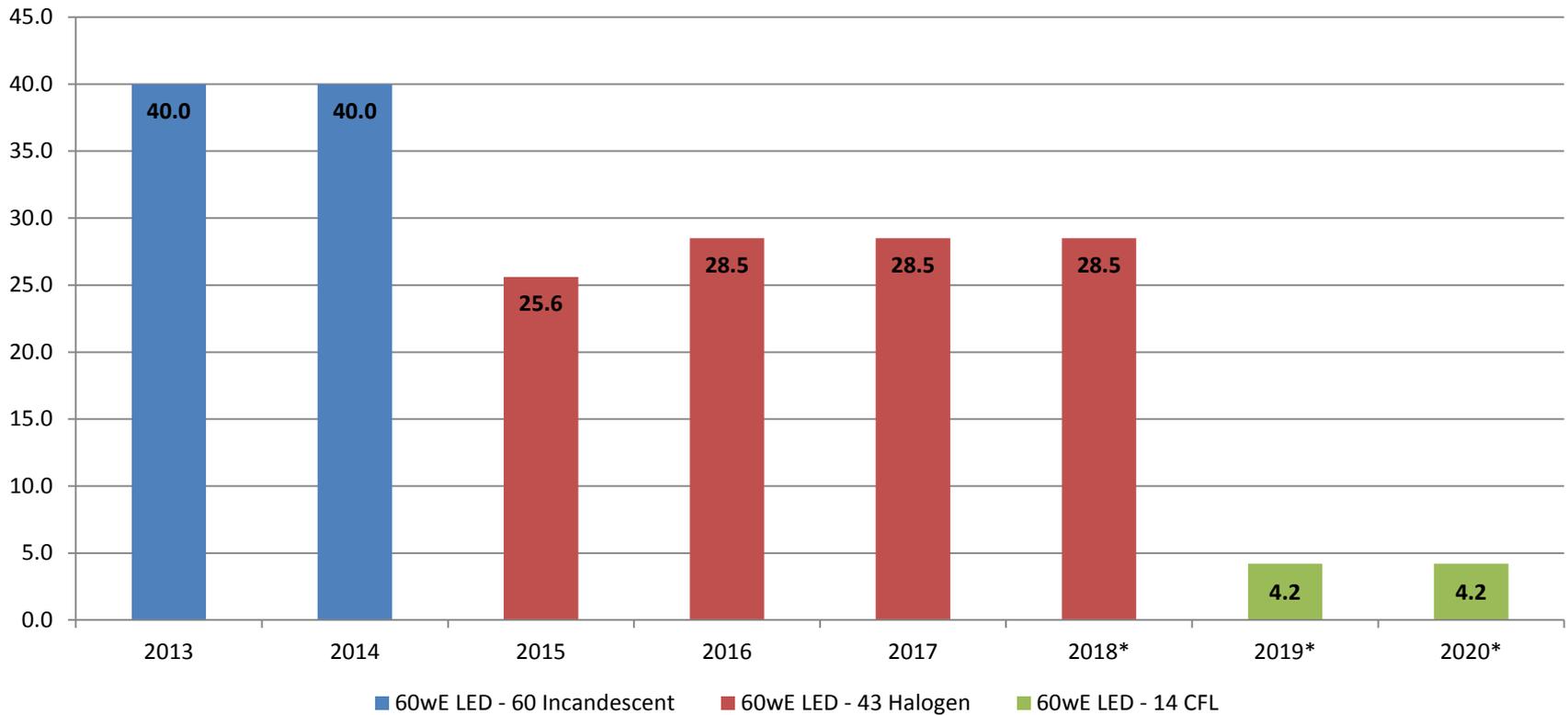
BWL LED Program

Price change based on 60W Equivalent



MEMD Savings Reductions

60w Equivalent LED
kWh Savings per Unit



2018-2020 Energy Waste Reduction Plan

- Budget & kWh goals revisions for 2019 & 2020
 - Reducing lighting
 - Increasing other Residential programs
 - Increasing Business programs
- Low Income Programs increased budget by \$150,000 for the 3 years
- RFP expected to be issued Mid May

Renewable Energy 2016 Results

- Under PA 295 required all utilities have 10% renewables in 2015
- The BWL is in compliance with both renewable energy generation (6.22%) and its inventory of RECs
- New legislation – PA 342 requirements:
 - 12.5% in 2019 & 2020
 - 15% in 2021
- Assuming planned developments and due to the ability to carry-forward renewable energy credits, the BWL will not need any additional renewable energy to meet compliance with PA 342

2016 Updates

- Continue to work with groSolar for up to 24MW of solar project (should be on-line 2017)
- Community Solar Park in East Lansing
 - Currently leasing panels at \$399 each for 25 years
 - Website: <https://micommunitysolar.org/>
- The Net Metering Solar program update;
 - In 2016 there were 4 residential customers who installed solar on their homes for a total of 32.48 kW
 - Total of 10 residential and 4 business customers participating

Current Renewable Energy Portfolio

➤ Purchase Energy and RECs

- Granger landfill gas
- Tower Kleber Hydro
- Wind from Exelon Wind in Gratiot County

➤ BWL Owned

- Solar (Cedar street and REO office bldg.)
- Hydro (currently not operating- under review)

Planned Projects

➤ Solar

- Construction to start soon on 24MW project in Delta Township
- Estimated commercial operation date in Q4 2017

➤ Wind

- Contract signed with NextEra for 88MW of wind in Huron County (suspended due to May 2nd vote)

Thank you.

Questions?

