



Strategic Planning & Development

Lansing Board of Water & Light Planning Process
Committee of the Whole, May 14, 2019

Planning Process

- The Planning Process is intended to develop *(or develop and manage)* the LBWL's **long-term and strategic goals** in a changing industry and faced with uncertainty
- The process provides a **framework** for developing the culture and method of meeting those goals by focusing on the LBWL's **vision, mission, values and management processes**
- The process is based on sound, verifiable, and transparent analysis and studies of **industry trends, local business conditions, and technology changes**
- The process ensures LBWL remains aligned with the overarching corporate strategy and **best use of LBWL resources** for the establishment of key objectives and mission realization
- The process provides guidance on emerging business strategy with **short** (1-3 years) , mid (3-5 years) and **long** term (5-10+) perspective

Planning Department Scope

The Planning Department is responsible for major LBWL utility planning initiatives:

Integrated Resource Plan;

Strategic Plan;

Strategic Management Engagement Plan (*AKA Balance Scorecard*);

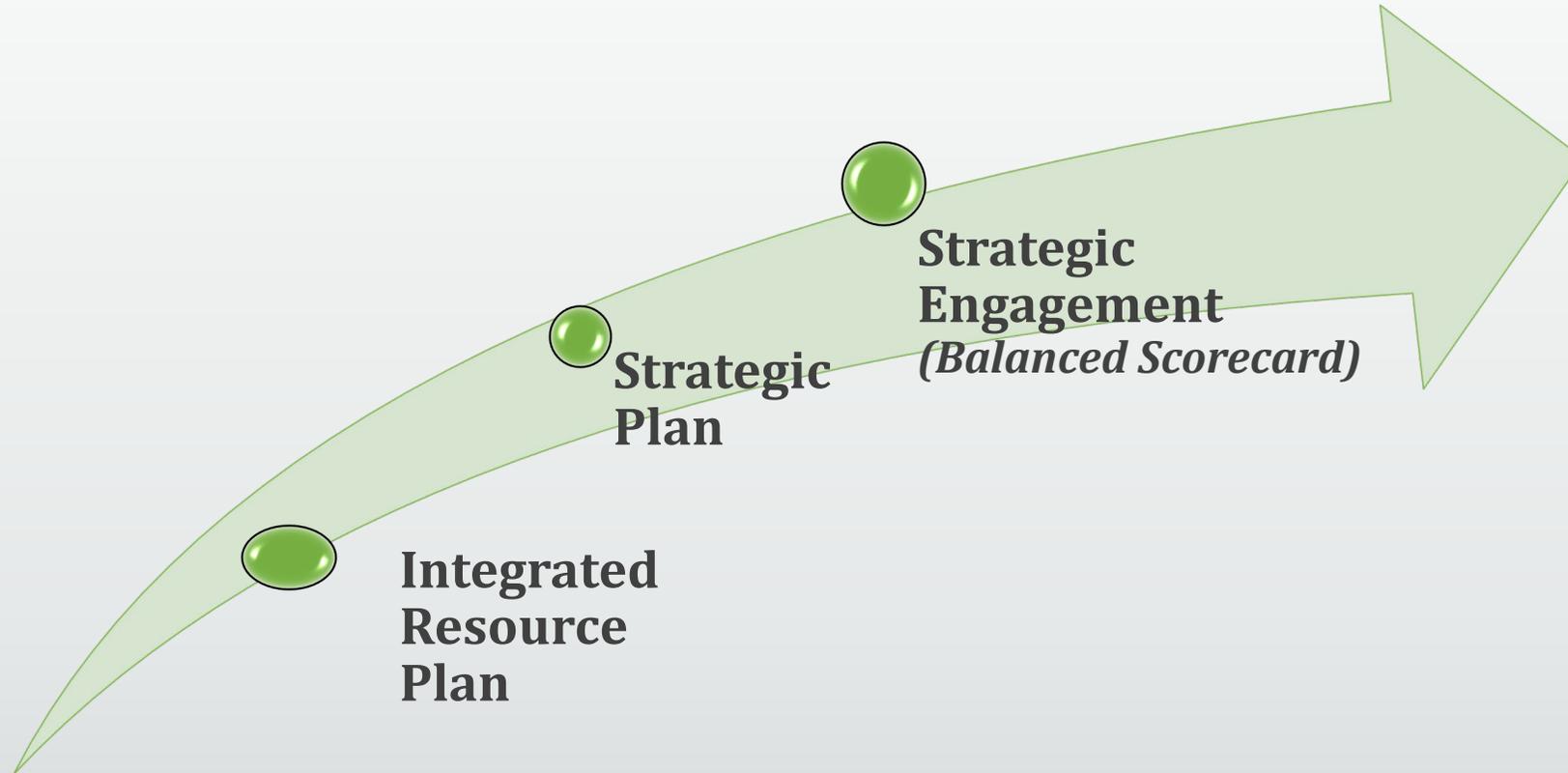
Renewable Portfolio;

Economic Development Strategy;

Industry Knowledge Hub; and

Corporate Performance Standards-Service levels.

TODAY'S DISCUSSION TOPICS



Integrated Resource Plan

March 2019 – January 2020



BASICS

- A comprehensive decision-making process
- Provides a road map for providing reliable and the least-cost electric service
- Addresses the risks and uncertainties inherent in the industry
- Evaluated every 4-5 years
- Historically focused on Electric utility

INTEGRATED RESOURCE PLAN

March 2019 – January
2020



CONSIDERATIONS

- Customer base and growth potential
- Resource options, performance characteristics and costs
- Industry trends and conditions
- Economic data
- Reliability standards and environmental issues
- Forecasts of fuel costs and energy market conditions

INTEGRATED RESOURCE PLAN

March 2019 – January
2020



VALUE OF PUBLIC OWNERSHIP

- Due diligence to ensure investments are reasonable and valuable
- Provides transparency to customers, which includes a demonstration the LBWL is moving away from fossil fuels in a reasonable and affordable manner to its customers
- Provides the public with an opportunity to provide insight and feedback as investors and stakeholders

INTEGRATED RESOURCE PLANNING PROCESS

- Adopt planning **goals**
 - Stakeholder engagement
 - Low cost power to support economic growth
 - Resiliency of the electric supply to support reliable energy
 - The environmental impact of our choices
 - LBWL executive leadership and staff input
- Compile **data and forecasts**
 - Resource options' performance characteristics and costs
 - Demand, fuel, and other forecasts
 - Market and industry trends and potential industry risks
- Perform computer **modeling**
 - Develop scenarios and sensitivities to test resource portfolios
 - Determine the best resource portfolio based on goals
- **Presentation** to Commission

INTEGRATED RESOURCE PLAN: TIMELINE & STAGES



INTEGRATED RESOURCE PLAN: STAKEHOLDER ENGAGEMENT

GOAL

- To acquire insight on needs and interests of actual and potential customer constituents
- Insight on customer industry awareness and interest in exploring strategies that permit the balance of reliability, environmental and economic goals
- Allow interested parties an opportunity for input and secure community support for recommendations

TARGET STAKEHOLDERS

- Current plan involves a series of small group discussions from March 2019 through June 2019
- Anticipate additional discussions to continue through November 2019
- The community participants includes environmental interest groups, neighborhood associations, municipal representatives, large commercial/industrial customers, and any other individuals identified through this stage

DELIVERABLE

- A summary report reflecting the discussion process and feedback received
- Given that stakeholder feedback may continue through out the IRP process, this report will likely not be finalized until the Commission report. However, interim updates will be available as needed

INTEGRATED RESOURCE PLAN: INDUSTRY RESEARCH & MODELING

GOAL

- Review industry data, reports and practices on current state of utility resources as well as industry trends
- Main areas of focus will be modeling energy and capacity markets as well as supply side resources and demand side resources
- This research will be used to help provide direction on how BWL can provide clean, affordable and reliable electric service over the next 20 years

TARGET

- Integrated demand side management & Distributed Energy Resources (DER)
- Solar Penetration, Beneficial Electrification, Storage, etc.
- Transmission configuration

DELIVERABLE

- Description of methods, assumptions and risks
- Ranking of Strategies of the following characteristics: environmental attributes, cost (affordability), resiliency (diversity of supply vs. local control)

INTEGRATED RESOURCE PLAN: PUBLIC MEETINGS/OPEN HOUSES

GOAL

- Present modeling methods, results and analysis at a series of public meetings and open houses. Methods will be provided to capture public comments (both at the meetings and via website). These comments will be incorporated into the final report to the board of commissioners.
- Report will be presented to the commissioners during January 2020.

TARGET

- REO Depot
- Various non-LBWL locations
- Social Media, LBWL website

DELIVERABLE

Report to Commission that captures a recap of deliverables from first and second stages as well as:

- 1) Public reception/comments
- 2) staff recommended future resource plan

Other Resource Planning Initiatives

January 2020- May 2020

These initiatives will supplement the IRP and be incorporated into the development of the 2021 Strategic Plan. Examples include:

- Other LBWL utilities' resource planning initiatives (i.e. Steam District Master Plan, Water Distribution, etc.)
- Budget and capital project forecast
- Maturity level of other planning initiatives such as Asset Management, Enterprise Risk Management, Work Management and Project Management
- Economic Development Strategies

STRATEGIC PLAN

- Guided by the **Integrated Resource Plan** and other planning considerations
- Emerging **business strategy** with short (1-3 years), mid (3-5 years) and long term (5-10+) perspectives
- **Actionable activities** that will guide the realization of the LBWL's Vision, Mission & Core values in a manner that manages future uncertainty and risk
- **Identifies, prioritizes, and adopts** goals and objectives needed to achieve the LBWL's mission
- Evaluates **market opportunities, customer preferences, and initiatives** to grow the LBWL while evaluating risk or threats to LBWL's future business
- Assesses the LBWL's **available resources, business processes, and staffing** to determine additional resources or process changes needed to successfully complete goals and objectives
- **Plan** for emerging technologies and to optimize existing and near term technology **investments to lower cost and provide superior service**
- Assure **compliance** with regulations, conformance with **industry best practices**, and sound financial management

STRATEGIC MANAGEMENT ENGAGEMENT

- Strategic Management is the process designed to help an organization assess its internal and external business environment, form strategic vision, set objectives, establish direction, formulate and implement strategies that are aligned toward the achievement of organizational goals adopted by a strategic plan. Strategic Management focuses on action based upon strategic planning goals.
- Tool that the executive team will use to monitor progress in implementing the Strategic Plans individual initiatives. What gets measured and managed.
- Example: Balanced scorecard

STRATEGIC PLANNING vs MANAGEMENT

Comparison Chart

BASIS FOR COMPARISON	STRATEGIC PLANNING	STRATEGIC MANAGEMENT
Meaning	Strategic Planning is a future oriented activity which tends to determine the organizational strategy and used to set priorities.	Strategic Management implies a bundle of decisions or moves taken in relation to the formulation and execution of strategies to achieve organizational goals.
Stresses on	It stresses on making optimal strategic decisions.	It stresses on producing strategic results, new markets, new products, new technologies etc.
Management	Strategic planning is a management by plans.	Strategic management is a management by results.
Process	Analytical process	Action-oriented process
Function	Identifying actions to be taken.	Identifying actions to be taken, the individuals who will perform the actions, the right time to perform the action, the way to perform the action.

STRATEGIC PLAN & ENGAGEMENT TIMELINE

