

County applauds BLP, supports new electrical facility

February 4, 2016

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MARQUETTE - Representatives from the Marquette Board of Light and Power provided an update on its planned 50 megawatt electrical generating facility to the Marquette County Board Wednesday evening.

Erik Booth, BLP manager of planning and utility compliance, explained the need to construct the \$77 million facility, which will be located behind the company's existing warehouse and distribution center on Wright Street in Marquette.

"We're required to meet our electrical demand on our own if the (Upper Peninsula's) electrical grid goes out," Booth said.

Article Photos



Erik Booth, Marquette Board of Light and Power manager of planning and utility compliance, gives a presentation to the Marquette County Board at its regular meeting Wednesday night. Booth explains the need for the planned electrical generating facility, and answers questions related to rate increases. (Journal photos by Kelsie Thompson)

The plant will house three reciprocating internal combustion engines to be fueled primarily by natural gas.

"The design presented to us was three units," he said. "We like the set up, we think it gives us a lot of flexibility."

The existing main generator at the Shiras Steam Plant, Unit No. 3, will likely be taken down during the spring, summer and fall months once the installation of the new Marquette Energy Center is completed to preserve the life of the unit as well as to meet changing environmental regulations, Booth said.

Shiras Unit No. 2 will no longer be needed.

In fall 2014, the BLP was told it would no longer have firm transmission service from the grid serving the U.P., meaning it couldn't purchase power from the grid at all times, such as during an emergency situation.

Facing an uncertain future with the electrical grid, which accounts for about 10 percent of the BLP's power supply, Booth said the changes are necessary.

"The more uncertainty we have hanging out there in the U.P. electrical system, the more we can't wait around because we don't know if the transmission system is going to get updated in four years, seven years, eight years," he said. "We're responsible for taking care of our needs. We have a legal obligation to serve and that's what our board is charged with. They take that very seriously."

The BLP will still buy power from the U.P. grid when it's possible, Booth said.

"Now, we're going to buy from the grid if it's available and it's cheaper," Booth said. "And it likely will be, but since we can't get guaranteed transmission ... we have to have that asset in the portfolio. We have to focus on meeting our demands."

When prices are higher on the grid or transmission is curtailed, the new units will provide the necessary power, he said.

Last October, the BLP received approval from the Marquette City Commission for a 30 percent customer rate increase to cover the cost of production, to go into effect this October.

Booth explained to the commissioners how the BLP will remain competitive following the increase.

"No one is going to be happy about the rate increase - we're not happy about having to do it, but it doesn't absolve us of doing what we need to to make sure power is reliable in the Marquette system," he said. "When it's all said and done with the 30 percent rate increase, we're going to be right at about that 14 cents (per kilowatt hour), which runs right were folks were in 2014 in the state of Michigan."

According to Booth, residential customers using 500 kilowatts will pay slightly more than \$80 per month for their electrical usage after the new energy center is up and running, where as We Energies customers will pay just shy of \$80.

Costs will still be lower to consumers than some other utility companies throughout the U.P., including Alger-Delta Cooperative Electric Association and Upper Peninsula Power Company, Booth said.

"We certainly enjoyed extremely low power costs for a long time - some of the lowest in the state of Michigan," he said. "We're not going to be able to boast that any more ... even with making this significant investment, we're just running with the pack now."

Chairman Gerald Corkin commended the BLP and its board for their "vision and their history of good service at a very low cost."

"Even though it's going to be a hit to consumers, which none of us like, it will still be in the ballpark of most other utilities," Corkin said. "In the long run, people in the city of Marquette and townships will really benefit. There will be a lot of negatives every time you raise the price, but you're doing the right thing."

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