

Rachel Johnson, Cherryland CEO ([00:00](#)):

Courtney Doyle, Cherryland Electric Cooperative ([00:14](#)):

Welcome back to Co-Op Energy Talk. I'm your host, Courtney Doyle, communications and member relations manager at Cherry Land Electric Cooperative. Last month we shared some pretty exciting news alongside our power supplier, Wolverine Power Cooperative. Wolverine has just signed a power purchase agreement that's going to pave the way for the restart of the Palisades Nuclear Power Plant down in southwest Michigan. So this actually marks the first time ever that a shutdown nuclear plant would be restarted. And there's a whole lot that goes into how that happens, what's next, and why this agreement is so impactful and beneficial to cherry land members. So in today's episode, we are talking through all those details with Wolverine, president and C e o Eric Baker and Cherry Land c e o, Rachel Johnson, take a listen. Okay. So Eric, Rachel, thank you so much for taking a little time to talk to us about this really exciting development today.

Rachel Johnson, Cherryland CEO ([01:09](#)):

Thank you.

Eric Baker, Wolverine President & CEO ([01:09](#)):

Thank you.

Courtney Doyle, Cherryland Electric Cooperative ([01:10](#)):

So, just a couple of weeks ago, uh, Wolverine made a pretty big announcement that you've signed a power purchase agreement or a P P A with Whole Tech International, and that's essentially gonna pave the way for the restart of the Palisades Nuclear Power Plant. So that's a lot of industry lingo for a lot of people. So, Eric, can you talk to us a little bit about how we got to this point? Can you walk us through the current status of our power supply portfolio, what a P P A is, and kind of the role that this p p a plays in all of that?

Eric Baker, Wolverine President & CEO ([01:38](#)):

Yeah. Uh, a lot of elements to that question. A lot of layers to that answer. Um, Wolverine's responsible to provide a hundred percent of cherry land's power supply. Wolverine can do that one of two ways. We can either own a generating plant and create our own power, or we can go out into the market and and buy it from various sources. As time has evolved, the number of sources that we can buy from has shrunk dramatically, largely because the number of generators has shrunk dramatically, and there just isn't as much available supply going forward. All of the assets that Wolverine owns, most of the assets that wry owns are peaking assets. So their job is to provide power when, uh, renewable energy can't produce. Uh, there's been sudden changes in demand, or traditionally if it's either really cold or really hot, but our assets predominantly are not intended to be used 24 hours a day.

Eric Baker, Wolverine President & CEO ([02:28](#)):

And so we've always, traditionally, for the last 30 years, we've been the only asset that we've really been able to lean to in any significance has been market opportunities. And right now we have some long-term contracts that will expire toward the end of this decade. And in this industry, you have to look out five and 10 years ahead because it takes a long time to create alternatives. And so in that quest to figure

out what's next at the end of this decade when we have increasing demands, because more use of electricity with transportation and heat and battery powered devices. So at a time of increasing demand, we have shrinking number of resources that we can buy from. And so along the way, this opportunity with Palisades presented itself and, uh, Wolverine discussed it with its members, with its board. And in the early part of this year, we, we decided to go after this vigorously to see if we could create an opportunity that creates not only long-term power supply for our members, price stability for our members, but also one that's decarbonized because we believe as the industry transitions over the next decade in particular, we're going to have to have more resources than we have today that are carbon free resources.

Courtney Doyle, Cherryland Electric Cooperative (03:41):

So essentially, Wolverine has these power supply contracts, the long-term ones they were coming up to, you know, the end of their contract date. So it was time to start looking at what else is out there. And Palisades kind of presented itself and you, and you jumped at it. Correct. Rachel, can you, and, and Eric, you touched on this a little bit. So Wolverine is Cherry land's sole power supplier, and so that decision was made with some input from Cherry Land as we have seats on their, their board. Um, can you talk through a little bit about exactly what this means for our members and, and why this is an important contract for Cherry land members?

Rachel Johnson, Cherryland CEO (04:14):

Yeah, absolutely. And I, you know, I think that you can't, we really can't even overstate the value of the relationship between cherry land and Wolverine for cherry land members. It's not even just that we have representation. There is no us and them, it's a big we, right? Mm-hmm. <affirmative>. And so a, a challenge in power supply is one where we're really glad to have that deep, long-term partnership. And that, as Eric pointed out, is really where we have found ourselves right now, is kind of looking forward, trying to make good plans on behalf of our members, who, at the end of the day, they just want us to keep the lights on and they wanna be able to afford to pay their bills. Right? And, um, as that conversation, and as Eric's team was doing that work at Wolverine, cherry Land's got three board members who sit on the Wolverine board.

Rachel Johnson, Cherryland CEO (04:54):

I also sit on the Wolverine board as a non-voting member. And we had a lot of opportunity to weigh in on what we, what types of opportunities we wanted Wolverine to pursue on behalf of the, um, of the family, if you will. And ultimately, what I think about this particular commitment that I'm really excited about is, is three things. And Eric already talked about them. One, from an electric reliability perspective inside the state of Michigan, we have a problem. That is what that is. We have a problem. We don't, we are not building generation fast enough to meet the needs of Michigan. We're retiring things really rapidly and we need to make sure that we have a foundation upon which to keep the lights on. Palisades produces enough power to power about 6% of the electric needs in Michigan. That's great. We're gonna bring that back online and get that stable 24 7 power in Michigan and on behalf of our members to compliment those peaking plants that talked about.

Rachel Johnson, Cherryland CEO (05:43):

The second thing that I think is really valuable about this for our members is the volatility we've seen in the power supply markets over the last few years doesn't seem like it's gonna go away. A lot of that volatility is due to the fact that we're increasingly exposed to natural gas markets because of our

dependence on natural gas to keep the lights on our members. We don't want to pass that volatility along to them. We don't want rate shocks inside our system where one month I'm having to charge you \$40 more because I have to pay the natural gas bill. Mm-hmm. <affirmative>, what we've done with this Palisades commitment is make a long-term stable pricing commitment on our members' behalf. That I think it's gonna be interesting to watch the value of that over the contract time. Mm-hmm. <affirmative>. 'cause I believe it's going to become more and more and more valuable the more volatile the power supply markets become.

Rachel Johnson, Cherryland CEO (06:26):

Not just because of natural gas, but also because higher demand, lower supply prices go up. Right. Right. Um, and then the third piece, and this is, um, this is kind of a, a, an interesting piece because it has value, I think, from an ethical perspective of taking care of the planet, but it also has value in terms of helping to manage the risk of future carbon regulations on our members, is the fact that this is a 100% carbon free resource that is also always available. So what it can do in our portfolio is different than what our renewable, um, assets do in our portfolio. We are still pursuing renewables, but this is gonna be such an important foundation to being able to maintain our leadership and carbon free energy for decades. Mm-hmm. <affirmative> to come. Mm-hmm. <affirmative>. So, I, I, it's just lots and lots of wins, I think all wrapped up into this, this, this one important contract that Wolverine has entered into on our behalf. Well,

Courtney Doyle, Cherryland Electric Cooperative (07:12):

And I think that paints a really good picture at how close attention Wolverine and Cherryland and the other member co-ops are paying to the, the legislative, the, the policy that's happening right now that we see down the road. So it's not just looking, you know, 10 years down the road to make sure that we can keep the lights on. We're looking 10 years down the road to make sure that we can do everything we can to, to be in line with the policy that's coming down the road. Yeah.

Rachel Johnson, Cherryland CEO (07:36):

And you know, it's, and the other incident, and, and I think we do need to talk a little bit about some of those things, but I will also just say when I look at the, the landscape of, we call it energy policy, but increasingly energy policy is driven by climate policy. And as utility leaders, one of the things we have to figure out how to do is balance the competing needs of reliability, affordability, and mitigating environmental impact. And that's hard to do. And things like nuclear are, are, are one, this is one of the unique assets we have available to us right now that happens to be able to check most of those boxes. Nuclear is still honestly, and, and Eric, I'd be interested to hear you speculate on this across the country, it's not the least expensive option, it's just that it's the most stable option. And when we look at where prices are going, it potentially has a, has a future of being a less expensive option.

Eric Baker, Wolverine President & CEO (08:21):

Yeah. I, nuclear power to build a new nuclear plant is costs billions and billions of dollars. Uh, just completing, uh, two large plants in Georgia at the gel, uh, power plant with combination of electric co-ops and, and large investor-owned utilities in Georgia. And, uh, about 2000 megawatts worth of power. And those plants are gonna be somewhere in the neighborhood of 34 to \$35 billion. So very, very expensive to build new. So the opportunity at Palisades is to step into a plant that is essentially mostly paid for and still very expensive to, to operate, but in the context of other alternatives contrasted against things like New Solar, it's, it, it, it's price competitive to that. And it also generates the same

carbon free energy when it's nighttime and when it's a snowstorm in February on our Polar Vortex event or a really hot day in the summer. And, and so it, it creates a reliability element that we, we think is really, really unique to us. Well,

Courtney Doyle, Cherryland Electric Cooperative ([09:21](#)):

That, and you kind of touched on too, the time that it takes to build these new generating assets. Can you talk a little Eric, about, so we've, Wolverine has signed this agreement and we're moving forward in this direction now. What, what is the timeline to get Palisades back up and running and to get, you know, cherry land members benefiting from that, that power?

Eric Baker, Wolverine President & CEO ([09:42](#)):

Well, an old military expression is hurry up and wait <laugh>, and that's sort of what the Palisades is gonna be for us. We had a, we had a very intensive push. Uh, I and my executive team, uh, were working close to seven days a week over the last five and a half months to get us to this point. And so that was a really a, a hurry up event to do a lot of work, a lot of analysis, a lot of communication with our members and with our boards. So we had, in addition to our regular board meetings, I think we had three special board meetings and a half day strategic planning session. And we had one or two visits with almost every one of our distribution members. So there's a lot of member communication along the way to get us to this point.

Eric Baker, Wolverine President & CEO ([10:22](#)):

So once we're here, now, the ball is back in whole text court, so they have to get two major things. One is they're seeking a loan from the Department of Energy, um, that's in the neighborhood of, of a billion dollars to, it's a loan, not a grant, but a loan to help pay for the costs necessary to procure the fuel to go through the necessary mechanical work. Uh, because it was at the end, Palisades when it shut down was at the end of its normal cycle, and it needed a bunch of major maintenance just like every nuclear plant does in, in a refueling cycle. And that's all been put on hold. And so it needs to do all that work, get the fuel, get the plant restarted, and before it can do that, in addition to the financial implications of that, then they have to get the license restrictions removed from the current operating license from the Nuclear Regulatory Commission. So those are two big steps, and they've been working on that hard for the last 12 months, but those are not yet done. So that means that when all that's done, the power plant probably will come online somewhere between the beginning of 2026 and middle of 2027, somewhere in that timeframe. All

Courtney Doyle, Cherryland Electric Cooperative ([11:32](#)):

Things considered though, when you think about building new or something like that's pretty quick <laugh>

Eric Baker, Wolverine President & CEO ([11:38](#)):

Compared to building new, which would take at least 10 years to build new, there's

Rachel Johnson, Cherryland CEO ([11:42](#)):

Still a two in front of this timing. Yes. Which is

Eric Baker, Wolverine President & CEO ([11:45](#)):

A good thing. Yes. Yeah. We're talking about months, not years

Rachel Johnson, Cherryland CEO ([11:48](#)):

In that timing. Um, and again, you mentioned this earlier, Eric, but like the, the amount of long-term thinking it takes to constantly be layering in what we need as other contracts roll off. Yeah. That, that timing works really well in our portfolio

Eric Baker, Wolverine President & CEO ([12:00](#)):

Too. It works spectacular. That's a, that's really close to the date of, um, expiration of, of our primary long-term contracts. Uh, we, we don't, we, we tend to try to split them up to diversify our portfolio, but most of those start to roll off toward the end of 25, 26, 27, 28. And our industries like, like steering our, our Great Lakes, uh, vessels that, that we all love to watch go through the straits mm-hmm. <affirmative> and through the Manitou passage. And you, you, you don't, you don't steer them when you need to. You steer them way ahead of when you need to move them. And, and that's what our industry is. It takes, it takes a decade to, to start creating meaningful alternatives. It's

Courtney Doyle, Cherryland Electric Cooperative ([12:38](#)):

Exciting. Is there anything else that throughout all this process and, and now that I, you know, you've reached this benchmark, right? The agreement is signed, we've announced it. Um, you know, is there anything else that, that you have any thoughts, final thoughts on this kind of new chapter for Wolverine in this new phase as we pursue bringing Palisades back online?

Eric Baker, Wolverine President & CEO ([12:58](#)):

Well, first I'd like to say that I think it's important to say that whether, whether Wolverine is part of Palisades or some other entity was part of Palisades, the restart of Palisades, I believe is vital for Michigan's electric reliability. It's not optional. As we move to accelerate the retirement of coal plants in Michigan, we do, Michigan is already a net importer about nine of every 10 hours. Hmm. We're importing electricity from other states. And to take more domestic generation or native to Michigan generation offline with future coal plant retirements is gonna exacerbate that problem. And it's gonna take us many, many years to build additional transmission lines to lean on other states, but they are also retiring coal plants. So, you know, it's sort of like building pipelines in the desert that, that we can build more pipelines. It doesn't mean more water's going to flow, and at some point we have to have generators.

Eric Baker, Wolverine President & CEO ([13:48](#)):

And so Palisades is essential for that, for Michigan. So we're really excited to be a part of that. I don't think this is possible without the support we have of the Wolverine board and the Wolverine members to aggressively pursue something, know that we're putting money at risk upfront to, with attorneys and technical people and and consultants to work really hard to assemble a package like this, knowing that in a few months we could walk away with nothing. And that, that takes a lot of courage and leadership on the, on part of the board and, and the member CEOs and that kind of support allows this to happen. Rachel,

Courtney Doyle, Cherryland Electric Cooperative ([14:21](#)):

Any final thoughts on what this means for our members here at Cherryland? Yeah,

Rachel Johnson, Cherryland CEO ([14:25](#)):

I'll just say that I, you know, I think that I'd ask our members to continue to stay tuned to this 'cause we'll have more announcements as we move along and certainly keep everybody updated. Um, and I, and we, we didn't have a ton of time to talk about this, but just if anybody's paying attention right now, the state of Michigan is, uh, going through a, a massive climate policy process that's going to result in policies that will have significant impacts for our industry. And I do, I'll say it a hundred thousand times, we, I cannot overstate how important I think this contract is going to be to us helping to manage our members' risks as it pertains to those policies, risks in terms of, um, carbon pricing and just the, an increase in the cost of our carbon assets risks and in terms of reliability.

Rachel Johnson, Cherryland CEO ([15:06](#)):

So I think not only is this good for the members of Cherry Land today, but I think if you look at kind of the Wolverine system as a whole in the, uh, five distribution co-ops that are partnered together with Wolverine, I think it's gonna give us a real competitive advantage as it pertains to attracting economic development into the regions that we serve and, um, preparing for future growth in the, the, the areas we serve too. So it's not only good today, I just, I'm, I'm really excited about this and I think it's gonna be really good for, for decades to come. Um, and, and we'll certainly continue to keep our members updated on it. Thank

Courtney Doyle, Cherryland Electric Cooperative ([15:35](#)):

You both again for making a little bit of time to talk to us about this today. As Rachel mentioned, this will not be the last time you're hearing about Palisades, so keep an eye out for updates in our magazine, Michigan Country Lines on our website, Cherryland electric dot co-op, and right here on the podcast. Join us next time for more co-op Energy talk.