

Educational Corner—Submitted by Mindy Koch

Consumers Energy Dams—In 2022, Consumers Energy began the process of determining the fate of their 13 remaining hydroelectric dams. The company is experiencing millions of dollars in losses on its hydroelectric operation due to needed upgrades of aging dams. The 13 dams also will require relicensing through the Federal Energy Regulatory Commission (FERC) sometime in the next decade to continue their use. Therefore, the company is currently reviewing the following options; relicensing the existing dams, replacing the dams with alternative structures, removing the dams, or selling the dams. Consumers says that the dams cost power customers nine times as much as any other power sources and these 13 dams only account for 1% of the company's energy portfolio. Therefore, keeping the dams means higher energy costs for their customers.

Consumers believes that relicensing all 13 dams will cost around \$1.4 million. Decommissioning each dam separately and removing the structures will cost approximately \$631 million. Dam removal is generally supported by those that are concerned about the dams' negative environmental impacts. Owners of lakefront property created by dams and the surrounding communities generally oppose dam removal that would negatively impact the use of their property and the local economy. Selling the dams raises concerns about how new owners could maintain the dams with minimal profits and massive maintenance costs. Operating the dams under any ownership does not appear financially feasible. Consumers also has a history of offloading unwanted dams onto new owners who cannot afford their costly upkeep eventually leaving the public responsible to pay the costs. The Department of Natural Resources has experienced the difficulty and prohibitive cost of becoming a new dam owner of aging dams that originally cost one dollar that became a multimillion-dollar liability.

Early in 2024, Consumers issued a request for proposals to sell the 13 dams. They have received interest from 40 parties. The proposals are currently under review. Any attempt to sell the dams would require federal officials to consider whether the new operator is capable of carrying out its responsibilities under the FERC license. There are no regulations that require the new dam owner to prove that they can afford to maintain the dams. Complicating the bidding and review process is a decision by the U.S. Department of Energy to provide \$23 million to 10 of the 13 dams for safety improvements, system upgrades and recreation improvements. Consumers believes that the bidding process will be completed by 2025 with decisions to follow.

These hydroelectric dams are located on five rivers in Lower Michigan. AuSable River (6); Muskegon River (3); Manistee River (2); Grand River (1); and Kalamazoo (1)

