

# Controlled Environment Agriculture in Lansing

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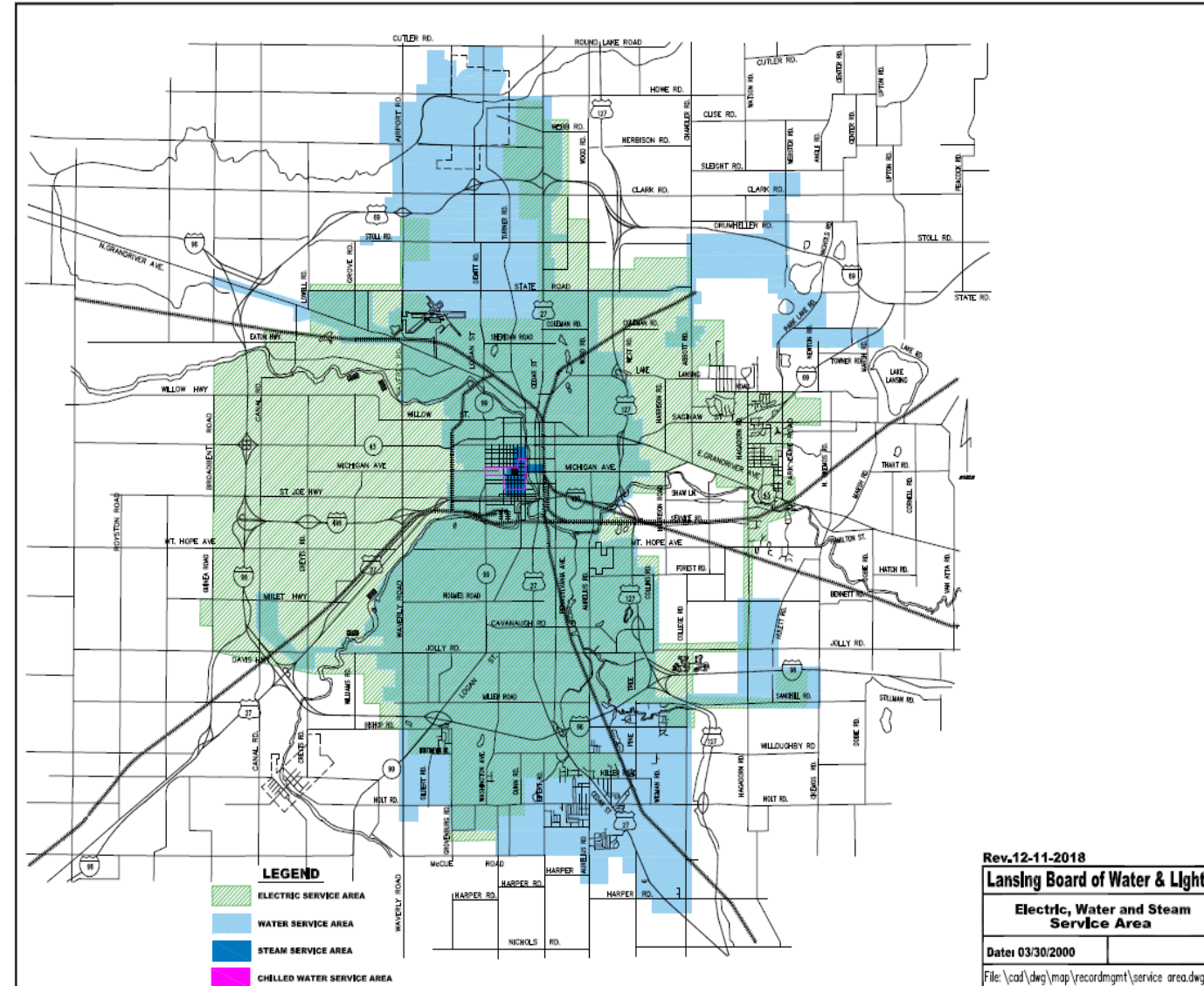
Lansing Board of Water & Light

# Overview

- ▶ About the Lansing Board of Water & Light
- ▶ The history of cannabis legalization in Michigan
- ▶ Michigan's current regulatory environment
- ▶ City of Lansing regulations and statistics
- ▶ LBWL's concerns
- ▶ Current environment

# About the Lansing Board of Water & Light

- ▶ Based in Lansing, MI
- ▶ Service around 100,000 customers with Electricity, Water, Steam and Chilled Water
- ▶ Largest customers
  - ▶ General Motors (Grand River & Delta)
  - ▶ State of Michigan
- ▶ Generation, Transmission, Distribution
- ▶ Largest Municipal Utility in Michigan
- ▶ Top 50 Largest Gen. Muni in the country
- ▶ Lansing, East Lansing, Delta Township



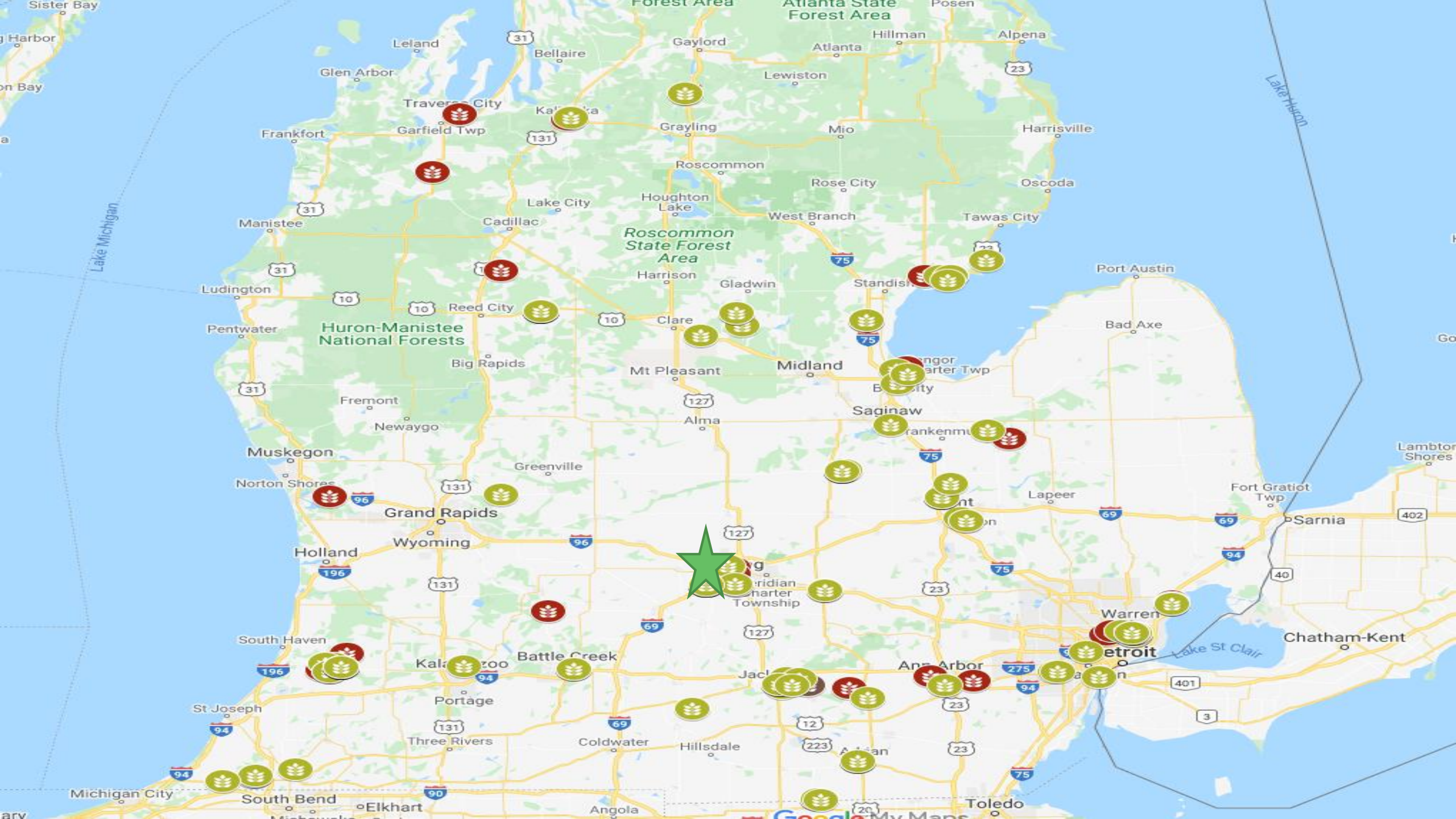
# Cannabis Regulations in Michigan

- ▶ Medical Cannabis passed into law via ballot initiative in 2008
- ▶ Flawed Implementation
- ▶ Risky Business (2008 - 2018)
- ▶ 2018 ballot initiative - passed with almost 60% of the vote
- ▶ Medical Marijuana Licensing Board 2008 -2019
  - ▶ End of the caregiving system
- ▶ Marijuana Regulatory Agency - MRA - Established June 2019
- ▶ State emergency rules for adult use went into affect in late 2019
- ▶ The rate of approvals of licenses by the MRA have increased drastically over the rate of approval under the previous administration.

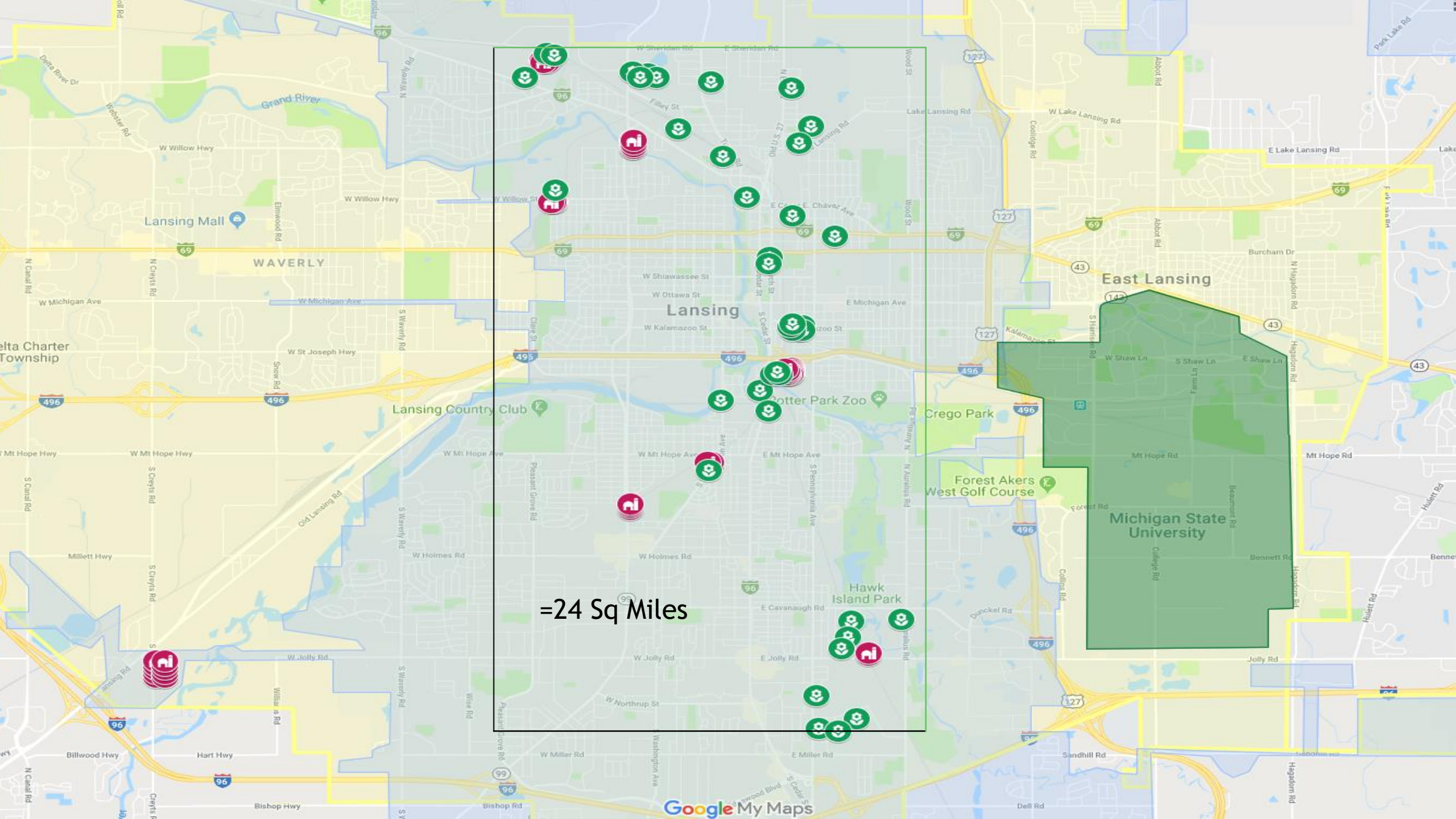
# Grower Regulations

- ▶ Regulations for the legal market are going to copy regulations for the medical market
- ▶ Growers are grouped into classes A-C
  - ▶ Class A - 500 Plants
  - ▶ Class B - 1000 Plants
  - ▶ Class C - 1500 Plants
  - ▶ Excess license - 2000 Extra Plants
- ▶ Other license types - Secure Transport, Processor, Provisioner, Safety Compliance, Microbusiness, Event, Social Club
- ▶ Everyone currently licensed for medical will likely also be licensed for recreational









=24 Sq Miles

# Lansing Area Regulations

- ▶ City of Lansing
- ▶ 71% voter approval of 2018 ballot initiative
- ▶ Requiring licensing of all cannabis-related businesses
  - ▶ Medical Marijuana Commission went defunct in October 2019
  - ▶ Process is now overseen by the City Clerk
- ▶ Capped number of licenses
  - ▶ 75 medical grow facilities currently pending approval or active
    - ▶ To be reduced to 55 by January 2021
  - ▶ 28 Dispensaries
  - ▶ 4 - Microgrows and Social Clubs



# Lansing Area Regulations

- ▶ Adult use opened in Lansing at the very end of 2019
  - ▶ This is within the City of Lansing only - 1/3<sup>rd</sup> of BWL's service territory
    - ▶ 23 AU applications in as of 02/25/2020
  - ▶ East Lansing does not *technically* license growers. They do have strict zoning regulations in regards to all forms of cannabis.
  - ▶ Delta Township passed an ordinance totally banning the cannabis industry, including sales, despite an overwhelming majority of citizens there voting to pass the amendment in 2018.
- ▶ Medical growing in Lansing
  - ▶ Over 100 have been applied for, only 75 spots

# Sources of Information

- ▶ City of Lansing
  - ▶ Map updated weekly
  - ▶ Started accepting recreational grow license applications on Christmas Eve 2019.
- ▶ State of Michigan
  - ▶ Updated Daily
- ▶ Newspaper articles
  - ▶ Lansing City Pulse
  - ▶ Lansing State Journal
- ▶ Customer Projects
- ▶ Hearsay
  - ▶ This is underrated!



# EWR Options

- ▶ Range of load impacts among growers allegedly growing the same number of plants
- ▶ Custom incentives
  - ▶ PPFD - Lighting
  - ▶ How to take into account the added load of dehumidification when you reduce heat due to a switch to LED
- ▶ New Construction
  - ▶ No code beyond the basics
  - ▶ What's baseline?
    - ▶ Do growers actually pick LEDs over other choices?
- ▶ Other options
  - ▶ Chilled Water/Steam
- ▶ Link to Resource Innovation Institute
  - ▶ Utility working group
  - ▶ Cannabis Power Score
- ▶ Rethinking traditional Program Caps
  - ▶ Impact at BWL Scale







# Line Extensions, Transformer Upgrades and Rates

- ▶ Drastic lack of understanding amongst rookie cannabis growers as to the cost of some infrastructure upgrades
  - ▶ “What does it mean to own our own transformers?”
- ▶ BWL Rates are not prepared for cannabis growers
- ▶ Customer expectations for transformers
- ▶ Line extension payments for new developments
- ▶ Potential need for substation expansion
- ▶ Taxing to water distribution
- ▶ How do we price extensions and transformer replacements?
  2. For serving electric loads of questionable stability or development:
    - a. A deposit, if required, will be based on an evaluation of the BWL’s recovery of capital cost along with other business related considerations. Rule 10.3 “Nonrefundable Contribution for Underground Extensions” may not apply to distribution system extensions evaluated under this section.
- ▶ Cannabis business turnover in Michigan is 4 years.

# Specific Growers

## ► Harvest Park

- “The largest medical marijuana development east of the Mississippi”
- 129 Acres in two phases

## ► Grow Bowl

- Former bowling alley turned cannabis grow

## ► Arbor Farms

- Former State of Michigan building, 115,000 Sq Ft

## ► John Bean

- Former World War 2 factory
- 500,000 sq. ft.

