



City of Ann Arbor

301 E. Huron St.
Ann Arbor, MI 48104
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Meeting Minutes Energy Commission

Tuesday, June 14, 2011

5:30 PM

City Hall Council Chambers - 301 E. Huron St.

CALL TO ORDER

Commissioner Appleyard called the meeting to order at 5:37pm

ROLL CALL

Approved

Present: 7 - Wayne Appleyard, John Hieftje, David A. Wright, Joshua Long, Fulter Hong, Brigit Macomber, and Cliff Williams

Absent: 5 - Charles Hookham, Michael Delaney, Dina Kurz, Kenneth J. Wadland, and Mike Shriberg

APPROVAL OF AGENDA

Approved

Present: 7 - Wayne Appleyard, John Hieftje, David A. Wright, Joshua Long, Fulter Hong, Brigit Macomber, and Cliff Williams

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APPROVAL OF MINUTES

Commissioner Macomber noted a correction to the May minutes clarifying her question, which was whether upcoming DTE wind projects in central Michigan would specifically go into DTE's service grid, not the grid generally.

Energy Commission Minutes - May 10, 2011

A motion was made by Appleyard, seconded by Hieftje, that the Minutes be Approved by the Commission and forwarded to the City Council and should be returned by 8/4/2011. On a voice vote, the [Enter Title] declared the motion carried.

PUBLIC INPUT

No public input

ENERGY REPORT - NEWS FROM THE ENERGY OFFICE AND COMMISSIONERS

Nate Geisler: Last Friday's Green Fair was successful despite a wet set up. Thank you to all of the commissioners who came out to help at the table.

The Michigan Electric Vehicle rallying show was on June 11th in Livonia. The Energy Fair is coming up on June 24th-26th at the Mason County fairgrounds in Ludington. We will have a PACE presentation and staff there to represent Ann Arbor.

An agenda item to consider is the August meeting. Historically the default has been that there is no August meeting. Last year there was one. (Discussion resulted in approving no meeting for August.)

Geisler: I do have some citywide updates on LEDs and the solar water here at City hall. Larkham has twelve 32 sq. foot panels with a total of 384 sq. feet which are feeding two 260 gallon storage tanks for solar domestic water. There are 28 panels on the municipal center which are the same size for a total of 896 sq. feet. 512 of that is for the boiler pre-heat and the remaining 384 is dedicated to hot water heating. There are two more 572 gallon storage tanks in the process of being hooked up there.

News on the LED front- We have some indoor facilities now equipped thanks to a grant we successfully went after last year from the State Energy office, with recovery dollars. We supplied the Cobblestone barn with LEDs. Both the wall track lights and the high bay lights. One of the issues they had there was a slow start up with the sodium lights. They are happy to have instant on capabilities now and cleaner light. Estimated cost beforehand was nearly \$1,900 and the annual expense is now \$361.

Three of the fire stations also now have LEDs. Annual cost was \$4,400 which is now down to \$2,100. The city's website has links to more information about the installations and pictures.

The Wheeler Center also was retrofitted with fuel canopy lights and above door and security lights. Over 100 lights were changed to LED. Overall the entire project saved 316,000 pounds of CO2 equivalents for emissions. All in all, another good example for getting beyond the streetlights.

Commissioner Appleyard: Thank you. That's good news and we are saving more energy.

ENERGY COMMISSION CHAIR(S)

Commissioner Appleyard: We discussed a vice chair or co-chair last time. There isn't currently anything in the bylaws. We have two choices- we can either change the bylaws or we can do something ad hoc and have someone designated to take over if the chair isn't present.

Geisler: The bylaws have not been amended since they were drafted. There is a provision that does allow for co-chairs. If there was an informal understanding between the commissioners that would be in keeping with what is on the books right now.

Commissioner Appleyard: I am certainly willing to not change the bylaws and not spend time doing it.

Commissioner Long: Do we have to spend a lot of time changing the bylaws or are there examples out there?

Geisler: There are examples out there that we can draw from.

Commissioner Long: So we don't need to come up with new duties?

Geisler: The environmental commission has language that we could use. Andrew Brix mentioned that the co-chair option is an easier way to go if all agree to it.

Commissioner Appleyard: Does anyone have any preferences or care?

Mayor Hieftje: I think it would be a good idea to have a vice chair. We could view that person as someone in line for the chair position.

Commissioner Appleyard: Any other comments?

Commissioner Macomber: I served on another commission that did have a vice chair and it worked really well.

Commissioner Long: I can see a problem for future commissions if the co-chair option is not clearly defined in the bylaws.

Commissioner Appleyard: I am not opposed to having a chair and a vice chair.

Commissioner Williams: I'm not opposed to having a vice chair, but I just don't want to be it.

Commissioner Appleyard: It sounds like we are in relative agreement that we can go ahead and set up a vice chair. Can we call upon staff to actually draft this up?

Geisler: I can work on language and send it out this week.

Commissioner Appleyard: At the July meeting we can actually vote on that. The only issue would be finding someone to take the position after the vote.

SUBCOMMITTEE DISCUSSIONS

Energy Production

Commissioner Appleyard: We did meet to discuss several things, including the landfill and the opportunities there to do additional energy production onsite. It is one of the places where we do produce energy from methane from the landfill. There are opportunities to do more with a community solar group. Also, methane production is a possibility. Given we did not have the space at the waste water treatment plant it might be possible situating something like that at the landfill. There were perhaps some other options like green houses heated supplementally with some of the waste heat from the generators or from methane gas directly. It is one of the largest parcels of land owned by the city that isn't really developed to a large degree. About 15-20 years ago I sat on a citizens committee that looked into what might be done with the landfill. There was a consultant hired to look at ideas around that. Maybe it's time to start looking at ways for the site to make its own income and reduce greenhouse gases.

Community Education and Outreach

Commissioner Macomber: We met this past week and were fortunate to have Wendy Barrott join us to talk about one of their main efforts right now- the

PACE enabling language for the city. Wendy is working with Nate and a website consultant to add pages to the energy challenge website that was up and running in February. This is the section about PACE for business. She had some logo samples that the consultant had worked up and we provided some feedback on those.

There was discussion about getting some of the community groups to provide feedback on how to get community members more engaged and at what level. We also talked about the communications plan which we've been working on for months. It has laid out general ideas/actions and the next meeting will be used to come up with specific actions for the next 6-12 months and determine who will do what.

Geisler: I will just add to that the site and logo intent is to have it apply to the PACE effort, but also to the broader community energy programs and outreach. The firm we are working with specializes in design and web work, but we are also looking at creative ways to engage the public. Sidewalk chalkings, competitions, you name it- everything is on the table.

We are utilizing the School of Natural Resources this summer and having some students looking at this and really focusing on a broader strategy for marketing both PACE but also for Michigan Saves. We want to make the site a portal for people to find information to meet their energy needs with streamlined information. I would say that as Commissioner Macomber noted, it is going to be active over the summer. If you are not involved with the subcommittee, but want to have input into the look and feel of the program, please contact myself, Bridget or Dina on that front.

Commissioner Macomber: We will be soliciting feedback over email. It would be great if you could take time to answer brief surveys that are sent out.

Finance and Facilitation

Commissioner Appleyard: Finally the Finance and Facilitation Committee did meet. They've been working with a group of people including the housing official in trying to work on developing energy work around the student housing and all rental housing in town. We're in the process of scheduling a meeting with the University that has a housing website and does do a certain amount of information to the students about off campus housing. This ongoing project looks like it will be able to make a difference and is really starting to take off. It will institute more energy efficiency in student housing and make students more aware of energy efficiency. They come in as freshman and after their first year look for off campus housing without knowing their rights and also what to look for regarding energy efficiency.

Mayor Hieftje: Two related things. Eric Lipson who was involved with the cooperative housing area and has a whole bunch of houses. Also the solid waste department has also been trying to get students engaged in recycling because we really believe there is a whole lot more volume out there than what we are getting. If there is any way to find synergies between these two programs – recycle more and save energy- sent out to them in the same sort of outreach. Recycling will save energy too.

Commissioner Appleyard: That's an excellent idea and there is a component that is an informational package. I'm not sure if we either require or urge the

people who own student housing to really make recycling available and easy or not, but we should be doing that.

Mayor Hieftje: They have the same capabilities as everyone else which is the big recycling cart at single family homes around town. It's sitting there, it's just a matter of filling them up with things like pizza boxes and getting them out there.

Commissioner Appleyard: Does anyone else have anything else they would like to discuss tonight?

Commissioner Long: I just had something pop up in the back of my head. The district geothermal people came to town a year ago but whatever happened with that?

Geisler: It is still under consideration and we're monitoring the story in other areas where they've gone ahead with the concept. We haven't heard from them in a while.

Mayor Hieftje: I know there is some geothermal being pursued locally by private entities but it's also an opportunity to see how this system will work out. We should look at other cities. It's nice to have an example before sticking your toe too deeply into the water.
There are reasons to be cautious about this particular financial arrangement.

Commissioner Appleyard: There are also some issues with right-of-ways. There is one situation in town where someone drilled wells across the street from their property and are having trouble getting connection across the street where they want to use the heat. I'm not sure if it's a legal issue or what the status is. It's something to consider- the legal issues. The company that was here was looking for single rights to the City of Ann Arbor which is something we were not interested in providing to them at that point.

Commissioner Long: I don't know what our recommendation was but we were not willing to say have our blessing and go to City Council. Did they go to City Council without our blessing?

Mayor Hieftje: No, we haven't heard from them either. I don't believe they have been pursuing it.

Commissioner Macomber: I would like to raise one thing since we often go over and don't have time for random thoughts. I know you all had a retreat a year and a half ago before Cliff and I were on the commission. I know a number of good things came out of it like the subcommittees. Is it a good idea to consider doing this again in the near future to revisit some of the thoughts that were settled on at that time and maybe recommit to directions agreed to at that time. I don't know if other people are interested in it.

Commissioner Wright: I would like to second that it would probably be good to have another Saturday checkup on where we are now and what would be a good way to proceed. Especially looking at the new green energy challenge.

Commissioner Appleyard: Excellent point. Take this back and think about what you would like us to cover on that and when a good time may be. Possibly the

fall- October and November before the holidays. Let's put that on the agenda for the next meeting. Any other thoughts?

Commissioner Williams: I have a question. What are the dates of the next subcommittee meetings?

Commissioner Macomber: I'll get back to you

Commissioner Appleyard: Finance and Facilitation usually meets the last Tuesday of the month.

Commissioner Hong: Energy Production usually meets on Wednesdays before the meeting. Wednesday July 6th. We did discuss moving to an earlier meeting at 4pm downtown. The 6pm slot wasn't working well for people. We can negotiate that time.

PUBLIC INPUT

No public input

ITEMS FOR NEXT AGENDA

Commissioner Wright: There are a couple things I'd like to put on our next agenda. The Detroit Edison Solar Currents customer owned portion recently sold out. DTE are going through their biannual review before the public service commission right now and it would be a good time to ask Edison to expand the program and bring in more solar. We would have an opportunity to do that now since Consumers Energy also just sold out of their customer owned solar program and the public service commission negotiated with Consumers to get them to expand the program by another 3 megawatts. We should discuss writing a letter to expand the customer solar program.

Commissioner Appleyard: What is the timeline on that? That is really important and we don't want to miss out on that.

Commissioner Wright: They filed their case on June 2nd and my understanding is it is 90 days from filing to final decision. The public service commission will be making a decision by early September. If we wanted to write a letter or get in the docket we would need to do that in the July meeting.

I have seen that we have a request out to Edison to come share the performance of their solar program.

Geisler: I heard back from Ray Zoya and they were not able to make it at this time. I am still in touch with them and working on setting that up.

Commissioner Long: Do you know if there was much opposition from Consumers or were they all for extending the 3 megawatts?

Commissioner Wright: Initially they did not have an expansion in their filing. They spent some time talking with interested parties and came back with a proposal to expand it. I think it was agreed upon by the company and the public service commission.

One more thing, I have spent a little bit of time looking at the financing requirements and payback requirements for the PACE program. I have a concern about the current structure. The way it's currently structured we will not be providing for opportunities/investments in solar and other renewables based on a cost test that seems to be more constraining than what I thought the original PACE program was suppose to be. Can we get Wendy or possibly Nate to talk about where we are with that and if there's any possibility to change the payback tests over the life of the node. I think that will be a big hurdle for PV systems.

Commissioner Appleyard: It's especially difficult now that the DTE program is gone.

Commissioner Wright: If the DTE program was here we would have a much better chance with that. If you don't have other energy efficiency investments or you've recovered your made energy efficiency investments and had it recovered in another financing mechanism, as I read the PACE guidelines, it would disqualify you- you cannot count that in your application. I think we need to take a look at that and not be as constraining as we are today.

Commissioner Appleyard: Well considering they are talking about a public rollout in August potentially that sounds like we should deal with that next meeting. Can we try to get Wendy here?

Geisler: Yes, those are the kind of comments she is looking for. She will get the message and I will try and get her here for the next meeting.

Commissioner Appleyard: Considering the program stands for Clean Energy and solar is really what's available we should really be trying to make this program work for solar.

Commissioner Long: What is the payback threshold?

Commissioner Wright: As I've read the guidelines, the savings have to exceed the cost, the financing costs of the system over the life of the node. If you install a PV system at market cost today, unless you do some very creative accounting and make some very large assumptions about increases and the rate of electricity, it would be very difficult to demonstrate that.

Commissioner Long: The life of a node being how long?

Commissioner Wright: As I understand it, the PACE loan cannot exceed the warranty for the system so it would be under 20 years for a PV system. Most likely because that's a typically warranty for the panels.

Commissioner Appleyard: And certainly less for a thermal system. That's something we need to address. Do you know the way it's structured- do they allow you to buy down the principal- for instance could you get PACE on a portion of something to make the numbers work? That would be another way to get partial funding. Good things to talk about and an important issue. Let's get Wendy here next month. Let's also try to get DTE here next meeting.

ADJOURNMENT

The meeting adjourned at 6:20 pm

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