
Ann Arbor for
Public Power

# WHAT IS
# ANN ARBOR FOR PUBLIC POWER?

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# We are....

a coalition of members from many local organizations,
with representation from DSA, Sunrise, Indivisible, Climate Action Movement, Washtenaw 350, Ann Arbor Beyond Bernie and more.

*We believe in a green and publicly owned future.*

**Our goal is to democratize, decommodify, decarbonize and decolonize our energy sources.**

# PROBLEM:

DTE is not transitioning to renewables fast enough to meet global or local emissions targets.

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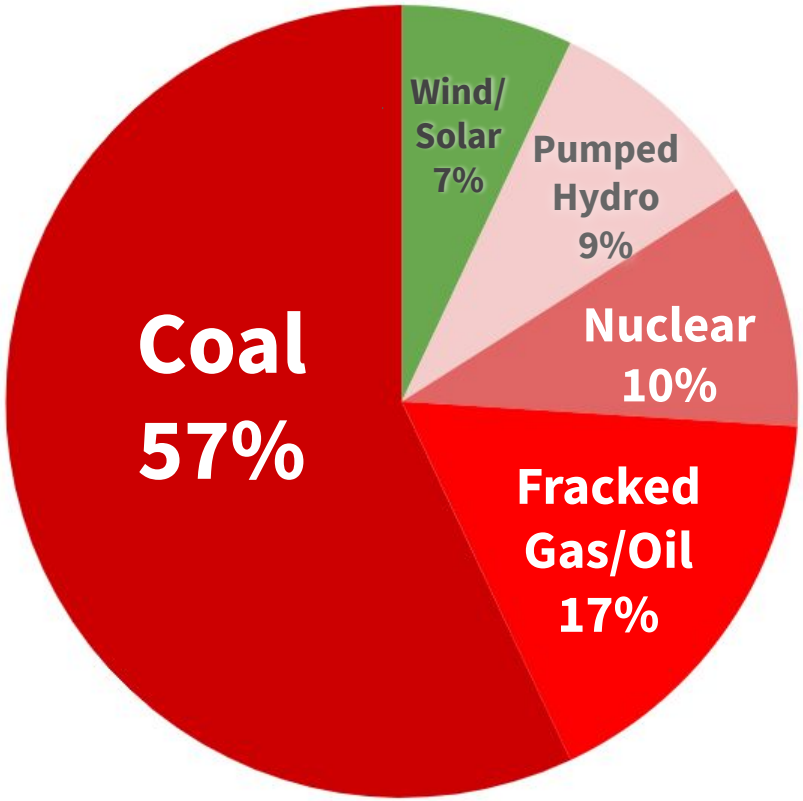
# DTE produces dirty power

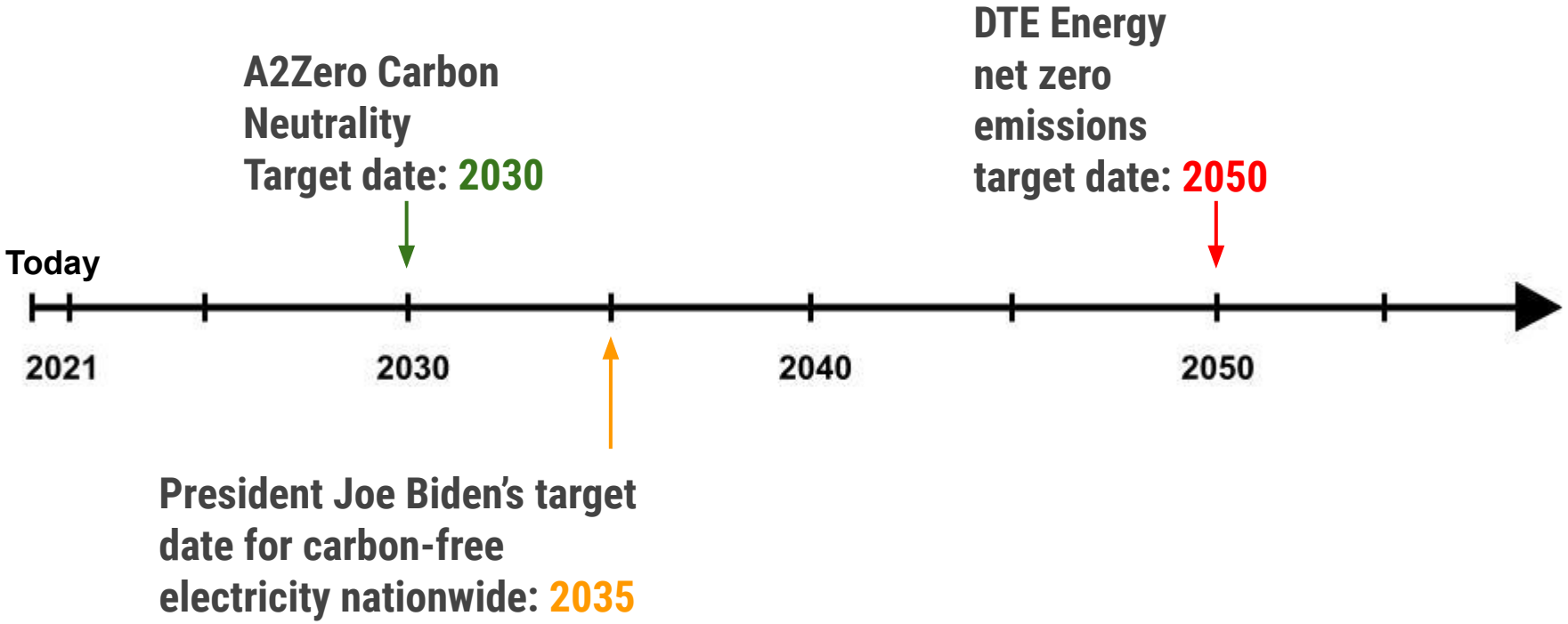



## Facts:

- DTE makes electricity mostly from burning coal. Fuel mix for electricity generation (2019) [1]
- DTE is still actively investing in Fossil Fuel Infrastructure.
- DTE is the third dirtiest major utility in the country, according to a 2019 report by M.J. Bradley & Associates [2].

1. Source: DTE Energy 2019 10-K, page 10.
2. Ranked by CO2 emission rate. In “Benchmarking Air Emissions,” M.J. Bradley & Assoc., June 2019, p. 22.

# DTE & Ann Arbor have incompatible goals



# DTE does not have a plan

**DTE does not have a plausible plan for achieving even this distant goal**

- DTE intends to retire its 12 existing coal-fired generators (in five Michigan locations), but **its last two coal generators will remain in operation until 2040.**
- DTE is constructing a $1 billion, 1,100 MW natural gas-fired power plant in St. Clair County, and has not ruled out another natural gas plant. **Fracked gas is often just as dirty as coal.***
- DTE's emissions reduction target is based on **technological wishful thinking, rather than an actual plan:** To reach its 80% reduction target by 2040, the company writes, "CO2 reduction could increase with new innovations"**
- The A2Zero plan requires that in **2030 Ann Arbor's electrical grid be powered with 100% renewable energy** (A2 Zero strategy 1). This will not be achieved by DTE's current plan

**Includes supply chain emissions, over a 20-year time horizon: Alvarez RA et al. Science 361, 186-188, 2018.*
*** Source: https://dtecleanenergy.com/pathway-to-net-zero/*

# SOLUTION:

# MUNICIPALIZATION

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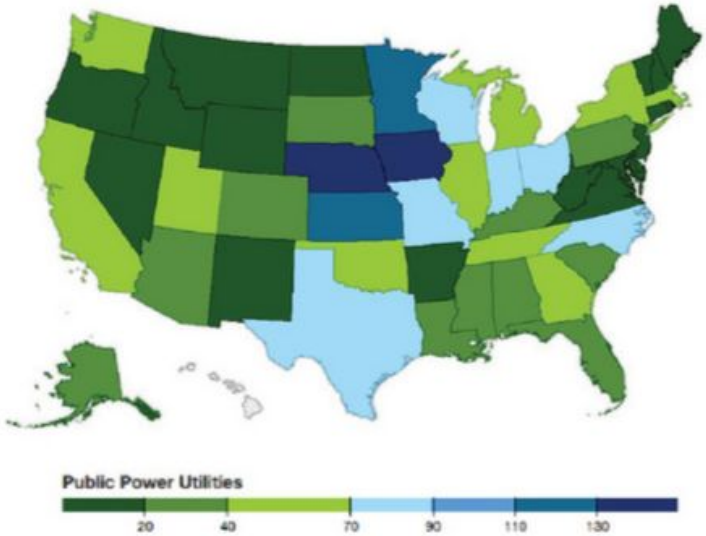
# What is Municipalization?

**Public Power Utilities...**

- Are community-owned, not-for-profit electric utilities.
- Serve more than 49 million US ratepayers.
- Operate similar to public utilities, like water and sewer
- Serve 2,000 communities across the U.S. like Austin, Nashville, Los Angeles, and Seattle, small towns and the Navajo nation, and over 40 municipalities in Michigan.




Together, these utilities serve 1 in 7 electricity customers across the U.S. and operate in 49 states.

# Municipal Power is Legal in Ann Arbor

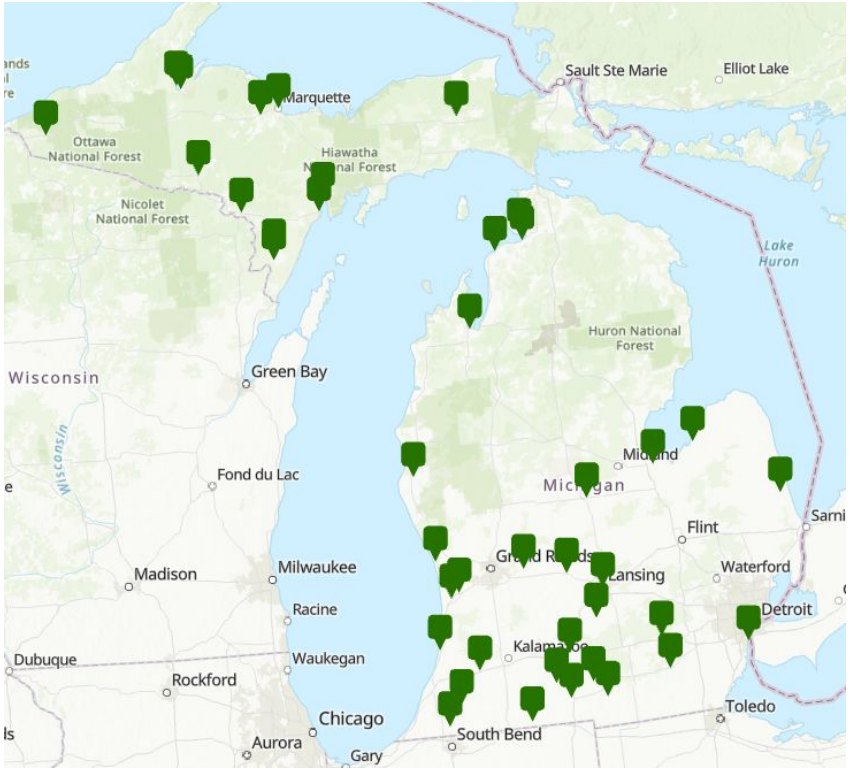
## LEGAL in Michigan

- Article VII § 24 of the Michigan Constitution

## LEGAL in Ann Arbor

- City Charter Section 15.1 a

## 42 Municipal Power Utilities in Michigan



Reliability

Affordable Rates

Local Control

Invested in Community

Environmentally Responsible

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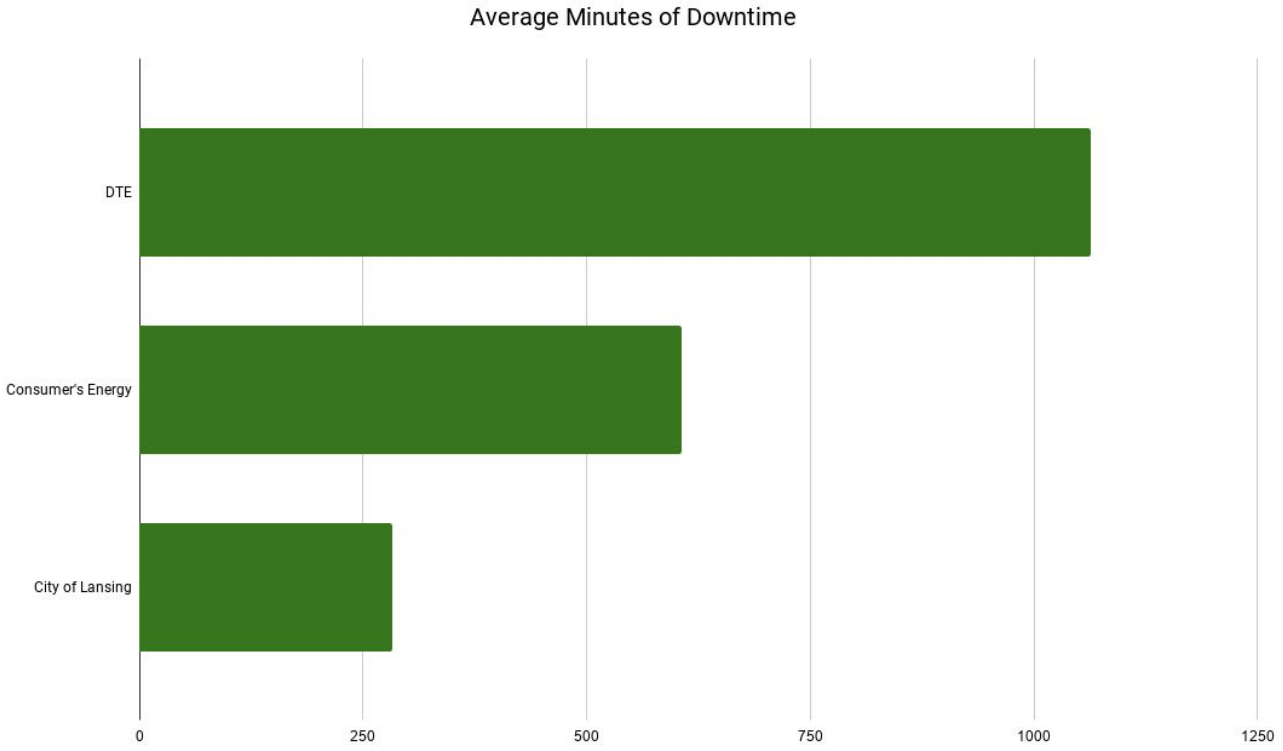
# Reliability




**Average minutes of outages in 2017, with a major event day*

*Source: Citizens Utility Board, "Electric Utility Performance," 2019 edition.*

Public power utility customers suffer outages less often.

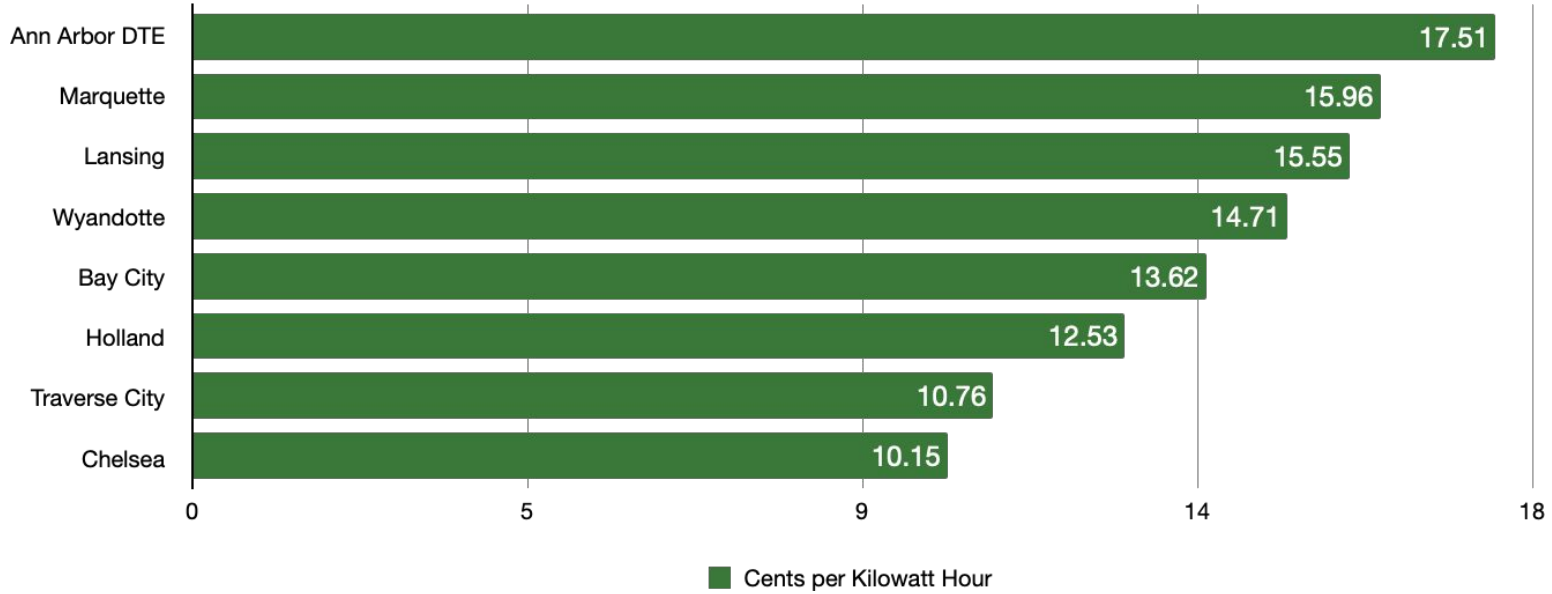
They are likely to be without power for just **74 minutes** a year.

In comparison, customers of private utilities are likely to lose power for an average of **136 minutes** a year.

https://mmeanet.org/public-power/

# Affordability

Public power utilities provide electricity to customers (both homes and businesses) at **lower rates** than private, investor-owned utilities.




**Source: Individual utility websites. Includes monthly service charge. Assumes 500 kWH monthly usage.*

Across the U.S., public power utility customers **paid average rates that were 14% less** than those of private utilities.* For the average U.S. household, that's **$176.79** saved each year or about **$15 per month.****

*https://www.publicpower.org/system/files/documents/municipalization-public_power_for_your_community.pdf

**https://www.publicpower.org/sites/default/files/inline-images/2019-Public-Power-is-Affordable-Infographic-Map-3-7-19.jpg

# Local Control

Municipal Energy Utilities allow residents to have a *direct voice* in decision-making.

*We* control rates.
*We* control the source of power.
*We* control when infrastructure is updated.

# Invested in Community

**On average, public power utilities pay 5.6% of electric operating revenues back to their state and local governments.** Investor-owned utilities paid less (only 4.2%). When all taxes, tax equivalents and other contributions to state and local government are considered, **public power's contributions**, as a percent of electric operating revenues, **were 33 percent higher than those of investor-owned utilities.**

**Public power means:**

- Good union jobs.
- Modern reliable infrastructure.
- And a resilient energy grid.

American Public Power Association, *"Public Power For Your Community: Local Control. Local Economies. A Stronger Local Community" [2016] https://www.publicpower.org/system/files/documents/municipalization-public_power_for_your_community.pdf*

# Environmentally Responsible

**Municipalization allows *us* to decide how our energy is generated.**

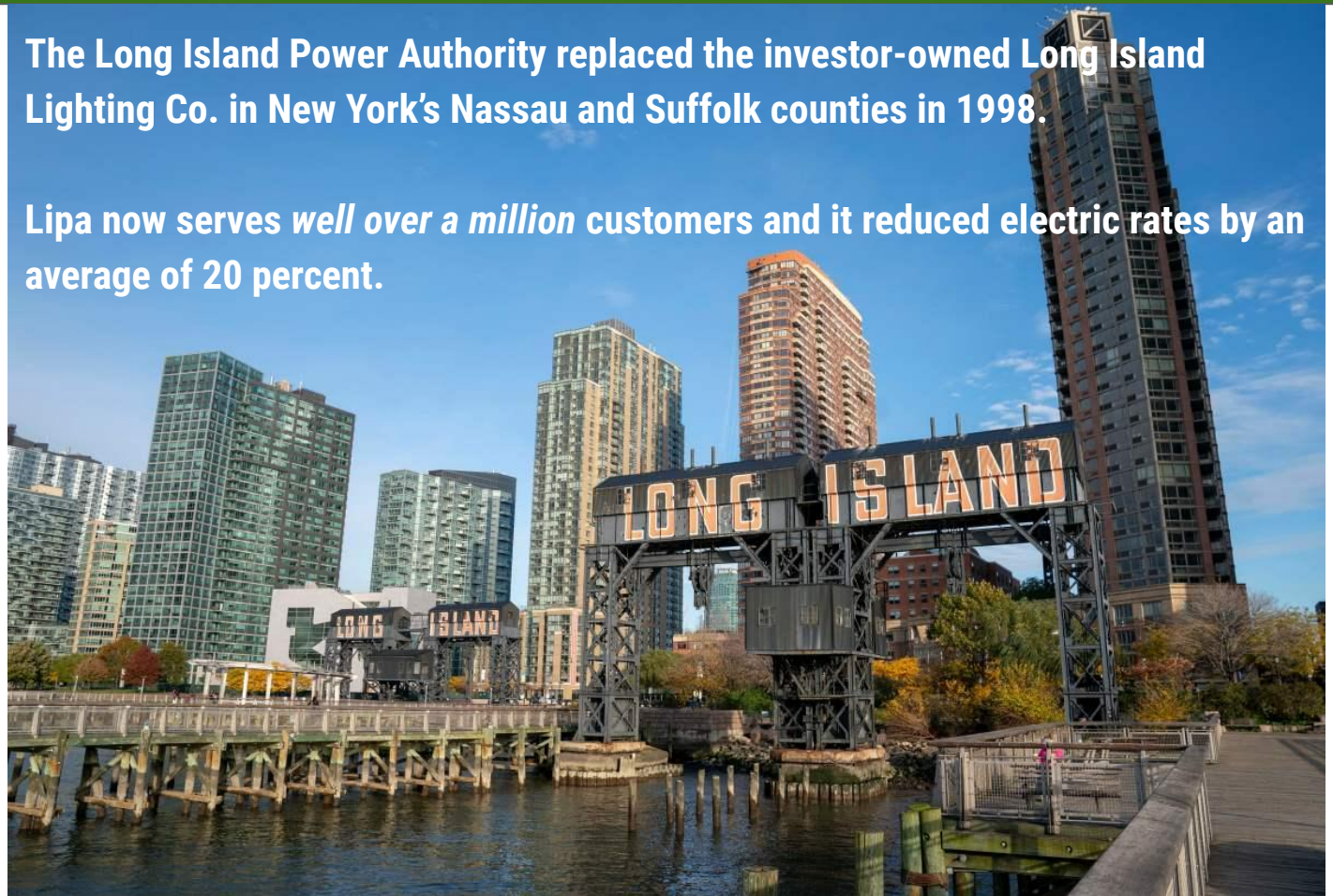
DTE has not *waived the caps* on community solar and distributed generation.

As a for profit company, DTE has *no incentive* to waive these caps.

A *Municipal Energy Utility* won't have these issues.

**Municipalization allows us to get to 100% renewable energy *on our terms!***

# Success Stories - Long Island




**The Long Island Power Authority replaced the investor-owned Long Island Lighting Co. in New York's Nassau and Suffolk counties in 1998.**

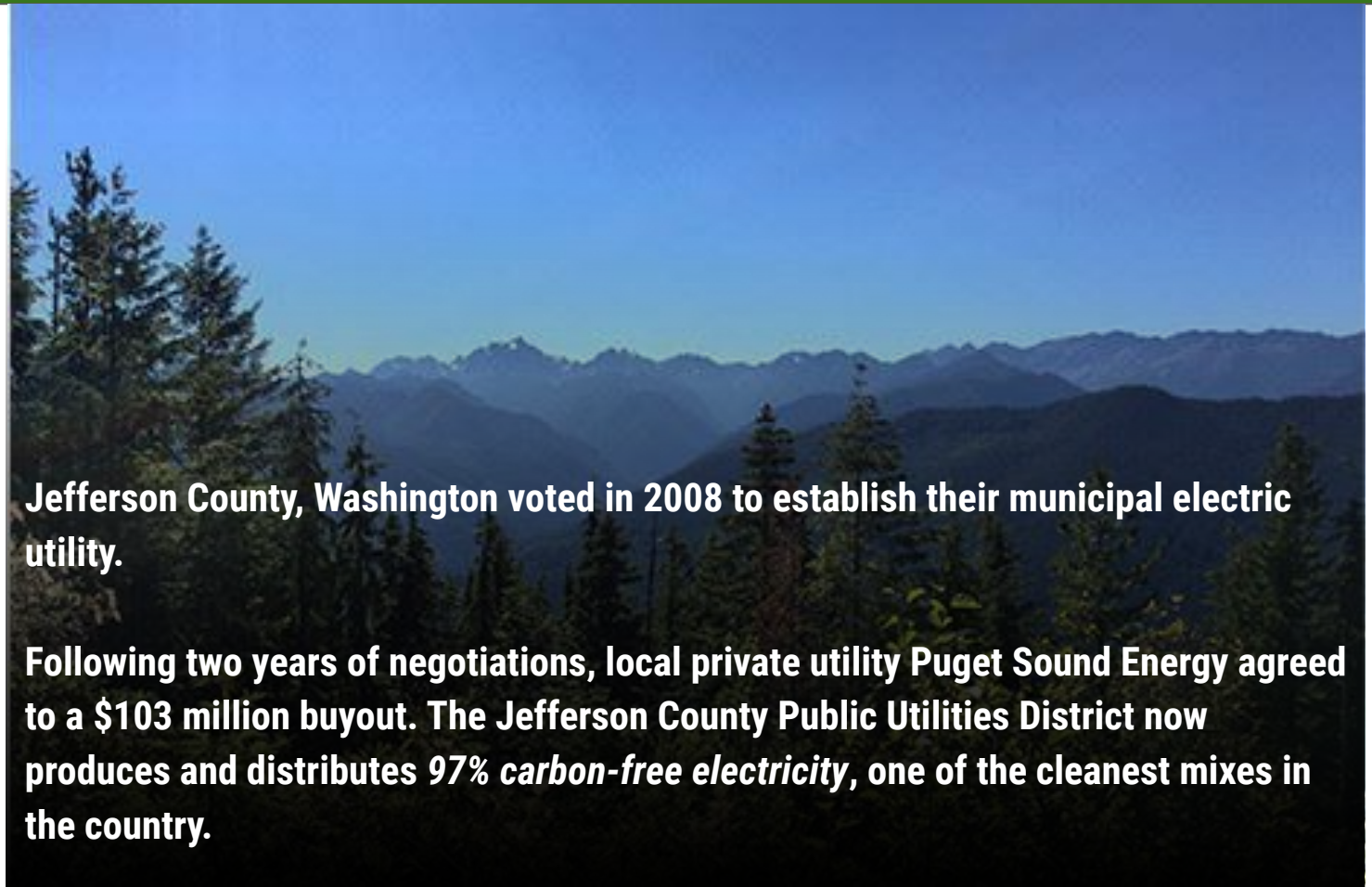
**Lipa now serves *well over a million* customers and it reduced electric rates by an average of 20 percent.**

# Success Stories - Winter Park

**Winter Park, Florida, formed their public power utility in 2005.**

**The city used excess revenue from electricity sales for capital improvements such as underground lines, which reduced outages.**

# Success Stories - Jefferson County



**Jefferson County, Washington voted in 2008 to establish their municipal electric utility.**

**Following two years of negotiations, local private utility Puget Sound Energy agreed to a $103 million buyout. The Jefferson County Public Utilities District now produces and distributes *97% carbon-free electricity*, one of the cleanest mixes in the country.**

# ANN ARBOR'S PATH FORWARD

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# Why is Ann Arbor Right For Municipalization

**Municipalization is legal.**

The Ann Arbor City Charter and State Constitution explicitly authorize municipalization (unlike in Boulder, Coloradio.)

**Ann Arbor already has a public utility.**

Ann Arbor's water system is municipally operated.

**There is local commitment to carbon neutrality.**

Both the University of Michigan and Ann Arbor have set ambitious carbon neutrality targets.

**Ann Arbor has the expertise & resources to make this happen.**

We are one of the most highly educated cities in the country.

# Alignment with A2Zero Energy Criteria and Principles

**Aligned with Core Criteria**

- Allows us to *reduce greenhouse gas emissions* through locally controlled energy source blends and local solar.
- Allows us to *add new electricity generation.*
- Democratizes energy access allows community values of *equity and justice* to influence local energy.

**Aligned with Energy Principles**

- *Local control enhances resilience.*
- Municipalization is *scalable* - cities of many sizes have utilities.
- Ann Arbor can be a role model for new public energy utilities.

# CCA and Municipalization

CCA (community choice aggregation) and Municipalization are complementary.
The renewable sources identified and secured for a CCA could be distributed by municipally owned grid at a different time.

Our timeline is too critical to put all our eggs in one basket. CCA is not legal in Michigan, and not likely to become legal for at least several years. We want to work with CCA advocates & strengthen energy democracy in Michigan in all of its forms.

# Challenges We Face

## COST

*Stranded costs, separation and reintegration costs, transaction costs, and startup costs, in addition to legal costs and opportunity costs.*

## TIME

*The process will take years*

## OPPOSITION FROM DTE

*DTE will not give up the Ann Arbor market easily.*

**In has been a long time since a municipality in Michigan has created a public power utility.**
*The state needs a test case!*

**We believe that the benefits will outweigh the costs.**
*In fact, inaction will likely cost more in the long run!*

# Feasibility Study

The study most likely will cost about **$120,000**, based on three recent examples:

- In 2017, **Decorah, Iowa** *(population 8,000)* paid **$70,000** to NewGen Strategies and Solutions LLC for its feasibility study on establishing a municipal utility.

- In 2018, **Pueblo, Colorado** *(population 112,000)* paid **$122,000** to EES Consulting, Inc. for a phase 1 feasibility study.

- In 2019, the **Chicago, Illinois** *(population 2.7million)* paid **$120,000** to NewGen Strategies for a preliminary feasibility study. It took NewGen 6 months to complete.

# THANK YOU, and questions.

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