



# **City of Ann Arbor**

## **Formal Minutes**

### **Energy Commission**

100 N. Fifth Avenue  
Ann Arbor, MI 48104  
<http://a2gov.legistar.com/Calendar.aspx>

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Tuesday, December 8, 2009

5:30 PM 220 N. Main St., Administration Building Board Room

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#### **CALL TO ORDER**

Interim Chair Appleyard called the meeting to order at 5:30pm.

#### **ROLL CALL**

Present: Bing, Wadland, Hieftje, Wright, Kurz, Appleyard

#### **APPROVAL OF MINUTES**

11/10/09 Energy Commission Minutes

The minutes from November 10, 2009 were unanimously approved as presented.

#### **PUBLIC INPUT**

There was no public input.

#### **ENERGY REPORT - NEWS FROM THE ENERGY OFFICE AND COMMISSION MEMBERS**

Andrew Brix: Saturday, December 12, 2009 is the Annual Meeting of the Great Lakes Renewable Energy Association (GLREA). Info at [www.glrea.org](http://www.glrea.org). Mayor Hieftje in attendance and speaking.

Attended Energy Michigan meeting this week for updates on state of utilities, renewable energy and competition. The two bills last October changed the landscape, for instance the 10% cap on Electric Choice for DTE's customer base. Consumers Energy filled their cap in September and DTE likely to reach theirs this week.

Wind pricing information now available for reaching renewable energy goals that have been set: Consumers Energy paying \$113-150/MWh with Renewable Energy Credits- interesting that new construction costs for base-load coal-fired power plant would be \$113/MWh. DTE is averaging \$115/MWh across contracts for wind. We now have two different answers of which costs more right now, wind or coal?

Comm. Hieftje: Our newest Energy Commissioner is Phillis Engelbert and was just confirmed last night.

### **COMMUNITY UPDATES ON ENERGY**

Presentation by Steve Toeppner, MASCO Home Services

#### **MASCO HOMES SERVICES (Steve Toeppner, General Manager of MI Division)**

Providing insights as a contractor for helping residents overcome obstacles to energy efficiency. Consider themselves a “home performance” company providing comprehensive assessments (audits). Makes recommendations for home energy needs, offering start to finish services, including back-end quality assurance.

Looking to meet energy efficiency, job creation, and streamlining of goals:

- Federal level: retrofit 10 million homes by 2020
- State level: utilities must meet annual energy savings of 1% and .75% by 2012
- Local level: Ann Arbor’s Energy Challenge goals

Seeking to implement initiatives that drive consumer demand:

- Rebates incentives
- Low interest financing with risk mitigation features
- Consistent messaging for advertising , education and outreach.

We demand high standards for quality, develop contractor infrastructure by enabling affordable training and back it with a solid quality assurance program. There needs to be alignment across Federal, State, and Local policies (ARRA, KEEP, HOME STAR, PACE, etc.).

Three Barriers to energy efficiency implementation:

1) Availability of consistent and credible information

- Features: confusion, lack of awareness, skepticism about contractors and energy savings claims

Masco Recommendations:

- Support Home Performance with Energy Star
- Consumer awareness and educational campaigns (efficiency before renewables)
- Demand high standards (BRI or equivalent)
- Support use of a standardized home energy performance measure (just as cars have with MPG) so homeowners know where they stand

2) High upfront project costs

- People don’t have cash on hand, or they don’t want more debt

obligation or cannot qualify for loans

- Monthly payments may be unaffordable even if they can qualify for a loan
- People cannot see if energy savings are offsetting costs of the investment or afraid to take the risk of not recouping investment

**Masco Recommendations:**

- Lower cost of retrofits through performance based rebate incentives
- Make it simple to leverage multiple subsidization programs by having a consistent structure.
- Consider funding: interest rate write-down for lowered payment.
- Revolving loan funds, PACE (property assessed clean energy) programs, and utility bill-financed programs with longer loan terms

**3) Access to skilled workforce**

- Many people have bad associations with “contractors” or bad experiences with standards of work
- Can’t find a qualified advocate for whole home performance and instead hear contractors exaggerate individual product claims.

**Masco Recommendations:**

- Program standards and certification
- Need technical, business, and sales training
- Enable collaboration between workforce training entities (WARM, Community Colleges, etc.) and contractors to ensure placement of qualified workers.

Use a “sustainable” business model that will advance efficiency after EECBG and related funds dry up. Currently auditing and retrofitting in Ann Arbor. (End of Presentation).

**Comm. Wadland:** In your list of contractors I did not see unions there.

**Steve Toeppner:** None were intentionally excluded.

**Comm. Wadland:** Do you have any union workers?

**Steve Toeppner:** To date, no.

**Comm. Bing:** How do your financing terms work?

**Steve Toeppner:** We’ve hired a company out of Pennsylvania. The rates are better than a credit card but not what we hope comes out of Michigan Saves.

**Comm. Bing:** In providing quality assurances, what in Masco’s perspective is best.

**Steve Toeppner:** Building Performance Institute (BPI) dictate the

standards for us. We feel BPI can serve the role on a larger scale. Would like to see a state-level entity, so utilities aren't all different and add to confusion for homeowners. Home Performance with Energy Star with BPI is a good structure.

#### State Legislative Update

**Andrew Brix:** HB 5640 introduced last week by Representative Warren, authorizes a PACE programs for Michigan. This week it should be introduced in the Senate. It is a well-written Bill written by a coalition we worked with. Must define your program but does not put limits or define rates or restrict funding sources. PACE should be a new agenda item on upcoming Energy Commission meetings. We will be surveying residents in January for feedback.

**Comm. Bing:** We are surveying all homes in the 100 Residential Homes audit from Recycle Ann Arbor – can combine surveys if useful.

**Andrew Brix:** We were thinking of staggering surveys so this would be helpful.

**Comm. Wright:** Program would also include renewable energy?

**Andrew Brix:** Yes- though “renewable energy” has a fairly broad definition.

**Comm. Hieftje:** We had a hand moving this along, so it was not crafted by industry groups. Representative Warren, in our meetings, was very eager to move forward. We may need a lobbying effort in the Senate for other legislators in the state, and we have a plan to do that. I am hopeful – we are on a relatively tight timeline.

**Andrew Brix:** We have 18 months from this September- EECBG funding must be obligated by March 2011.

**Comm. Hieftje:** Problem would be if the legislature tables the item. We may need you (public) to call your legislators in other districts. I will be talking to mayors in other cities.

**Comm. Wright:** So we need this legislation to have PACE?

**Andrew Brix:** In order to use the funding as we are hoping, yes. I believe in two weeks the contract will be at City Council for approval. So we can accept the funds and begin working on some of the other projects that are in there.

#### **ENERGY CONSERVATION ISSUES AND ACTIVITIES**

**Anti-Idling Ordinance**

**Comm. Appleyard:** After discussions with EPA folks I feel we should approve this as is, for Environmental Commission and City Council approval.

**Comm. Hieftje:** Moved

**Comm. Bing:** Seconded

**(Motion to recommend City Council approve Anti-Idling Ordinance as presented to Energy Commission passed unanimously)**

**Commercial and Residential Audits**

**Comm. Appleyard:** DDA moving forward with 50 more commercial audits on tap. Turning out to be successful program.

**Andrew Brix:** One of the smaller components of the EECBG funding (\$70,000) to help non-profits and small businesses (with loans up to \$5000) to offset upfront costs – this is a revolving loan fund to turn these audits into improvements.

**Comm. Appleyard:** Good for folks to have money after the DDA support reaches its half-of-the-cost limit.

**Comm. Bing:** By March will have completed analysis of our 100 residential audits from Recycle Ann Arbor. We will present here for the Commission that month.

**Building Codes, Guidelines, and Recommendations**

**Comm. Appleyard:** Worth exploring Time of Sale Energy Audit Ordinance. Right now I found three organizations doing this: a Maryland County (paid by the buyer); Austin (administered with nice checklist and rebate program information- which we could do with DTE; Berkley (requires sales to be at a certain standard, such as toilets, pipe insulation, dampers on fire places, etc.). We would have to work with staff on how this would be administered. In a good year 1,000 homes sell in Ann Arbor and this would create a market for energy audits.

**Comm. Wadland:** Would we need a subcommittee? I would be willing to help work on this.

**Comm. Wright:** Is there an indication that investments for efficiency improvements are resulting from these other programs?

Comm. Appleyard: Berkeley certainly does, since they are required to.

Comm. Wright: We don't have the opportunity here but that is a possibility that you left open.

Comm. Appleyard: Possible, so long as we are not requiring anything over and above the building code requirements. We will probably get more pushback from some organizations for requiring that. I think there are outs or time allowances for getting some of these things in place. Maryland is new so I am sure they don't have any data. Austin has had an efficiency program for a long time and it is working there and building off existing awareness.

Comm. Wright: With PACE districts in place, would be a good opportunity for this.

Comm. Appleyard: Trick is to make it the seller's requirement.

Comm. Bing: This is worth investigating as we work to build a network of skilled workers- can sustain such work in the long-term.

Comm. Appleyard: Also a good educational piece for people moving into the community. I'll work to get something in the next few weeks for the subcommittee.

## **RENEWABLE ENERGY ISSUES AND ACTIVITIES**

### Geothermal Utility

Andrew Brix: City staff has moved forward to look at more detail. Staff is putting more questions on how Hardin sees this moving forward and whether we like it. I know Commissioner Wright mentioned CO2 concerns- others?

Comm. Wright: Looking at it from a heating standpoint I don't think it is a net positive for CO2. Also should add into that the cooling element as well. Back of the envelop estimates look as though you increase CO2 going from natural gas heating to geothermal. Costs are quite significant too.

AB: Should ask what happens not just with the current electric good but also what happens when we are at 10% renewable in 2015 and beyond.

Comm. Appleyard: Heating systems are good for 20 years. I'm not sold on this one way or the other, but the ability to use electricity from something other than natural gas and coal is a good thing; the one drawback for natural gas is that there is no renewable replacement for it – it is still a

**fossil-fuel.**

**Comm. Wadland:** I understand the C02 argument, but individuals are already doing geothermal systems, and a district system I guess is more efficient- there may be C02 savings on that. This has to be modeled. I think geothermal has a potential as part of the array we use.

**Comm. Appleyard:** Europe uses district heating extensively, so the district concept may be worthwhile even if source is not geothermal.

#### Solar America Cities Project

**Andrew Brix:** Solar Plan coming in week after next. Looking to bring it back to the whole SAC group for general update. Review draft plan in late January. CEC will be launching Xseed energy program for community supported solar. Press blitz coming soon on Xseed. For renters this is a way for you to contribute to solar since you cannot do it yourself. Focus groups like the notion of being part of a “cause” and are less concerned with seeing a return on investment. Frees up energy savings to “seed” other solar projects.

**Comm. Appleyard:** Time still to give plaques or stickers for those buying-in?

**Andrew Brix:** They are still working through some creative ideas.

**Comm. Appleyard:** Are they the first to try this?

**Andrew Brix:** Bellingham, WA- but it is the first in Michigan.

#### 5000 Solar Roofs Project

**There was no update on this item.**

#### Solar Access Zoning

**There was no update on this item.**

### **SUBCOMMITTEE UPDATES**

#### New Member Search

**The search for a new commission member is concluded with the addition of Phillis Engelbert.**

## Energy Plan

**Comm. Appleyard:** Might want to reverse its focus on more immediate issues and higher level of renewables. Should not forget to mention here the Copenhagen conference and the majority of scientists saying the climate change is real, and the new calls for greenhouse gas reductions, perhaps even 80 percent by 2030. May want to tailor this plan to this important focus.

## Outreach Plan

**Comm. Kurz:** Energy Plan and Outreach Plan are part of our unfinished business and I am wondering how best to proceed.

**Comm. Bing:** The retreat is a chance to combine with other groups (A2 350, Transition group, others)—we should engage with them at a retreat to participate in both the Energy Plan and Outreach Plan.

**Comm. Kurz:** I think that is part of the draft of the two plans, talking about leveraging what else is going on in the community. Follow-through is where we are falling short.

**Comm. Wright:** Environmental Commission meeting recently talked of connection with what we are doing- a good reason for Andrew to present to next meeting and having Environmental Commission help with the Energy Plan.

## Funding for Energy Conservation and Renewable Energy

**Andrew Brix:** The remaining over \$400 million block grant money is being sought after by a statewide coalition. Application due next week. This is a neighborhood-scale, high impact and penetration funding opportunity of up to 20 or awards. Hoping the statewide approach brings diverse group of neighborhoods chance for major retrofits.

**Comm. Appleyard:** I know one of the big challenges with this grant was the 5 to 1 leveraging.

**Andrew Brix:** There is, I will be at Michigan Saves meeting in Lansing – we will see what they come up with on there recommendations for that (they may have money to bring to the table). Challenge is nothing is set in stone yet—this is a great challenge and opportunity.

**Appleyard:** Hopefully something will happen, we need these sorts of deep retrofits.

**Comm. Bing:** Michigan Saves actually going to be the lead organization on this grant.



**UNFINISHED BUSINESS**

There was no unfinished business.

**NEW BUSINESS**

There was no new business.

**PUBLIC INPUT**

There was no public input.

**ITEMS FOR NEXT AGENDA**

Three items were proposed for the January 2010 agenda:

- 1) Audit at Time of Sale Ordinance
- 2) PACE monitoring
- 3) Retreat Planning

**ADJOURN**

The meeting was adjourned at 6:52pm.

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**Visit [www.a2gov.org/energy](http://www.a2gov.org/energy) to learn more about Ann Arbor's Energy Programs**

Shown Live on CTN Channel 16 - Replays Wednesday 12/9 at 10:00 am and Sunday 12/13 at 2:00 pm.

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