



# City of Ann Arbor Heating Franchise Energy Commission Discussion



City of Ann Arbor

Community solutions for a clean, affordable, safe, and healthy heating system

# Agenda

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**Context Setting**

**Background**

**Listening Session**

**Next Steps**



# What Is a franchise

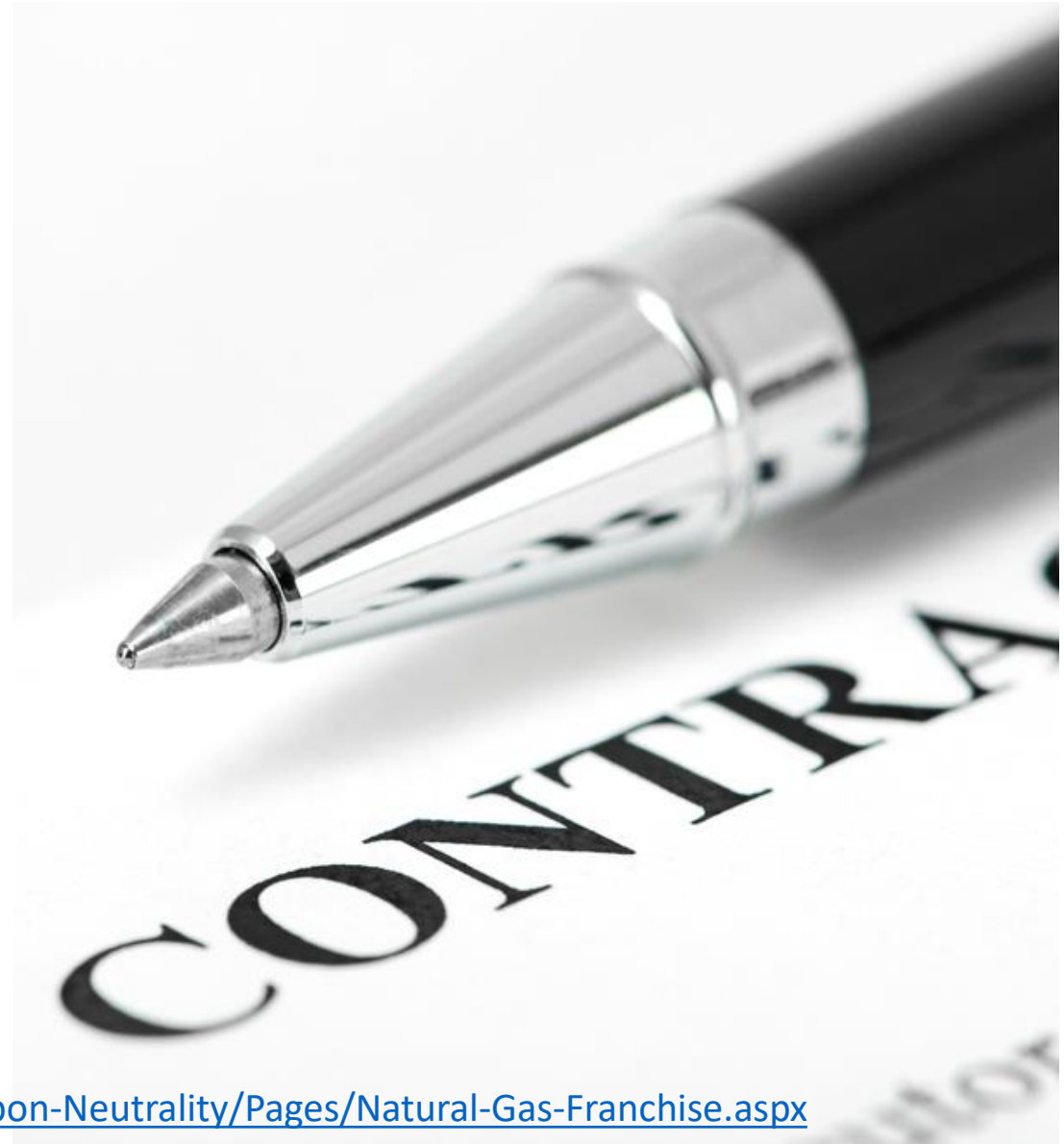
## \* Franchise

A contract between a local unit of government and a utility that:

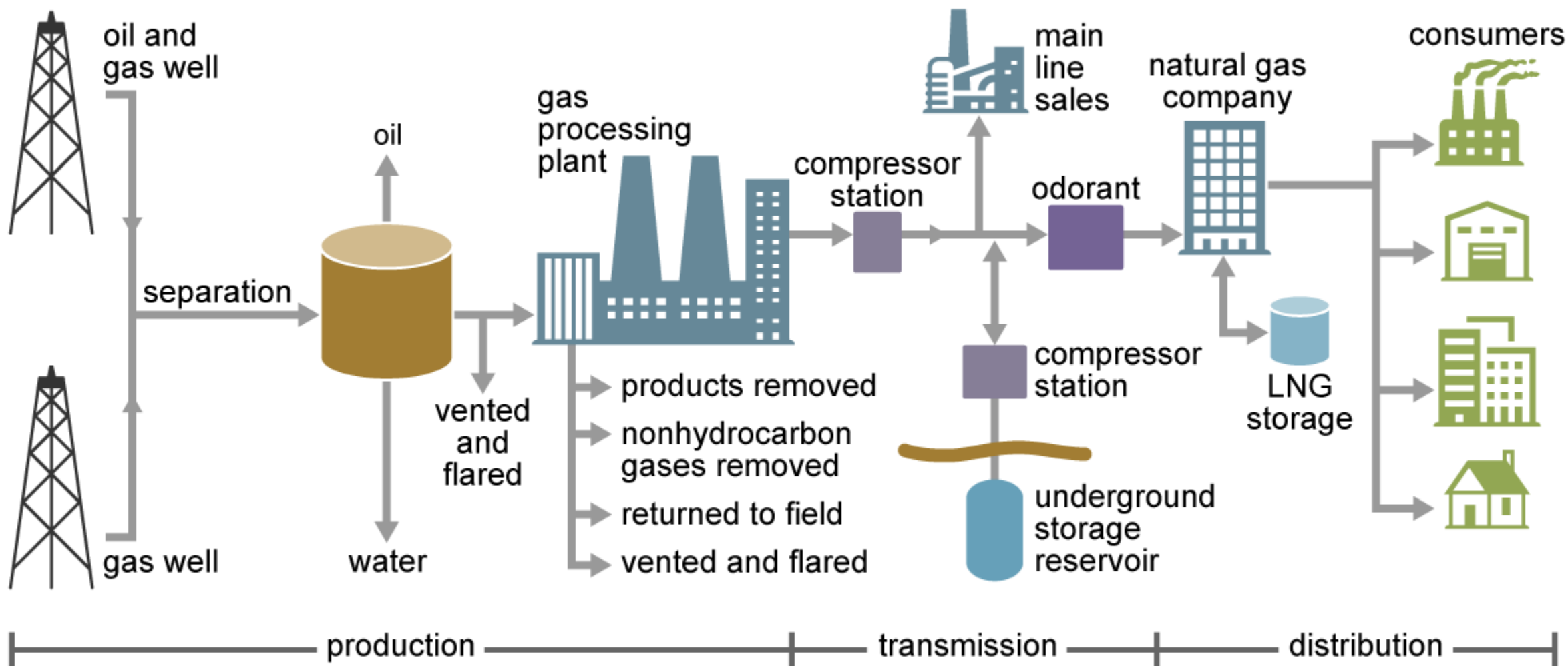
- Governs the use of the public rights of way
- Sets the conditions under which the company may, for a set period, provide the specified utility service

Franchises can also include additional terms and several local governments across the country (e.g., Chicago, Salt Lake City, and San Diego) have successfully advanced affordability, equity, and clean energy goals via franchise negotiations while optimizing use of the public rights of way.

More information at: <https://www.a2gov.org/departments/sustainability/Carbon-Neutrality/Pages/Natural-Gas-Franchise.aspx>



# Natural gas production and delivery



# Ann Arbor's heating franchise

- **Adopted in 1997**
  - **30-year franchise**
  - **Traditional franchise**
  - **Expires in 2027**
  - **Revocable at will**
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- **Need a franchise to provide a utility service**
  - **Looking to integrate resident's desires for clean, safe, healthy, affordable, and reliable heat into any future franchise(s).**



# What we've done to-date

- Reviewed other city franchises
- Spoke with peers around the nation
- Reviewed our previous franchise
- Spoke with staff about opportunities for enhancement
- Began identifying other cities and utilities working on projects that advance safe, healthy, clean, and affordable heating solutions
- Council adopted a resolution directing Administrator to start negotiating a new franchise
- Launched educational website
- Established email address to gather feedback: [franchisefeedback@a2gov.org](mailto:franchisefeedback@a2gov.org)

## Carbon Neutrality - A2ZERO

**Carbon Neutrality - A2ZERO**

- History
- The Plan
- Current Activities
- Community Greenhouse Gas Inventory
- Heating Franchise**

### Heating Franchise

[Home](#) » [Departments](#) » [Sustainability and Innovations](#) » [Carbon Neutrality - A2ZERO](#) » [Heating Franchise](#)



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EQUITABLE • SUSTAINABLE • TRANSFORMATIVE

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On March 20, 2023, Ann Arbor City Council [passed a resolution](#) directing the administrator to negotiate a new heating franchise with interested providers, to initiate a responsible, careful transition to renewable energy choices for heat in Ann Arbor.

The City of Ann Arbor's methane gas franchise with a subsidiary of DTE is set to expire in 2027; so the time is now to chart a future toward our A<sup>2</sup>ZERO goal of becoming carbon neutral by 2030 and heating our homes and businesses with safe, clean, healthy, and reliable energy.

**1. How does the fossil gas franchise relate to the City of Ann Arbor's work to reduce carbon emissions and increase renewable energy for heating?**

The Ann Arbor City Council passed a resolution on March 20, 2023 calling on the City Administrator to begin negotiations with DTE, and potentially other interested providers, to facilitate a careful transition of heating services to renewable, sustainable and cleaner sources of energy.

We are taking this action because Ann Arbor residents are demanding energy that is affordable, clean, reliable, safe and healthy, and we need our utility providers to be aligned with that future.

A central part of our A<sup>2</sup>ZERO goal is becoming carbon neutral in a just and

# Ideas about Ann Arbor's heating franchise



## IDEAS (Generative only)

- Contract length
- Operations in rights-of-way
- Alternative sources of heating (e.g., biodigester, geothermal)
- Energy efficiency
- Low-income programs
- Safety improvements
- Air quality and health enhancements
- Pricing stabilization
- Accountability
- Transparency
- Greater coordination
- Climate action

# Your thoughts

- Fight climate change by whatever means necessary?
- Improve affordability?
- Prevent disconnection?
- Makes home more efficient?
- Reduce reliance on fossil fuels?
- Promote better health and safety in the home?
- Speed of transition?
- Resources to support transition?



# What's coming?

- **Public town halls**
- **Request for ideas**
- **Collecting written ideas:**  
[franchisefeedback@a2gov.org](mailto:franchisefeedback@a2gov.org)
- **Discussions with potential providers**





**THANK YOU**  
for your time

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