

AMENDMENT 1
GRANT BETWEEN
THE STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
AND
CITY OF ANN ARBOR

This Amendment One (the “Amendment”) dated November 15, 2024, amends the Grant entered into between the Michigan Department of Labor and Economic Opportunity (LEO) and the Grantee between October 1, 2023 to September 30, 2025- Grant No ANNARBORSOLAR24 (the “Agreement”).

Except as specifically provided below, the parties agrees that all terms and conditions of the original grant shall remain unchanged and in effect.

GRANT ADMINISTRATOR/ADDRESS:

Amber Covington
Michigan Department of Labor & Economic Opportunity
2501 Woodlake Circle
Okemos, MI 48864
covingtona1@michigan.gov

Amendment Purpose:

The purpose of this amendment is to modify the end date from September 30, 2025, to October 31, 2026, to modify Attachment A, to modify the budget categories as shown on Attachment B, and to update the agreement language for the sections outlined in the “Other Changes” sections referenced below.

1.2 Detailed Budget

See Attached revised budget (Attachment B)

Category	Difference	Notes
Infrastructure Hard Costs (Materials)	\$(2,000,000.00)	Decrease budget line to create budget lines for Consultants and General Administration Costs.
Consultants/Outside Contractors	\$1,000,000.00	Create a budget for Consultants and Outside Contractors.
General Admin Costs necessary to implement the project (staff costs, etc)	\$ 1,000,000.00	Create a budget for General Administration.
Total Expenditures	\$ 0.00	

Other Changes (as noted)

- 1.To correct a reference in Section 2.2 with the correct reference

Original language:

2.2 Delegation

Grantee must notify the State at least 90 calendar days before the proposed delegation, provide a statement ensuring that no conflicts of interest or ethical concerns exist (as described in Section 3.4 -Conflict and Ethics), and provide the State any information it requests to determine whether the delegation is in its best interest.

New Language:

2.2 Delegation

Grantee must notify the State at least 90 calendar days before the proposed delegation, provide a statement ensuring that no conflicts of interest or ethical concerns exist (as described in Section 3.5 - Conflict and Ethics), and provide the State any information it requests to determine whether the delegation is in its best interest.

2.To replace the language in section 2.3 with the following language.

Original language:

2.3 Project Income

To the extent that it can be determined that interest was earned on advances of funds, such interest shall be remitted to the Grantor. All other program income shall either be added to the project budget and used to further eligible program objectives or deducted from the total program budget for the purpose of determining the amount of reimbursable costs. The final determination shall be made by the Grant Administrator.

New language:

2.3 Program Income/Interest Income

A. Program Income

Program income includes income from fees for services performed from the use of rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principle and interest on loans made with grant funds. Program income does not include rebates, credits, discounts, refunds, etc., or interest earned on any of these items.

Program income means gross income received, and directly generated by a grant-supported activity, or earned only as a result of the grant agreement during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award reflected in the final closeout expenditure report.

All program income must be used prior to the submission of the final closeout report for the Fiscal Year (FY) for which program income was earned.

B. Interest Income

Interest income earned by grantee must be treated as, and included in, the calculation and reporting of program income.

Interest income earned by grantee is not considered program income and must be identified and reported separately.

Remittance of interest income earned in excess of \$500 must be remitted via check made payable to the "State of Michigan," along with a completed remittance submission form (Attachment A) to the following address:

State of Michigan
Department of Labor and Economic Opportunity, Finance
PO Box 30823
Lansing, MI 48909

Interest income earned is due no later than the 20th calendar day after the end of the calendar quarter.

The signatories below warrant that they are the duly authorized Signatories to this Amendment.

Gregory Rivet
Chief Administrative Officer
Department of Labor and Economic Opportunity
State of Michigan

Date

Missy Stults
Sustainability and Innovations Director
City of Ann Arbor

Date

GRANT NO. ANNARBORSOLAR24

Special Grant Application Form

Official Grantee:

Grantee Full Address:

Grantee Primary Contact:

Phone:

Email:

Legislative Sponsor:

Appropriated Amount:

Legislative Sponsor:

Questions for Legislative Sponsor

1. Is the legislative sponsor and/or any family members of the legislative sponsor associated with this organization? (Ex: board member, employee, financial donor, etc.)
If so, please explain:

2. Does this grant comply with the provisions of Article IV, §10 of the Michigan Constitution and PA 318 of 1968, MCL 15.301 to 15.310?

Questions for Official Grantee

1. Please describe the public purpose of the project, demonstrating it is consistent with language authorizing grant in PA 119 of 2023.

2. Fill out the anticipated dollar amount for each respective category of the budget, using **the excel budget form provided**. Please note the general administrative expense cannot exceed 10% of the grant amount.

3. Anticipated time-frame for each cost identified in the budget (this will reflect the period of the grant).

4. I acknowledge that I will be required to submit progress reports and a final report including:

- i. A summary of the Grant Activities performed over the period determined by the department;
- ii. An accounting of Grantee's actual expenditure of all funds on the Project over the period determined by the department, including the breakdown of Grantee's actual use of Grant funds on the Project within each applicable category of the Budget, and corresponding copies of supporting documentation of such expenditures, such as receipts, general ledgers, or other evidence of expenditure activity statements; the Grantee's estimated percentage of completion of the Project; and
- iii. Any other information deemed relevant by Grantee to support the Grant Activities actually performed.

5. Identify authorized signer(s) for Grant Agreement.

6. Please be advised any portion of the grant funds paid to grantee and not spent or not spent in accordance with the grant agreement must be returned to the department.

NOTICE:

This Grant Application Form is not a legally binding agreement and should not be viewed as such. Moreover, the Grant Application Form does not embody all of the terms and conditions of the grant agreement and neither the department nor the grantee will be bound until there is an executed grant agreement that sets forth all the terms and conditions.

Solar Power Plant Project History and Summary

In 2020, Ann Arbor City Council adopted one of the nation's most aggressive climate plans, known as A²ZERO. A²ZERO calls for the just transition to community-wide carbon neutrality by the year 2030. One of the core elements of the city's sustainability and climate work is helping residents find pathways to decarbonize their homes and businesses.

Within the A²ZERO Plan are seven overarching strategies, supported by a series of discrete actions. The 1st strategy is "Powering the community with 100% renewable energy". This strategy focuses on an array of actions that help support the development of more resilient, reliable, affordable, and renewable sources of energy within the community. One of those strategies is supporting the adoption of distributed energy sources, such as solar and energy storage systems.

To help residents access renewable energy, the City created and has been administering a wildly successful solar group buy program known as Solarize. Over the 3.5 years of the Solarize program, Ann Arbor has assisted nearly 700 Ann Arbor households with installing over 5.2 MW of solar, and in the process, saving residents over \$2.3 million off the upfront cost of solar. This program continues to grow in momentum, including expanding to include batteries as part of the group buy in the winter of 2023. And while the City remains deeply committed to growing the program, it realizes there is still significant work to do to ensure that all residents, regardless of income, geographical location or socioeconomic status, have access to safe, clean, healthy, and reliable power. That is why the City has been exploring things such as:

- The creation of a [Sustainable Energy Utility](#), a supplemental, 100% renewable powered, opt-in utility that would be authorized to provide solar and energy storage systems to residents supplemental to what they currently receive from their investor-owned utility. In November of 2024, Ann Arbor voters will determine if the City should create and immediately begin implementing the SEU.
- Low-income solar offerings, including fundraising to help residents offset the cost of installing solar and energy storage systems.
- Net Zero Energy Affordable Housing, which focuses on working directly with the Ann Arbor Housing Commission and Avalon housing to transition all existing and new affordable housing sites to carbon neutral facilities.
- Neighborhood decarbonization programs, such as the work in the [Bryant neighborhood](#) to create the nation's first fully carbon neutral neighborhood.

Through all of this work, the City has become increasingly interested in developing and deploying solar power plants, including [solar virtual power plants \(VPPs\)](#). A VPP is "comprised of hundreds or thousands of households and businesses that offer the latent potential of their thermostats, electric vehicles, appliances, batteries, and solar arrays to support the grid. These devices can be flexibly charged, discharged, or managed to meet grid needs ...[but] when aggregated and coordinated, they can [also] provide many of the

same energy services (capacity, energy, ancillary services) as a traditional power plant” ([Rocky Mountain Institute](#), 2023).

In Ann Arbor, the City faces a mixture of challenges – unreliable distribution systems, expensive energy costs, high energy burden in various neighborhoods, lack of energy reliability, increasing vulnerability to extreme weather events, and challenges with meeting our clean energy generation goals. To help address these concerns, the City is interested in developing a virtual power plant (VPP) in a low-income neighborhood. This VPP will be composed of solar and energy storage systems installed on participating households and businesses, combined with software and power control systems to aggregate generation and flexibly dispatch it to areas in need. This proposed VPP can either be operated through the City’s Sustainable Energy Utility, if authorized by the voters in November, or in coordination with DTE, our investor-owned utility. Either way, the VPP model is one that has incredible opportunity to help manage grid challenges while simultaneously moving the City and State closer to its clean energy goals.

The \$5,000,000 from the State of Michigan award will be applied to the purchasing of solar photovoltaic panels, batteries, software, and labor necessary to install and interconnected these systems into a virtual power plant. Without this funding from the State, the VPP would not be possible.

[Budget Allocation and Timing](#)

The following are the action items and associated timing to create and launch the solar virtual power plant.

Action	Timeline
Finalize grant agreement with State of Michigan for \$5,000,000	September 2024
Finalize geographical area for VPP deployment	October – December 2024
Create and issue RFP for construction of VPP	January – March 2025
Contract with vendor to build VPP	April – May 2025
Construct VPP and build administrative structure to operate VPP either through SEU or via DTE	June 2025 – May 2026
Test system	June – July 2026
Complete project and celebrate	Fall 2026



**THE SENATE
STATE OF MICHIGAN**

JEFF IRWIN

15TH DISTRICT

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LANSING, MI 48909-7536

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November 14, 2024

Amber Covington
Grants Implementation Manager
Michigan Department of Labor and Economic Opportunity

Dear Amber,

As the legislative sponsor for the Ann Arbor Solar grant, I am writing to confirm my support for the project changes submitted by the City of Ann Arbor. Attached are documents that outline those details.

If you have any additional questions, please contact me directly at 734-834-7152.

Regards,

A handwritten signature in black ink, appearing to read "Jeff Irwin", with a stylized flourish at the end.

Jeff Irwin
State Senator District 15

Special Grant Project Budget

Attachment B

Please enter the major cost elements of the project, selecting from the drop down list options. If you select an activity with a ":" please add a few additional words of description in the "Other/Additional Notes" column. You will be asked to report based on these budget categories. It is recommended that the budget have between 2-5 line items. Keeping the budget at a fairly high-level minimizes the need to amend the budget if the project costs deviate slightly from the plan. The "Local" and "Other" columns are optional. **Six line items is the maximum allowed.**

1. Grantee: City of Ann Arbor		2. Project Title: Virtual Solar Power Plant			
3. Project Cost Elements		4. Funding Sources			
Activities	Other/Additional Notes	Michigan Enhancement Grant	Local Funding	Other Funding	Total
Infrastructure Hard Costs (Materials)	Funding will go directly towards buying the solar materials and supporting supplies	\$ 3,000,000.00			\$ 3,000,000.00
Consultants/Outside Contractors		\$ 1,000,000.00			\$ 1,000,000.00
General Admin Costs Necessary to Implement the Project (staff costs, etc.):		\$ 1,000,000.00			\$ 1,000,000.00
	Total	\$ 5,000,000.00	\$ -	\$ -	\$ 5,000,000.00