



City of Ann Arbor

301 E. Huron St.
Ann Arbor, MI 48104
<http://a2gov.legistar.com/Calendar.aspx>

Meeting Minutes Energy Commission

Tuesday, January 8, 2013

6:00 PM

City Hall, 301 E. Huron St.

CALL TO ORDER

Commissioner Appleyard called the meeting to order at 6:06 PM

ROLL CALL

Present: 8 - Charles Hookham, Wayne Appleyard, John Hieftje, David A. Wright, Joshua Long, Dina Kurz, Brigit Macomber, and Cliff Williams

Absent: 3 - Michael Delaney, Kenneth J. Wadland, and Mike Shriberg

APPROVAL OF AGENDA

Wind project with AAPS added

Approved unanimously on a voice vote

APPROVAL OF MINUTES

Approved unanimously on a voice vote

13-0003 Energy Commission Minutes - November 13, 2012

PUBLIC INPUT

None

ENERGY REPORT - NEWS FROM THE ENERGY OFFICE AND COMMISSIONERS

Geisler: First of four Sustainability Forums is January 9 at the downtown library, from 7 to 8:30 PM. Follows from last year's successful forums organized around the City's Sustainability Framework goals. Features city staff, University experts, and non-profit representatives. First forum is on Sustainable Systems (infrastructure), and the remaining forums are February 13, on Economic Vitality, March 21, on Diverse Housing, and April 18, on Transportation Options.

Climate Science as Culture Change presented by Sierra Club Huron Valley Group: January 15 at 7:30 PM at Matthaei Botanical Gardens (featured speaker is Andy Hoffman, Director of the UM Erb Institute).

Climate Townhall Meeting for the National Climate Assessment from 8:30am to 4pm at UM Palmer Commons - registration required:

<http://www.graham.umich.edu/outreach/event.php?nid=2512>

Congress's recent "fiscal cliff" deal includes a one year extension of the wind energy production tax credit until January 1, 2014.

Michigan Energy Fair announced: Ludington on June 7-8. More at: www.glrea.org

Appleyard: Indianapolis Mayor has made a policy statement that by 2025, every vehicle owned and operated by the city (~200) will run on a fuel source that is not exclusively oil. Looking to convert fleet to plug-in electric, saving over \$12,000 per vehicle on fuel and maintenance costs. City has 200 charging stations.

Seattle Mayor ordered City to divest from fossil fuel organizations (namely pension funds portfolio). This is a spin-off of 350.org latest campaign. We currently generate 2.2 million metric tons of CO2. If these emissions were not lighter than air and flowed out over the city, emissions would be 52 feet deep.

Williams: Congress's extension of investment and production tax credit for renewables means if a project is under construction by the end of this year they can get the credit. (Hookham: a number of firms waiting for this to happen, and now have to figure out where to go first to build projects this year.)

PACE Update - Rebecca Filbey

Rebecca Filbey: Goal for the project had been to assemble around \$1M worth of projects. We are between \$750,000 and \$900,000 worth of projects from applicants. As a result we are moving forth with a revenue bond invitation for local banks this week as part of a negotiated sale. Bond counsel recommended this approach. Depending on bank responses, we will know what the interest rate will be that we can offer to applicants. They will then be able to start winter/spring. Ten years is the period for repayment. Projects in the door, if proceeding in totality, would be 3,502 MMBTUs in energy savings.

Wind Power Opportunities - Steve Smiley

Steve Smiley: Here to offer ideas on meeting Climate Action Plan goals: wind farm that could supply 100% of the electricity for city facilities and acquire this energy at the same or lower cost than present and have a potential earning investment. Major projects involved with: Traverse City L & P Green Rate Wind Project, Leelanau Community Energy project, Mackinaw City Wind Project, TCL&P Wind/Biomass Integrated RE Study, and seven other commercial wind projects.

3 goals of the presentation: 1) Provide the Commission with a comprehensive understanding of the status of the Ogemaw Rose wind farm and potential for reaching 100% of City facilities. 2) Discuss PPA options for community to acquire renewables. 3) Determine next steps for proceeding with any decision.

Smiley provided wind project size options, looking at the Rose City Wind Farm area, Wangler Site Area, and Schmitt Site Plan.

Shadow impact studies completed show no significant impacts. Sound studies

involve gathering ambient sound data at three locations.

Wind site leases have been signed for over 60 wind turbines with the potential for over 100 megawatts peak capacity.

Project economics: cost of power: 6-9 cents per kWh depending on equipment, ownership structure, distribution expenses/values.

Ownership/power purchase options: Municipal ownership, like water/wastewater (become alternative energy supplier); Community Power Project (private ownership by members of the community with option to transfer to City after investment return); Large single private owner (outside Ann Arbor) with power purchase agreement and distribution via alternative energy supplier.

Municipal ownership example is Austin, Texas. Purchase with long-term bond. Possible 10-year RE Production Incentive credits paying 2.2 cents/kWh.

Community Power Project example is Leelanau Community Energy (15 local investors), offsetting local waste water plant.

PPA example would be with Community investment group which owns the wind project and distributes energy to Ann Arbor at a set price. Power enters the grid via International Transmission Company (ITC) substation to MISO system for metering and accounting of the energy to the credit of Ann Arbor. Outside owner idea means City has no involvement in the wind project but agrees to pay a set price for generation and sale to its facilities. In this instance an "alternative energy supplier" (AES) distributes the energy. Issue here is the 10% AES cap that has already been reached in Michigan.

(Full presentation at: <http://a2govtv.pegcentral.com/player.php?video=08e6190f578a6f3c2d891c8a8804a1de>)

Questions from Commissioners:

Wright: Is Leelanau project net metering? (Smiley confirmed. Leasing land from the village/Twp and going in right behind the Consumers meter. Consumers will do true net metering up to 150 kW. 11.7 cents/kWh for the energy.) In our efforts bureaucratic blockage occurs when you get to the point of discussing "wind power enters ITC." Thoughts for Ann Arbor?

Smiley: In terms of being behind your own meters you are limited to photovoltaics - you could do 20kW or less. Our group has done some 6-8 kW installations where residents are seeing 10 year PV paybacks.

Wright: If there was a wind farm the City was interested in, other than becoming an AES ourselves, are there options? Sticking cost is transmission.

Smiley: DTE bills break out energy from distribution and it appears around 7.5 cents per kWh is supply. There are about 20 AESs in the state and I am not sure where all are at with the 10% cap rule. Need policy changes at state level to not be boxed in. We made a pilot program with Consumers (Green Rate Program) in two weeks, but with a municipal utility.

Williams: Do you have a MISO queue position?

Smiley: Not made an application - it takes \$35,000. We have an open substation, unlike a lot of the thumb wind projects. (Williams: One to two year timeframe to get MISO approval.)

Williams: What sized turbines do you have permits for? (Smiley: Permitted for 1.65MW machine. We have some flexibility to choose right size - some sites only would take 750 kW windmill. GE and others were offering half priced systems. Cost of installation gone down around \$1,500/kW.) Capacity factors higher at Garden Peninsula according to Comm. Hookham, upwards of 40%, which are turbines as close to offshore as you can get.

Hieftje: Before we could go too far with this we would need to have a clear path in terms of the transmission.

Smiley: I know many of the energy attorneys in the state - put heads together and there may be a solution, or pilot to take to the Public Service Commission. Community interest and demand is there. (Hookham: MPSC website has list of AES suppliers who have not reached their quota - so could find this fairly quickly.)

Appleyard: City not likely to move as fast as you would like, because of bidding and RFPs, but we are interested and have been for some time in making something like this work.

AAPS Wind Project

Matt Naud (Environmental Coordinator): Last night Council accepted an earmark first sought in 2009 for a wind project. There was an RFP, no contract was let. Original proposal scope changed as UM, a partner for match, dropped out. Needed a capital partner for matching funds. Brian Steglitz became the project manager and was reaching out to the original shortlist of proposers for ideas. Department of Energy (DOE) gave an ultimatum to come forward with capital partner by September. We have a letter of intent with this firm in Brooklyn, but last night Council only accepted the funds, we do not have contracts with wind developer or Public Schools. A lot has to be worked out with how the power purchase agreement, and siting with the schools.

Hieftje: The project went through various partner tries from GE to MSU (Naud: as well DTE and the VA Hospital). Now with the AAPS, there is an education component required in the grant. Schools have not decided on the location yet but science staff are excited to have mills on a property. Last night was saying: before any more effort, is this worth continuing to pursue with the partners we have?

Naud: At this point there is no city investment other than staff time (Hieftje: \$36,000 plus in staff time listed, of which half will be reimbursed.) Brian took over the project as initially it was believed the energy would be used by our utilities. Now idea is schools would use it right on site.

Williams: Why was Energy Commission not involved?

Naud: Project become separated from Systems Planning during staff transition. We could have done a better job informing the Commission and we

plan on keeping you more informed on this going forward.

Williams: Will there be a new RFP? (Naud unsure at present.) **Hieftje:** The company that is currently involved is putting over \$400,000 into it, and not likely to find many others willing to do that. **Naud:** At this point we have a letter of intent with this firm - they would bring the entire match. **Hookham:** Is LOI sole source? **Naud** stated that at this point it is exclusive. It moved from a project looking for a design build to a need for a capital partner to keep project.

Hieftje: At one time U fo M was going to use this for research into design types, and when match structure changed they dropped out.

Williams: Didn't believe this firm was on the shortlist of respondents attending a mandatory pre-bid meeting for the RFP, unless they were a subcontractor. (Naud confirmed the City went back to original short list of qualified bidders. Not required to put out an RFP as it is set up right now. The whole project changed where a capital partner was needed to salvage the project. We don't feel anything inappropriate was done in terms of bidding requirements.)

Hieftje: Everything will have to fall in place quickly for this to even go ahead. MSU said no to partnership only about one month ago. No penalties to the city if we don't meet DOE deadlines we just won't have a project.

Appleyard: If this partner is mostly there for coming up with financing, they could be an offshoot LLC, and later project may not be as desired in a location already with a low wind regime. I am concerned that it not only get done but get done well. In the past Commissioners would be a part of the review teams for these kinds of RFPs given expertise. Commission's bylaws say oversee and make recommendation on municipal energy production and energy efficiency, so this would fall under our purview. Staff turnover and shortages are part of why this came about as it did, and there was a desire to make it work. We don't something to not turn out well.

Naud: This small project may have been a lost opportunity but we will do a better job of keeping you informed and have reached out on bigger wind energy ideas the City might consider. (Hieftje: time to research the company and makes sure they can do what they say they can.)

Hookham asked clarity on what Council officially approved. (Naud explained it was acceptance of the DOE grant only. We were provided with a date certain that a scope was needed, which DOE has accepted.)

Macomber asked for how we will ensure a successful turbine(s) from a technical standpoint. **Naud** said city attorney office and staff are working out three party agreement. Staff would gladly have members of the Commission review technical documents as they get created. **Naud** confirmed for Comm. **Williams** the letter of intent with current firm holds presently. **Williams** asked about a request to have the Commission review these types of energy projects in the future, with the Mayor responding this was an unusual project that did not have a successful handoff but deadlines brought it back to Council and going forward all input would be appreciated.

Hookham commented that school support for understanding how a power purchase would work is important as this a different type of energy purchase.

(Hieftje commented that the school district owns a lot of land not necessarily on school grounds that could be used.)

Long commented that Energy Office vacancy still being outstanding is relevant and still needing to be resolved.

EV Plug-in Readiness Resolution

Appleyard motioned for moving the resolution (written largely by Ecology Center) - moved by Macomber and seconded by Wright.

(Charles Griffith from the Ecology Center called up to give context)

Griffith: Worked on alt fuel issues for long time, including with the City. We are part of Clean Cities Coalition and other federal grants for vehicles. Most recently working on new technologies like electric vehicles. Part of Plug-in Readiness MI most recently. One focus is city infrastructure and planning and zoning issues. Most who have an electric vehicle (EV) will have a charger at home, but maybe not all, and other plug-in options will help extend the range for these people. This resolution goes to what Ann Arbor can do to plan for EVs, as well as education and outreach opportunities. Cities are being recognized for how EV ready they are. Given our proximity to Detroit, we can and should be one of these leading cities.

(Dave Konkle present to share DDA data on their charging stations)

Konkle: DDA has 18 stations in parking garages since June, and in preparing latest quarterly report for this grant we are seeing exciting data. All 6 garage locations more than doubled in terms of usage. 2.7 megawatts of electricity to 7.9 megawatts in the downtown used to charge cars from the third to the fourth quarter of 2012. DDA getting friendly pressure to add more charging.

Hookham confirmed with Konkle that DDA is not charging a fee to use the chargers, but a fee might be used to help expand infrastructure, which Konkle responded would be up to the DDA board. Stations cost around \$5,000 to put in. DDA did these because it brings people to downtown and makes Ann Arbor attractive, but we need partners to move forward. There are good guidelines in the Plug-in Readiness Plan to help local government, but DDA does not as of now have an EV Plan. DDA looking at transformer capacity studies given amperage associated with these stations.

Hieftje: This as an experiment that has turned out really well. Expect an expansion of the program. Charging for electricity likely will come, but there is a mechanism issue. Hanging bike racks in the DDA garages also an innovative thing coming. Library Lane is ahead of schedule on usage.

Macomber asked if this data from EV charging can be used to track progress on Energy Challenge goals. Appleyard commented that scale is likely not impactful yet, but the upside is electric charging has potential to derive from renewables. Rather than emissions or energy savings, a count of EV vehicles in town may be the better metric (Chevy may track this for Volts at least).

Willilams asked what percent of time charging spaces in use, and Konkle responded that data available shows kallowatt usage and number of times plugs were used, so could tease this out along with other more granular data

from the tracknig system being used. There is real time monitoring that phone apps can search and tell which stations are free at the moment. Systems also set up for cards/readers already in use by Republic Parking, so more sophisticated vacancy information or station use charging in the future could be possible.

(Resolution approved unanimously)

13-0007

RESOLUTION OF THE CITY OF ANN ARBOR IN SUPPORT OF PLUG-IN ELECTRIC VEHICLE READINESS

Approved by the Commission

Connecting William Street Initial Discussion

Kurz: The Landmark building proposal that made its way through the Planning Commission five or so years ago when I first joined the Commission has since opened in September. I am unsure what transpired by way of ensuring energy efficiency, LEED, and other green components discussed as being part of that project - likely not much. Related, having attended the Connecting William Street public meetings, there are at least three (Heiftje later confirms five) open public parking lots that don't have contributing greenhouse gases as undeveloped parcels, but with development there will be some change in emissions associated with these spaces. Connecting William Street has greening and energy items that appear to be just suggestions for developers - as a Commission we should know more about draft recommendations, while understading this is a process with nothing being built immediately. This is an opportunity for this Commission to offer input towards advancing the Climate Action Plan goals.

Appleyard: Unique opportunity for the City given constraint of not being able to exceed the state energy code on a lot things. You can put requirements in deeds of sale that could make these real landmark developments from an energy perspective. Members of the Planning Commission have talked about a downtown zone consistent with the Living Building Challenge. (Hiejfte reports recommendations from Connecting William Street will be at the next City Council working session, though no decisions really imminent. In his tenure only one downtown city property sold and developed as non-student residential. 5th and Willilam lot is the only property in the discussion that might have more of an impetus to move quicker.)

Kurz: Something bold and a mechanism for us to convey ideas are what we should be seeking.

COMMITTEE UPDATES

Climate Action Plan

Appleyard: Now that it passed Council in December we just need to set priorities to get going.

Energy Production

No meeting

Renewable Energy Access

No meeting

PUBLIC INPUT

None

ITEMS FOR NEXT AGENDA

Williams: Filling vacancies on the Commission - two now? (Macomber: fill Council seat on Commission? Hieftje stated no Council members stepped forward last time he asked but can check again)

Connecting William Street Recommendations from Commission, DDA Q/A

ADJOURNMENT

Appleyard's motion to adjourn moved by Hieftje and seconded by Macomber, at 8:05PM

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Visit www.a2energy.org for community energy information in Ann Arbor, or www.a2gov.org/energy to learn more about the City's Energy Programs

Regular meetings shown Live on CTN Channel 16 and at www.a2gov.org/ctn