



Sustainable Heating Franchise

A look back at year one of the Ann Arbor – DTE Gas heating franchise

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A Little Context



Gas Franchise – Ordinance (Ch. 34)

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

1. Governs the use of the public rights-of-way
 2. Sets the conditions under which the company may, for a set period, provide the specified utility service
- Ann Arbor's previous franchise was signed in 1997 and was set to expire in January 2027
 - DTE and Ann Arbor both have sustainability-related goals

A Little Context



- On April 22, 2025, City adopted a 10-year franchise with DTE
- First in the country to include climate agreements and decarbonization activities
 - Agreement Regarding Climate Action
 - Work Plan with annual public reports to City Council
- Also includes quarterly meetings for coordination of work in rights-of-way

A Little Context - ARCA



Commitment to cooperate in support of A²ZERO
- binding and enforceable



A panel of 2 (but not more than 4)
representatives from each -- City and
DTE (Leadership Panel)

Includes direct report to City Administrator and
direct report to President of DTE Gas



Exhibit A (Work Plan) includes the
detailed activities to be undertaken

This document will be regularly updated
depending on activities undertaken

ARCA, Continued



Leadership Panel will meet quarterly



Leadership Panel shall have authority to commit staff time and \$ specified in the work plan



Leadership Panel agrees to pursue capital funds to meet commitments



If Leadership Panel can't agree, the parties may request a meeting of President of DTE Gas and City Administrator



ARCA can be terminated with 60-day advance notice

If DTE terminates, City still has right to revoke franchise

A Look Back – The Work Plan

The initial Work Plan contains the following Commitments:

Energy Waste Reduction

- Jointly design an energy efficiency pilot program focused on renters and landlords
- DTE will make available at least \$500,000 in energy efficiency incentives for this new pilot; City will contribute funding as well
- Quarterly meetings with City
- If (when?) successful, work to scale across territory

STATUS

- Program actively in design. Hope to launch first phase in late spring focused on multi-family market-rate and income-qualified households!



A Look Back – The Work Plan



Geothermal

- Joint fundraising and promotion
- If City issues an RFP for Bryant Geothermal Project, DTE commits to submitting good faith bid, and bringing capital (could be in the range of \$30M+) as part of the bid
- If City issues an RFP for a second geothermal network, DTE commits to submitting good faith bid and bringing capital for 2nd bid (could be \$30M+)
- DTE does not get a preference in RFP process
- City will own the infrastructure (bid by DTE ≠ ownership by DTE)

STATUS

- City is finalizing designs for system in Bryant
- Geothermal installed at Bryant Community Center and test well for neighborhood slated to be dug in coming week
- DTE has joining meetings with other potential project bidders and contributors to learn about the project

A Look Back – The Work Plan

Biodigester

- DTE will provide technical support to analyze feasibility of installing a biodigester at the WWTP

STATUS

- DTE and City met regularly, including with technical experts DTE brought to the discussion
- Decision made not to pursue given economic realities of project

Just Transition for Workers

- Create a training plan for local trades on geothermal systems
- Fundraising for potential installation of a geothermal system at UA190 office
- Commit \$100K per year for 3 years to support training -- \$50K per year for local UA 190 and \$50k/year for a Detroit union

STATUS

- Nothing to report ... yet

A Look Back – The Work Plan

Repair vs Replacement of Gas Pipelines in the City

- If plan to replace pipelines in the City, or if during a repair DTE decides it needs to replace pipe segment based on poor condition, DTE must timely explain to the City why replacement is preferred to repair

STATUS

- DTE has alerted the City for the small number of relevant projects

Planning Coordination

- Sharing capital plans to coordinate upcoming projects – “dig once” approach
- Provisions on data access and transparency

STATUS

- The City and DTE have been having quarterly check-in meetings to discuss capital projects and coordinate, where possible
- Aligned on previous data sharing discrepancies and implemented a process to ensure future data request sharing meets City needs



A Look Back – The Work Plan

Infrastructure Repairs

- Commitment to reduce and more quickly repair damage to underground City infrastructure
- Collaborative process to ensure rapid addressing of identified cross-bores.

STATUS

- Coordination underway

Customer Service

- Creates process to address info for GHG reporting and info for benchmarking.
- Allows greater insight into key areas of complaints for residential customers

STATUS

- Process being developed; ad hoc issues addressed as they emerge

A Look Forward



- Insulate Ann Arbor launched
- Continued quarterly coordination
- Data access and transparency
- Begin working on next 2-year work plan
- Just transition work
- Utilize DTE Energy Manager program





THANK YOU

Questions?