



# City of Ann Arbor

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

## Meeting Minutes Energy Commission

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Tuesday, February 10, 2015

6:00 PM

Larcom City Hall, 301 E Huron St,  
Second floor, City Council chambers

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### CALL TO ORDER

Appleyard called the meeting to order at 6:07 PM

### ROLL CALL

**Present:** 9 - Kim Wolske, David A. Wright, Brigit Macomber, Mike Shriberg, Mark Clevey, Erik Eibert, Stephen Raiman, Wayne Appleyard, and Kenneth J. Wadland

**Absent:** 3 - Charles Hookham, Shoshannah Lenski, and Christopher Taylor

### APPROVAL OF AGENDA

**Geisler:** Additions to the agenda: Appointments (Chair, Vice Chair, Environmental Commission); Sustainable funding under committee updates; Energy Secure Cities Coalition pledge (Appleyard); Eibert to make comment relating to traffic.

Amended agenda approved unanimously on a voice vote.

### APPROVAL OF MINUTES

Approved unanimously on a voice vote.

### 15-0265

Minutes of the January 13, 2015 Ann Arbor Energy Commission Meeting

**Attachments:** Energy Commission Minutes 1-13-15.pdf

### PUBLIC INPUT

None.

### ENERGY REPORT - NEWS FROM THE ENERGY OFFICE AND COMMISSIONERS

**Geisler:** City Council approved a license agreement with DTE for a solar array at the municipal airport. Next step is the site plan process for Pittsfield Township. The project is also pending MDOT and FAA approvals and review.

The City is among a municipal coalition intervening in DTE's current rate case before the MPSC. DTE is proposing a 4-11 percent increase on LEDs in their inventory while reducing high pressure sodium rates as much as nearly 20 percent. City owned LED rates won't increase at this rate but it makes

economics of converting DTE lights to LED more challenging and creates a disincentive to move from high pressure sodium.

The next Sustainable Ann Arbor Forum is this Thursday and is on Economic Vitality, held at the downtown library.

Clevey updated on attending a municipal energy commission networking meeting held by the Southeast Michigan Energy Office. 9 of 26 SEMREO communities have commissions like ours, we're the only with an Energy Commission. Topics included streetlighting on regional level, Wyandotte's ability as a municipal utility to come up with agreements to supply solar options for communities in the region. Next meeting in three months.

Appleyard: Mark Jacobson of Stanford University will be at Sienna Heights College in Adrian on April 15th talking about ways to reach 100% renewable energy. Recently met with staff on forming a Sustainability Commission. Outcome was not at this time, but will be seeking more cooperation between Commissions. Subcommittees generally don't require you be a member of the particular Commission, so pushing joint involvement as something that can be done. Report out last month that solar is cheaper than the grid in 42 of the largest 50 cities in the US (by North Carolina Clean Energy Technology Center). Burlington, Vermont (pop. 42,000) is now first US city to run entirely off renewable energy. They have biomass providing 30% of power; wind and solar provide 20% among other sources (hydro). (Raiman stated that would be on average but they would still rely on natural gas from the grid at times.)

Eibert: With a transportation background, looking for a focus and coming back to traffic and Ann Arbor's system. Met about a year ago with City's traffic engineer Les Sipowski and others. There are still a surprising number of signals operating on time of day schedule. Asking if there is anything Commission can do to help. Limits on data and funding to make system more adaptive are two main challenges. (Appleyard noted challenge of having three jurisdictions relying on the system: city, county, and state.) Bigger cities have computer controlled/synced systems. Three systems are time of day, adaptive to traffic, and communicating systems that are linked (too expensive now for here).

Geisler explained WATS data is what transportation emissions are derived from (idling and traffic flow not a factor as it is purely based on vehicle miles traveled estimates). Idling reductions from improving the signal system could generate a savings that could be subtracted.

## Lean and Green PACE Presentation

Kyle Peczynski (Lean & Green): Provided basic overview of PACE financing advantages (long terms, low rates, assessment runs with the land). This program requires no public funding (rely on administrative fees that can be recovered through project cost repayment). Residential PACE still not enabled in Michigan. Non-profits not paying property taxes can still finance and repay through a PACE assessment. Most efficiency options qualify for PACE. Projects over a certain amount (\$250,000) need to be cash-positive to ensure savings can recoup repayment.

In 9 counties and 3 cities. Southfield Lincoln dealership one of current projects in process. Also working on the MPSC new location that's leased. Getting a

steady flow of inquiries. Hoping to launch a one megawatt solar project in northern MI in the spring and a large charter school in Detroit. \$960B will be invested in energy efficiency by 2023; PACE is one tool. Improves comfort and energy of building, gives business to contractors, and attractive to investors.

Raiman asked if carbon savings tracked along with the financial savings. Mr. Peczynski responded that this will be factored as more deals emerge, and they will rely on Energy Star Portfolio Manager.

Macomber asked about single family housing issues with PACE. Mr. Peczynski explained FHFA prohibition on supporting PACE mortgages, though somewhat lifted in 2012 so hopefully will be done soon. Macomber offered idea of supporting energy benchmarking ordinances as a way to drive work.

Shriberg further explained lending organizations resistance to not being the first lien in a PACE project likely still an issue that would have to be overcome for residential PACE to happen. Asked how funding for Lean & Green works. Peczynski stated that major PACE investors active in many states are involved. Interest rates in private market seem to be between 6-8% now. Fees for service are 2% on top of base project costs.

Wright asked for clarification on exemption of municipalities for use of PACE - explanation was that municipality could assist in decision on whether projects that are not clearly eligible for PACE based on the state statute could proceed. Counties or cities participating can also charge their own fees to recover any reasonable costs incurred as part of the assessment process/review. Energy audits and other costs like appraisals can be rolled into the repayment.

Wolske asked if there is particular interest from certain types of properties/owners (multi-family in particular)? Peczynski said there has not been much interest from multi-family to date. Otherwise interest has been very broad.

### **a2energy and PACE Update - Bonnie Bona**

Bonnie Bona (CEC): CEC oversaw phase one of Ann Arbor PACE. Four projects implemented in 2013 (Goodyear Building, Kerrytown Market, Arrowwood Cooperative, Big Boy). Now have a contract for a phase two of PACE and a2energy program. There was a gap between phases due to funding. To get projects in line, help for property owners requires continuity. New contract supports PACE/CERL financing, benchmarking ordinance, community solar, a2energy website support, Climate Partnership (sub-contracted with Ecology Center), and GHG tracking.

Hope is that there are ways to support most any project - PACE being just one. Will be evaluating data from phase one, looking at how to self-sustain programs, and loan targeted amount each year.

Benchmarking support is to be determined still (since ordinance going into pilot for this year).

Support for community solar in the broadest sense. DTE would have a lot of control on their own community solar offering. Will be modeling a solar aggregation approach to residential projects.

Will update a2energy website and work with a2energy contractor network. Will also be working more closely with Michigan Saves on coordination and avoiding duplicating work.

Climate Partnership work led by Ecology Center (for CAP implementation).

Clevey asked about GHG tracking methodology. Bona explained challenge of using GHG emissions inventory capturing more global/macro details. Still looking at what approach or protocol to follow.

Bona: looking at interesting local funding source options. Six active projects right now, but not certain yet if they will use PACE for financing. Can do bond sales for PACE but need simultaneous projects aligning with timing - one of biggest challenge in phase one. Projects and not funding mechanism is real challenge. Most properties have not had energy audits, and not a small expense for commercial properties. Ann Arbor has lots of small buildings taking care of day to day issues and tenants so energy efficiency is a challenge to elevate as a concern.

Macomber asked what commercial audits tend to cost. Bona responded that rule used is up to ten percent of annual energy costs. Phase one also had challenges of tenant/owner agreements on proceeding. Staff also explained the issue with multi-family projects that had HUD mortgages that required a first lien, just as PACE would and so had to be dropped. Phase one held tight to positive cash-flow conditions which also ruled out some projects. Bona said accessing funds more immediately will be essential to success in phase two (hand holding still very important).

Clevey asked whether LEED type projects would be good for PACE or whether timing constraints would be a limiting factor. Bona stated energy efficiency component could still be singled out for PACE (one of inquiries now is much more comprehensive than just energy efficiency).

### **Commissioner Hookham Biodigester Slides**

Due to time remaining in meeting item was tabled.

### **Appointments: Chair, Vice Chair, Environmental Commission**

Clevey motioned to re-appoint Commissioner Appleyard as Chair, was seconded by Macomber (approved unanimously).

Clevey motioned to serve as Vice Chair for another year term, was seconded by Shriberg (approved unanimously).

Appleyard motioned to serve as liaison to Environmental Commission and was approved unanimously on a voice vote. Appleyard to forward Environmental Commission's workplan and encouraged Commissioners to participate in committees they have formed.

## **COMMITTEE UPDATES**

### **Climate Action Plan**

**Shriberg:** Engaging Quack Media to work on branding for the Climate Partnership. Would like Commission feedback on draft ideas. Slating a target for a public dashboard by Earth Day.

### **Community Solar**

**Wright:** Consumers Energy has a filing for community solar in at the MPSC. Looking to do 10 megawatts. A number of organizations are interveners in the case but should move fairly quickly.

### **Nuclear**

**Raiman:** Just formed; Commissioners Eibert and Hookham have agreed to be on.

### **New item: Energy Secure Cities - Fleet**

**Appleyard:** Energy Secure Cities Coalition - helping municipal fleets to go electric. They will assist in conversion evaluations. Looking to move something to Council on this and look at the Green Fleets program. Green Fleets had focused on ethanol and biodiesel, but we now know issues of food/fuel. Increasing ability to convert larger trucks and vehicles to electric. Eibert, Wright, and Macomber stated interest in forming committee.

April 18 and 25 are two dates that work for a facilitator to help with the Commission retreat.

### **Sustainable Funding**

**Appleyard:** will be meeting following Wednesday. Boulder is one example looking to, where their carbon tax generates \$1.3M per year for community programs based on charges on energy to residential, commercial, and commercial customers.

**Macomber** noted that the Benchmarking Committee is not on the list but should still meet and give periodic updates as progress is made this year.

### **PUBLIC INPUT**

None.

### **ITEMS FOR NEXT AGENDA**

Interest expressed in revisiting enabling residential PACE for Michigan (Macomber).

Review of the types of sustainable funding sources/ideas that are out there to consider (Shriberg).

Staff will compile 2015 priority list from January meeting.

**ADJOURNMENT**

Clevey motioned to adjourned, seconded by Eibert at 7:44 PM.

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

Regular meetings shown Live and replayed on CTN Channel 16 and at [www.a2gov.org/ctn](http://www.a2gov.org/ctn)