

ORDINANCE NO. ORD-26-13

First Reading: May 4, 2026
Public Hearing: May 18, 2026

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AN ORDINANCE TO AMEND SECTIONS 2:402, 2:408, AND 2:410 AND TO ADD SECTION 2:413 (RATE SCHEDULES) TO CHAPTER 35 (SUSTAINABLE ENERGY UTILITY) OF TITLE II (UTILITIES AND SERVICES) OF THE CODE OF THE CITY OF ANN ARBOR

The City of Ann Arbor ordains:

Section 1: That Section 2:402 be amended as follows:

2:402. – Definitions.

For the purposes of this Chapter, the following terms shall have the meanings respectively ascribed to them by this section:

- (1) *A2SEU Enterprise Fund* means the fund established to separately account for the operations of the A2SEU, including its revenues and expenditures, with the intent that the costs of operating and maintaining the A2SEU and providing its offered services be recovered primarily through customer charges.
- (2) *Beneficial electrification* means actions to replace fossil fuel use with electricity in a way that reduces greenhouse gas emissions and energy costs.
- (3) *Charges* means the rates, fees, rentals, and all other charges for furnishing an A2SEU service including all repairs, maintenance, and alterations necessary to furnish such service, which are authorized under Section 2:413 ~~the terms of service with the customer~~ and which the City determines to be the responsibility of the service customer.
- (4) *Director* means the director of the A2SEU.
- ~~(4)~~(5) *DTE* means DTE Electric Company when referencing electric service and DTE Gas Company when referencing gas service.
- ~~(5)~~(6) *Renewable energy* means energy derived from a sustainable resource that naturally replenishes over a human, not a geological, time frame, including energy derived from the following sources:
 - a. Solar photovoltaic;

- b. Thermal inertia (e.g., networked geothermal systems, ground source heat pumps, or air source heat pumps); and
- c. Other sources identified in the A2SEU regulations adopted by the Director pursuant to Section 2:406.

Section 2: That Section 2:408 be amended as follows:

2:408. – A2SEU rates and charges.

- (1) The Director shall recommend to the City Council rates and other charges for the provision of A2SEU services.
- (2) The City Council shall fix the rates and charges for all A2SEU services.
- (3) Rates and charges shall be fair, reasonable, and compensatory and shall be uniform for all customers within the same class. Different rate schedules may be applied to different classes of customers.
- (4) Rates and charges shall be sufficient to pay all operating and maintenance expenses of the A2SEU, as well as all principal, interest, redemption costs, or other charges for authorized indebtedness for A2SEU operations.
- (5) Nothing in this Section shall be read to prohibit the City or any department thereof from providing funds to the A2SEU Enterprise Fund in accordance with Section 2:407(2).

Section 3: That Section 2:410 be amended as follows:

2:410. – Conditions of Service.

- (1) All A2SEU customers shall be subject to the ~~terms and~~ conditions contained in ~~their service agreements, as well as~~ all rules and regulations heretofore or hereafter adopted or promulgated by the City, including the regulations adopted by the Director pursuant to Section 2:406, and all applicable ordinances (or provisions thereof) which may now or hereafter be in force.
- (2) An A2SEU customer shall not tamper with any A2SEU equipment. Nor shall any A2SEU customer install or have installed any device that impacts an A2SEU meter, metering system, or communication system. This section shall supplement and not be in lieu of any provision of state law, including but not limited to MCL 750.282.

Section 4: That Section 2:413 be added as follows:

2:413. – Rate Schedules.

(1) Tariff No. P-1: Bryant Solar and Battery Service Pilot Rate

- a. Availability: Available to eligible residential customers with a service address located within the Bryant Neighborhood of the City who maintain an active electric service account with DTE and request service using the form provided by the A2SEU for participation in the Bryant Neighborhood Pilot Program prior to September 30, 2026. This date may be adjusted at the sole discretion of the Director.
- b. Effective Date: July 1, 2026.
- c. Expiration Date: June 30, 2030. Following June 30, 2030, customers receiving service under this Tariff No. P-1 will be transitioned to a duly adopted replacement tariff. If there is no applicable replacement tariff in effect as of July 1, 2030, customers may continue taking service under this Tariff No. P-1 until an applicable tariff is duly adopted and takes effect.
- d. Nature of Service: The A2SEU will install, own and maintain a 4.5 kW (DC) rooftop solar array and a 15 kWh battery storage system at each participating customer's service address. The default setting for customers taking service under this Tariff P-1 will be non-export of solar energy. The A2SEU may help customers apply for export interconnection with DTE and permit customers to export excess energy and receive the proceeds of any sale of excess energy to DTE under the terms of any approved DTE tariff. Approval of interconnection and eligibility for and revenue from DTE export credits is not determined or guaranteed by the A2SEU. The A2SEU may assist customers with the DTE interconnection process and pay associated interconnection fees on behalf of the customer; however, if DTE's permission to operate is contingent upon payment for grid upgrades that the A2SEU believes (in its sole discretion) are not reasonable for the A2SEU to bear, the A2SEU may decline to serve the customer, or may require the customer to elect a non-export interconnection as a condition of service.

The battery storage system will be used to store excess energy for use during non-generating hours and/or grid outages. The battery may also, at the A2SEU's sole discretion, be used as part of a virtual power plant or demand response program. Any revenues received by the A2SEU for such a program will be applied to offset the costs of service and will not be paid to the customer directly. Until and unless it is permitted under a DTE tariff, the battery storage system will not export stored energy to the DTE grid, and customers should not expect to receive direct payments for any export of energy from the battery.

- e. Rates: Participating customers will be charged a monthly fee for solar and battery service according to the following schedule:

| Period | Amount | Units |
|-------------------|---------|-----------|
| October - March | \$25.00 | Per Month |
| April - September | \$75.00 | Per Month |

This is a pilot rate that reflects the estimated value of the solar and battery service to participating customers. The varying rate reflects the seasonal difference in value provided by the solar system.

- f. Other Charges:
 - i. Removal Fee: If service is terminated resulting in the removal of the solar and/or battery storage system prior to July 1, 2030, the customer will be charged a removal fee equal to the lesser of (1) the actual cost of removal, inclusive of disposal, recycling, or similar charges, of the solar and/or battery equipment, or (2) \$2,500.00.
 - ii. Late Payment Fee: A late payment fee of 1.5% of any amount in arrears shall be assessed monthly and charged to the customer.

(2) Tariff No. P-2: Municipal Solar and Battery Service Pilot Rate

- a. Availability: Available to departments of the City with solar systems or solar and battery storage systems installed at department facilities within the city limits of the City of Ann Arbor that elect to transfer such systems to the A2SEU during the term of this Tariff No. P-2.
- b. Effective Date: July 1, 2026.
- c. Expiration Date: June 30, 2027. Following June 30, 2027, customers receiving service under this Tariff No. P-2 will be transitioned to a duly adopted replacement tariff. If there is no applicable replacement tariff in effect as of July 1, 2027, customers may continue taking service under this Tariff No. P-2 until an applicable tariff is duly adopted and takes effect.
- d. Nature of Service: The A2SEU will own, operate, and maintain solar systems or solar and battery storage systems installed at participating facilities. Solar systems generate electricity that may partially replace purchases of energy from DTE. Battery storage systems store energy for use during non-generating hours and/or grid outages. The battery storage systems may also, at the A2SEU's sole discretion, be used as part of a virtual power plant or demand response program. Any revenues received by the A2SEU for such a program will be applied to offset the costs of service and will not be paid to the customer directly.

Participating departments will receive the energy produced by the installed solar systems, the resiliency benefits of the installed battery storage systems, and ongoing operation and maintenance by the A2SEU while maintaining current interconnection requirements and DTE tariff elections.

- e. Rates: Participating departments will be charged a monthly fee for service based on the installed capacity of the solar system or solar and battery storage system at each facility.

| Technology | Amount | Units |
|-------------------|---------------|--------------------------------|
| Solar | \$14.00 | installed kWDC per month |
| Battery | \$14.00 | inverter capacity kW per month |

This is a pilot rate that reflects the estimated value of the solar service or solar and battery storage service. Departments with both solar and battery systems will be charged for each technology individually based on the respective installed capacity.

Section 5. Effective Date. This ordinance shall take effect and be in force on and after ten days from publication thereof as provided for in the Charter of the City of Ann Arbor.

CERTIFICATION

I hereby certify that the foregoing ordinance was adopted by the Council of the City of Ann Arbor, Michigan, at its regular session of May 18, 2026

(Date)

Jacqueline Beaudry, Ann Arbor City Clerk

Christopher Taylor, Mayor of the City of Ann Arbor

I hereby certify that the foregoing ordinance received legal publication on the City Clerk’s webpage on May 28, 2026.

Jacqueline Beaudry, Ann Arbor City Clerk