



Introduction Heating Franchise

Chapter 34 of Title II of the Code of the
City of Ann Arbor

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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 existing franchise was signed in 1997 and expires in January 2027
 - Proposed franchise before Council is a 10-year franchise (8 years from the termination of the old franchise)
 - 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

Agreement Regarding Climate Action (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

Work Plan



The initial Work Plan contains the following DTE 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
- Quarterly meetings with City

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)

Work Plan, Continued

Biodigester

- DTE will provide technical support to analyze feasibility of installing a biodigester at the WWTP by 2035

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 to be used for training
- Commit \$100K per year for 3 years to support training -- \$50K per year for local UA 190 and \$50k/year for a Detroit union

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 need to replace enough pipe to earn a profit on the repair, DTE has to timely explain to the City why replacement is preferred to repair

Work Plan, Continued

Planning Coordination

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

Infrastructure Repairs

- Commitment to reduce and more quickly repair damage to underground City infrastructure
- Collaborative process to ensure DTE addresses identified cross-bores.

Customer Service

- Creates process to address two regular information pain points: info for A2Zero reporting and info for benchmarking.
- Allows greater insight into key areas of complaints for residential customers



Questions?

