




# Introduction Heating Franchise

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

May 13, 2025

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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 A<sup>2</sup>ZERO  
- 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 2<sup>nd</sup> 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?