



# City of Ann Arbor

301 E. Huron St.  
Ann Arbor, MI 48104  
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## Meeting Minutes Energy Commission

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Tuesday, November 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 PM.

### ROLL CALL

**Present:** 7 - Kim Wolske, Brigit Macomber, Mark Clevey, Shoshannah Lenski, Stephen Raiman, Wayne Appleyard, and Noah Levin

**Absent:** 4 - Charles Hookham, Mike Shriberg, Christopher Taylor, and Kenneth J. Wadland

### APPROVAL OF AGENDA

Approved unanimously on a voice vote.

### APPROVAL OF MINUTES

Lenski: Made comment last meeting that if FERMI nuclear plant were to retire, it would be replaced by coal. That is not necessarily the case. Most likely it would be replaced by fossil fuels. That could include increased generation from existing coal-fired power plants and generation from new or existing natural gas.

With this noted, the minutes were approved unanimously on a voice vote.

### 15-1405

Ann Arbor Energy Commission Meeting Minutes of October 13, 2015

**Attachments:** Energy Commission Minutes 10-13-15.pdf

Approved by the Commission and forwarded to the City Council due back on 12/14/2015

### PUBLIC INPUT

No public input.

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

Geisler introduced Brendan Hall, a new Sustainability Associate Temp III with the Systems Planning Unit.

Recent press release about climate change from the National Coalition of Climate Mayors. Mayor Taylor is a part of this group. The group has adopted

the hashtag #ClimateMayors. You can follow them on social media. The press release said the group is in support of the Clean Power Plan and hopes for more progress on climate change at the federal level. For the full press release, visit the City of Ann Arbor website.

**Clevey:** Are other Michigan mayors a part of the group?

**Geisler:** Not sure, but wouldn't be surprised if Grand Rapids is a part of the group. But can confirm that. This group is tangential to the Compact of Mayors, a global cooperative of more than 100 mayors that might include other Michigan mayors.

Staff attended an event last week with Chair Appleyard connected to the Municipal Energy Commissions Network, which commissioner Clevey has also been involved with. The network is a means to increase regional cooperation, learning, and sharing of best practices. Many municipalities lack energy commissions, but may have environmental, recycling, or other related commissions. The network intends to meet quarterly. Will distribute some information before the end of the meeting on how to stay engaged on an individual basis.

**Appleyard:** The network is a positive thing because a lot of work is best accomplished on a regional level, and perhaps this is an opportunity for getting institutions aligned with the City of Ann Arbor in other areas as well.

**Geisler:** The Municipal Streetlighting Coalition that the City of Ann Arbor is a part of recently reached a milestone concerning proposed tariffs for streetlighting. In a nutshell, the administrative law judge as part of the Michigan Public Service Commission's (MPSC) rate review issued a Proposal for a Decision in rate case U-17767. Most of the findings were in alignment with the Municipal Streetlighting Coalition's recommendations and the MPSC's staff recommendations. So while this was not final, the forthcoming ruling in December bodes well because it seems that some consensus is forming.

**Clevey:** Could you summarize the issue for us?

**Geisler:** Nearly 20 cities have joined with the City of Ann Arbor. The cities want more conversion to LED for streetlights in DTE's inventory. Many cities in other areas are converting to LED quickly, even for non-municipal-owned streetlights. DTE says its new rates are based on their expected costs and needed revenues. But the coalition argues that DTE's rate increase for LEDs and corresponding rate decrease for high pressure sodium lights, which the City of Ann Arbor has many of, is preventing a transition to this proven technology. The City of Ann Arbor submitted testimony along with expert testimony that the coalition assembled. A December decision is anticipated.

**Clevey:** What is the MPSC staff's position?

**Geisler:** Staff generally agree with the coalition's points, including challenges to the proposed rates, with streetlights being an issue deserving special attention, and also a request for a more collaborative process.

**Appleyard:** Interesting that for some of communities in and around Detroit, issues with maintenance, theft of copper wires, and so on add to the argument

for transition to LEDs. However, not all of these lights are DTE-owned.

**Geisler:** There is an event at SPARK Ann Arbor on November 12 called "Case Studies & Available Incentives for Commercial Energy Retrofits."

**Appleyard:** At the state level, the Michigan House got a bill of interest out of committee. The Senate must still approve the bill, so it is a ways from enactment. But in brief, it eliminates the 10% Renewable Portfolio Standard (RPS) but has a 30% renewable by 2020 goal. But it is a goal, meaning not mandatory. The bill does not address net metering, so that remains unresolved. According to an MLive article, a total of \$1.6 billion has been spent to try to influence the bill.

**Appleyard:** Came across report that, as of end of 2014, the International Energy Agency says that combined renewables, undoubtedly including hydropower, are second only to coal in terms of generation of electricity globally.

**David Orr** is speaking about climate change and education tomorrow night in Adrian, Michigan, at Siena Heights University.

**Lenski:** Article in New York Times about wind energy in Texas, noting that nighttime generation is in some cases greater than demand, prompting power companies to give away electricity for free at night. Brings up issues around how to manage asynchronous generation and demand with wind and other renewables.

**Clevey:** In Massachusetts they were discarding the excess generation.

**Appleyard:** Indicates we need to do more in terms of managing demand and investing in energy storage.

## Solar Taxation Update

**Appleyard:** Have been meeting with City's assessor to try to understand the tax assessment process when someone installs solar PV on their house. While the assessment varies based on location of the residence in town, the average assessment per peak kilowatt per year is about \$37.50, which amounts to approximately 20% of return on investment, assuming net metering with 16 cents per kilowatt hour for any surplus generation. The assessment is less than it once was, because some calculations were refined. Haven't been able to identify the non-residential charges being assessed, but will work on that.

**Clevey:** Would you summarize the issue? Are we out of phase with the state?

**Appleyard:** I'm not sure that we're out of phase, exactly. Part of the problem is a lack of information. We don't know how other communities handle PV, and the solar community doesn't want to ask because there is concern that it could be taxed if the question is posed. Also, the Michigan Tax Tribunal ruled that solar in someone's yard but that someone else owns is not to be taxed as real estate. But that is a little different. The assessor rightfully maintains that if it's of value and it's attached to your house, he has the responsibility to include it in the assessment.

**Shriberg:** Some states have passed laws making solar tax-exempt. That was

part of the original RPS bill, but it got knocked out in the end. For states that want to encourage solar it's a pretty simple fix.

Appleyard: Some of us are old enough to remember when solar was tax exempt in Ann Arbor, in the 1970s and 1980s. Then it was all solar thermal.

Clevey: So there's no case to be made that there could be a rebate for the assessed amount?

Appleyard: No, the tax assessor was careful to say that any changes in tax are non-retroactive. That seems how the state tax code is set up.

## Bulk Purchase Update

Geisler: Phone conversation with Jessie Denver, who is with Group Energy, part of Vote Solar. Jessie had been working on the City of San Jose, which started this solarize idea along with Portland, Boulder, and some other cities. Unfortunately, Jessie is taking a position in San Francisco, and it doesn't seem that Vote Solar is going to be working in this terrain, at least in the short term. Boulder is looking at both solar bulk purchase and electric vehicles. The Nissan Leaf was identified as the option of choice through a bid process. Now the City of Ann Arbor is looking at another program called Smart Power, which does a lot of work east of the Mississippi River, especially in New York State and along the East Coast. Jessie offered some valuable insights in terms of timing and coordination. Much of the promotion and recruitment is done through existing channels, such as through universities and NGOs with large membership. Said you need to reach about 40,000 people but said this number is not based on anything.

Macomber: Do you have a sense of what reaching 40,000 people gets you in terms of PV investment?

Appleyard: The 7 programs that Vote Solar had completed produced a total of 3 megawatts. So they are getting an average of about half a megawatt per program. Even at 5 kilowatts per system, that is 100 systems. And the average is probably closer to 3 or 4 kilowatts per system, so it is probably between 100 and 200 systems. Their county-wide program in Boulder also encouraged the purchase of 150 Nissan Leaf vehicles, all at a dramatically reduced cost, combining a \$5,000 tax credit from the state of Colorado, a \$7,500 federal tax credit, a deal with Nissan, and \$3,000 from the local dealer. The final price before taxes was about \$11,000 for a brand new Nissan Leaf, which start near \$34,000. Lower gasoline prices probably made it more attractive to Nissan.

Geisler: We have more notes on Vote Solar's process, such as their MOU process, the web platform, and so on, but will not delve into that considering that they are not seemingly going to be involved with anything, at least in the short term. They typically have a 4-6 month process from recruitment and promotion on. We discussed the current expiration of the ITC, and how something would need to launch early spring of next year.

Appleyard: Their schedule included 1 month for planning, 2 months for the RFP where they sent out to see what they could get and at what cost, 3 months to launch the program and have it open, and 2 to 4 months for follow-up in order to ensure expectations were met.

Geisler: Third party ownership was critical to them. Jessie was not so familiar with the financing landscape here, but hypothetically interested were that figured out.

Appleyard: One advantage to larger installations is that they can pull in installation teams to what amounts to a bubble, whereas for smaller, local installers it can be a one-off without any continuation.

Geisler: Said that getting a grant in lieu of such partnerships could also make installation feasible.

Appleyard: Many of the programs have been on a larger scale than the City of Ann Arbor. So we would need to look at the best scale for us. It might make more sense on a county level or to get Ypsilanti involved in order to get more participants.

Clevey: Is Ann Arbor contemplating a similar bulk purchase program and how would that be done?

Appleyard: I'm not sure what you mean by Ann Arbor. It's been discussed here and we're looking at it as a possibility. We haven't gotten any edict from above. We're trying to figure out what it would entail and see if we could get it done, because it would mean more solar in Ann Arbor and we are a Solar City.

Clevey: So the other ones you looked at, those were city-sponsored?

Appleyard: Some of them were counties.

Clevey: So there is a government lead? Appleyard: Yes, I think in all cases.

Geisler: With the RFP process, they essentially convene. So it seems like a rather hands-off process. There isn't much need to involve the city legal department and so on.

Clevey: Would we be putting forth a resolution to the City to help launch this or take a lead?

Geisler: Commissioner Wolske is looking at the other entity, Smart Power. We're exploring the universe of who might do this and who might be interested in coming to Michigan and Ann Arbor.

Wolske: They are very involved on the East Coast. Unfortunately, the person that runs their programs is on vacation or something. But my understanding is that they write grant proposals to help offset costs, although I could be wrong about that and need to confirm.

Clevey: How does the solar tax credit fit in with the bulk purchase dynamics?

Appleyard: Doesn't have much to do with it. Property owners' systems would get taxed through the assessment but they would also get the tax credit. In states where there are leasing organizations, those get the tax credit.

Clevey: I was thinking of the federal tax credit, the 30%. Would the bulk

purchase have to be bigger to make up for the loss of the tax credit?

Appleyard: We're looking at trying to do this before the tax credit runs out. That was part of the discussion.

Clevey: So this is on a fairly fast track then?

Appleyard: Yes. I think we would want to figure out how to do it by February or March.

Shriberg: It seems like something we should get to City Council relatively soon. If we could get it running, it would be a very popular program. Getting it on Council's radar sooner rather than later would be great. I'd be willing to help.

Clevey: Do you think a heads-up note to them that this is something we're looking at would be helpful?

Geisler: I think we're still trying to get a sense of the universe of potential partners, but we should have a pretty clear sense in the next 4 weeks.

Appleyard: It wouldn't be a resolution since our next meeting is a work session, but we can still send something up from the work session, I believe.

## **COMMITTEE UPDATES**

### **Climate Action Plan**

Geisler: Council approved the contract amendment with Clean Energy Coalition to continue as consultant support, and solar is a piece of that. So the bulk purchase is something they could potentially assist with at some level. We'll likely have them in soon for an update on how things are looking.

Geisler: We'll try to get Bonnie, who's the PACE Administrator, in, in January or February. There are potential PACE projects cued up of between \$700,000 and \$1.2 million. We also had a couple of projects with the rental housing loan fund that we created and that CEC is administering, as well as a Phase II for lighting at Bivouac downtown. They've completed their lighting upgrade that started through an ARRA loan. The \$700,000 to \$1.2 million is if all of the things go through, but part of the second phase is seeing how viable PACE is in a community our size. Bonnie communicated to me that nationally it tends to be larger projects that are moving forward. A project below \$250,000 is rare. With our PACE boundary as city limits, it remains to be seen how well we can accommodate that scale.

Clevey: I had a chance to meet with her last week. We're trying to use the XSEED model at Madonna for a community solar program there, and discussing how that might work. I got the impression that XSEED is still viable for Ann Arbor and that the solar part of the contract with you is somewhat undefined.

Geisler: It speaks to community solar but I think we're defining that broadly enough to where we can be nimble.

Clevey: For me, I think the XSEED model would be a really good way for us to

continue, and I've expressed the same thing to Chair Appleyard. Short of us becoming a municipal utility, this seems to be the only way we can do it, a charitable contribution model.

Geisler: For folks who don't know, XSEED was a donation model for community solar that led to an installation at the Michigan Theater, a more than 3 kilowatt system there. That spun off from our work with DOE's Solar Cities and CEC at that time. Before she was the PACE Administrator, Bonnie was busy doing a lot of fundraising for individual and corporate donations for that project.

Appleyard: It is a bit of a slow process, unfortunately. It took two and a half years or so to collect enough funds.

Clevey: Perhaps a challenge grant or another mechanism could help raise the money. But it was definitely a slog with how they did it.

Geisler: It was effectively from the ground up. I know eventually there were some corporate donations, but it was one by one. There wasn't a seed grant or anything that matched it, that type of thing.

Shriberg: The difference there is that's a pure donation model, not a revenue generation model. I think it's an attractive model for charitable donation because the organization you're donating to gets some revenue. But it's completely different from a model where as a homeowner you're buying into it. I think it has pretty limited applicability.

Clevey: But in terms of climate action, it still has the same positive impact on the environment.

Shriberg: Sure. But I was involved with that, on the planning committee for several years, and I question the scalability of it. Because you need to have the right project and the right donors, and there is a fairly small universe in Ann Arbor of those.

Clevey: Probably about the same size that are going to buy solar and do it themselves when there is no federal tax credit and net metering is gone. Probably a similar universe.

Geisler: Members of the A2 Climate Partnership are interested in a possible presentation update to City Council soon, in terms of trying to take some ownership over some of the activities that are underway and raising their profile and awareness at Council. Could be as early as December. Trying to see if that could work for Council's schedule.

Shriberg: Continued desire to coordinate the work in some of these committees with the work of the A2 Climate Partnership.

## Community Solar

Discussed in prior agenda conversation.

## Nuclear

Clevey: Sent out an interesting article that was in Atlantic. It gives a good snapshot of where that industry is.

Appleyard: It was an interesting article. There was no byline on it, so you don't know who actually wrote it. It was interesting what was in there and what wasn't in there. For instance, there was a comment about how there was a nuclear plant completed recently, for the first time in 20 years. But they didn't say that it was actually started 30 years ago or something like that and mothballed. I think there are currently 3 new-ish ones that have been started in the U.S., in the South. But I'm not sure how far along those are. But I have heard that those are experiencing cost overruns already, which is almost inherent to these things.

## Sustainable Funding

Geisler: At the Sustainable Funding session, discussed the Urban Sustainability Directors Network (USDN), whose members are facing the issue of how to fund sustainability and climate action plans. So we're not unique with regard to that. A handful of cities have developed a grant proposal to USDN to do a scan of financing and funding programs, and a possible convening. We're joined with the cities of Palo Alto, Avondale, Berkeley, Oakland, and Milwaukee as the leads on this. It's about a 9-month time horizon, probably the first 3 quarters of 2016. Not familiar with at least a third of the finance mechanisms mentioned in the grant proposal, but that it's nice that those are out there and will be reviewed in the scan. The A2 Climate Partnership might discuss this topic more broadly in their update to Council, and new staff and the Commission will be looking at this topic more. The final product for the USDN grant is not anticipated until August 2016, but other discoveries during the process will probably happen too. And much like the streetlighting coalition through SEMREO, it's good in general to be in communication with these other places.

Clevey: Is the Michigan Green Communities Network at the Michigan Municipal Leagues still viable?

Geisler: It's still going. Michigan Green Communities and the program, MML, are still running. In fact I think they had a meeting Monday in Lansing. But I actually brought it up at the SEMREO coalition meeting, that it might be an outlet. The coalition doesn't want to replicate in terms of communications, making a website, etcetera, but might be able to piggyback off the Green Communities network and their communications. Not sure if that is going to happen or not, but MML is still running, and I think Luke Forest is still the main MML staff person involved.

Clevey: I wonder how they're dealing with the issue of how to fund green initiatives in communities.

Geisler: The network received funding through Mott recently, which has pivoted toward a climate and energy efficiency focus, and they got 2 years' worth of funding. Green Communities is almost like a scaled-down USDN. It's cities in Michigan that want to stay current and work together on energy, recycling, et cetera.

Clevey: Are foundations a place USDN is looking at for potential funding?



Geisler: USDN has plenty of backing from big funders. We're looking at things like the Rockefeller 100 Resilient Cities grant. This will be the third year we've applied for it. But we're also in communication with local and regional foundations and, through USDN if we have a presence at annual meetings and so on, trying to keep our name out there. But again, we're one of 100 plus cities that are in this space. Part of how USDN's model works, though, is creating multi-city collaborative efforts to scale up a solution.

**PUBLIC INPUT**

No public input.

**ITEMS FOR NEXT AGENDA**

Macomber: Based on the conversation around the timeline for the bulk purchasing, I wonder if it would be good to have an outline at the December meeting.

Appleyard: With the next meeting being a working session, it would be good to come prepared to hash that out.

Geisler: It would be a good time to go back to the notes from the retreat and a couple of other items that we talked about, for the December time horizon.

Appleyard: Location of our working session is not clear.

Geisler: Will confirm that.

**ADJOURNMENT**

Appleyard adjourned the meeting at 7 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

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