

City of Ann Arbor: Planning Department  
Attn: Hank Kelley, AICP  
301 E. Huron St.  
Ann Arbor, MI 48107

## To Ann Arbor Planning Department

We would like to submit the following changes to the conditional language for 1601 S. State Street project:

The adopted language:

*D. The Property shall have no natural gas connections except for emergency back-up power,*

will to be replaced with the following language;

*D. The Property will demonstrate continuous microgrid operation at 60-75% less Carbon Intensity (CI) than electricity incumbent DTE.*

This requested change meets the intent of the original language to limit carbon emissions and designing utility and building systems technologies to integrate renewable and sustainable energy solutions.

The format to functionally deliver on the zoning condition as stated above would include the following operations to include in the development agreement;

1. *For Period 1: SouthTown by 4M will power and operate its fuel cells as follows<sup>1</sup>:*
  1. *With Renewable Natural Gas (RNG) produced specifically from agricultural emissions or via biodigestion, if commercially available. If this fuel type is not yet commercially available, then,*
  2. *With RNG commercially available through DTE.*
  3. *Using carbon capture technology as soon as it is available, with end-use of captured CO<sub>2</sub> either permanent sequestration or as offtake in the food-grade CO<sub>2</sub> market.*
2. *For Period 2: SouthTown by 4M will power and operate its fuel cells as follows:*
  1. *With green hydrogen, if commercially available. If this fuel type is not yet commercially available, then,*
  2. *With blue hydrogen, if commercially available. If this fuel type is not yet commercially available, then,*

3. *With Renewable Natural Gas (RNG) produced specifically from agricultural emissions or via biodigestion, if commercially available. If this fuel type is not yet commercially available, then,*
        4. *With RNG commercially available through DTE.*
        5. *Using carbon capture technology as soon as it is available, with end-use of captured CO<sub>2</sub> either permanent sequestration or as offtake in the food-grade CO<sub>2</sub> market.*
  3. *Notwithstanding Conditions 1 and 2 above, SouthTown by 4M will power, operate and plan MEA overhaul of its fuel cells such that it uses hydrogen fuel as soon as it becomes commercially available, and that it employs carbon capture technology (with end-use of captured CO<sub>2</sub> either permanent sequestration or as offtake in the food-grade CO<sub>2</sub> market) as soon as it is commercially available.*
  4. *Within 30 days of each calendar year-end, SouthTown by 4M will issue an annual sustainability performance report wherein:*
    1. *It will describe operations related to fuel type and carbon capture activity for the preceding year.*
    2. *It will provide Carbon Intensity calculations for the entirety of the preceding year. These calculations will include:*
      - i. *Evidence of green energy resources.*
      - ii. *The Business-As-Usual (BAU) CI of electricity incumbent DTE, which will be the point of comparison for the SouthTown by 4M microgrid performance.*
    3. *It will provide evidence that it has procured any carbon credit offsets necessary to maintain Carbon Intensity (CI) 60% lower than electricity incumbent DTE.*
    4. *Once the Southtown by 4M microgrid is being fueled by hydrogen (whether green or blue) and is operating with carbon capture, the requirement to offset with carbon credits will cease. Performance reporting will continue on an annual basis.*
  5. *The penalty for failure to comply with these conditions will be fines in the amount required for the City to purchase offsetting carbon credits. (calculation of which TBD)*

We look forward to working with you to meet the original intent while updating language to provide new innovations in utility and energy provisions to develop a sustainable and resilient project.

Thank you,

A handwritten signature in black ink, appearing to read 'Adam Smith', with a long horizontal line extending to the left.

Adam Smith, AIA  
Director of Design