



# REQUEST FOR INFORMATION

RFI# 24-49

## Sustainable Energy Utility Consulting

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### I. REQUEST:

The City of Ann Arbor seeks information from interested and qualified firms to provide municipal utility start-up technical and administrative consulting services. These services are necessary as the City explores the creation of a supplemental, opt-in, 100% renewable energy powered Sustainable Energy Utility (more details available at [www.a2gov.org/a2seu](http://www.a2gov.org/a2seu)). Bidders interested in supporting the City should have experience starting new, or expanding existing, municipal utilities (ideally electric) and must have extensive experience in supporting local governments with creating administrative and operational utility structures that can grow and evolve with customer demand and market transitions. The winning bidder will be expected to assist the City in completing the tasks listed in the scope of services in a timely, holistic, and transparent manner. The City anticipates engaging with a contractor for a period of up to 18 months. This opportunity is perfect for firms that are innovative, excited to support the growth of clean energy, and have significant experience in, or supporting the creation or expansion of, municipal electric utilities.

### II. BACKGROUND:

In November of 2019, Ann Arbor City Council adopted a climate emergency declaration and set the goal of a just transition to community-wide carbon neutrality by the year 2030. In June of 2020, Ann Arbor City Council unanimously adopted the plan, framework, and programs to achieve this goal – known as [A<sup>2</sup>ZERO](#).

One of the core strategies within A<sup>2</sup>ZERO is a just transition of energy consumption from fossil fuel-based sources to 100% renewable energy-based generation sources. Recognizing the importance of transitioning the electric supply to renewable energy, in January of 2021, Ann Arbor City Council unanimously adopted a series of Energy Criteria and Principles that lay out the core concepts that the City is looking to maximize as it makes energy-related decisions. The adopted Energy Criteria and Principles include:

- Reducing greenhouse gas emissions (e.g., minimizing fossil fuel combustion)
- Additionality (ensuring projects are additional to what would be built without the City's investment)
- Social equity
- Enhancing resilience of the energy system
- Maximizing local clean energy generation
- Speed at which solutions can be deployed
- Scalability and transferability of concepts to other communities in Michigan and the U.S.
- Cost effectiveness of solutions

The City has been exploring various options to achieve the goal of powering the community with 100% renewable energy, including the creation of a supplemental municipal utility (what will be known as the Sustainable Energy Utility or “SEU”) (more details available at [www.a2gov.org/a2seu](http://www.a2gov.org/a2seu)). This work recently culminated In May 2024 with Ann Arbor City Council unanimously voting to place the formation of a Sustainable Energy Utility before the voters. Specifically, on November 5, 2024, Ann Arbor voters will be asked the following question:

ANN ARBOR CITY CHARTER AMENDMENT

CREATION OF A SUSTAINABLE ENERGY UTILITY

The City of Ann Arbor proposes to create within its boundaries an opt-in, publicly-owned Sustainable Energy Utility (“SEU”) to (i) supply, generate, transmit, distribute, and store electricity, heat, cooling, light, and power (all from renewable sources); and (ii) provide energy-related services. The SEU could, for example, provide individual or networked rooftop solar panels, heat pumps, geothermal systems, or batteries to customers to supplement existing utility services. The SEU will be fee-based. This proposal does not authorize new taxes.

Shall the Charter be amended to authorize the City to establish, construct, own, and operate an opt-in Sustainable Energy Utility?

Yes       No

As the City prepares for this vote, it is seeking technical, economic, and administrative support from a qualified bidder to ensure that residents have fact-based information about the SEU and the City has considered the steps that must be taken should the voters authorize the creation of the SEU. Should the public authorize the creation of an SEU, the City will look to the winning bidder to provide critical support services in creating and supporting the operation of the SEU in its first 12 to 18 months.

**Local Electric Utility Context:**

Except for a small portion of the City’s electricity which is supplied by alternative suppliers, the City of Ann Arbor, Michigan is served exclusively by DTE Electric Company (“DTE”) for in-city electricity supply. DTE’s service is provided pursuant to the “Foote Act” (Act 282 of 1905), which made any electric utility franchise that had been granted by a local government prior to 1905 permanent and not open to renegotiation. Thus, in its efforts to meet its clean energy goals, Ann Arbor has identified four (non-exclusive) options: (1) work with the incumbent utility (i.e., DTE); (2) form a traditional municipal electric utility; (3) push for legislative energy changes that would provide additional options or more flexibility; or (4) create a supplemental municipal utility, such as the proposed SEU.

Until recent advances in technology, the option of forming a supplemental utility wasn't practical because it involved investing a large amount of money to install and maintain duplicate poles, wires, etc. (i.e., a distribution system), and often the central generating plant, for an unknown number of customers. With recent advances in distributed energy resources, like solar panels and battery storage, the ability for a single customer to be served by multiple electric utilities is now technically and economically feasible. As such, the City of Ann Arbor has been investigating a pathway to achieve its clean energy and equity goals

through the creation of an additional, or supplemental, utility (i.e., the proposed [Sustainable Energy Utility](#)).

As noted above, the City is preparing for a public vote regarding the authorization of the proposed SEU. The City envisions the SEU, if authorized by the voters, to begin with the deployment of solar and energy storage systems on individual homes and businesses, along with piloting district geothermal systems. Early service offerings are also envisioned to include energy efficiency and beneficial electrification programming. Over time, the SEU is envisioned to grow to provide networked solutions with neighbors able to share power through small-scale, SEU-owned distribution lines and through larger-scale district geothermal systems. More details about the proposed SEU and service offerings can be found at [www.a2gov.org/a2seu](http://www.a2gov.org/a2seu).

The City seeks assistance from a highly skilled firm that will provide two distinct phases of services, the second of which is conditional on the voters authorizing the establishment of the SEU. The first phase will consist of entirely exploratory work in preparation for the possibility of launching an SEU should the voters authorize its establishment in November of 2024. The second phase, which will only begin after an SEU is authorized by the voters and will be unnecessary if the SEU is not authorized, will include the tasks necessary to launch the SEU. Below are the detailed tasks that all firms should be prepared to undertake. The City requests that each firm provide technical qualifications and relevant experience, as well as an estimated hourly rate for all individuals to be involved in this project. Additionally, the City requests an estimated number of hours per task listed below. All work should be assumed to be completed within 12 to 18 months of contract execution, unless otherwise specified. Firms will be evaluated based on the thoroughness of their responses as well as the skills of individuals proposed on the project and the timeline by which they can complete all required tasks.

### **III. SCOPE OF SERVICES:**

The City is seeking consultant services related to (1) exploring and preparing for the possibility of establishing a supplemental municipal utility in the City (i.e., the SEU), and (2) launching the SEU should it be authorized by the voters of the City of Ann Arbor in November 2024. These services will be split into two phases (exploratory and executory) and four core task areas within each phase as follows:

#### **PHASE 1 – EXPLORATORY (tasks may be performed pre- or post-public vote):**

##### Operational Tasks

- Assist in determining the optimal organizational structure for the SEU (e.g., separate department of the City, external authority, agency, other?) and helping to operationalize this structure. This includes exploration of an external advisory board and how best to structure said board, should it be recommended.
- Assist in creating a staffing plan for the SEU based on a well-organized energy service deployment schedule and structure.
- Develop a service deployment plan and schedule, including details about which technologies to deploy first, where, how to determine deployment timelines and geographical areas of focus, when to phase in new offerings, how to sequence improvements, how new customers qualify and a decision-making framework to determine when and how to expand service offerings or geographical deployments.

- Develop a customer recruitment and retention plan.
- Identify administrative and/or legal issues that need resolution and work with team to resolve (e.g., easement needs, bring your own device programs, etc.).
- Provide detailed recommendations on how to structure the billing system, permitting system, and design review process for the SEU.
- Provide detailed recommendations on any additional hardware or software the City should procure to operate the SEU.

#### Economic Tasks:

- Support identification of funding streams to launch the SEU. Including aiding in grant writing, investor recruitment, PPA model evaluation, and/or meetings with bond agencies to support securing the capital necessary to launch the SEU.

#### Technical Tasks

- Technical recommendations on how to maximize value to customers and manage any inadvertent side effects associated with widespread solar and energy storage system deployment in a small geographic footprint.
- Evaluation of MISO participation by the SEU.
- Technical recommendations on how to manage geothermal installations given the 1,4 dioxane groundwater plume that affects much of the City.
- Technical recommendations on how to manage any inadvertent side effects associated with massive geothermal deployment in a small geographic footprint.
- Technical recommendations on how to manage any inadvertent side effects associated with massive solar and energy storage system deployment in a small geographic footprint.

#### Engagement Tasks:

- Support determining and managing the public's expectations regarding SEU program deployment and service offerings. This will likely include creation of an SEU deployment timeline and schedule along with visuals that the public can use to rapidly assess when SEU-related services will be available in their geographical area.
- As needed, support responses to correct any errors or misunderstandings regarding information about the SEU circulated in the public.

### **PHASE 2 – EXECUTORY (tasks may only be performed after a vote authorizing the SEU):**

#### Operational Tasks

- Draft, in collaboration with City staff, standard specifications for SEU and/or City staff to use when designing and permitting SEU-related infrastructure.
- Draft design review standards for City staff to review, especially for SEU improvements that interact with the right of way. This includes basic standards and construction standards, as well as designing and implementing staff training on the new standards.
- Engage with regional stakeholders, including the County, to ensure they are aware of the SEU and that any regional operational issues, such as geothermal permitting – which is done at the County level, are understood before SEU launch.

- Create a rate model and assist the City with setting rates for the services delivered by the SEU. This rate model must be compliant with Michigan law, including ensuring that rates qualify as fees under *Bolt v City of Lansing*, 587 NW2d 264 (Mich 1998).
- Support meetings with DTE to ensure all interconnection processes for joint customers are well understood, streamlined, and any new interconnection processes necessary are put in place before program deployment.
- Create termination provisions for those that leave the SEU.
- Create a job description and assist in recruiting and interviewing candidates to serve as the SEU Director.

Economic Tasks:

- Update, as needed, existing SEU economic model and provide specific rate projections, revenue requirements, operational needs, and debt service (as relevant) for various service offerings. Model must include details about when the SEU is optimized to add new services or expand into new geographic areas of the City. To the extent the SEU provides supplemental economic value to the City's general fund, those values should be clearly identified.
- Analyze the unique costs associated with deploying networked geothermal throughout target geographies of the City. Economic analysis should include costs associated with right of way restoration, economic and technical impacts to other utilities that occupy the right of way, and any other variables the City should consider as it explores providing networked solar, storage, and geothermal services throughout the City.

Technical Tasks

- Analysis of deployment of initial solar + storage systems to explore the likelihood that microgrids can be created at a later phase. Includes detailed analysis of the technical parameters that need to be met as well as hardware and software necessary to operate this system.
- Potential support with launching, operating, and maintaining a networked geothermal installation in the Bryant neighborhood of the City.

Engagement Tasks:

- Support the development of public educational materials about the SEU and its program and service offerings.

The City may identify additional tasks that emerge during the term of the contract. As such, bidders are requested to provide hourly rates for all proposed staff that will work on this project. Additionally, bidders are strongly encouraged to identify and include a budget for any other tasks they recommend the City consider as part of this scope of work.

#### **IV. REQUESTED INFORMATION:**

The City seeks information from highly skilled firms that can help advance work in the areas noted in the scope of services. Specifically, the City is seeking the following information from firms able to perform the above tasks:

- Number of staff available to commit to each area of work along with staff's qualifications.
- Hourly rates for each staff member that could assist with the tasks noted above.
- Anticipated cost for each individual activity/task and the aggregate estimated cost to complete the full scope of services.
- Previous experience working on similar tasks with at least three examples and no more than 10 previous examples shared.
- Details verifying an understanding of the Michigan energy ecosystem.
- Details verifying an understanding and previous experience with ratemaking.
- A proposed timeline by which tasks could be completed, with completion dates estimated for each task. It should be assumed that all tasks must be completed within 12 to 18 months of project start date.

Firms will be evaluated based on the thoroughness of their responses as well as the skills of individuals proposed on the project and the timeline by which they can complete all required tasks.

#### **V. DISCLAIMER:**

The City shall not in any way be liable or responsible for costs incurred in responding to this RFI. All information received in response to this RFI becomes the exclusive property of the City. All responses to this RFI become matter of public record and shall be regarded as public records. The City shall not in any way be liable or responsible for the disclosure of such records, including, with limitation, those so marked as confidential, if disclosure is required by law, or by any order of a court of competent jurisdiction.

#### **VI. INSTRUCTIONS:**

Respondents should include a letter of interest, firm or team background, timeline, staffing cost estimates, and all other items as identified in Section IV.

#### **VII. NOTICES:**

This is not a Request for Proposal. The purpose of this RFI is to gather key information needed to determine the City's next steps, including potentially soliciting a Request for Proposals or an Invitation to Bid, or moving forward with Best Source contracting. Any contract award that may emerge from responses to this Request for Information are subject to appropriate authorizations including budget approval.

## **VIII. DEADLINE TO SUBMIT QUESTIONS AND RESPONSES:**

Any questions should be sent in writing before **1:00 PM (local time) on September 9, 2024** to Colin Spencer, Purchasing Manager via email to [cspencer@a2gov.org](mailto:cspencer@a2gov.org).

**Responses to this RFI are due on or before 4:00 PM (local time) on September 20, 2024.**

Responses shall be sent via email to: [cspencer@a2gov.org](mailto:cspencer@a2gov.org). or by delivery to:

City of Ann Arbor  
Attn: Colin Spencer, Purchasing Manager, RFI #24-49  
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