



Legislation Text

File #: 23-1625, **Version:** 1

Resolution to Approve a Purchase Order with DTE Energy (DTE) to Conduct Updated Interconnection Studies Regarding a Solar Energy Facility at the Wheeler Center (not to exceed \$90,000.00)

In 2020, Ann Arbor City Council authorized the staff to move forward with exploring the feasibility of a large solar installation at and around the capped landfill (known as the landfill solar project or the Wheeler Solar Park). The project team began working and neared completion in early 2022, with a plan to present the final design to City Council for formal authorization to build by mid-2022.

Within weeks of presentation of the final plan to Council, however, the U.S. Department of Commerce initiated an investigation into whether significantly higher tariffs should be paid on most of the solar panels purchased in the US. The impact of this investigation was swift - solar panel prices rose significantly, and significant supply chain and material acquisition challenges worsened. These changes made it impossible to move forward with the landfill solar project - too many variables were in question to recommend the project, and prices had increased significantly. Given this, the project team made the decision to wait on the results of the investigation before determining how to proceed. In spring of 2023, the Department of Commerce issued their findings, which confirmed higher tariffs on most solar panels would be charged beginning in June of 2024. With these findings, the Ann Arbor and DTE team re-instated our meetings on the landfill solar project and began exploring how the investigation had impacted costs.

The results showed that pricing was significantly higher than where it had been before the investigation. In light of this, Ann Arbor City Council, the City Administrator's Office, and Ann Arbor's state delegation began working to secure State funding support to help offset the increased costs. This work was successful, with the City securing \$5,000,000 from the State to help the landfill solar project move forward.

With this award, the DTE and Ann Arbor team re-ran the financial analysis and realized that the pricing was still too high to develop the full 20MW system which included solar on the capped landfill as well as the adjacent land. However, if the City removed the solar on the capped landfill and focused, instead, on just developing the area surrounding the capped landfill, the project would be economically viable. Given this, the DTE and Ann Arbor team are recommending the City move forward with designing and hopefully executing a 16MW solar array at the Wheeler Center and building that system so that it would be possible to add the capped landfill portion of the project at another time.

Doing this is a material change to the engineering design for the project, meaning we need to update what equipment is needed to interconnect the system. DTE, using historical cost data, believes the interconnection studies will not cost more than \$90,000. As such, staff is requesting approval to open a purchase order with DTE, not to exceed \$90,000 for the completion of a preliminary engineering review and distribution study for a potential solar installation at the landfill.

If approved, DTE and the City are prepared to begin working on these revised studies immediately, with the goal of bringing a fully designed system, along with associated pricing, to City Council for formal consideration in spring of 2024.

Budget/Fiscal Impact: Funding for this resolution is available in the approved Sustainability and Innovations FY2024 budget.

Prepared by: Missy Stults, Sustainability and Innovations Manager

Reviewed by: John Fournier, Deputy City Administrator

Approved by: Milton Dohoney, Jr., City Administrator

Whereas, The City of Ann Arbor has set aggressive climate and energy goals, including the goal of powering 100% of municipal operations with clean and renewable energy by the year 2035;

Whereas, The land known as the former Ann Arbor landfill, the land surrounding the Wheeler Service Center, and parts of land currently subject to a Planned Unit Development approved by Pittsfield Township (known as “the landfill”) have been identified as a strong location for a large solar installation;

Whereas, Previous analysis of the site has found that a significant solar array could be developed at the site;

Whereas, Staff have already submitted a Planned Unit Development amendment to Pittsfield Township that would allow this portion of the site to have solar;

Whereas, Developing this site as a solar energy facility would significantly advance the City’s climate and energy goals;

Whereas, DTE has agreed to work with the City to understand what it would take to develop the landfill into a solar energy facility;

Whereas, The next steps in the process include the completion of updated interconnection studies, two things required for the project to proceed;

Whereas, DTE has provided guidance that these studies will not exceed \$90,000.00; and

Whereas, Funding for these studies is currently available in the FY2024 budget of the Office of Sustainability and Innovations;

RESOLVED, City Council authorize the opening of a purchase order with DTE not to exceed \$90,000.00 for the completion of an interconnection study for developing the landfill as a solar energy facility;

RESOLVED, City Council approve the appropriation of funding through this purchase order to DTE, not to exceed \$90,000.00, for the completion of a interconnection studies for developing the landfill as a solar energy facility;

RESOLVED, That City Council authorize and directs the City Administrator to execute the purchase order after approval as to form by the City Attorney for an amount not to exceed \$90,000.00; and

RESOLVED, That the City Administrator be authorized to take all necessary actions to implement this resolution including execution of any related agreements, renewals, and any changes or amendments that do not exceed the amounts authorized herein, which the City Administrator deems in the City's best interest.