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Resolution Adopting Energy Criterion and Principles to Guide Energy-Related Investments in A² ZERO

With the June 2020 adoption of A²ZERO, the City is actively pursuing solutions to achieve a just transition to community-wide carbon neutrality by the year 2030. Within the A²ZERO Plan are seven overarching strategies, which are supported by 44 actions. Given the importance of energy-related emissions within the community, many of the actions focus on reducing energy usage, electrification, and investing in renewable energy.

As the City looks to operationalize A²ZERO, especially actions related to generating and/or purchasing renewable-based electricity and energy efficiency, a series of core criteria and supporting principles are being proposed to guide this work. These criteria and principles are rooted in the A²ZERO plan and stem from the overall ethos of the Office of Sustainability and Innovations.

The proposed core **criteria** include:

- Reducing greenhouse gas emissions.
- Additional to what is already being generated.
- Grounded in equity and justice.

The proposed **principles** include:

- Enhancing the resilience of our people, our community, and our natural systems.
- Start Local.
- Speed.
- Scalable and transferable to other locations.
- Cost effective.

Criteria

The City of Ann Arbor will evaluate potential investments based upon 3 Core Criteria: the investment will 1) reduce greenhouse gas emission; 2) add to the available renewable energy within the electric system; and 3) will be grounded in equity and justice. The Criteria will be, at times, in tension with each other during decision making, but this tension can be necessary in order to create a balanced investment approach.

Reducing greenhouse gas emissions. The first criterion seeks solutions that reduce energy demand and/or power Ann Arbor's electricity needs with carbon neutral renewable energy solutions. This includes investments in energy efficiency, HVAC improvements, and investments in technologies such as solar photovoltaic, hydroelectric turbines, and biodigesters. This does not include certain forms of generation that have been labeled "renewable" such as biofuels, solid waste incineration, and wood-burning since these fuel sources are associated with operations that continue to release large quantities of greenhouse gas emissions and other harmful byproducts.

Additional to what is already being generated. The second criterion is about ensuring that renewable energy or energy efficiency projects are new and, to the extent possible and quantifiable, displacing fossil fuel energy sources. We want to ensure that our investments are leading to additional renewable energies being developed or additional energy efficiency investments being made; avoiding having our projects fulfill state mandates (i.e., RPS). This is true for physical new renewable energy builds, new energy efficiency investments, as well as if we choose to invest in power purchase agreements (PPA), virtual power purchase agreements (vPPAs), renewable energy credits (RECs), virtual power reductions (VPRs), or carbon offset initiatives.

Grounded in equity and justice. The third criterion is about ensuring our strategy is grounded in procedural and distributive equity. This means that the solutions we find to reducing energy consumption and powering our grid with renewable energy should center low-income and minority populations in both decision-making as well as in the benefits of solutions. It will also mean piecing together different solutions that are respective of the different capacities and lived experiences of members of our community and finding solutions that support fair and just compensation for those helping to create a renewable energy future.

Principles

In addition to the Core Criterion, a set of value-added principles will support the decision-making process. Situations will exist where these principles are in conflict but addressing that conflict helps ensure the City achieves a balanced approach to carbon neutrality in the energy sector.

Enhancing the resilience of our people, our community and our natural systems. Through the eyes of our energy work, this principle focuses on ensuring that individuals, especially at-risk individuals, emergency services and emergency service personnel, have power during and after a disaster. Solutions may include implementing local renewable projects with battery storage, investing in microgrids, or creating a more reliable and resilient physical grid infrastructure. The driving factor is ensuring that, during a disaster, loss of power does not compound an existing crisis.

Start Local. The second principle emphasizes location. There is a desire to focus investments locally, including generating as much new local renewable energy as possible. When not possible, stakeholders have emphasized a desire for Michigan generation. When renewable energy solutions are not viable in Michigan, we propose prioritizing projects that are developed in partnership with environmental justice communities that have been disproportionately burdened by the extractive nature of the fossil fuel-based economy. Only when communities such as these are not interested in partnering, are we proposing to actively seek other locations for new renewable energy developments.

Speed. The third principle is about time. This principle focuses on finding solutions that can be deployed rapidly in order to quickly reduce greenhouse gas emissions. At the center of this principle is a desire to reduce emissions, fast.

Scalable and transferable to other locations. The fourth principle is about finding solutions that are scalable and transferable to other locations. At the core of this principle is ensuring that we find solutions to achieving carbon neutrality in Ann Arbor that other Michigan municipalities (and, potentially, municipalities in other states) could replicate, thereby increasing the impact of our actions.

Cost Effective. The final principle is about finding solutions that are cost effective. This means finding solutions that are as affordable as possible while also aligning with the core criteria outlined above and in support of as many principles outlined in this section.

The Energy Commission and Environmental Commission have supported this resolution. If adopted, staff at OSI will continue developing an evaluation matrix to operationalize these criterion and principles.

Budget/Fiscal Impacts: There is no cost implication of this resolution.

Prepared by: Missy Stults, Sustainability and Innovations Manager

Reviewed by: Tom Crawford, City Administrator

Whereas, The City of Ann Arbor has committed to reaching carbon-neutrality by the year 2030 through the unanimous adoption of the A²ZERO Carbon Neutrality Plan;

Whereas, A²ZERO Strategy 1 calls for Powering the Electrical Grid with 100% Renewable Energy;

Whereas, There are multiple pathways by which the City could achieve this goal, with some pathways being in closer alignment with other City priorities than others;

Whereas, The Office of Sustainability and Innovations has identified three core criteria and five supporting principles to help guide the implementation of energy-related actions in A²ZERO;

Whereas, These core criteria and supporting principles include: reducing greenhouse gas emissions; ensuring projects are additional; grounding actions in equity; enhancing resilience; maximizing local generation; acting fast; finding solutions that are scalable and transferable; and implementing cost effective solutions;

RESOLVED, The Ann Arbor City Council adopts these three core criteria and five supporting principles to guide energy-related decisions; and

RESOLVED, That the City Administrator be authorized to take all necessary actions to implement this resolution.