

Ann Arbor Energy Commission – Meeting Minutes
September 8, 2009
Washtenaw County Administration Building
220 N. Main St. 5:30-7:30 PM

Attendees: Wayne Appleyard – Temporary Chair, Dina Kurz, David Wright, Jason Bing, Fulter Hong, Mike Delaney, Charles Hookham, Ken Wadland, Joshua Long, Stephen Miller.

Staff: Andrew Brix, Nathan Geisler

Approval of Minutes

Minutes were approved with corrections from Commissioner Wright.

Public Input – None.

Energy News

Energy Report:

Andrew Brix: Mentioned timely input necessary for the Argo Dam due to concurrent work session of City Council and new MDEQ orders for removing the millrace and request for final decision on keeping or removing the dam.

Governor Granholm has put forth a goal of 20% renewable energy by 2025, 80% by 2050. More information at: www.mi.gov.

Clean Energy Coalition (CEC) has received \$15 million for new vehicles, alternative fueling stations for newer, more efficient diesel vehicles. CEC invited to update Energy Commission in October.

Events for next week: U of M's Annual Energy Fest. Energy Fest will be on the Central Campus Diag on Tuesday, September 15 and North Campus Plaza on Thursday, September 17, from 11 AM to 2 PM. Staff will table, Energy Commission members invited to assist tabling.

Andrew Brix recognized new Commission member Ken Wadland. Wadland acknowledged and thanked Commission and Mayor for the opportunity. Brix noted one remaining vacancy on the Energy Commission (mentioned the Mayor has requested vacancy be filled by an Ann Arbor resident).

Other News from Commissioners:

Commissioner Bing: A focus group is being assembled to inform the Ann Arbor Solar Plan coming from CEC. Meeting will occur September 22, from 6-8 PM. Contact lisa@cec.mi.org for more information.

Bing also reminded the Commission of Michigan Renewable Schools Program. There has been a tremendous response from renewable energy contractors (RFP closed today). An energy efficiency RFQ also released to heavy response. Ann Arbor and

Ypsilanti area schools have been notably absent from the requests sent to the Renewable Schools Program. More information: www.energyworksmichigan.org.

Comm. Bing offered update of A2 residential audit program, which has released 57 reports at this point, and expanding the “community energy database” with new, quality data. Free audits continue until January, though all slots are currently filled.

Comm. Bing participated in August 26 Michigan Saves Program meeting in Lansing. The process appears as though it will be slow and deliberate with a few pilot programs perhaps late 2009 or early 2010. A statewide revolving loan fund is being constructed to potentially serve all service classes. Other upcoming meetings will be October 5 (Program Objectives and Design), October 29 (Financial), November 16 (Evaluation and Quality Assurance), December 9 (Partners). [More at: <http://www.michigansaves.org/meetings.html>]. At www.michigansaves.org click on Stakeholder Advisory Group Survey, a survey is available to gather input and viewpoints about the program.

Commissioner Appleyard: Second Saturday of October (10/10) will be the Solar Homes tour. Details at www.glrea.org

Andrew Brix: Presented a Certificate of Appreciation for former Commissioner Robert Black, as well as gifts being mailed to Mr. Black.

Ann Arbor Community Updates

- DDA Downtown Energy Savings Grant Program. Dave Konkle of the DDA presented a power point about the DDA’s new program. A window decal is available for participants to show they have partaken in the program. This new program offers a comprehensive energy analysis, up to \$20,000 in assistance funding available per participant (businesses, residences, and non-profits). Have completed 31 of 40 currently planned audits across 377,580 sq. feet, identifying \$700,000 in annual energy cost savings; \$882,000 in install costs with \$178,000 in savings. Five year paybacks predicted, though 3.5 year paybacks if factoring in the DDA support funding. The program is funded at \$250,000 for 2009/2010. DDA has established internal guidelines for the program. Given tough economic times, even the very short payback periods have been a tough sell, especially for non-profits (who are now being offered 75/25 loans).

Additionally DDA involved in a new proposed revolving loan program stemming from the City’s Energy Efficiency and Conservation Block Grant (EECBG). This “CELP” (Community Energy Loan Program) will leverage \$70,000.

Mr. Konkle also mentioned DTE’s new rebates, and that the DDA-contracted auditors will help with pre-application forms, so people can take advantage of the DDA program and the rebates from DTE.

Commissioner Wadland inquired whether landlords/rentals qualify for this program.

Mr. Konkle confirmed, so long as units are in downtown development district. In fact, rental lofts above businesses have already received some of the audits.

Commissioner Long asked how much money businesses have invested thus far.

Mr. Konkle did not have dollar value, but stated that six participants have performed installations or taken funds (the Neutral Zone taking the entire \$20,000 loan). Many businesses doing lighting controls at just a few thousand dollars. Less than \$50,000 matched so far, as the process does take time. *Mr. Konkle* mentioned that lots of installations are underway right now.

Commissioner Appleyard proposed and read a Resolution of Commendation for the DDA's energy activities and asked for a discussion.

Commissioner Delaney suggested updating the numbers in the resolution given *Mr. Konkle's* numbers from the presentation.

Commissioner Wright asked for correction in wording of last "Whereas" proclamation.

Commissioners Kurz and Appleyard requested language change for "resolved" statement to state "fossil-fuel", not "fossil energy."

Discussion began from *Commissioner Hookham* about further language change was resolved with the resolution going unchanged.

***Commissioner Appleyard* moved to approve the resolution, was seconded by Commissioner Wright; revised resolution passed unanimously.**

Susan Pollay, Executive Director of the DDA spoke, extending her appreciation for the recognition.

Huron River Plan: Argo Dam Recommendation. *Commissioner Appleyard* noted Mayor's interest in the Energy Commission's input, given the energy component of the Argo Dam issues.

Andrew Brix announced that the current resolution before the Commission is latest iteration.

Commissioner Appleyard explained that the state (MDEQ) wants millrace to be addressed soon.

Andrew Brix clarified that the state has given the city until April 30, 2010 for the decision about dam removal. If dam is to be kept, millrace improvements would be needed by the end of 2010, thus Council is moving quickly.

Commissioner Delaney referred to *Commissioner Hookham's* email to Commissioners about whether a more informal form of input is possible, in place of a resolution.

Andrew Brix said an informal route is possible.

Commissioner Delaney liked this option better.

Commissioner Hookham concurred.

Commissioner Long asked staff that something needs to be formalized.

Andrew Brix confirmed.

Commissioner Miller suggested stopping Energy Commission meeting and going to City Council meeting.

Commissioner Appleyard offered that the Commission is supplementing the Council's working meeting with the Commission's opinion.

Andrew Brix clarified that the DEQ timetable is mostly what Council is discussing.

Commissioner Appleyard asked staff whether Council has seen the economic analysis of reactivating the dam.

Andrew Brix confirmed that Council has been given outcome of analyses, not entire report at this point. Around \$4.35 million for dam reactivation. Argo energy production would be smaller than reactivating at Geddes dam.

Commissioner Long stated that the resolution before the Commission was not expressly about repowering the dam now, but keeping it for potential future use.

Commissioner Appleyard concurred.

Andrew Brix stated that analysis to date assumed 8.35 cents per kilowatt, and that the analysis is very sensitive to the costs of the energy.

Commissioner Appleyard concurred, saying it is impossible for the City to predict energy prices in the future, that climate change factors could significantly effect conventional energy prices, thus having the dam in place makes sense.

Commissioner Long expressed that the new state renewable portfolio standard (RPS) may be a factor in utility interest in potential hydro-power.

Commissioner Appleyard stated that Solar Currents RECs will pay 11 cents/kWh.

Commissioner Kurz said that maintaining some of the dam seems like what is being discussed.

Commissioner Hookham said that a number of factors like hydro technology will be considerable. Do we want to forgo potential emerging technologies by removing the dam?

Commissioner Kurz stated that many, not necessarily explicit costs are involved: what will the state require to maintain versus remove the dam?

Andrew Brix said there will be costs, not yet evident which will be cheaper, one way or the other with the dam.

Commissioner Miller stated the dam energy would be small. Millrace costs will be \$200-\$300,000 for toe-drain work. The question is why hasn't the City maintained the toe drains for safety? The City has not done basic maintenance. On the flipside, to remove the dam would exceed maintenance costs. Removal now would be \$1 million, easy, even just to do a study. The river is full of storm drains and will never be natural. The whole debate is fascinating and obnoxious, amazed the community has gone this far without the obvious being stated.

Commissioner Bing wondered if, given the REC purchase RFP that has gone out, should the resolution contain language to that effect?

Commissioner Long asked whether the City has talked to DTE about whether they would be interested in RECs from the dam? By 2012 they might be interested, given RPS at that point. The lowest cost consideration may not be paramount in this case.

Andrew Brix stated that wind power is cheaper than dam power. Geddes cheaper than Argo too.

Commissioner Miller said this dam project as energy-generating should be called a "boutique" project that would be funded by people who should have better things to do with their money.

Andrew Brix said that if staff could inject an opinion, would fund Geddes first or spend on a wind project, but this debate is about future opportunities at Argo.

Commissioner Appleyard: may be getting ahead of ourselves, stated that the numbers will change over time. This is about telling Council to keep options open. If you take the dam out you don't have any options. It is a clean source, so we should keep it and keep it repaired.

Commissioner Hookham said this is about creating opportunities, not repowering Argo dam now but about creating a future. The costs putting in at Argo may not be best, but the City has limited options for self-generated power. Technologies here in Ann Arbor, non-invasive, would not require too much to do on the dam or as much investment.

Commissioner Appleyard said he would personally like to get Council something so they hear from the Energy Commission, and thinks this resolution does that- may not be perfect, rather than putting it off for another month. Something needs to go up to Council.

(Amendments to language began on the Argo Dam Resolution)

Commissioner Delaney: strike first 10 Whereas's; strike "foolish" and substitute "premature" (offered by Com. Long) in third from last paragraph.

Commissioner Long moved a resolution comment to a Whereas.

Andrew Brix maintained that staff has found a cost similarity across the dam options.

Commissioner Miller said the staff needs to redo its research.

Commissioner Appleyard said the costs here is fixing the raceway (relatively small cost) or remove the whole thing- which has got to be more expensive.

Andrew Brix stated that costs would be ongoing maintenance, not just for the millrace (which may be slightly larger than suggested earlier), we have \$360,000 to \$400,000 in capital improvements plan and \$70,000 to \$100,000 a year in maintenance expenses at the dam.

Commissioner Appleyard stated that taking dam out and the restoration costs for (twelve or so acres) would be big.

Andrew Brix replied that restoration cost was one of the wild cards in the study.

Commissioner Miller said this is outright, purposeful neglect of the facts; this discussion has gone on all summer as if there is a reasonable comparison to be made. Just think of old pictures of the area, letting water out would dredge up unknown materials going into Gallup Pond. The concept of returning this river to a pseudo-natural state is worth considering, but the discussion that we want to do it with today's money, with today's economy, when we have a dam with many years of useful life yet, is insane.

Andrew Brix said this is something that can be included in a resolution.

Commissioner Miller said less inflammatory language could be arrived at with members of the Commission.

Commissioner Long acknowledged Commissioner Delany's suggestion about a clause stating that near-term costs would be much less than other alternatives.

Commissioner Appleyard concurred.

Commissioner Kurz expressed that she would be more comfortable with the resolution without the cost discussion or "whereas".

Commissioner Wright concurred and asked for clarification on status of the resolution.

Commissioner Delaney recapped language changes to that point.

Commissioner Appleyard suggested further rearrangement and edits of the resolution.

Commissioner Kurz asked for alterations to give context.

Commissioner Wadland inquired about the origins of the resolution (being a new member to the Commission) and why so much of the content was being suddenly removed.

Commissioner Hookham explained he and Commissioner Appleyard in particular drafted the language, after Commissioner Miller stated they were initially involved, but current version is long.

Commissioner Miller suggested an economically efficient study by sticking a line on City's website for soliciting input from those who want to propose something for developing hydro

Andrew Brix said that Vet's Hospital has expressed interest in funding such a study.

Commissioner Wright discussed how the Huron River Steering Committee is seeking a representative from the Energy Commission, suggesting Commissioner Miller for this post.

Commissioner Appleyard said he was not sure the Commission had been officially approached about this yet.

Revised Resolution was moved by Commissioner Long, seconded by Commissioner Delaney and passed unanimously.

- Energy Futures Film Project Update: No update.
- State Legislative Update: Andrew Brix discussed Re-Energize Michigan bills, using a coalition-drafted handout for summary. Introduced bills include HB 4137 (the Renewable Energy Sources Act), dealing with feed-in tariffs; a bill being drafted to raise Michigan's RPS to 30% by 2025; HB 4756, raising building efficiency standards, HB 4575, allowing communities to set higher building efficiency standards than the state; and other bills yet introduced to increase energy savings requirements from energy efficiency to at least 2% annually, enactment of a Low Carbon Fuel Standard (LCFS), prohibiting foreclosures due to energy bill non-payment, prohibit electricity shutoffs for vulnerable populations, and investing more heavily in low-income home weatherization.

Ann Arbor Area - Energy Conservation and Environmental Sustainability Issues and Activities

Residential/Commercial Audits: Commissioner Appleyard said this was covered in the presentation by Dave Konkle.

Building Codes/Guidelines/Recommendations: New Parking Structure:

Commissioner Appleyard expressed that the Energy Commission should be given more input on new buildings, and would hate to see a parking garage without good energy fixtures, or without consideration of things like ground source heat pumps.

Commissioner Long stressed that building code will take precedence, and that LEED-type actions cannot be forced, cautioning against anything that increases development costs downtown.

Commissioner Bing said that any feedback that can be given (like green development incentives) happen at the early stages of the process.

Commissioner Kurz inquired about the Energy Office's relationship with Planning department.

Andrew Brix clarified that city development proposals don't necessarily originate there, or where private development process does.

Commissioner Appleyard clarified for Commissioner Long that his initial appeal for Commission involvement was specific to just City projects (not private development).

Commissioner Delaney said the Commission should draft a list of low-cost options for consideration by developers, as guidelines for new development.

Commissioner Kurz concurred with this suggestion.

Commissioner Appleyard mentioned that another building is planned as a transit hub by the river/railroad tracks as a connection for the City's transit system. Potential for many good installations.

Ann Arbor Area - Renewable Energy Issues and Activities

Solar America Cities: Andrew Brix said there was no update this month.

5000 Solar Roofs Project Update: *Commissioner Appleyard* noted a few things in the works. At the state level , tax credits up to \$1,200 or 20%___. Solar thermal tax credit may change the economics. DTE's Solar Currents program will pay you \$2.40 per peak watt installed, 30% tax credits for photo-voltaics; DTE pays you 11 cents/kilowatt for the RECs, as part of net-metering. So, the return on investment is getting toward the realm of possibility.

1BOG (one block off the grid) program, originated out in the west coast. Might be 100 houses, which pooled-together reduces costs 20-30%. Latest example is from Denver. Website: www.1bog.org.

Commissioner Hong asked about costs for this.

Commissioner Appleyard replied that paybacks may be ten years or less.

Solar Access Zoning: *Commissioner Appleyard* said Commission should take more seriously concerns over citizens wanting or considering solar thermal, but worried about big developer moving in next door and shading their property. This is an issue he has dealt with directly in energy audits he has performed.

Contract for Differences RFP: *Andrew Brix* explained that the REC RFP responses were due September 15. Thus far, two-dozen companies responded or contacted the Energy Office. Staff is not sure what numbers will come out of the responses yet. Timeframe, energy mix, left fairly open for respondents, though seeking agreement as a contract for differences as a hedge on prices. RECs would be the result, not direct renewable energy.

Commissioner Long stated that RECs in this type of purchase support and allow renewable energy to exist.

Commissioner Wright said he had estimated this REC purchase at about \$300,000/year. This is supporting renewable energy without actually getting it. Is interested in seeing how the hedge would actually work. Would new renewables be better use of money?

Andrew Brix said the question is- what is the 10-20 year value of these contracts? The cost may be high upfront but drop over time.

AAEC Subcommittee Updates

No updates.

Public Input

Alex Amrine (address not provided) spoke, saying solar access zoning should be considerate to not only the installers of solar installations, but also to developers, so they won't be hit up with costs or held up in court.

Adjourn

The meeting was adjourned at 7:40 pm