

# Request for Ideas: Sustainable Heating

Due Date: June 9, 2023

**OVERVIEW:** The City of Ann Arbor (“City”) is seeking ideas on how to achieve a managed transition to clean, safe, healthy, reliable, stably priced, and decarbonized heating for all Ann Arbor homes and businesses. This request for ideas (RFI) is part of the City’s effort to solicit feedback and ideas related to awarding a new Heating Franchise to heat and cool Ann Arbor homes and businesses.

The City is particularly interested in three types of responses:

- 1) Ideas and feedback from members of the community about what a healthy, safe, clean, affordable, and reliable heating systems means to them and any ideas they have about what such a system could look like in Ann Arbor.
- 2) Ideas and expressions of interest from utility providers with substantial experience and the skills necessary to actualize deployment of clean, renewable, safe, healthy, and affordable heating in Ann Arbor.
- 3) Ideas and feedback from members of the community or utility providers about how to improve the sidewalk and road user experience during installation and maintenance of heating infrastructure in the public rights of way.

**BACKGROUND:** The City of Ann Arbor is located in southeastern Michigan and widely recognized as one of the top places to live in the country. With a population just over 120,000, Ann Arbor is a mid-sized community with incredible neighborhoods, a thriving downtown, a vibrant cultural fabric, and some of the nation’s most aggressive climate and clean energy goals. In 2020, Ann Arbor City Council unanimously adopted the [A<sup>2</sup>ZERO](#) plan and associated frameworks, committing the city to achieve a just transition to community-wide carbon neutrality by the year 2030. This goal and commitment were reaffirmed in November of 2022 when Ann Arbor voters overwhelmingly supported a 20-year tax to fund local climate activities outlined in A<sup>2</sup>ZERO.

The City is undertaking multiple activities to advance the A<sup>2</sup>ZERO goal, including work to decarbonize homes and business through beneficial electrification, energy waste reduction, and renewable energy deployment. As a compliment to this work, the City is preparing to renegotiate its heating franchise to ensure that it aligns with the residents’ demand for clean and renewable heating choices that are safe, healthy, reliable, and affordable.

The City’s current Heating Franchise is with DTE Gas and is set to expire in 2027. DTE Gas (or other DTE entities) has delivered fossil gas to Ann Arbor for nearly three decades

under the current franchise. As such, this new franchise represents a critical opportunity to align the provision of heating with the City's A<sup>2</sup>ZERO goal as well as our goals around ensuring that all Ann Arbor residents and businesses have clean, safe, healthy, stably priced, reliable, and affordable heating systems. And, while the City's heating franchise expires in 2027, the franchise is revocable at will and the City will entertain an early termination for a provider able to meet the City's goals as outlined above.

In Michigan, utility providers must comply with state law and requirements set by the Michigan Public Service Commission, which has the power to regulate rates and also impose and enforce certain safety requirements.

**PROCESS:** Through the issuance of this RFI, the City is soliciting ideas and suggestions to be received by June 9, 2023. The City's intent is to use this information to help inform future franchise discussions and agreements. The information provided by respondents in response to this RFI is voluntary and may or may not be used by the City as part of its franchise work or other related topics. Responses will become public information, and thus respondents should not include any confidential, trade secret or proprietary information.

**Individuals** interested in submitting ideas should send their suggestions in writing to [franchisefeedback@a2gov.org](mailto:franchisefeedback@a2gov.org). While the City is interested in all thoughts and suggestions from Ann Arbor residents and businesses, some prompts to consider include:

- What does a healthy, safe, clean, affordable, and reliable heating system mean to you?
- What ideas do you have about what such a system could look like in Ann Arbor?
- Based on your experience(s), what feedback to you have about your current heating services? What processes have worked well? What could be improved?
- What new investments, projects, services, or programs would be helpful for the heating needs of your home or business?
- If you have taken advantage of utility programs or other services to reduce your energy usage, what was your experience and are there ways the City could make them more effective? Were any of these services or programs coupled with low-income energy assistance or a budget billing plan?
- What suggestions do you have related to utility accountability? Are there specific strategies you'd like to see put in place in the next franchise? For example, shorter contract term length, an advisory council with community representatives, or annual community meetings.
- What suggestions do you have related to improving the sidewalk and road user experience during installation and maintenance of heating infrastructure in the public rights of way?

- On what issues, if any, would you like to see customers involved in decision-making alongside the heating utility?

**Utility providers** interested in potentially discussing how their services might assist the City in meeting its A<sup>2</sup>ZERO, health, safety, affordability, and reliability goals should submit their ideas and qualifications in a short packet (not to exceed 20 pages) to [franchisefeedback@a2gov.org](mailto:franchisefeedback@a2gov.org). As part of your materials, please provide any previous experience you have in deploying carbon free technologies, beneficial electrification (if any), energy waste reduction efforts, and other measures that could help Ann Arbor reach its goals, as well as the name of the individual to whom the City should contact if they are interested in learning more.

**CLOSING:** The information requested above is being collected as part of the City's work to renegotiate its heating franchise. As this work moves forward, the City remains dedicated to providing residents and businesses with a heating franchise that:

- Assures and delivers an adequate, safe, clean, affordable, and reliable supply of energy to meet the community's heating needs.
- Is resilient in the face of climate threats and disasters.
- Promotes a clean energy future by bringing the benefits of energy efficiency, building decarbonization, and access to renewable energy for heating to all.
- Advances Ann Arbor's goal of being carbon neutral in a just and equitable way by 2030, as outlined in our A<sup>2</sup>ZERO plan.
- Ensures a just transition for workers in the fossil gas industry.

For more information about the City's franchise, please see: <https://www.a2gov.org/departments/sustainability/Carbon-Neutrality/Pages/Natural-Gas-Franchise.aspx>.