

STATE OF MICHIGAN
MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of DTE ELECTRIC	)	
COMPANY for authority to increase its rates for the	)	Case No. U-20713
generation and distribution of electricity and for other	)	
relief;	)	Case No. U-20851
	)	
	)	
and	)	ALJ Martin Snider
	)	
In the matter, on the Commission's own motion,	)	
regarding the regulatory reviews, revisions,	)	
determinations, and/or approvals necessary for DTE	)	
ELECTRIC COMPANY to fully comply with Public	)	
Act 295 of 2008.	)	

DIRECT TESTIMONY

OF

MISSY STULTS

ON BEHALF OF

THE CITY OF ANN ARBOR, MICHIGAN

DECEMBER 22, 2020

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I. INTRODUCTION & QUALIFICATIONS

Q. Please state your name, title, employer, and business address.

A. My name is Dr. Missy Stults and I am the Sustainability and Innovations Manager for the City of Ann Arbor. My business address is 301 E. Huron Street, Ann Arbor, Michigan, 48104.

Q. Are you offering this testimony as an expert witness?

A. No. Although I have educational and professional expertise in sustainability and resilience, my testimony arises from items of which I have personal knowledge gained in the course of my work as an employee for the City of Ann Arbor and other previous professional experiences.

Q. Please describe your educational background and professional experience, including your duties in your current position.

A. I hold a dual doctoral degree in the area of urban resilience from the University of Michigan, Ann Arbor. This degree is from Urban and Regional Planning and from the former School of Natural Resources and the Environment, now known as the School for the Environment and Sustainability (SEAS). I also hold a Masters' degree in Climate and Society from Columbia University and Bachelors degrees in Marine Biology and Environmental Sciences from the University of New England.

Professionally, I have spent the last 16 years working directly with local and regional

1 governments, as well as indigenous populations to advance their climate and sustainability
2 priorities. This has included work in nonprofits, for profits, academic institutions,
3 philanthropic organizations, and local government. In this work, I have focused on
4 translating complex scientific information into useful, usable, and understandable pieces
5 of knowledge that can inform decision-making across scales (i.e., local, regional, state-
6 wide) and sectors (i.e., built, natural, social, cultural, economic).

7
8 I have been the City of Ann Arbor's head of Sustainability and Innovations for nearly 2.5
9 years but have worked on sustainability and climate-related activities in Ann Arbor since
10 moving to the city in 2012. I am the lead for the City's A²ZERO carbon neutrality work,
11 which is a formally adopted goal of the City of Ann Arbor to achieve a just transition to
12 community-wide carbon neutrality by the year 2030. My résumé, attached as Exhibit AA-
13 1, provides additional information about my academic and professional background. And
14 Exhibits AA-2 and AA-3 are copies of the resolution unanimously adopting the City of
15 Ann Arbor's A²ZERO Carbon Neutrality Plan and a link to the Plan itself.

16
17 **Q. On whose behalf are you submitting your testimony in this proceeding?**

18 A. My testimony is on behalf of The City of Ann Arbor, Michigan ("Ann Arbor" or "City").
19

20 **Q. What is the purpose of your testimony?**

21 A. The purpose of my testimony is to share Ann Arbor's concerns with and ideas for
22 enhancing the proposed Voluntary Green Pricing (VGP) program of DTE Electric
23 Company ("DTE"). Through my testimony I will:

- 1 1. Outline the City of Ann Arbor’s goals as they relate to the VGP and explore why the City
2 believes the REP is inadequate to meet our needs in a timely manner, and if Ann Arbor
3 does utilize the programs as it hopes to do, its demands alone would exhaust the program’s
4 capacity for years;
- 5 2. Build on the testimony of Witness Wu to outline why the City does not find current VGP
6 offerings to be competitive with what is available on the open market;
- 7 3. Discuss why municipal procurement requirements and policy make it challenging, if not
8 impossible, to move forward with some programs as currently proposed;
- 9 4. Describe the types of clean energy programs Ann Arbor believes DTE is uniquely qualified
10 to offer through their VGP and why these programs are ones the City of Ann Arbor would
11 be excited to invest in; and
- 12 5. Outline possible revisions to the VGP program and REP that would make both programs
13 more directly mirror the types of initiatives the City would be excited to participate in.

14
15 As currently structured, the City does not believe DTE’s VGP offerings will allow the City
16 to meet its climate and clean energy goals better than other options available in the market.

17 In some cases, the offerings are worse than other alternatives— particularly in the area of
18 equity and inclusion. As currently designed, Ann Arbor believes the current programs are
19 likely to exacerbate existing energy injustices in the DTE service territory—perpetuating a
20 situation where those with wealth will be able to invest in clean energy sources, at prices
21 we believe do not reflect the true cost of owning and operating renewable energies, while
22 our poorer—and largely minority—populations will be unable as a practical matter to
23 access these programs. The VGP products could be redesigned to make them much easier

1 and more attractive for Ann Arbor to utilize in meeting its adopted objectives for carbon
2 neutral energy sources that are grounded in principles of equity and inclusion. It is for
3 these core reasons that the City of Ann Arbor has intervened in this case.
4

5 **Q. Are you sponsoring any exhibits?**

6 A. Yes, I am sponsoring the following exhibits:

- 7 • Exhibit AA-1: CV of Missy Stults
- 8 • Exhibit AA-2: Ann Arbor City Council Resolution Adopting the A2ZERO
9 Carbon Neutrality Plan
- 10 • Exhibit AA-3: A2ZERO Carbon Neutrality Plan

11
12 **Q. Have you reviewed witness Wu's testimony for Ann Arbor and believe it to correctly**
13 **describe the goals in A²ZERO Carbon Neutrality Plan that the City potentially would**
14 **use the DTE VGP programs to fulfill?**

15 A. Yes.
16

17 **Q. Have Ann Arbor's goals been communicated to DTE?**

18 A. Yes. DTE and City staff meet regularly to discuss these goals and how best to
19 operationalize them. More specifically, I have nearly weekly meetings with members of
20 the DTE renewable energy team and meet monthly with senior executives at DTE to
21 discuss areas of shared interest. Additionally, DTE had representatives on the City's
22 A²ZERO Carbon Neutrality Technical Advisory Committees and until recently, had a
23 representative on the City of Ann Arbor's Energy Commission.

1 **Q. Have you reviewed the DTE Voluntary Green Pricing Program filing?**

2 A. Yes.

3

4 **Q. Do you believe the VGP program offerings described will allow Ann Arbor to meet**
5 **the goals of Ann Arbor as described by witness Wu?**

6 A. No. The City would not be able to meet its climate, sustainability, or equity goals by
7 relying on the VGP programs DTE is proposing in this case.

8

9 **Q. Please explain briefly why not.**

10 A. The VGP program offerings are undersized, not competitive with similar alternatives, and
11 do not offer the types of programs the City of Ann Arbor and other customers are requesting
12 and prepared to purchase. In addition, the program's design will likely make it even more
13 challenging for the City to meet its decarbonization goals as outlined in the A²ZERO
14 Carbon Neutrality Plan and may not be programs the City could participate in as currently
15 designed, due to procurement requirements.

16

17 **II. UNDERSIZING OF VGP OFFERINGS IN LIGHT OF DEMAND**

18 **Q. You indicated that the VGP, and specifically the REP, as currently proposed, is**
19 **undersized. Why do you believe that to be so?**

20 A. The renewable energy demand for the City of Ann Arbor would consume nearly all of the
21 energy generated from the proposed builds in the REP. It is Ann Arbor's understanding
22 that it is not the only customer interested in procurement large quantities of renewables,

1 and therefore it believes projections significantly underestimate the demand for renewable
2 energy (especially solar) from other large users.

3
4 In Witness Wu's testimony she shows the current renewable energy demand from the City
5 of Ann Arbor is just over 400MW, based on current electrical usage. She also models what
6 future electrical demand could look like as the City works to implement the A²ZERO
7 Carbon Neutrality Plan (Exhibit AA-3). This work shows that Ann Arbor has an immediate
8 need for just over 400MW of new, renewable energy to immediately offset emissions
9 associated with electrical use. DTE's REP proposed bringing 420MW of renewables online
10 in 2022, followed by an additional 377MW over the following 3 years. Therefore, Ann
11 Arbor's current immediate demand would take almost all of what would be available in
12 2022. Assuming other customers want approximately 20 MW between now and 2022,
13 DTE will be unable to meet Ann Arbor's demand in the next two years.

14
15 The under-sizing is projected to worsen as time goes on. By 2030, the City projects it will
16 need 600MW of new renewable energy (200MW more than currently consumed) to offset
17 projected electrical demand. This estimate also assumes that economic growth is offset by
18 increased energy efficiency improvements. Should this not materialize, the City's clean
19 energy demand will be even greater. As a single customer, Ann Arbor's projected demand
20 for VGP offerings, which it has discussed with DTE regularly, is approximately 75% of
21 the total projected program size for the next five years. Although that projection includes
22 the City of Ann Arbor's ability to essentially offer programs to other users in Ann Arbor,
23 as witness Wu's testimony shows, the City expects that DTE customers located beyond the

1 boundaries of Ann Arbor will be projected to demand more than 200 MW of VGP capacity.

2
3 Because of the timeline associated with A²ZERO, City staff have been in discussions with
4 DTE about making investments in large-scale renewable energy installations in the next 2-
5 4 years. This discussion has explored many options. Further testimony will explore the pros
6 and cons of these various tools but regardless of the financial and policy mechanism used,
7 the City is looking for new installations to be deployed as soon as possible, and for solar
8 installations, ideally in a timeframe that allows us to take advantage of the federal solar tax
9 credits, which are on a schedule to expire.

10
11 **Q. Do you believe VGP offerings could be expanded in time to meet this demand?**

12 A. Yes. Other entities on the market are offering virtual PPAs or RECs associated with new
13 Michigan projects in the relevant time frame, as described in witness Wu's testimony.
14 Additionally, by adding a product that involves energy waste reduction (which is discussed
15 in more detail later in my testimony) to the VGP offerings, new additional RECs could be
16 procured and made available to customers rapidly, since DTE has proven its ability to
17 deploy such projects in considerably shorter time frames and via the expansion of currently
18 existing programs. Such an addition could likely help concerns regarding equity, inclusion,
19 and overall cost.

20
21 **III. CONCERNS REGARDING VGP COSTS**

22 **Q. As part of your job, are you tasked with finding the best and most efficient ways to**

1 **meet Ann Arbor's A²ZERO goals?**

2 A. Yes.

3
4 **Q. In the course of your work, have you researched DTE's VGP pricing and the costs of**
5 **other possible alternatives available to meet the City's goals? If so, what have you**
6 **found?**

7 A: Yes. Witness Wu's testimony addresses this issue in greater detail, including providing an
8 example of one such available offering and pricing identified in the course of our work.
9 This creates certain challenges to participating in the VGP program in light of the City's
10 procurement rules. In other words, as described in more detail later in Section IV of my
11 testimony, unless DTE is offering unique programs that help the City meet its goals, we
12 will have to go to the open market to find the most cost competitive solutions. Although
13 DTE has a number of unique powers under the law to create unique products that would
14 allow Ann Arbor to meet A²ZERO goals in a way other providers cannot (i.e. for which
15 there is no market alternative), the proposed VGP program offerings do not contain these
16 elements. If such VGP offerings existed, the City would be able to much more easily fulfill
17 its desire to partner with DTE to make investments that transform our electrical system in
18 ways that further Ann Arbor's goals. I describe such potential programs in Section V of
19 this testimony.

20
21 **Q. Do you have additional concerns related to the pricing of the offerings?**

22 A. Yes. As structured, because of its price, the VGP program and MI Green Power are and
23 will continue to be exclusionary, thereby raising significant social justice concerns related

1 to fairness, access, and affordability. This is particularly concerning at a time when the cost
2 of renewable energy generation has fallen to the point where it is generally as low if not
3 lower than fossil fuel-based generation. Therefore, the City strongly objects to DTE
4 continuing to charge a premium for cheaper, healthier, and more sustainable energy
5 resources. Moreover, by charging this premium, the utility is directly impeding the ability
6 of low-income households to participate in renewable energy programs.
7

8 **IV. CHALLENGES TO FACILITATING VGP PARTICIPATION GIVEN**
9 **MUNICIPAL PROCUREMENT REQUIREMENTS**

10 **Q. Can you briefly describe the City’s procurement ordinances that could apply to VGP**
11 **program offerings including both the landfill solar project and the procurement of a**
12 **virtual power purchase agreement product (i.e. proposed aggregation construct)?**

13 A. The City needs to follow all procurement regulations and City-specific procurement
14 policies. Any contract of an amount exceeding \$25,000 must go through a competitive bid
15 process, and those to build a public work also require a pre-qualification process. See Ann
16 Arbor City Ordinance 1:314. There are a limited number of exceptions to these
17 requirements, the most potentially applicable of which reads: “where competitive bidding
18 is not required by law or City Charter and either clearly is not practical or no advantage
19 would result to the city by requiring competitive bidding, the Council, upon the written
20 recommendation of the City Administrator, may authorize the execution of a contract
21 without competitive bidding.” Ann Arbor City Ordinance 1:316(4).
22

1 **Q. What procurement challenges might these requirements pose for the City in terms of**
2 **its ability to participate in the VGP programs as described in DTE's filing?**

3 A. Where DTE is proposing programs that are very similar to those available from other
4 vendors, without components that would make DTE's offerings unique, it is difficult to
5 argue that exceptions to the City's competitive bidding apply. Given that DTE would be
6 expected to utilize some form of competitive bidding prior to the selection of a vendor and
7 setting of pricing, it seems that layering these requirements could create a situation where
8 DTE runs an RFP for a project in order offer a product to Ann Arbor, and then the City of
9 Ann Arbor is required to conduct its own RFP for the same project in which DTE submits
10 its program offering as a bid.

11
12 **Q. If DTE could allow Ann Arbor input, a decision-making role, and full transparency**
13 **into RFPs for construction of facilities it would support through the VGP program,**
14 **could that address some of the procurement difficulties the programs as proposed**
15 **now present?**

16 A. Yes. It is still likely that a waiver from City Council would be required to be procured
17 under the Ann Arbor Charter, but such a waiver is much more likely to be secured if City
18 staff can be closely involved in the RFP process. This is also highly desirable for the
19 customer-initiated portion of DTE's VGP filing, since the aforementioned landfill solar
20 project is one such program the City hopes to see advanced. However, it is the City's
21 expectation that Ann Arbor would be a fully equal partner in the design, administration,
22 selection, and awarding of this project since the City is taking 100% of the risk associated
23 with the initiative.

**V. POTENTIAL VGP OFFERINGS NOT AVAILABLE IN THE MARKET
THAT WOULD HELP ANN ARBOR MEET ITS A²ZERO GOALS AND WHICH
ANN ARBOR WOULD BE VERY INTERESTED IN UTILIZING**

**Q. Are there specific types of programs not proposed to be offered through the VGP in
which the City of Ann Arbor would be interested in participating?**

A. Yes. There are four products that are not available except through DTE which would allow Ann Arbor to more effectively and efficiently meet its goals, including its equity and inclusion goals: community solar, virtual power reduction agreements, community aggregation, and a program that results directly in retirement of fossil units owned by DTE. Finally, Ann Arbor would like a utility scale energy storage offering. I will address each of these products in turn.

i. Community Solar Option

Q. What does the City of Ann Arbor want to see in a community solar product?

A. Ann Arbor defines community solar as a solar project located in or nearby a community, where the electricity is shared by more than one property and where the benefits of that project, economically and environmentally, are shared accordingly. Community solar affords members of the community the opportunity to share the benefits of solar power even if they cannot or prefer not to install solar panels on their property. Unlike the Rider 17 program offered by DTE, community solar would allow households or businesses to receive the same benefits as they would from solar they owned on their own property (e.g.

1 inflow-outflow and capacity credits or Rider 19 treatment associated with a particular
2 renewable energy project in the VGP program). These credits would be added directly to
3 a customer's electric bill from DTE, thereby helping to reduce or completely offset the
4 traditional bill.

5
6 **Q. How could such a community solar program be structured within current legal**
7 **restrictions?**

8 A: An "anchor tenant" model could be used, in which an existing DTE customer could agree
9 to place a renewable energy facility on their property. This tenant would agree to back the
10 entire cost of the project and receive all its benefits if others did not wish to participate, but
11 it would also agree to offer "shares" to members of the community who chose to participate
12 in that particular project (the opportunity to offer shares would be offered to DTE's
13 customer base as a MI Green Power individual product). Each "share" would
14 proportionally reduce the cost and benefits of the project for which the anchor tenant is
15 responsible. In addition, a number of such subsidized shares (through donations from any
16 DTE customer, not simply MI Green Power participants) could be awarded based on
17 certain criteria (e.g. projects located in core communities or communities that have hosted
18 or are hosting other energy assets would qualify for higher levels of subsidized shares).

19
20 **Q. Would the City be willing to be an anchor tenant for a community solar offering**
21 **within the VGP program?**

22 A: Yes. The City of Ann Arbor is currently working with DTE to conduct interconnection
23 studies for a roughly 24MW solar installation at a capped landfill within and adjacent to

1 the City. This installation was intentionally sized to offset a large portion of the current
2 energy demand for municipal (City only) operations but also presents an ideal opportunity
3 to test a subscription-based community solar program. Ann Arbor is ready to be an anchor
4 tenant for its landfill solar project to have it serve as a community solar facility. Because
5 the City is prepared to purchase 100% of the energy generated on site if the project
6 proceeds, there would be no risk to DTE or other customers of incorporating community
7 solar into VGP offerings. The City would serve as the anchor tenant and is willing to help
8 DTE recruit individuals into a subscription-based community solar pilot project.

9
10 In creating A²ZERO, the City put a great deal of effort into community outreach and that
11 outreach identified a strong desire both for community solar and for a solar installation at
12 the landfill property specifically. The City's efforts have included the expenditure of
13 approximately \$90K to have DTE conduct the distribution interconnection study for the
14 facility. While the City could have a wide variety of vendors construct solar at that site to
15 be a public work of the City, and operate it to receive the same benefits that a merchant
16 facility in MISO would get financially, it does not have the ability to allow other customers
17 of DTE to participate in that project via a community solar model as discussed above. Ann
18 Arbor would be eager to anchor a community solar program and work with DTE and others
19 to do so in a way that is replicable throughout DTE's territory.

20
21 If for some reason this is not possible, it is the City of Ann Arbor's expectation that the
22 money it has expended for the interconnection studies means that it owns those studies and
23 is able to competitively bid for the development of the project. And, as mentioned

1 previously, the City will have to do this per procurement rules, unless DTE is able to
2 provide a unique offering which justifies a sole source procurement process.

3
4 **Q: Is there a way the donation pool for low-income shares could be expanded further?**

5 A: Yes. DTE proposed a fixed-price monthly charge option to customers. Under this
6 option, the customer can choose a fixed-price offering, such as \$5/month or \$10/month.
7 DTE proposes to source renewable energy based on the lowest price option available when
8 the customer enrolls to replace the electricity generated from fossil fuel for the customer.
9 However, if the customer does not use the full amount of renewable energy that their fixed-
10 payment could buy each month, the unused portion of the fixed-payment would not carry
11 over to the next month. DTE does not clarify how to allocate the unused portion of
12 subscribed renewable energy in this filing. Every cent of these dollars is being paid to
13 support renewable energy sourcing. Therefore, any unused portion should be tracked and
14 donated to support low-income shares in community solar projects to benefit that customer.

15
16 **Q: What equity and inclusion elements would Ann Arbor wish to incorporate in the**
17 **community solar model?**

18 A: Ann Arbor would be very interested in incorporating equity and inclusion elements to a
19 community solar program in two ways: first, by allowing donations outlined in the VGP
20 filing (as well as an expanded donation pool) to go toward purchasing shares of the
21 community solar program for low-income individuals, and second by creating an option
22 for the anchor tenant to offer a certain number of free shares to identified low-income
23 individuals in the same manner certain non-profits use to allow donations and grant dollars

1 to assist low income customers with their energy bills.

2
3 **Q: How does the program you describe differ from today's Rider 17 construct?**

4 A: Community solar is not the same as the current Rider 17 program. Rider 17 allows
5 customers to purchase electricity from utility owned, large-scale renewable energy projects
6 for a premium. Individuals who sign up for Rider 17's programs do not currently invest in
7 the new build out of renewable energy, as the electricity is sourced for existing facilities.
8 Community solar is focused on developing new assets, advancing community ownership
9 of those assets, and helping residents save money on their power bills.

10
11 **Q: Would a community solar option make it much more likely that Ann Arbor would**
12 **participate in the VGP program than the offering currently proposed, which would**
13 **still allow Ann Arbor to develop the landfill solar within the VGP program?**

14 A. Yes. As a community solar offering would be a unique product in the marketplace, so it
15 would avoid some of the purchasing complications for the City discussed in Section IV. It
16 would also offer to the community an option our community engagement identified as
17 important to our constituents, and it would allow us to advance our equity and inclusion
18 goals.

19 **ii. Virtual Power Reduction Agreement Option**

20 **Q. What does the City want to see in a virtual power reduction agreement product?**

21 A. Currently, the only offerings under the VGP that offer some form of additionally involve
22 building new renewable facilities, which take years to bring online in the best of

1 circumstances. Under Michigan law, utilities can gain renewable energy credits (RECs),
2 the products essentially being offered to VGP customers, either through building
3 renewables or by engaging in projects that reduce energy waste beyond mandated levels.
4 Just as the VGP offerings can offer a “sleeved” vPPA arrangement, DTE could offer a
5 virtual Power Reduction Agreement offering (“PRA”), in which the green attributes
6 (RECs) could be offered to the sponsor in exchange for funding of the incentives to make
7 such projects less expensive.

8
9 **Q: How could a PRA program be used to address concerns regarding the size of the VGP**
10 **program you discussed in Section II?**

11 A. Energy waste reduction projects (e.g. HVAC and lighting improvements in schools and
12 affordable housing sites) can be more quickly identified and deployed than building
13 entirely new generating facilities. Moreover, the administrative costs would be low, since
14 this could be done by increasing DTE’s already existing programs. As DTE is able to
15 deliver lower costs per MWh in its current energy waste reduction programs at key equity
16 and inclusion sites (e.g. low-income multifamily housing), this product could be deployed
17 at a reduced cost, which would also help address the City’s cost concerns. This offering
18 could be paired with renewable investments so that the benefits would align with the
19 construction phase for new renewables, allowing much faster additionality.

20
21 **Q. How could a PRA program be used to address Ann Arbor’s desire for products that**
22 **incorporate equity and inclusion concerns?**

23 A: A PRA product would allow the City to very quickly and more equitably invest in our

1 decarbonization and justice goals. This program could also be used to make additional
2 investments in communities that might receive new large utility infrastructure as part of
3 the traditional VGP offerings, communities that have hosted fossil facilities in the past, and
4 communities where levels of investment are low.

5
6 **Q. Would a PRA program option make it more likely that Ann Arbor would participate**
7 **in the VGP program than the offerings currently proposed?**

8 A. Yes. As under Michigan law, only a utility can receive a REC for energy waste reduction
9 products, it is a product that would be unique. Thus, pairing it with programs that involve
10 constructing renewables would add not just immediacy of impact, but would also represent
11 a unique offering in the market that would address concerns regarding the interaction of
12 procurement rules. The ability to immediately address equity and inclusion issues at what
13 would likely be a lower price than other VGP offerings is also very attractive to the City.

14 **iii. Community Aggregation Option**

15 **Q. What does the City mean by community aggregation in the VGP program?**

16 A. Currently, only large consumers of electricity (those consuming at least 1MW of power)
17 can participate in the Rider 19 program. Because Rider 19 costs are lower than Rider 17,
18 the City would like to aggregate community members together in order to subscribe them
19 into the Rider 19 program. This type of aggregation would allow interested parties to get
20 the pricing associated with Rider 19. This would thus also allow the City to meet its goals
21 of carbon neutrality at a notably decreased cost.

1 **Q. What role does the City foresee playing in community aggregation in the VGP**
2 **program?**

3 A. Ann Arbor is open to different forms of partnership. Two possibilities include acting as a
4 guarantor of at least 1MW of participation (similar to its proposal regarding anchor tenancy
5 in the community solar discussion in Section V.i of my testimony). If insufficient
6 customers signed up to support that level, Ann Arbor could cover the additional premium.
7 Another alternative is to have the City commit to a Rider 19 contract for the entirety of the
8 energy demand from residents and businesses located in Ann Arbor. In this situation, all
9 DTE customers in the City limits would be transferred to the new tariff unless they opted-
10 out, and the City could cover the additional costs of doing so or reap the benefits if the
11 Rider 19 assets were more cost-effective than the alternative power supply.

12
13 **iv. Fossil Unit Retirement Option**

14 **Q. What does the City mean by a fossil unit retirement option in the VGP program?**

15 A. Such an option would involve a binding commitment from DTE Energy to retire a specific
16 coal or natural gas unit if program participation met specified levels. Any cost to non-VGP
17 customers of doing so could be built into the program offering costs.

18
19 **Q. How does a fossil retirement option better meet the City's goals than the current VGP**
20 **program offerings?**

21 A. If the City were to participate in the VGP programs that are proposed by DTE, there is no
22 guarantee that the amount of electric generation from fossil fuels would actually be

1 reduced. While new clean resources would be added to the grid, all the fossil units used
2 today could continue to operate, and if they are economical compared to other sources,
3 they will simply sell their power to customers other than Ann Arbor. This is essentially
4 the same outcome as if Ann Arbor contracted for a vPPA with other suppliers in the market;
5 suppliers who are often willing to absorb some risk related to new facilities.

6
7 An option that guaranteed a reduction in current fossil generation would be a unique
8 offering that no other supplier could match, and would be a significant improvement in
9 terms of meeting the City's goals over the current offerings. The unique nature of such an
10 offering compared to other sellers in the market would also more easily allow the City to
11 execute a contract without conducting its own RFP.

12
13 **Q. Are there alternative programs to a fossil retirement program that you feel would**
14 **offer more certainty that the program meets the City's carbon neutrality goals?**

15 A. Yes. Demand response products that match the overall amount of fossil generation in the
16 grid would be attractive. For instance, the technology exists to allow the City's streetlights
17 to operate at higher levels when wind resources are high and at lower levels when that
18 source is unavailable. Then the City could be more confident that it is avoiding fossil fuel
19 usage in its power use.

20 **v. Utility-Scale Storage Option**

21 **Q. What does the City mean by a utility-scale storage offering?**

22 A. In the course of my duties, I have learned other providers on the market, notably LevelTen

1 energy, offer a program to couple solar installations with storage. This offering was
2 structured to give the customer the economic benefits of storage while delivering a
3 guaranteed revenue stream for developers. This type of arrangement is something the City
4 would be interested in as it looks to transition the Michigan electrical grid to renewable
5 energy and address intermittency concerns.

6
7 This type of arrangement would scale-up our advancement and experience with storage in
8 Michigan. By pairing renewable energy with storage, renewable energy is capable of being
9 sold during the highest-priced hours of the day, when reliance on coal and gas is often the
10 highest. Storage can also help smooth pricing variability.

11
12 **VI. PRIORITIZATION**

13 **Q. Understanding that the City would find all these products attractive, but all of these**
14 **would require DTE to alter its planned course of action to meet that customer desire,**
15 **are there particular offerings that would be more likely to obtain a commitment from**
16 **the City?**

17 **A.** Yes. The vPRA, community solar, and aggregation are the three highest priorities for the
18 city. The vPRA offering would give the fastest road to both additionality and reducing cost,
19 as well as having a high correlation with overall carbon reductions. Ann Arbor plans to
20 move forward with its landfill project before the next VGP filing is scheduled. Thus,
21 allowing it to be part of a community solar product would greatly simplify the procedural
22 path for partnering with DTE on that project. Finally, the Rider 19 aggregation pricing is

1 likely to be significantly better if it can take advantage of expiring federal tax credits, so
2 the ability to shape an aggregation construct in this case would improve the attractiveness
3 of that program overall.

4
5 **Q. Does this conclude your testimony?**

6 **A. Yes.** However, I reserve the right to incorporate new information that may subsequently
7 become available through outstanding discovery or otherwise.

I certify that this testimony is true.

Melissa Stults
Melissa Stults (Dec 22, 2020 16:38 EST)

Signature

Melissa Stults

Name

Dec 22, 2020

Date

Acknowledged before me on the 22 day of December, 2020

Signature: /Linda Duda/

Printed name: Linda Duda

Notary public, State of Michigan, County of Macomb

My commission expires: 12/3/2025

Please sign: Stults_U-20713 Testimony_Stults_A2_Dec22_2020

Final Audit Report

2020-12-22

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