



CITY OF DETROIT

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE.,
DETROIT, MICHIGAN 48226
WWW.DETROITMI.GOV

Date: July 19, 2024
TO: Council Member Gabriela Santiago-Romero
FROM: Trisha Stein, Chief Strategy Officer
Jay Rising, Chief Financial Officer
RE: Neighborhood Solar Initiatives Questions

During the Public Health and Safety Standing committee on Monday, July 15, 2024, Council Member Gabriela Santiago-Romero raised the following questions:

- 1. It has been stated that the City of Detroit will receive tax credits from DTE. Have we looked at how residents in the impacted area could receive tax credits? Why or why not? If they can receive credits, what would that process be?**

There are three types of credits available from the solar projects.

First, there are tax credits from the federal government incentivizing clean energy. The tax credits will be received by the developer to offset their construction costs and are only available to the developer. These tax credits lower the cost of the project and have already been included in the PPA prices the City will pay per the developer contracts.

Second, there are Renewable Energy Credits (RECs) the City will receive which are not tax credits but instead are an acknowledgement of the renewable energy produced for the City as an offset of our municipal facilities' electricity use. As we have previously stated, RECs have little monetary value.

The third, yet to be defined or approved by the MPSC, is called the MiGreen Power Program's "avoided cost of compliance" credit. The value of the credit isn't know yet because it was part of the newly passed energy law in late 2023, so it hasn't been calculated before. While the City and DTE are unable to give an estimate for the credit at this moment, any amount is an upside to the estimated cost to the City and would only further reduce the cost.

- 2. While the solar initiatives will provide us cleaner energy for our electric grid which will help the city meet our climate resiliency goals, it does not address the issue of high energy DTE costs and bills.**
 - a. Has the administration requested DTE to lobby for Senate bill 152 and 153, and House bill 4464 and 4475?**

Mayor Duggan is a national leader in the Climate Mayor's Association, and as such has publicly stated he is in favor of community solar. Additionally, he has shared his position with DTE regarding his support for the aforementioned legislation. The Administration has not



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requested any lobbying efforts since the City does not want to imply that DTE's ability to be awarded and approved a contract from an open and competitive bid process is based on its support of a political position advocated by the Mayor.

b. What plans, if any, does the administration have with DTE if the city approves their solar contract to help the State of Michigan establish community solar policies?

There are no plans or promises for future developments of community solar policies with DTE or any other solar developers. If the community solar legislation passes, the Mayor will propose to build small solar fields to help power homes for local neighborhoods where the neighbors request it.

3. During the conversation, the Legislative Policy Division indicated that there would be an additional \$1.1M on top of the City's electric bill which is an estimated \$7M. How will the City's budget support this increase?

a. Please provide a fiscal impact statement.

Please see attached from the OFCO - Office of Budget.