Ann Arbor for Public Power

WHAT IS MUNICIPALIZATION?

Municipalization is the process of a city acquiring a private utility and establishing a public power utility (also known as a municipal power utility). Public power utilities are community-owned, not-for-profit electric utilities. They provide safe, reliable, low-cost electricity to more than 49 million ratepayers across the country, while protecting the environment.[1] Other more familiar examples of municipalized utilities are public works, water, and sewer. There are 2,000 communities across the U.S. that get electricity from a public power utility, including major cities such as Austin, Nashville, Los Angeles, and Seattle, small towns and the Navajo nation, and over 40 municipalities in Michigan. Together, these utilities serve 1 in 7 electricity customers across the U.S. and operate in 49 states.[2]

OUR VALUES

Ann Arbor for Public Power's goal is to **Democratize, Decommodify,** and **Decarbonize** our energy sources.[3] We see a public power utility fulfilling this goal in five distinct ways:

1. ***Local Control***
   Public power utilities are owned by the community and run by local government.[1] They allow residents to have a *direct voice* in decision-making, including rates and sources of electricity.
2. ***Affordable Rates***
   Public power utilities provide electricity to customers (both homes and businesses) at lower rates than private, investor-owned utilities. Across the U.S., residential public power utility customers paid rates that were 14% less than those of private utilities.[4]
3. ***Reliability***
   Public power utility customers lose power less often. They are likely to be without power for just 74 minutes a year, whereas customers of private utilities are likely to lose power for an average of 136 minutes a year.[1]
4. ***Invested in Community***
   Public power utilities are embedded in their communities and employ 93,000 people in local jobs across the U.S. They give 33% more of their revenues back to the community than private utilities. Our goal is to prioritize local, union labor.[5]
5. ***Environmentally Responsible***
   From 2005 to 2017, public power utilities reduced CO_2 emissions by 33%, far outpacing private utilities. In 2017, more than 40% of power generated by public utilities was from non-carbon emitting sources.[6]

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[1] https://mmeanet.org/public-power/
[2] https://mmeanet.org/about-mmea/
[3] https://socialistforum.dsausa.org/issues/winter-2019/take-back-the-grid-dsa-and-the-fight-for-energy-democracy/
[4] https://www.publicpower.org/sites/default/files/inline-images/2019-Public-Power-is-Affordable-Infographic-Map-3-7-19.jpg.
https://www.publicpower.org/system/files/documents/municipalization-public_power_for_your_community.pdf
[5] https://www.publicpower.org/resource/public-power-pays-back
[6] https://www.publicpower.org/system/files/documents/Public-Power-Emmissions-Reduction.pdf

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DTE IS NOT THE SOLUTION

- ***DTE is an investor-owned utility***. The interests of DTE's profit-seeking shareholders are not aligned with those of the rate-paying community (who seek affordable and reliable power from renewable sources).
- ***DTE has a dirty power mix.*** As of December 2019, 59% of DTE's energy is from burning coal; only 7% wind and solar.[7] The average utility only uses 19.3% coal.[8]
- ***DTE continues to invest in natural gas and pipelines****, both in MI and elsewhere.* DTE finalized a $2.7B investment in shale gas infrastructure in Dec. 2019, and has a new $1B natural gas plant coming online in St. Clair County in 2022. Had this $1B been invested instead in renewables, DTE could have grown their renewable energy portfolio from 11 to 24 percent.[9] DTE policies do not account for the urgency of the climate crisis.
- ***DTE is expensive.*** DTE's residential electric rate of 20.98 cents/kWh[10] is higher than the U.S. average (16.1 cents).[11] Monopoly utilities like DTE overcharged millions of U.S. ratepayers in the Midwest at least $350 million in 2018 by selling them power from coal plants instead of from lower-cost, cleaner sources[12].
- ***DTE is an aggressive political player.*** Community Choice Aggregation (CCA) and municipalization pose a risk to DTE's bottom line. Ann Arbor's current plan relies upon CCA to decarbonize the electric grid (linked to 50% of our emissions), *but state law currently prohibits this practice*, posing a formidable hurdle to the A2Zero strategy.[13] DTE spent $94,700 on statewide lobbying efforts in the first six months of 2020;[14] with a Republican controlled legislature in MI, getting CCA passed is anything but a sure bet. Municipalization is already legal!

MUNICIPALIZATION IS THE WAY FORWARD

- The **A²Zero plan** of Ann Arbor gives a path to carbon neutrality by 2030.
- Municipalization will help us get there, because we will be **cutting DTE out of the picture**.
- The current plan to reduce emissions is called Community Choice Aggregation (CCA).
    - CCA needs to be passed in Lansing and doesn't go as far as municipalization
    - Even if we get CCA passed, we will still be reliant on DTE's infrastructure
- With a municipal utility, we don't rely on DTE's dirty fossil fuel power; we can create our own renewable energy by investing in wind and solar in Ann Arbor.
- **Municipalization is a legal process that is already outlined** in Article VII, Section 25 of the Michigan Constitution. CCA requires a change in the law.
- We don't need Lansing's approval to pass municipalization, we put it to a vote in Ann Arbor.
- Municipalization can provide stable, union jobs for Ann Arbor.
- A municipal utility will give us the power to make electricity cheaper and more reliable.

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[7] DTE Energy 10-K for fiscal year 2019, page 10
[8] https://www.eia.gov/tools/faqs/faq.php?id=427&t=3
[9] https://www.crainsdetroit.com/article/20180427/news/659251/dte-gets-approval-to-build-1-billion-gas-fired-power-plant-in-st-clair
[10] https://www.mlive.com/news/2023/03/dte-energys-new-time-of-day-rates-take-effect-heres-what-they-mean-for-customers.html
[11] https://www.chooseenergy.com/electricity-rates-by-state/
[12] https://www.ucsusa.org/about/news/midwest-utilities-exploited-rules-misuse-coal-plants-fleecing-consumers-out-350-million
[13] https://www.mlive.com/news/ann-arbor/2020/04/state-law-a-hurdle-for-ann-arbors-100-renewable-energy-plan.html
[14] http://michigan.gov/sos

- **A2 Municipalization is a “tipping point” for promoting energy democracy across MI, especially for those communities that might not have the resources to afford Municipalization on their own.**

CONTACT US

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