



March 18, 2024

Missy Stults
Sustainability and Innovations Director, City of Ann Arbor
301 E. Huron Street, Ann Arbor, MI 48104

Dear Dr. Stults,

It is my pleasure to share this letter of support and commitment on behalf of DTE Gas for the City of Ann Arbor's application to the U.S. Environmental Protection Agency's Climate Pollution Reduction Grant opportunity.

For months, DTE Gas has been working with a coalition of stakeholders, led by the City of Ann Arbor, to design a district geothermal system within the Bryant neighborhood in Ann Arbor – a predominately Black and low-income neighborhood that suffers extremely high energy poverty. Through this process we have engaged directly with Bryant residents to understand their critical energy needs, space considerations, price sensitivity, and workforce opportunities to collaboratively design a district geothermal system capable of providing at least 75% of the heating and cooling load for all 262 homes in the neighborhood, a local community center, an elementary school, a mental health facility, and a public works facility. Our organization has been working with coalition partners to ensure the key operational questions are being integrated into system design and critical infrastructure and resources are available for a project of this scope.

As an organization, we are excited to bring a pilot district thermal system into our service territory and learn critical details about how the system performs, how best to bill and price energy derived from the system, how to conduct deep and sustained public engagement around a thermal transition, and what opportunities exist for scaling this technology in key areas of our service territory. That is why we are delighted to support the City's application to the CPRG program. Specifically, we recognize the importance of centering equity in our work to decarbonize the heating system. And we know that the Bryant neighborhood is the exact type of neighborhood that should be the foci of our work to decarbonize. However, this is precisely the kind of neighborhood that risks being left behind in our nation's efforts to decarbonize due to the high upfront costs associated with the transition to sustainable heating – especially the costs associated with replacing gas appliances with geothermal tied heat pumps and air handlers.

The City's CPRG grant, however, will help ameliorate these costs by investing in both a bulk buy equipment program and deep energy efficiency improvements in each household and community center. Doing this will enable a historically underinvested in neighborhood the opportunity to be the region's leader in climate action. And while we realize you will get many worthy grant applications, we believe this project demonstrates the right balance of innovation, community support, scale, and potential for replication. That is why we are glad to support the City's CRPG application and hope you will give it strong consideration for funding.

Sincerely,

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