



CITY OF
EAST GRAND RAPIDS

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DOUG LA FAVE
DEPUTY CITY MANAGER

MEMORANDUM

TO: Honorable Mayor and City Commissioners
FROM: Doug La Fave, Deputy City Manager
DATE: January 19, 2023

RE: DTE-Natural Gas Renewable Natural Gas-Environmental Attributes and Nature-Based-Carbon Offset Programs

Action Requested: That the City Commission consider an agreement with DTE to purchase Renewable Natural Gas-Environmental Attributes (RNG-EA) and Nature-Based-Carbon Offset Credits (COCs) to offset 100% of City of East Grand Rapids natural gas carbon emissions commencing in in Fiscal Year 2023-2024 through Fiscal Year 2032-2033 at 5% RNG-EA/95% COCs for a total program investment per Fiscal Year of \$21,151.

Background: In 2022 the City Commission adopted a Climate Action Plan Resolution establishing a target date of 2040 for city operations to be carbon neutral. While the adopted resolution calls for a Climate Action Plan for city operations be finalized by the end of Fiscal Year 2023-2024, as the city has done historically, initiatives and projects related to environmental sustainability continue to be priorities. In advance of the Climate Action Plan, staff has been working on facility/operations carbon reduction related to electrical and natural gas utilities.

City staff meets each year with DTE (and Consumers Energy for electric) to conduct facility energy efficiency audits related to natural gas and electrical usage. These audits help refine operations and planned capital investments around reducing consumption and overall reduction of carbon impact. Since 2005, combined with the Community Center LEED Silver certification and ongoing efficiency and conservation efforts consumption has been reduced by approximately 18%.

In addition to efficiencies and reductions, the city met with DTE with respect to their more recent RNG-EA and COC Programs. City facilities/operations currently combine to consume 14,092 MCF of natural gas based on usage from 2021. This is an industry volume measurement (M equates to 1,000 along with the term cubic feet) that translates to 776 metric tons of carbon dioxide equivalent (CO₂-e). To further illustrate the usage impact city usage of natural gas is the equivalent of 97.8 households' energy use for one-year or 167 gasoline powered vehicles driven for one-year. For additional illustrative impacts, comparative carbon calculator information from the Environmental Protection Agency (EPA) has been included with materials.

Decarbonizing solutions that are recommended are a blend of local RNG-EA from the City of Grand Rapids Biodigester (Water Resource Recovery Facility) and COCs through the Department of Natural Resources (DNR) through DTE. Staff worked with DTE to provide for both publicly owned/operated and local options to provide for more localized impact and transparency from each entity. The table on page ten of the DTE proposal illustrates several options that can be adjusted

based on interest and financial considerations if the City Commission desires to amend the noted allocation. Currently 14,092 MCF usage has a financial impact of \$111,088 per year for all city facilities. The RNG-EA 5% and COCs 95% blending for offsetting 100% of natural gas emissions as noted would cost \$21,151 more per year. Based on current usage and rates and participation in the program as noted, the total annual fiscal impact would be ~\$132,239.

Verification for RNG-EA will be tracked each year through Midwest Renewable Energy Tracking System (M-RETS) Thermal Tracking System. This system will track, retire, and transfer Renewable Thermal Certificates (RTCs). Nature based COCs will be tracked by the American Carbon Registry (ACR), which is the leading carbon offset program that maintains science-based carbon offset standards to track, retire and transfer COC's. For additional information on M-RETS and ACR, please visit the following links provided below.

- M-RETS: [M-RETS | M-RETS Renewable Thermal Tracking \(mrets.org\)](http://mrets.org)
- ACR: [ACR Carbon Markets 101: Additionality and Baselines for Improved Forest Management Projects — American Carbon Registry](#)

Included are materials from DTE that provide more detailed information regarding these programs. While various carbon programs have been debated, currently federal and state governments recognize these approaches and third-party verifications. The EPA has additional information regarding forestry carbon storage impacts: [Report on the Environment \(ROE\) | US EPA](#) as well as Information on RNG: [An Overview of Renewable Natural Gas from Biogas \(epa.gov\)](#).

If there is interest in participating in these programs it would be another meaningful step towards the city's carbon neutrality goal, recognizing that continued reductions, efficiencies, and alternatives will be pursued along with future carbon reduction programs that are not available today.

Additionally, a presentation given to East Grand Rapids Middle School students this past fall has been included with materials to provide for a non-exclusive other projects, programs, and operations that have been or are underway to illustrate past, current, and future commitment to environmental stewardship and sustainability.

The associated agreement with DTE has been reviewed by legal counsel and determined to be in order.

REVIEWED & APPROVED FOR SUBMISSION:



Shea Charles
City Manager