



ENERGY IMBALANCE MARKET (EIM)

The costs and benefits of joining the EIM

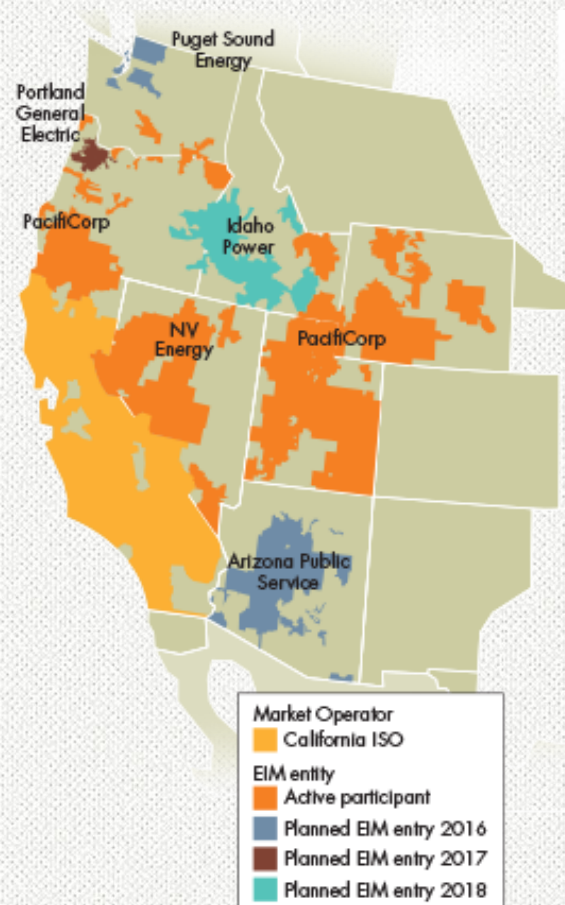
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Power Supply and Strategic Planning



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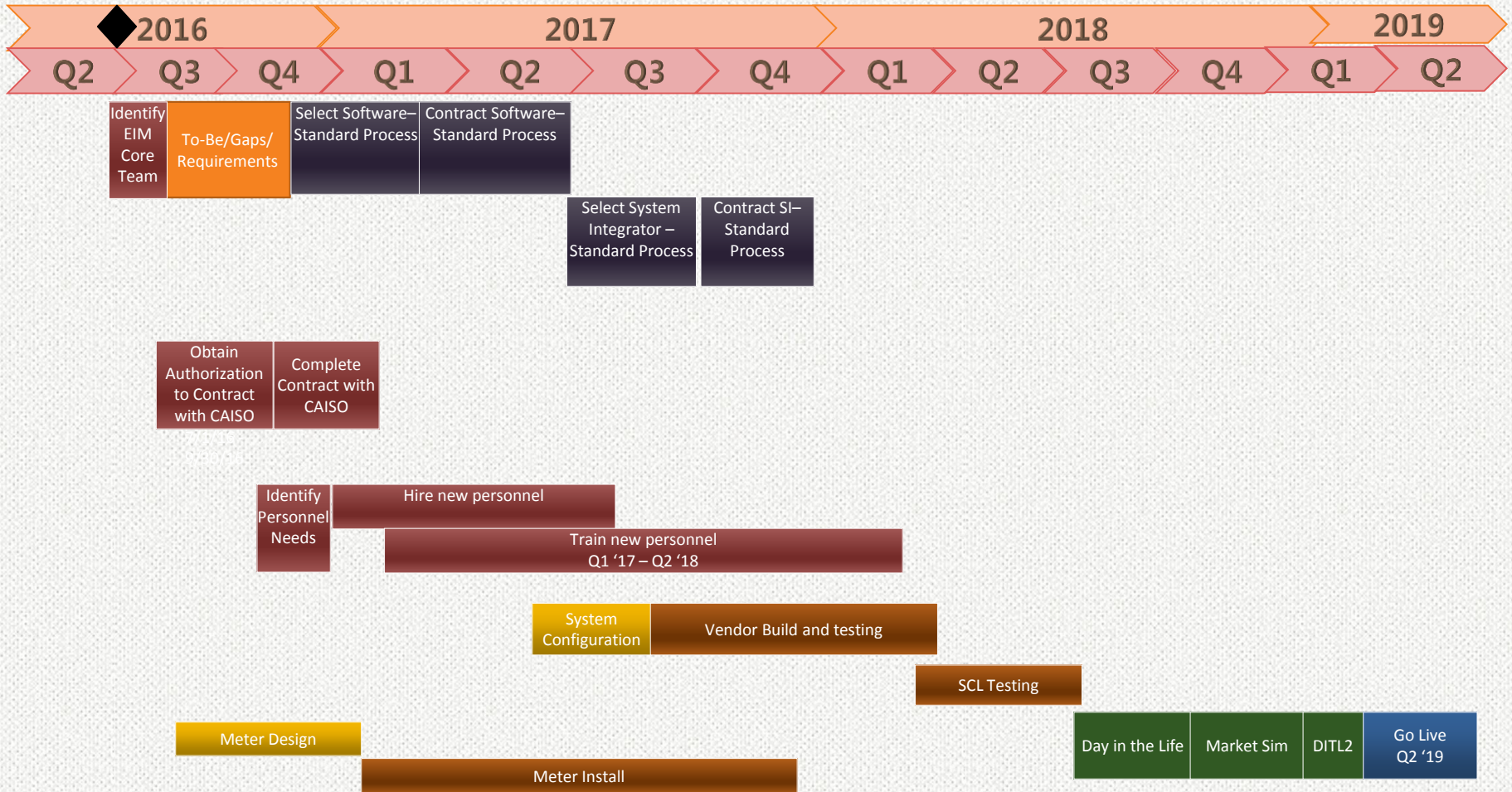
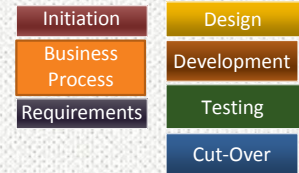
- The EIM is an auction market for balancing supply and demand in 5 minute increments
- It improves grid reliability, reduces energy supply cost and enhances the integration of renewable resources
- Two Investor-Owned Utilities have commenced market operations with 4 more to join over the next several years
- Seattle City Light, the Los Angeles Department of Water and Power and several other Consumer-Owned utilities are considering EIM participation



BUSINESS CASE SUMMARY

- City Light's flexible hydro generation portfolio is beneficial to the EIM
 - It improves ability to integrate renewable resources throughout the West
 - It compensates City Light for providing needed grid flexibility
- E3 (consultant) study - additional revenue of \$4-23 M/year - varies depending on a range of conditions
- For the business case we have conservatively used \$4 M/year in incremental revenue, \$2.8 M/year in incremental cost with a \$8.8 M upfront capital investment
- Other potential benefits include:
 - Development of market for non-energy products
 - Reduction in reserve obligations
 - Reduction in cost of managing forecast uncertainty

APRIL 2019 TIMELINE





QUESTIONS?





CITY LIGHT

OUR VISION

To set the standard—to deliver the best customer service experience of any utility in the nation.

OUR MISSION

Seattle City Light is dedicated to exceeding our customers' expectations in producing and delivering environmentally responsible, safe, low-cost and reliable power.

OUR VALUES

Excellence, Accountability, Trust and Stewardship.

