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March 23, 2017

Seattle City Council
600 Fourth Avenue, 2nd Floor
Seattle, WA 98104

Dear Council Members;

I am pleased to share with the Council the detailed analysis of costs, benefits and potential risks requested in Ordinance 125176 authorizing City Light's participation in the California Energy Imbalance Market (EIM), and to support my recommendation for City Light to proceed with its participation in the market. In moving forward, City Light will be furthering our environmental goals of supporting the development of clean renewable resources in the western region and better leveraging our hydropower generation resources in the wholesale energy market to reduce the pressure on the utility's finances and retail rates.

Over the past several months, working closely with the California Independent System Operator (CAISO) professionals, City Light has studied the costs and the benefits to City Light and the capacity of the utility to manage market risks. City Light staff and executives from power marketing, risk management and finance have all collaborated to provide the due diligence called out by the Council in the authorizing ordinance adopted in November 2016.

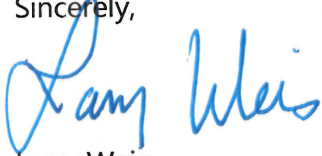
The Mayor's Office has reviewed the analysis and supports the recommendations presented by City Light and is confident that the utility is prepared to take the next steps necessary to secure participation in the California Energy Imbalance Market by April 2019.

As the first public utility to signal their intention to participate in California EIM, City Light reflects the City of Seattle's strong interest in playing a regional leadership role in the energy sector and I hope my recommendation is deserving of your consideration and support. Since City Light's announcement, several other public power utilities have worked with City Light to develop their business case and subsequently indicated their intent to join this market as well.

City Light staff is available to answer any Council questions and to present their work before the Energy & Environment Committee as requested. Please feel free to contact Michael Jones, Power Supply &

Strategic Planning Officer at michael.jones@seattle.gov or (206) 684-3243 for anything the Council might need regarding this request.

Sincerely,



Larry Weis
General Manager & CEO

cc: Tony Kilduff, Central Staff, Seattle City Council
Calvin Chow, Central Staff, Seattle City Council
Larry Weis, General Manager & CEO, Seattle City Light
Mike Jones, Officer, Power Management & Strategic Planning, Seattle City Light
Greg Shiring, Budget Analyst, City of Seattle Budget Office

Attachments:

2017 Energy Imbalance Market Project - Detailed Business Case Analysis Report
Energy Imbalance Market Participation Analysis Memorandum from General Manager