

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
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* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the City Light Department; authorizing a large solar program for customers with solar photovoltaic systems sized larger than 100 kilowatts and not greater than two megawatts; and adding a new Section 21.49.083 to the Seattle Municipal Code.

Summary and background of the Legislation: This ordinance establishes a large commercial solar program for solar photovoltaic (PV) systems greater than 100 kW and not greater than 2 MW.

The number of solar rooftop PV systems in City Light's service territory is growing. Current state law divides the solar market by the capacity of the PV system. Per state law (chapter 80.60 RCW) City Light treats systems under 100 kW as net metered, whereby excess energy generation is banked annually and credited at the retail rate. City Light currently has approximately 3,000 net metered customers with a total generating capacity of approximately 20 MW.

For larger systems over 100 kW, customers are required to negotiate custom terms with City Light. Currently there are four systems larger than 100kW in our service territory, and each is administered through a custom agreement negotiated with the Department.

The large solar program addresses this policy gap by setting standards, rules, and rates for customers wishing to integrate PV systems that are too large to qualify for net metering under State and City law but are too small to be considered utility-scale bulk power producers. This program will provide a clear decision framework for commercial customers contemplating PV system investments, while also streamlining the business process for City Light.

Because this policy relates to an emergent customer need and new technology, it is structured as a pilot, to allow City Light opportunity to study financial and administrative impacts and adjust program parameters as needed.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes ___X___ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes __X__ No

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

The time-limited nature of this pilot program (2.5-year enrollment period) is intended to minimize potential financial risk for the utility and our customer-owners. We estimate that five to ten customers would participate during the pilot period. Assuming this program adds 1.5 MW of solar capacity and exports 25% of generated energy back onto City Light's system, this would result in a credit of \$10,000-\$15,000 annually to participating customers.

Is there financial cost or other impacts of *not* implementing the legislation?

This program proposal arises directly from customer requests for a more streamlined and standard policy path for installing large PV arrays. The current ad-hoc policy approach for large solar is a drain on staff resources, and it is not conducive to enabling customers to secure funding and set construction timelines. If Seattle is not sufficiently responsive, customers and developers might instead push for state legislation, in which case Seattle would lose the opportunity to establish our own policy parameters and lead the region in this area. Thus, it is in the City's best interest to demonstrate leadership by providing a standard offering.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

The program authorized by legislation supports the Climate Action Plan lead by the Office of Sustainability and the Environment (OSE) and the Living Building Challenge lead by the Department of Construction & Inspections (SDCI).

b. Is a public hearing required for this legislation?

No.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

e. Does this legislation affect a piece of property?

No

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

The program structure and pricing are intended to minimize the cost-shifting or subsidy of solar customers by general ratepayers, including those more vulnerable to increasing electric rates. Going forward, the utility is exploring options, beyond our solar grant program for

non-profits, to lower barriers so that customers (residential and commercial) have an opportunity to choose solar and other clean power alternatives.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

List attachments/exhibits below:

Summary Attachment 1 – Commercial Solar Program Pilot – Pricing Overview

Summary Attachment 2 – National Trends in Net Electric Metering and Distribution Generation Valuation Methods