

February 11, 2020

## MEMORANDUM

**To:** Transportation and Utilities Committee  
**From:** Eric McConaghy, Analyst  
**Subject:** Seattle City Light 2020-2021 Energy Conservation Target

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On February 19, Seattle City Light (SCL) will brief the Transportation and Utilities Committee (Committee) on Resolution 31932 that would adopt SCL's proposed energy conservation targets for 2020-2021 and 10-year conservation potential. The Committee's agenda also includes a public hearing on these topics.

### Background

Initiative 937 (I-937), also known as the [Energy Independence Act](#) (EIA), was passed by Washington state voters on November 7, 2006. To comply with the EIA<sup>1</sup>, utilities including SCL<sup>2</sup>, must pursue all energy conservation that is cost-effective, reliable and feasible. Utilities must identify the conservation potential for the utility over a 10-year period and then establish and make publicly available their two-year, conservation targets. The Washington State Department of Commerce oversees [compliance with EIA](#). The Washington Administrative Code calls for municipal utilities to adopt the EIA-required, two-year conservation targets after public notice and opportunity for public comment.<sup>3</sup>

### Energy Conservation Targets

SCL contracted with Cadmus, a technical consulting company, to complete the Conservation Potential Assessment (CPA) to estimate the "magnitude, timing, and costs of conservation resources" with SCL's service territory over the next 21 years. SCL's 131 square-mile service territory includes the City of Seattle, portions of seven adjacent cities, and parts of unincorporated King County. Cadmus completed the CPA for the time period of 21 years to provide inputs to SCL's next Integrated Resource Plan (IRP) covering the next 20 years. Council can expect to review and, if satisfactory, approve by resolution SCL's updated IRP later this year.

The CPA is also the source for SCL's conservation targets and potential over the next two and 10-year periods, respectively. Resolution 31932 would establish a 10-year conservation

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<sup>1</sup> Revised Code of Washington (RCW) 19.285.040. <https://app.leg.wa.gov/RCW/default.aspx?cite=19.285.040>. Last accessed 02/10/2020.

<sup>2</sup> EIA requires electric utilities serving at least 25,000 retail customers to use renewable energy and energy conservation. There are 18 utilities subject to the EIA.

<sup>3</sup> Washington Administrative Code (WAC) 194-37-070. <https://apps.leg.wa.gov/WAC/default.aspx?cite=194-37-070>. Last accessed 02/10/2020.

potential of 82.67 average megawatts and a conservation target of 21.27 average megawatts<sup>4</sup> for 2020-2021 based on the CPA. The biennial target measures SCL's conservation goal for the first two years of that period; and it is a subset of the 10-year conservation potential that measures the power savings made possible through all achievable, cost-effective measures.

The proposed target and potential for 2020-2021 are both less than the target and potential for the previous period adopted by [Resolution 31765](#). The 2020-2021 target of is a 13 percent decrease from the 2018-2019 conservation target. The 10-year conservation potential proposed to be established in Resolution 31932 is an 8.5 percent decrease compared to the previous iteration.

SCL explains the reduction in the target and potential as resulting from:

- (1) lower avoided energy costs;
- (2) increased stringency in building energy codes; and
- (3) already-attained conservation measures, such as using inexpensive, light-emitting diode (LED) lighting.

Generally, avoided energy costs are costs SCL would otherwise incur to acquire energy if conservation measures were not implemented. Lower avoided energy costs mean more expensive conservation measures are less cost-effective. Newer building energy codes with increased stringency in energy efficiency means that newly constructed buildings have less room for improvement in conservation compared to older buildings approved under previous energy code requirements. Finally, already-attained conservation is the "low-hanging fruit" of energy conservation that has largely been previously "picked."

### **Next steps**

If the Committee takes action on the resolution during the meeting on February 19, then Council could schedule final action on the resolution as soon as February 24.

cc: Kirstan Arestad, Executive Director  
Dan Eder, Deputy Director

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<sup>4</sup> An average megawatt (aMW) is defined as one million watts delivered continuously 24 hours a day for a year (8,760 hours). For scale, the CPA estimates SCL's annual 2020 sales of power to all residential customers as 364 aMW.