



Seattle City Light

EXPANDING CLEAN ENERGY OPPORTUNITIES IN WHOLESALE MARKETS

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WHY 5-YEAR AUTHORITY?

- Currently, City Light's Power Management division has the authority to execute agreements of up to two years in duration.
- City Light's resource portfolio is clean, flexible, has desirable environmental attributes and is **surplus** energy on an average water year basis.
- 5-year contract authority will allow City Light to **promptly respond to opportunities that can help reduce carbon emissions** by offsetting the need for carbon emitting resources produced and consumed by others.
- In recent years, two-year term limitation has been a barrier to **optimally monetize our resources** for the benefit of our rate-payers.

WHAT HAS CHANGED?

- **Wholesale Markets**

- Markets have matured and parties are transacting products that have multi-year variability and very short bidding windows.
- There is a strong desire to procure clean renewable resources in the west.
- There is increased interest in products with up to 5-year terms.
- Executive/Council legislative approval process is longer than bid windows.

- **City Light's Capabilities Have Matured**

- Robust risk management practices implemented
 - all transactions, regardless of contract length, follow policies & procedures as laid out in Wholesale Energy Risk Management (WERM) Policy and are approved by Risk Oversight Council (ROC).
- Decisions supported by resource optimization tools.
- Traders apply analytics, trading tools (OT), and their market experience to structure and manage complex wholesale transactions.

SOLUTION

- This legislation aims to equip City Light's wholesale operations team with expanded tools to successfully navigate changes in regional energy markets by offering our clean hydro to others on a longer term basis.



WHY IS THIS IMPORTANT TO CITY LIGHT?

- It aligns with the City's Climate Action Plan goals and the City's continued commitment to meet or exceed the goals of the Paris Agreement.
- It benefits customers by potentially increasing revenue streams and decreasing rate pressure.
- It provides additional flexibility for Power Marketing to optimize our resource portfolio.
- It helps keep up with industry norms and will help with evolving grid modernization trends in the wholesale and retail business lines.

EXAMPLES OF MISSED OPPORTUNITIES

Deal	2-year	5-year	Difference
Lucky Peak	\$2.5M/yr	\$3.5M/yr	\$1M/yr
Ancillary Services*	Unable to bid	\$1.2M	\$1.2M
5-yr Block	Unable to bid	\$5M	\$5M
California CCA	Unable to bid	~\$1.6-3.2M/yr	~\$1.6-3.2M/yr

*An ancillary service is something other than the traditional “energy” delivery service. Most can be categorized as grid reliability services such as frequency response or capacity reserves (the ability to respond to a given need).

CITY LIGHT

OUR MISSION

Seattle City Light is dedicated to delivering customers affordable, reliable and environmentally responsible electricity services.

OUR VISION

We resolve to provide a positive, fulfilling and engaging experience for our employees. We will expect and reinforce leadership behaviors that contribute to that culture. Our workforce is the foundation upon which we achieve our public service goals and will reflect the diversity of the community we serve.

We strive to improve quality of life by understanding and answering the needs of our customers. We aim to provide more opportunities to those with fewer resources and will protect the well-being and safety of the public.

We aspire to be the nation's greenest utility by fulfilling our mission in an environmentally and socially responsible manner.

OUR VALUES

Safety, Environmental Stewardship, Innovation, Excellence, Customer Care



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