

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
Seattle City Light	Jeffrey Wolf	Greg Shiring

*\* 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 the Department to enter and participate in the Western Resource Adequacy Program, including the ability to execute additional agreements necessary or convenient to participating in the Western Resource Adequacy Program; and ratifying and confirming certain prior acts.

**Summary and Background of the Legislation:**

The integrated regional power system is in transition. Studies, including a recent North American Electric Reliability Corporation (“NERC”) Long-Term Reliability Assessment, have observed unprecedented change in the electricity grid, causing concern about future resource adequacy. Customers are using more energy while the industry is retiring fossil fuel emitting generating plants. As generation of electricity from variable renewable resources grows, concern exists whether there will always be consistent capacity to meet customer demand.

This legislation seeks authority for City Light to participate in the Western Resource Adequacy Program (“WRAP”). Resource adequacy is a regulatory construct that ensures there will be sufficient resources available to serve electric demand under all but the most extreme conditions. This resource adequacy program provides benefits of enhanced coordination and increased visibility and transparency across the regional power system. It seeks to enhance and increase reliability for the system through the development of a risk pool.

The WRAP is a voluntary, proactive, industry-initiated and led effort developed by a diverse set of participants. The WRAP was developed with significant engagement by stakeholders including entities expected to participate in the program, as well as non-participant industry leaders from a variety of sectors including state regulators. City Light is and has been an active participant in the development of this program.

The Program design has two components, a Forward Showing Program (FS Program) and an Operational Program (Ops Program). The FS Program establishes regional metrics for the regional WRAP footprint and ensures the footprint has enough demonstrated capacity, well in advance of required performance, to meet established reliability metrics. The Ops Program creates a framework to provide participants with pre-arranged access to capacity resources in the Program footprint during times when a participant is experiencing an extreme event.

The Program seeks to achieve a balance between planning in a reasonably conservative manner but also to provide flexibility to protect customers from unreasonable costs.

The WRAP is currently in a “non-binding” phase beginning with the Winter 2022/2023 Season. The soonest participants can elect to enter the binding phase of the program is Summer 2025; however, participants can elect to remain in the non-binding phase for up to three years. The non-binding transition period allows the WRAP time to develop regional metrics and insight into regional resource constraints while giving participants time to understand how their resources perform against these metrics and time to procure any required resources. By Summer 2028 all participants must fully adhere to the Federal Energy Regulatory Commission (“FERC”) approved tariff provisions, and participation becomes binding for those who have elected to join. Additionally, any entity can withdraw from the program by providing a two-year notice. This two-year window is intended to provide sufficient time for the program to take the impact of a participant’s withdrawal into account and make any adjustments required to maintain reliability standards.

Based on current information, City Light intends to elect the latest binding season (Summer 2028) possible when executing the Western Resource Adequacy Program Agreement (“WRAPA”). This allows sufficient time for City Light to collect information on how WRAP is working, assess the resource adequacy of our portfolio, and exercise the opportunity to withdraw if we decide not to continue moving forward.

## 2. CAPITAL IMPROVEMENT PROGRAM

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

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget?       Yes  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?**

Any funds paid for City Light’s participation in this Program will come from existing appropriations to City Light’s Power Management Division. For years 2023 through 2027, the cost of the Program will be limited to administrative costs, which are not anticipated to require additional appropriation. Beginning in 2028, the WRAP obligations will become binding on City Light. Binding participation includes program charges for failing to meet its obligations under the program. City Light may terminate its participation in this Program upon two-year’s notice.

**Are there financial costs or other impacts of *not* implementing the legislation?**

Yes, in terms of lost opportunity for City Light to participate in this Program designed to assess regional adequacy and provide City Light with access to additional energy sources

should the need arise because of an extreme event. Additionally, by not participating at this early stage, City Light loses the ability to help shape the program from the beginning.

#### **4. OTHER IMPLICATIONS**

- a. Does this legislation affect any departments besides the originating department?**  
No.
- b. Is a public hearing required for this legislation?**  
No.
- c. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation?**  
No
- d. Does this legislation affect a piece of property?**  
No.
- e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

No, this ordinance seeks authority for City Light to participate in the WRAP which will help City Light better and more reliably meet the energy needs of its customers. It does not alter or reallocate budget from how City Light offers services to vulnerable or historically disadvantaged communities.

- f. Climate Change Implications**
  - 1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

This legislation will likely result in a decrease in carbon emissions. A goal of the WRAP is to use fewer resources overall by finding savings opportunities and pooling resources. The Program is part of an overall approach designed to meet customer needs for reliability and affordability while also advancing City Light's goals for sustainability and environmental stewardship.

By covering a large geographic footprint, the program is designed to capitalize on the benefits of regional diversity for renewable intermittent resources - including wind in the north intermountain west, hydro in the Pacific northwest, and solar in the desert southwest - and on differences in demand profiles across the region.

**2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle’s resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

This legislation may increase Seattle’s resiliency to climate change. With coordination and visibility across participants, the WRAP provides a more accurate, regional picture of energy resource needs and supply. It addresses resource adequacy and assures reliability through collaboration, taking advantage of operating efficiencies, geographic diversity, and sharing of pooled resources.

**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)?**

This legislation is consistent with City Light’s commitment to energy efficiency, resource adequacy, and reliability. The WRAP is the first program of its kind and will assist City Light in addressing concerns about future capacity needed to serve its customers at a time when the regional power grid is in transition and subject to fluctuations caused by increased demand, variable energy generation, and extreme weather caused by climate change.