

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

1. Legislation Title:

AN ORDINANCE relating to the City Light Department; amending Subsection 21.49.130.B of the Seattle Municipal Code to extend the Department’s authority to execute, implement, and administer contracts for periods of up to 60 months for wholesale marketing activity.

2. Summary and background of the Legislation:

This legislation increases City Light’s contracting authority from two years to five years to address recent changes in wholesale energy markets. The two primary changes are an increase in demand for longer-term contracts for energy resources, and an increase in demand for City Light’s clean hydro power due to several recent legislative and rule changes.

Seattle City Light, on average, has surplus renewable and clean power to sell in excess of their retail load. Over the last several years, City Light began seeing and receiving interest in transacting in a timeframe beyond the two-year contract limit (typically three to five years). The utility has not been able to bid on these opportunities because interested parties are seeking a rapid turnaround with the RFP process and deals are often signed before City Light can complete the administrative process, which requires Mayor and Council approval. Extending the limit to five years will expand market opportunities and allow the utility to optimize their resource portfolio, with the end goal of maximizing revenues for City Light rate payers.

A second change in the wholesale energy market is that new entities are now able to work directly with City Light to purchase clean renewable energy. Large customers such as Microsoft have won Washington Utilities and Transportation Commission approval to leave the traditional supply of Puget Sound Energy (PSE) to purchase their own renewable energy, and have PSE balance their supply. Microsoft issued an RFP with a 45-day response time for clean electricity supply. Also, under state law and rules in California, counties may now aggregate the citizens’ electric load and purchase supply under Community Choice Aggregation programs to buy clean energy and eliminate fossil fuel use in their electric supply. These changes increase the demand and expand the market for City Light’s clean power.

City Light's Wholesale Energy Risk Management Policies and Procedures (WERM) will continue to apply to these transactions with the same degree of due diligence, oversight and reporting that it applies today to all other wholesale market transactions. Modifications to the WERM will be made, as needed, to address changes to contract authority.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget? ___ Yes ___X___ No

- b. 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?

Yes. The proposed amendment to the Seattle Municipal Code would allow City Light to participate in marketing activity that it is currently unable to participate in due to timing issues. The impacts of participating in these new activities could positively impact City Light customers by buying or selling resources in a more cost-effective manner.

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

Yes, City Light would forgo opportunities that could positively impact customers by potentially keeping customers' rates low by deploying our own resources in the most efficient and cost-effective manner possible.

Over the past two years, City Light has missed several wholesale opportunities due to the current authority language limitations.

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. 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?

N/A

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).

N/A

List attachments/exhibits below: