



# SEATTLE CITY COUNCIL

## Legislative Summary

CB 119238

Record No.: CB 119238

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125575

In Control: City Clerk

File Created: 03/19/2018

Final Action: 05/04/2018

**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.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Mosqueda

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments:

Drafter: Alan.Matthews@seattle.gov

Filing Requirements/Dept Action:

**History of Legislative File**

Legal Notice Published:

Yes

No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	04/03/2018	Mayor's leg transmitted to Council	City Clerk			
	Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk						
	Notes:						
1	City Clerk	04/03/2018	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	04/05/2018	sent for review	Housing, Health, Energy, and Workers' Rights Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Housing, Health, Energy, and Workers' Rights Committee						

Notes:

- 1 City Council 04/16/2018 referred Housing, Health, Energy, and Workers' Rights Committee  
Action Text: The Council Bill (CB) was referred. to the Housing, Health, Energy, and Workers' Rights Committee  
Notes:
- 1 Housing, Health, Energy, and Workers' Rights Committee 04/26/2018 pass Pass  
Action Text: The Committee recommends that Full Council pass the Council Bill (CB).  
In Favor: 2 Chair Mosqueda, Member Bagshaw  
Opposed: 0
- 1 City Council 04/30/2018 passed Pass  
Action Text: The Council Bill (CB) was passed by the following vote, and the President signed the Bill:  
In Favor: 8 Councilmember Bagshaw, Councilmember González , Council President Harrell, Councilmember Johnson, Councilmember Juarez, Councilmember Mosqueda, Councilmember O'Brien, Councilmember Sawant  
Opposed: 0
- 1 City Clerk 05/02/2018 submitted for Mayor's signature Mayor
- 1 Mayor 05/04/2018 Signed
- 1 Mayor 05/04/2018 returned City Clerk
- 1 City Clerk 05/04/2018 attested by City Clerk  
Action Text: The Ordinance (Ord) was attested by City Clerk.  
Notes:
-

**CITY OF SEATTLE**

**ORDINANCE** 125575

**COUNCIL BILL** 119238

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.

WHEREAS, subsection 21.49.130.B of the Seattle Municipal Code provides specific authority for the City Light Department (“City Light”) to enter into contracts for the acquisition, exchange, or sale of short-term capacity or energy, or integration, transmission, or ancillary services; and

WHEREAS, in an average water year, City Light has substantial surplus renewable, clean power to sell as resources exceed retail load in its service area; and

WHEREAS, many localities/governmental entities and corporations have made a commitment to reduce their carbon footprint by purchasing fossil free electrical energy quite often not from their traditional supplier and are willing to pay a premium for clean energy; and

WHEREAS, specifically in Western Washington, Sound Transit, King County, the Cities of Bellevue, Mercer Island, Anacortes, and Snoqualmie, and other large customers such as REI, Target, and Starbucks are participating in Puget Sound Energy’s “Green Direct” program to purchase all their power from clean energy resources and are paying a premium for this over what they currently pay; and

WHEREAS, some of these entities acknowledge and support the fact that the retail energy they purchase directly from City Light is clean and fossil free and does not contain a “green premium” as noted in the Sound Transit resolution to participate in the PSE program; and

1 WHEREAS, very large customers such as Microsoft have won Washington Utilities and  
2 Transportation Commission approval to leave the traditional supply of PSE and purchase  
3 their own renewable power and have PSE deliver and balance their supply, and Microsoft  
4 issued an RFP with a 45-day response time for clean electricity supply; and

5 WHEREAS, under state law and rules in California, counties may now aggregate the citizens  
6 electric load and purchase supply under Community Choice Aggregation (CCA)  
7 programs to buy clean energy and eliminate fossil fuel use in their electric supply; and

8 WHEREAS, under CCA programs, large CCA's such as Silicon Valley Clean Energy Authority  
9 and Marin County Clean Authority issue RFP's for over 24 months of energy supply with  
10 response times for proposals of less than 45 days; and

11 WHEREAS, other public power utilities are supplying or competing to supply CCA's, such as  
12 Sacramento Municipal Utility District (SMUD) which will supply power to Valley Clean  
13 Energy Alliance beginning in 2018; and

14 WHEREAS, City Light's hydro power portfolio is highly competitive from a cost, reliability,  
15 and environmental perspective to supply the over 20 CCA's in California than those  
16 resources of utilities, which have natural gas-fired generation units, and other mixed fuel  
17 utilities; and

18 WHEREAS, City Light's hydro power and transmission portfolio is well situated to provide  
19 clean power more reliably and at a lower cost to these CCA's than their traditional in-  
20 state supplies of wind and solar which are often backed up by natural gas resources when  
21 wind and solar are not available; and

1 WHEREAS, City Light presently sells nearly all that surplus renewable, clean power at the  
2 prevailing wholesale market price in the Northwest which does not provide any premium  
3 for clean energy; and

4 WHEREAS, the prices are expected to continue to be very low in the traditional wholesale  
5 market due to zero marginal cost energy on the grid and the anticipated very low price of  
6 natural gas in the future which sets the wholesale energy price in most hours; and

7 WHEREAS, City Light faces increasing revenue pressure to provide high quality, reliable and  
8 affordable renewable energy to its customers;

9 WHEREAS, selling City Light's present clean hydro power for a premium may help reduce rate  
10 increases in the future; and

11 WHEREAS, certain timing constraints limit City Light's ability to actively and efficiently  
12 participate in wholesale clean energy market activities, including but not limited to  
13 responding to other electric utilities', CCA's, businesses', and independent power  
14 producers' requests for proposals which often have less than one month for a response;  
15 and

16 WHEREAS, current risk mitigation measures in City Light's Wholesale Energy Risk  
17 Management Policies and Procedures limit market transactions to a term of 24 months;  
18 and

19 WHEREAS, City Light's Wholesale Energy Risk Management Policies and Procedures will  
20 continue to apply with the same degree of due diligence, oversight, and reporting as it is  
21 applied today to all other wholesale market transactions and if needed, the policies and  
22 procedures will be modified, to address any risks associated with extending the term of  
23 the transacting authority; and

1 WHEREAS, the authority provided by subsection 21.49.130.B of the Seattle Municipal Code  
2 was amended by Ordinance 123578, passed by the City Council on April 11, 2011, to  
3 address contract authority limitations and specific clarifications needed for the daily and  
4 forward marketing purchases and sales of cost-effective power, transmission, and  
5 renewable energy credits; and

6 WHEREAS, the authority provided by subsection 21.49.130.B should be extended to 60 months  
7 to enable City Light to competitively respond to the requests for proposals for  
8 solicitations for clean energy and renewable integration products for terms that are often  
9 36 to 60 months in length. Terms longer than 60 months will require Executive and City  
10 Council approval; and

11 WHEREAS, City Light customers likely benefit from allowing City Light to engage in  
12 transactions in the wholesale energy markets for up to 60 months; NOW, THEREFORE,

13 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

14 Section 1. Subsection 21.49.130.B of the Seattle Municipal Code, which was last  
15 amended by the ordinance introduced as Council Bill 119224, is amended as follows:

16 **21.49.130 Authority.**

17 \* \* \*

18 B. Rule-making and contract authority

19 \* \* \*

20 2. Effectively managing its power supply portfolio to achieve balance between  
21 supply and customer demand requires that City Light transact in the wholesale energy markets  
22 for energy and transmission services and products, including the purchase or sale of short-term  
23 capacity or energy, or integration, transmission, or ancillary services. The Department may

1 therefore execute, implement, and administer contracts with any city or town, public utility  
2 district, governmental agency, municipal corporation, mutual association, broker, agent, or with  
3 any person, firm, or corporation, or any other member of the general public, outside its service  
4 area, for an effective term of not more than ((24)) 60 months from the month following the date  
5 on which the contract is first signed ("prompt month"), providing for the acquisition, exchange,  
6 or sale of capacity or energy, or integration, transmission, or ancillary services, or eligible  
7 renewable resources, which shall have the same meaning as defined by RCW 19.285.030, on  
8 terms most favorable to the Department under such circumstances and in compliance with state  
9 law, including RCW 43.09.210. Such acquisition, sale, or exchange shall be made on a basis  
10 representing the value of such capacity or energy, or integration, transmission or ancillary  
11 services, under then existing market conditions and may include provisions that require  
12 indemnification by the Department.

13 \* \* \*  
14

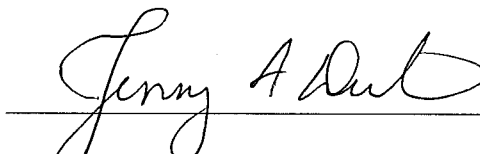
1 Section 2. This ordinance shall take effect and be in force 30 days after its approval by  
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the 30<sup>th</sup> day of April, 2018,  
5 and signed by me in open session in authentication of its passage this 30<sup>th</sup> day of  
6 April, 2018.

7 

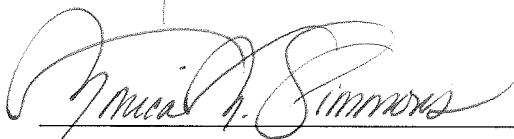
8 President \_\_\_\_\_ of the City Council

9 Approved by me this 4<sup>th</sup> day of May, 2018.

10 

11 Jenny A. Durkan, Mayor

12 Filed by me this 4<sup>th</sup> day of MAY, 2018.

13 

14 Monica Martinez Simmons, City Clerk

15 (Seal)