



Legislation Text

File #: CB 120160, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the City Light Department; adding a new section to Chapter 21.49 of the Seattle Municipal Code to establish the Renewable Plus Program; authorizing the City Light Department to implement and execute customer participation agreements; amending Seattle Municipal Code subsection 21.49.130.B to authorize the City Light Department to execute, implement, and administer contracts for the acquisition of eligible renewable energy resources, together with any necessary or convenient transmission, integration, or ancillary services related to such renewable energy.

WHEREAS, an increasing number of large, non-residential customers seek to address climate change by working with the City Light Department (“City Light”) to increase the supply of renewable energy in the Pacific Northwest region serving their operations in City Light’s service territory; and

WHEREAS, a majority of City Light’s hydroelectric energy supply, although carbon-neutral, does not qualify as renewable energy under current regulations and therefore City Light does not produce renewable energy certificates (“RECs”) associated with such energy, a non-power attribute valued by large non-residential customers with renewable energy goals; and

WHEREAS, City Light’s large non-residential customers have expressed specific interest in renewable energy programs beyond those authorized under the Seattle Municipal Code (Section 21.49.082, Net metering program; Section 21.49.083, Large Solar Program; and Section 21.49.084, Voluntary Green Power Programs) in order to meet their renewable energy goals; and

WHEREAS, City Light seeks to establish the Renewable Plus Program to meet the desires of its large non-residential customers who seek to increase the supply of renewable energy on the electric grid; and

WHEREAS, City Light seeks to offer the Renewable Plus Program in a manner that will have no material

financial impact on customers who do not participate in the Renewable Plus Program; and

WHEREAS, to increase the supply of renewable energy and integrate it into the energy mix as desired by City Light customers, City Light seeks to enter into one or more long-term power purchase agreements with one or more developers for the acquisition of new renewable energy, together with all associated environmental attributes, to City Light for the Renewable Plus Program; and

WHEREAS, to minimize the financial impact of Renewable Plus Program to non-participants, City Light will seek to enter into long-term agreements with large non-residential customers; and

WHEREAS, in order to further minimize the financial impact of the Renewable Plus Program to non-participants, City Light must secure long-term agreements from customers to determine the amount of renewable energy for the Renewable Plus Program prior to committing to the acquisition of any renewable resource for the Renewable Plus Program; and

WHEREAS, City Light expects to benefit from diversifying its energy supply portfolio to include additional wind and solar resources to improve grid resiliency and take advantage of market opportunities in the Western Energy Imbalance Market; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. To endeavor to meet certain renewable energy goals of the City Light Department's ("Department") large non-residential customers, the Department is authorized to establish the Renewable Plus Program to make renewable energy, together with associated renewable energy certificates ("RECs"), available to customers on a long-term subscription basis.

Section 2. Under the Renewable Plus Program, City Light is authorized to implement and enter into contracts with qualifying customers to purchase renewable energy, together with associated RECs, for a period not exceeding 20 years.

Section 3. A new Section 21.49.089 is added to the Seattle Municipal Code as follows:

21.49.089 Renewable Plus Program

A. The Department shall implement and offer a Renewable Plus Program that enables qualifying customers to purchase energy from renewable resources, together with associated RECs, on a long-term subscription basis. The Renewable Plus Program shall be open to customers demonstrating a minimum aggregated annual consumption of 10,000 megawatt hours (MWhs). The Department may implement additional rules and conditions associated with the Renewable Plus Program that are in the best interests of the Department and are necessary or convenient for the implementation and operation of the Renewable Plus Program.

B. The Department may execute long-term customer commitment contracts with qualifying customers to purchase energy and RECs associated with renewable resources for a period not exceeding 20 years.

C. The Department shall purchase all energy acquired for the Renewable Plus Program and will integrate it into its existing supply portfolio as business conditions allow.

D. The Department shall retire the Renewable Energy Certificates associated with the energy purchased by customers under the Renewable Plus Program with the Western Renewable Energy Generation Information System, or its successor organization, toward the associated renewable power served to participating customers.

Section 4. Customer agreements under the Renewable Plus Program will make performance by the parties contingent upon authorization by City Council of a Program Rate.

Section 5. To respond to customer requests for additional supply resources not in the Department's supply portfolio and to enable the Department to minimize the costs and risks of obtaining renewable energy from a resource, subsection 21.49.130.B of the Seattle Municipal Code, which was last amended by Ordinance 125575, is amended as follows:

21.49.130 Authority ((-))

* * *

B. Rulemaking and contract authority

1. The Department shall have authority to adopt and file as appropriate rules, regulations,

policies, and procedures relating to its performance of the provisions of this Chapter 21.49 and to the operation of the Department's light and power system. The Department may require compliance with such rules, regulations, policies, and procedures as a condition for the supply or continued supply of electric service.

2. Effectively managing its power supply portfolio to achieve balance between supply and customer demand requires that City Light transact in the wholesale energy markets for energy and transmission services and products, including the purchase or sale of short-term capacity or energy, or integration, transmission, or ancillary services. The Department may therefore execute, implement, and administer contracts with any city or town, public utility district, governmental agency, municipal corporation, mutual association, broker, or agent, or with any person, firm, or corporation, or any other member of the general public, outside its service area, for an effective term of not more than 60 months from the month following the date on which the contract is first signed ("prompt month"), providing for the acquisition, exchange, or sale of capacity or energy, or integration, transmission, or ancillary services, or eligible renewable resources, which shall have the same meaning as defined by RCW 19.285.030, on terms most favorable to the Department under such circumstances and in compliance with state law, including RCW 43.09.210. Such acquisition, sale, or exchange shall be made on a basis representing the value of such capacity or energy, or integration, transmission, or ancillary services, under then-existing market conditions, and may include provisions that require indemnification by the Department.

3. The Department may execute agreements with the Bonneville Power Administration providing for reimbursements from Bonneville of some or all of the costs of operating energy conservation programs authorized by the City Council. The Department shall determine that such agreements or amendments to such agreements shall not incur any indebtedness or the acceptance of moneys imposing any duties or obligations on the City that are inconsistent with the Department's budget appropriation for such energy conservation programs. The Department shall provide a written notification prior to the execution of such contracts and a copy of such contracts to the appropriate authorizing committee of the City Council.

4. The Department may execute contracts for the purchase or sale of environmental attributes, including but not limited to ((,)) renewable energy credits (RECs), ((green-house)) greenhouse gas offsets, and carbon credits to meet policy and regulatory requirements in a cost-effective and timely manner. The Department may enter into such contracts in advance of the target date for acquisition identified in the Department's Integrated Resource Plan or the date required by state or federal law. These purchases will be made within the Department's yearly budget authority limits. Sales will be made on an as-needed basis to balance demand with supply of these products, and to minimize overall costs to ratepayers.

5. The Department may execute contracts for the purchase or acquisition of cost-effective energy conservation resources for an effective term of not more than 84 months, provided that the payment terms for such contracts do not exceed 60 months. "Energy conservation resources" shall have the same meaning set forth in the Energy Independence Act, chapter 19.285 RCW, including, without limitation, long-term energy efficiency projects, new construction, whole-building performance, and pay-for-performance programs.

6. In order to meet the requirements of the Renewable Plus Program, the Department may execute contracts with any city or town, public utility district, government agency, municipal corporation, mutual association, broker, or agent, or with any person, firm, or corporation, or any other member of the general public, outside its service territory providing for the acquisition or exchange of capacity or energy, or integration, transmission, or ancillary services, of renewable resources, which shall have the same meaning as defined by RCW 19.280.020 for a term of not more than 20 years. The Department shall endeavor to match the term of the acquisition contracts with the needs and requirements of the Renewable Plus Program customer contract terms. Such acquisition or exchange of capacity, energy, or services shall be made on a basis representing the value of such capacity or energy, or integration, transmission, or ancillary services, under then-existing market conditions, and may include provisions that require indemnification by the Department.

* * *

Section 6. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if

not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2021, and signed by me in open session in authentication of its passage this ____ day of _____, 2021.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2021.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2021.

Monica Martinez Simmons, City Clerk

(Seal)