

SUMMARY and FISCAL NOTE*

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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

a. **Legislation Title:** A RESOLUTION relating to the City Light Department; acknowledging and approving City Light's adoption of a biennial energy conservation target for 2018-2019 and a ten-year conservation potential.

b. Summary and background of the Legislation:

To comply with RCW 19.285 (also known as I-937 or the Energy Independence Act), City Light must establish and make publicly available a biennial acquisition target for cost-effective conservation and a ten-year conservation potential. This Resolution establishes a 24.5 average megawatt (aMW) conservation target for 2018-2019 and a ten-year conservation potential of 90.3 aMW.

Initiative 937 was passed by Washington state voters in November 2006 to establish renewable and energy efficiency targets for electric utilities serving more than 25,000 retail customers. In complying with RCW 19.285.040, each qualifying utility shall pursue all available conservation that is cost-effective, reliable, and feasible. RCW 19.285.040 (1)(a) states: "By January 1, 2010, using methodologies consistent with those used by the Pacific Northwest electric power and conservation planning council in the most recently published regional power plan as it existed on June 12, 2014, or a subsequent date as may be provided by the department or the commission by rule, each qualifying utility shall identify its achievable cost-effective conservation potential through 2019. Nothing in the rule adopted under this subsection precludes a qualifying utility from using its utility specific conservation measures, values, and assumptions in identifying its achievable cost-effective conservation potential. At least every two years thereafter, the qualifying utility shall review and update this assessment for the subsequent ten-year period."

And, RCW 19.285.040 (1)(b) states: "Beginning January 2010, each qualifying utility shall establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its identification of achievable opportunities in (a) of this subsection, and meet that target during the subsequent two-year period. At a minimum, each biennial target must be no lower than the qualifying utility's pro rata share for that two-year period of its cost-effective conservation potential for the subsequent ten-year period;"

WAC 194-37-070 Section (5) provides further guidance that the development of the biennial target and the ten-year potential should follow the methodologies used by the Northwest Power and Conservation Council (NWPPC) and this section offers a series of methodical details to ensure consistency with this regional effort. Section (4) also calls for electric

utilities to “establish its ten-year potential and biennial target by action of the utility’s governing board, after public notice and opportunity for public comment.”

City Light initiated a Conservation Potential Assessment (CPA) to identify the biennial acquisition target and the ten-year potential for the service territory. City Light hired the consulting firm Cadmus to complete the CPA that is consistent with the methodology outlined in both RCW 19.285.040 and WAC 194-37-070 and is also consistent with the Northwest Power and Conservation Council’s methodology used for their Seventh Power Plan. This CPA has identified a total of 24.5 aMW being achievable within the City Light service territory for 2018-2019 and a total conservation potential of 90.3 aMW for the ten-year period starting in 2018.

City Light anticipates meeting or exceeding the 24.5 aMW biennial target for 2018-2019. It is anticipated that City Light’s proposed 2018 and the spending plan adopted in the Strategic Plan’s rate path for the 2019 budget will be sufficient to meet the biennial acquisition targets. No increase in budget levels for either 2018 or 2019 is expected to be necessary as a result of this legislation.

This Resolution is necessary as outlined in WAC 194-37-070 section (4) which states “Each utility must establish its ten-year potential and biennial target by action of the utility’s governing board, after public notice and opportunity for public comment.” We anticipate this Resolution being heard at the September 12, 2017 meeting of the Energy Committee.

As a point of reference, this is the fifth Resolution to establish the biennial target and ten-year potential for the utility. The most recent legislation, Resolution #31631 established the 2016-2017 conservation target of 25.62 aMW and ten-year potential 128.1 aMW. The 2018-2019 target of 24.5 aMW is a small decrease from the 2016-2017 conservation target of approximately 4.4%. Other than the energy savings target and ten-year potential, this Resolution is nearly identical to Resolution #31631 in its language and intent.

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?

There is no direct financial impact of implementing this legislation; the adoption of this Resolution is an administrative formality designed to comply with state law. However, failing to meet the biennial conservation targets may result in an administrative penalty outlined in RCW 19.285.060: “(1) Except as provided in subsection (2) of this section, a qualifying utility that fails to comply with the energy conservation or renewable energy targets established in RCW 19.285.040 shall pay an administrative penalty to the state of Washington in the amount of fifty dollars for each megawatt-hour of shortfall. Beginning

in 2007, this penalty shall be adjusted annually according to the rate of change of the inflation indicator, gross domestic product-implicit price deflator, as published by the bureau of economic analysis of the United States department of commerce or its successor.”

City Light’s proposed 2018 budget and the spending plan adopted in the Strategic Plan’s rate path for the 2019 budget provide the resources necessary to meet the target and it is anticipated that adequate resources will be available to meet the biennial acquisition targets for 2018-2019. City Light does not expect to propose any significant increase in budget levels to implement this legislation.

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

There is no direct financial cost of not implementing this legislation. However, City Light is required by state law to set the conservation targets as outlined in RCW 19.285.040. City Light anticipates meeting the conservation targets with anticipated budgets.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No

b. Is a public hearing required for this legislation?

Yes. Consistent with WAC 194-37-070 section (4), the utility must establish its ten-year potential and biennial target by action of the utility’s governing board, after public notice and opportunity for comment.

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?

No, this resolution sets an overall savings target for Seattle City Light, but does not alter the way the organization offers services to vulnerable or historically disadvantaged communities.

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 is not a new initiative or major programmatic expansion; this effort is consistent with Seattle City Light’s commitment to energy efficiency.