



SEATTLE CITY COUNCIL
CENTRAL STAFF

Resolution 32130

Update to Wholesale Energy Risk Management (WERM) Policy

SUSTAINABILITY, CITY LIGHT, ARTS & CULTURE COMMITTEE
JULY 15, 2024

Wholesale Energy Risk Management (WERM) Policy

The WERM Policy is the City's *plan of action* for City Light to *mitigate financial risk* resulting from City Light's necessary participation as a buyer and seller of *wholesale energy and related products*.

History

2008: Resolution 31053 - City adopts the original WERM Policy in the aftermath of the Western Energy Crisis

2015: Resolution 31616 - Most recent and 5th adoption of WERM Policy update

The updates have kept pace with City Light's development of sophisticated and well-balanced set of internal roles and committee structures to ensure that appropriate risk policies are developed, implemented, and monitored

Resolution 32130 – WERM Policy Update

- City Light briefed the Committee on March 13, 2024
- Central Staff and City Light staff have cooperated to revise the update to the WERM Policy to better incorporate Council's interests

WERM Policy Update Version 2

1. Council's authority to adopt amendments to the WERM Policy;
2. Regular financial risk status reports to Council and their frequency;
3. Annual internal audits;
4. Need assessment and scoping for independent audit every five years; and
5. Affirmative responsibility to report to the City Council and the Mayor any failure to implement WERM Policy that has created a significant and material financial risk to City Light:
 - General Manager/ Chief Executive Officer
 - Chief Financial Officer
 - Director of Risk Oversight
 - City Light's internal audit team

Amendments

- Two amendments sponsored by Councilmember Woo
- Amendment 1 would replace the transmitted version of the WERM Policy (Version 1) with Version 2
- Amendment 2 would revise the language of recitals in RES 32130 to accurately describe the effects of Version 2. *The Committee should only consider this amendment if the Committee approves Amendment 1*

Questions?