

SUMMARY and FISCAL NOTE

| Department: | Dept. Contact: | CBO Contact: |
|--------------------|-----------------------|---------------------|
| Seattle City Light | Lori Moen | Greg Shiring |

1. BILL SUMMARY

Legislation Title

AN ORDINANCE relating to the City Light Department; authorizing the Department to establish eligibility requirements for customers participating in the Renewable Plus Program and charging a rate for the delivery of dedicated renewable energy and its associated Renewable Energy Credits supplied by the Department under the Renewable Plus Program; and amending Section 21.49.089 of the Seattle Municipal Code.

Summary and Background of the Legislation

This legislation seeks to provide the Department with authority to establish participant eligibility rules for the Renewable Plus Program so that if the Department has sufficient renewable resources, it may expand the Program offering to include customers with less than the current aggregated annual consumption requirement of 10,000 megawatt hours (MWhs). It also sets a Renewable Plus Program rate, which is in addition to the standard rate, for the 2026-2028 timeframe to offset the additional cost of providing this service.

In September of 2021, the City Council approved Ordinance 126437 which amended Section 21.49 of the Seattle Municipal Code to establish the Renewable Plus Program and authorized the City Light Department to execute customer participation agreements. The legislation further amended Seattle Municipal Code Chapter 21.49.130B to authorize City Light Department to execute power purchase agreements with renewable energy providers for the Renewable Plus Program.

Renewable Energy Projects

In 2023, City Light Power Management issued an RFP to solicit power projects. Staff developed a set of criteria to identify those projects meeting the requirements of City Light’s supply resource needs including the Renewable Plus program. Two projects were identified as top candidates to supply the renewable energy required for the Renewable Plus program. Power Purchase Agreements (PPAs) were negotiated and subsequently executed and are expected to deliver approximately 210,000 – 230,000 MWh annually. The projects are both solar and output will vary from year to year.

Customer Subscription

The City Light Department has engaged large customers meeting eligibility requirements to solicit their interest in participating. Additionally, customers not meeting the 10,000 MWh eligibility threshold have expressed a desire to participate. Several customers have signed a “letter of intent” to participate, thereby securing their reservation in the program. Current program reservations total roughly 70% of the guaranteed generation from the dedicated

Renewable Energy Projects. Additionally, City Light has executed a participation agreement with one large customer for 80,000 MWh. Remaining contracts will be secured following finalization of the program rate.

Program Rate and Methodology

A methodology to establish the billing rate for the program has been developed to account for the incremental costs associated with delivering this resource to subscribed participants. The program rate is comprised of two components: program administration costs and a calculation to account for the impacts to the renewable energy credit (REC) value. A REC is a market-based instrument that tracks and assigns ownership to renewable generation. A REC is issued when one megawatt-hour (MWh) of electricity is generated and delivered to the electricity grid from a qualified renewable energy resource. Under the Renewable Plus Program, RECs are retired on behalf of participating customers in the Western Renewable Energy Generation Information System (WREGIS), which is an independent web-based tracking system that covers the Western interconnection territory.

The initial rate will be fixed for a three-year period. Following the initial rate period, the Renewable Plus Program rate will be updated as part of the Department’s general rate ordinance package. The term for Customer participation agreements is 15 years. Program participants have the option to exit the program at the end of the first pricing period.

Renewable Plus program subscribers will be charged the Renewable Plus program rate which will be added to their existing, standard City Light billing rate. The rate for 2026-2028 will be \$0.0147/kWh.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? No

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from This Legislation:

| Fund Name and Number | Dept | Revenue Source | 2025 Revenue | 2026 Estimated Revenue |
|----------------------------------|-------|-----------------------------------|--------------|------------------------|
| Seattle City Light Fund 41000 | Light | Voluntary program subscription | \$0 | \$1,176,000 |
| TOTAL | | | \$0 | \$1,176,000 |

Revenue/Reimbursement Notes: The proposed program rate is 1.47cents/kWh. One customer has signed a Participation Agreement (PA) for 80,000,000 kWh/yr. The program is anticipated to start on January 1, 2026, contingent upon completion of generation facilities and interconnection, so pro-rated estimated revenue for 2026 is \$1,176,000. If more customers sign PAs, participation and revenue will be higher.

3.c. Positions

This legislation adds, changes, or deletes positions.

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

No impacts

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

No costs

Please describe any financial costs or other impacts of *not* implementing the legislation.

City Light customers are relying on the Renewable Plus program to launch Q1 2026 to meet their sustainability goals. Not passing this legislation would result in lost time and opportunity for these customers to identify and secure alternative pathways.

4. OTHER IMPLICATIONS

a. Please describe how this legislation may affect any departments besides the originating department.

N/A

b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.

No

c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response, please consider impacts within City government (employees, internal programs) as well as in the broader community.

- This legislation is designed to minimize impact to non-participants by charging program subscribers for the incremental costs associated with program delivery. This tenant is set forth in Section 21.49.089 of the Seattle Municipal Code.

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.

- Attached to this Summary and Fiscal Note

iii. What is the Language Access Plan for any communications to the public?

- This program is communicated to large commercial and industrial customers through City Light's Business Account Services team.

d. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.

N/A

ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

N/A

e. 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)? What mechanisms will be used to measure progress towards meeting those goals?

N/A

5. CHECKLIST

Is a public hearing required?

- Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?**
- If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?**
- Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**

6. ATTACHMENTS

Summary Attachments:

Summary Attachment 1 – Renewable Plus – Racial Equity Analysis