

SUMMARY and FISCAL NOTE

| Department: | Dept. Contact: | CBO Contact: |
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| City Light | Jennifer Finnigan | Christie Parker |

1. BILL SUMMARY

Legislation Title: A RESOLUTION relating to the City Light Department; acknowledging and approving the City Light Department’s adoption of a biennial energy conservation target for 2026–2027 and ten-year conservation potential.

Summary and Background of the Legislation:

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 16 average megawatt (aMW) conservation target for 2026-2027 and a ten-year conservation potential of 78 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.

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.” The adoption of this resolution by the City Council in an open public meeting will maintain our compliance with state law.

Every two years City Light initiates a Demand Side Management Potential Assessment (DSMPA) (formerly known as the Conservation Potential Assessment (CPA)) to identify the biennial acquisition target and the ten-year potential for the service territory. City Light hired a consulting firm (Cadmus) to support the DSMPA consistent with the methodologies outlined in RCW 19.285.040 and WAC 194-37-070 and to be consistent with the Northwest Power and Conservation Council’s methodology used for their 2021 Power Plan. This DSMPA has identified a target of 16 aMW within the City Light service territory for 2026-2027 and a total conservation potential of 78 aMW for the ten-year period starting in 2026. City Light anticipates meeting or exceeding the 16 aMW biennial target for 2026-2027 and believes the spending plan and rate path adopted via Resolution 32319 for the 2025-2030 Strategic Plan Update will be sufficient to meet the biennial acquisition targets.

As a point of reference, this is the ninth Resolution to establish the biennial target and ten-year potential for the utility. The most recent legislation, Resolution #32134 established the 2024-

2025 conservation target of 18 aMW and ten-year potential of 79 aMW. The 2026-2027 target of 16 aMW is a decrease from the 2024-2025 target. Other than the energy savings target and ten-year potential, this Resolution is similar to Resolution #32134 in its language and intent.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☐ Yes ☒ No

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.

There is no direct financial impact of implementing this legislation; the adoption of this Resolution is an administrative requirement of state law. However, failing to meet the biennial conservation target 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.”

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.

City Light makes substantial energy efficiency investments every year and expects to do so in the future. The Department builds its capital budget expecting conservation measures will, in general, be relatively close to historical levels and have a similar cost of acquisition. City Light has sufficient CIP & O&M budget in 2026. If the cost of acquisition increases, City Light may require higher O&M and/or CIP budget in 2027 to meet the two-year target. If so, City Light will incorporate incremental conservation budget needs in the 2027-2032 Strategic Plan’s rate path.

Please describe any financial costs 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. Failing to meet the biennial conservation target may result in an administrative penalty.

4. OTHER IMPLICATIONS

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

Within the budget for conservation, Seattle City Light directs funding to the following departments:

- \$3M annually to the Office of Housing in support of the HomeWise Weatherization Program,
- \$1.2M annually to the Office of Sustainability and Environment for policy development, and grant coordination.
- \$547K annually to the Seattle Department of Construction and Inspections for energy code development, compliance, and outreach.

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.**

The adoption of this Resolution is an administrative requirement of state law to set a conservation target using methodology set by the Northwest Power and Conservation Council.

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

The adoption of this Resolution is an administrative requirement of state law to set a conservation target using methodology set by the Northwest Power and Conservation Council.

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

The adoption of this Resolution is an administrative requirement of state law to set a conservation target using methodology set by the Northwest Power and Conservation Council.

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.**

This resolution supports a decrease in carbon emissions by establishing two- and ten-year energy conservation targets. Conservation helps to reduce City Light's carbon emissions by saving energy and helping to reduce overall load, ultimately helping City Light's hydroelectric resources meet most of our demand.

- 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.**

This resolution supports Seattle's resiliency to climate change by establishing two- and ten-year energy conservation targets. Energy efficiency helps to reduce carbon emissions, as stated above.

- 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?**

This is not a new initiative or major programmatic expansion; this effort is consistent with City Light's longstanding commitment to conservation.

5. CHECKLIST

- ☒ **Is a public hearing required?**
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.
- ☐ **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: None.