

SUMMARY and FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
City Light	Mike Haynes/684-3260/3618	Greg Shiring/386-4085

1. BILL SUMMARY

Legislation Title: AN ORDINANCE related to the City Light Department; authorizing the General Manager and Chief Executive Officer of City Light to execute a Reliability Coordinator Funding Agreement with Peak Reliability, Inc.

Summary and background of the Legislation: This legislation enables Seattle City Light to enter a 5-year Reliability Funding Agreement with Peak Reliability, Inc. When the Western Electricity Coordinating Council (WECC) was bifurcated into WECC and Peak Reliability, Inc. (Peak), a temporary funding mechanism was authorized under WECC to allow time for Peak to complete its formation. The formation of Peak has been completed and the temporary funding mechanism expires on December 31, 2015. This legislation creates the permanent funding mechanism between Seattle City Light and Peak.

2. CAPITAL IMPROVEMENT PROGRAM

This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

This legislation does not have direct financial implications.

4. OTHER IMPLICATIONS

a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**

No. The financial assessments paid to Peak Reliability are already in the City Light budget.

b) **Is there financial cost or other impacts of not implementing the legislation?**

Seattle City Light is a member of the Western Interconnection with Peak Reliability functioning as the Reliability Coordinator (RC). To put it simply, the RC is the “air traffic controller” for the Western Interconnection. Like an air traffic controller they monitor the flow of electricity from all entities to ensure acceptable distribution of power, look for trouble spots on transmission lines and proactively ensure that all entities are operating in accordance with WECC standards, in conjunction with North American Electric Reliability Corporation (NERC) standards. Additionally the RC tracks all purchases and sales of power to ensure that no one entity is attempting to manipulate the energy market. Such manipulation is a serious violation of the Federal Energy Regulatory Commission (FERC) Anti-Manipulation Rule, 18 C.F.R. § 1c. Violation of

this rule carries multi-million dollar fines and potential for criminal action and enforcement. Without the support of Peak Reliability in the role of RC, Seattle City Light will not be able to function as a registered entity, nor would we be able to buy/sell power.

c) Does this legislation affect any departments besides the originating department?

The Seattle City Light Internal Compliance Office is preparing the legislation on behalf of Seattle City Light Power Management division. Power Management has funded City Light's WECC financial obligations for the last 3 years. Additionally, this division has paid for Peak Reliability financial obligations for 2014 and 2015. Wayne Morter, Director of Power Management, is aware of the requirements to enter into an agreement with Peak, as he budgets for these obligations annually.

d) Is a public hearing required for this legislation?

No.

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

A publication of notice in The Daily Journal of Commerce and/or The Seattle Times is not required.

f) Does this legislation affect a piece of property?

This legislation does not affect a piece of property.

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

This legislation will not impact vulnerable or historically disadvantaged communities.

h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.

This legislation does not include a new initiative or major programmatic expansion. We are simply conducting the same business, but in a different financial format than previous years.

i) Other Issues:

List attachments below: