Seattle City Light

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July 1, 2016

Honorable Bruce A. Harrell
President
Seattle City Council
City Hall, 2nd Floor

Honorable Kshama Sawant
Chair
Energy and Environment Committee
City Hall, 2nd Floor

Dear Council President Harrell and Committee Chair Sawant:

As members of the 2016 Integrated Resource Plan (IRP) Stakeholder Group, we would like to offer our support for the proposed 2016 IRP. The undersigned IRP Stakeholders recommend the "Accelerated Energy Efficiency, Hydro, and Wind" resource portfolio, also referred to as High Energy Efficiency, Hydro and Wind by the utility in other presentations. We feel that this portfolio best balances Seattle City Light's commitment towards reliable services, reasonable costs, and environmental stewardship. It is also the portfolio that best meets the City's existing policies to meet load growth with energy efficiency, clean renewable energy resources (Resolution 30144), and the newly adopted Resolution 31667 supporting clean and safe electricity production opposing the use of fossil fuels and new nuclear energy in the generation of electricity.

Overall, the 2016 IRP shows how City Light's long history of pursuing cost-effective energy efficiency programs, investing in its hydro generation resources, and acquiring renewable energy contracts and renewable energy credits has positioned City Light to ensure sufficient generation resources for more than a decade while simultaneously staying on track to meet the requirements outlined in Washington state's Energy Independence Act (I-937).

The IRP process identified three top performing portfolios from nine candidate portfolios. Each of these three top performing portfolios meet resource adequacy requirements and renewable portfolio standards. Because energy efficiency and hydro generation are the most cost-effective, environmentally friendly, and reliable resources, and dominate all three portfolios, the portfolios are thus very similar from a cost and risk perspective.

All three top portfolios have similar amounts of market purchase flexibility, as needed to be reliable and cost-effective. The three top portfolios all include by the end of the planning period similar levels of energy efficiency programming. The preferred portfolio "Accelerated Energy Efficiency, Hydro and Wind" includes the addition of hydro resources and wind resources to go along with an accelerated rate of energy efficiency program

implementation. The other top performing portfolios are "Base Energy Efficiency, Hydro and Gas" and "Base Energy Efficiency, Hydro and Wind". The "Base Energy Efficiency, Hydro and Gas" portfolio includes additions of hydro resources, renewable energy credits, and a combined-cycle turbine (with carbon emission costs included) to go along with a base level of energy efficiency programs. The other of the top three portfolios "Base Energy Efficiency, Hydro and Wind" includes the addition of hydro resources and wind resources with a base level of energy efficiency. Specifically, accelerated energy efficiency moves more achievement up to the first 10 years while base energy efficiency spreads the programs more steadily over the entire 20 year planning period.

The 2016 IRP analysis found that the "Base Energy Efficiency, Hydro and Gas" portfolio performed marginally better from a cost and risk perspective. However, this portfolio is incompatible with Resolution 30144 and Resolution 31667. The "Base Energy Efficiency, Hydro and Wind" portfolio and the preferred "Accelerated Energy Efficiency, Hydro and Wind" portfolio both meet the objectives of the Council resolutions. The recommended preferred portfolio performed better from a cost and risk perspective.

After our final review of the portfolio options considered and analyzed by City Light, we the undersigned stakeholders recommend and support the "Accelerated Energy Efficiency, Hydro, and Wind" portfolio. We continue to emphasize new energy efficiency programs, recognizing that new energy efficiency programs are the least-cost resource, offer greater long-term cost certainty and are environmentally friendly. We also

Furthermore, the 2016 IRP process shows that City Light should continue to monitor and evaluate its needs for new generation resources. As such, no plans are offered to pursue generation resources with the recommended portfolio.

To support its responsibility of providing reliable services, reasonable costs, and environmental stewardship, the utility will commit to continue to monitor and evaluate the following:

- forecasted load levels;
- western electricity market conditions;
- future resource reliability, availability, and deliverability;
- future resources costs, performance and potential financial impacts;
- climate change impacts;
- the potential impact on future portfolio options from emerging technologies, on both the supply and demand side; and
- the cost-effective amount of new energy efficiency programs

In two years, City Light will update the IRP with more current information to evaluate its long-term resource options. In the meantime, our recommendation is for the utility to

select the "Accelerated Energy Efficiency, Hydro, and Wind" portfolio to use as a planning guide.

Sincerely,

Jeremy Park, P.E.
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University of Washington

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CWT

[Signature]
[Type name], [Enter Organization]
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