

August 20, 2025

MEMORANDUM

To: Sustainability, City Light, Arts and Culture Committee
From: Eric McConaghy, Analyst
Subject: Council Bill 121062: 2028 Provider of Choice Contract Ordinance

On September 5, 2025 the Sustainability, City Light, Arts and Culture Committee (Committee) will discuss and possibly vote on Council Bill (CB) 121062. This legislation would authorize Seattle City Light (SCL) to execute a 16-year power purchase agreement with the Bonneville Power Administration (BPA) and related agreements beginning in 2028.

This memorandum provides relevant background information on the BPA power purchase agreement, briefly summarizes the bill and its attachments, and describes next steps.

Background and Summary

The new power purchase agreement would continue SCL's current and longstanding relationship with BPA extending back multiple decades¹. Under the existing 2012-2028 power supply contract, SCL purchases from BPA about 45 percent of the power SCL requires to serve its customers. Council authorized the execution of this contract via [Ordinance 122805](#) in 2008 and the previous contract spanning 2001 to 2011 via [Ordinance 120068](#).

Currently, BPA's wholesale power rates average about \$41 per megawatt-hour (MWh). Under the proposed agreement, SCL estimates that this level of purchasing from BPA would continue at a similar price. SCL, along with other electrical utilities, would participate with BPA in a rate setting process every two years known as [Public Rate Design Methodology \(PRDM\)](#), consistent with the provisions of the [Northwest Power Act](#). In comparison, SCL's [2024 Integrated Resource Plan Progress Report](#) estimated energy purchases from non-BPA sources costing between \$71 and \$134 per MWh in the 2030s.²

Consistent with [Resolution 31383](#), SCL estimates the total costs and revenues to deliver power to its customers on a two-year cycle and proposes to Council the utility's updated Strategic Plan and rate path based on the calculations. Council typically adopts an updated SCL Strategic Plan and associated rate path by resolution in advance of passing an ordinance to establish new retail rates in the Seattle Municipal Code (SMC) later in the same year. City Light prepares its budget based on the codified rates. SCL includes BPA power purchase costs in this biennial engagement thus providing opportunity for Council oversight at least every other year. Council will next consider SCL's updated Plan and new rates in 2026.

¹ A detailed history is out of scope here. More information at: <https://www.bpa.gov/about/who-we-are/our-history> and <https://www.ppcpdx.org/about/public-power-history/>

² Wind power at \$71/MWh; Solar power at \$74/MWh; and Geothermal power at \$134/MWh

Actual BPA power costs can vary from the estimated costs. This variation is accommodated by provisions in [Seattle Municipal Code \(SMC\) 21.49.081](#) for an automatic BPA power cost adjustment (also known as a “pass-through”). SCL must apply the pass-through to customer bills to adjust to changes in BPA costs greater than \$1.5 million over 12 months. SCL sets the amount of the BPA cost adjustment upwards or downwards such that the cost difference, including taxes, is collected from or credited to customers over the subsequent 12-month period from the onset of the rate adjustment.

In summary, CB 121062 would authorize SCL’s General Manager and Chief Executive Officer (GM) for and on behalf of the City to sign and enter:

- a 16-year Provider of Choice power sales agreement with BPA;
- a related creditworthiness agreement with BPA; and
- and other related contracts necessary for implementation

These agreements will include a Provider of Choice Slice/Block Power Sales Agreement, and a Creditworthiness Agreement similar to the forms attached to this ordinance. The GM would also be authorized to agree to modifications and amendments of the forms throughout the 16-year term of the power sales agreement to the extent the GM determines such modification or amendment to be reasonably necessary to meet the needs of SCL.

Next Steps

If the Committee votes to recommend approval of CB 121062 on September 5, then Council could take final action on the CB as soon as September 16, 2025.

cc: Ben Noble, Director
Calvin Chow, Supervising Analyst