

**INTERDEPARTMENTAL MEMORANDUM OF AGREEMENT
REGARDING CITY OF SEATTLE ADMINISTRATION OF THE
WASHINGTON STATE CLEAN FUEL STANDARD PROGRAM**

This Interdepartmental Memorandum of Agreement (“Agreement”) is entered into between the following Departments of The City of Seattle: Seattle City Light (“SCL”); the Seattle Department of Transportation (“SDOT”); the Department of Finance and Administrative Services (“FAS”); and Seattle Public Utilities (“SPU”) – **SPU Agreement# 24-118-A**. Separately each Department may be referred to herein as a “Party,” or together, as the “Parties.”

RECITALS

WHEREAS, the Clean Fuels Standard, Chapter 70A.535 RCW (“Program”), was passed by the Washington State Legislature to support the deployment of low-carbon and zero-carbon transportation fuel technologies through a plan aimed at reducing the carbon intensity of fuel used and thereby reducing air pollution and greenhouse gas emissions, creating jobs and economic development; and

WHEREAS, the Program provides for the generation of Program credits from the dispensation of low-carbon and zero-carbon fuels in transportation activities where a credit represents one metric ton of carbon dioxide equivalent that would have otherwise been emitted when compared to the use of a fossil fuel such as gasoline or diesel; and

WHEREAS, the Program provides for the generation of credits from infrastructure activities that support the reduction of greenhouse gas emissions associated with transportation in Washington State such as zero emission vehicle refueling infrastructure, including DC fast charging infrastructure and hydrogen refueling infrastructure; and

WHEREAS, the Program enables a private market for the selling of credits to generators and users of transportation fuels not meeting a specified threshold for carbon emission; and

WHEREAS, the Parties are anticipated to generate credits under the Program which will be deposited into a single account identified on the Washington State Fuel Registration System (“WFRS”) and identified by the City’s federal employer identification number (“FEIN”); and

WHEREAS, the Program has rules and requirements on how the credits are generated, banked, traded, sold and otherwise managed (herein “Rules”); and

WHEREAS, the Program has restrictions on how monies obtained through the sale of credits can be spent, including specific restrictions on electric utility revenues (herein “Spending Restrictions”); and

WHEREAS, the Washington State Department of Ecology (“Ecology”) is authorized to impose monetary or other sanctions, including a participant’s suspension from the Program, for

the violation of Rules or Spending Restrictions.

WHEREAS, electric utilities, such as SCL, have a critical role in achieving the intent and goals of the Program due to significant credit generation potential, contributions to clean transportation market transformation, and responsibility for the electric grid; as a result, electric utilities are subject to additional Rules and Restrictions under the Program that other entities, such as SDOT, FAS, and SPU, are not subject to; and

WHEREAS, the Parties agree that a coordinated procedure needs to be established to govern the Parties participation in the Program to work together and reduce the likelihood of violations and sanctions, and the Parties desire to create transparent, predictable, and understandable interdepartmental dynamics regarding the City's participation in the Program.

NOW, THEREFORE, it is mutually agreed by and between the parties hereto as follows:

1. Program Fees:

SCL will pay the annual fee for City's participation in the Program. The fee is determined by Ecology in quarter one of each year and payment is due before the conclusion of quarter two as directed in RCW 70A.535.130.

2. Earning of Credits:

- a. To earn credits, each Party must do the following:
 - i. Designate and resource staff who will complete the required Program tasks per the Program protocol agreed upon in section 9 of this Agreement; and
 - ii. Successfully register eligible fuel supply equipment (FSE) such as EV chargers as described in section 5 of this Agreement; and
 - iii. Maintain up-to-date registration status of FSE when changes occur, such as upgraded or decommissioned equipment, as described in section 5 of this Agreement; and
 - iv. Successfully report eligible fuel dispensed from registered fuel equipment as described in section 6 of this Agreement;
- b. Because of the design of the WFRS, SCL will act as a credit aggregator for Parties' respective credit generation activity. WFRS tracks credits generated during each quarter and cumulatively; credits generated by each Party are measurable due to the mechanics of the Program and reporting structure. SCL will notify Parties of successful credit generation after each quarterly reporting deadline or when a Party requests credit inventory information.

3. Selling of Credits:

- a. Parties may choose to allow SCL to sell credits on their behalf or Parties may elect to independently sell credits.

- b. At the beginning of each compliance year and at the start of each compliance quarter, Parties will meet and agree to a credit arbitrage strategy that includes, but is not limited to, an agreed determination to sell or bank credits, the amount of credits to sell, which Parties' credits will be sold, the means in which credits are sold, the timeline in which the transaction can occur, and other parameters related to the decision to authorize the sale and approve any offers.
- c. The minutes from each meeting will be summarized in writing and circulated by SCL to the Parties.
- d. All funds from credit sales shall go to a City account maintained by the City Treasury. Funds will be distributed to each Party based on the following:
 - Proportional amount of credits submitted by each Party that comprised the credits associated with a specific transaction, and;
 - The value of each credit, which may be determined by the transactions' agreed upon price-per-credit, or in cases where that determination is not applicable, the average price-per-credit based on the total amount of revenue generated by the applicable transactions, and;
 - Any external costs associated with the credit transaction, such as third-party services or advertising, and;
 - Any City of Seattle costs associated with the credit transaction (excluding costs borne by SCL), such as costs borne by City Departments not party to this agreement.
- e. When SCL sells credits on behalf of all or a subset of the Parties and credits belonging to SCL are part of the proposed transaction, SCL agrees to cover all costs associated with the transaction unless the transaction involves a third party where each Party pays a pro-rata portion of the cost. Parties agree to cover all transaction costs if they choose to sell outside of SCL's planned credit transactions or when SCL sells credits on behalf of all or a subset of Parties and no SCL credits are part of the proposed transaction.
- f. Parties will work together in informing City Council, the Mayor's Office, Central Budget Office, and other necessary City Departments of credit sales, associated credit revenues, and budget processes that will adopt credit revenues.

4. Registration Requirements:

- a. Each party will be responsible for the generation, aggregation, verification and required formatting of all data necessary for registering eligible FSE as required in WAC 173-424-300. These registration activities include:
 - i. Submitting quarterly registration forms that detail eligible charging and

- refueling infrastructure, known as FSE, installations and key attributes; and
 - ii. Providing supplementary information Ecology may request related to FSE registration; and,
 - iii. Providing updates to existing registered FSE that may include but are not limited to upgraded FSE, new FSE located at the same address, decommissioned equipment, or changes to the use and purpose of equipment.
- b. Parties must submit quarterly registration data to Ecology through the WFRS platform within 30 days of the commencement of each compliance quarter (e.g., 30 days after March 31st) as requested by Ecology in WFRS guidance documentation. Parties must address any submittal issues associated with their respective FSE and collaborate with Ecology if additional information or work is required.
- c. Parties must properly document the FSE ID provided by Ecology when an FSE is successfully registered. These FSE IDs are required for submitting dispensation data as part of the reporting stage of compliance.
- d. Furthermore, Parties will install the appropriate hardware and/or software that enables the generation, storage, and analysis of dispensation data from FSE as indicated in WAC 173-424-420 (3)(d). Each Party is individually responsible for achieving this requirement for such Party's own FSE; failure to do so may result in the inability to successfully register FSE. This hardware and software must meet accuracy and precision thresholds set by Ecology that are required at the time of FSE registration. Options include utility meters, utility submeters, submetering hardware that is not a utility meter, electric vehicle supply equipment that has internal metrology (e.g., "smart" chargers), or on-board vehicle telematics. Parties will work together to develop a Citywide standard for City-owned or managed FSE that meets this requirement and enables coordinated and continued compliance with the Program.

5. Reporting Requirements

- a. Each Party will be responsible for the generation, aggregation, verification and required formatting of all data necessary for reporting its own eligible fueling activities as required in WAC 173-424-410 and 420. These reporting activities are:
 - i. Quarterly reporting forms that provide the fuel dispensed from each registered FSE along with relevant use case data and the assigned FSE ID; and
 - ii. Credit transfer report representing details of a mutually agreed credit transaction with a counterparty; and
 - iii. Annual reports that, amongst other requirements, verify final quarterly reports from the concurrent year and any credit transactions.
- b. Parties understand and agree that additional actions and data may be required

pertaining to Program reporting requirements that are not delineated here, and that each Party is responsible for complying with all applicable Program reporting requirements.

In addition, as an electric utility, SCL, must submit legally required annual reports, detailing utility expenditures using Program revenues to support legislated Program outcomes.

6. Maintenance of Records:

- a. Each Party will retain for a period of 10 years the underlying data, communication, analyses, information and any relevant records necessary for Program compliance as indicated in WAC 173-424-400.
- b. The Parties will create record retention protocol for the Program that is consistent and transparent. Elements shall include a secure SharePoint folder where all pertinent records will be retained, a list of all records that must be provided by each Party, roles and responsibilities within Party for record provision and review, and periodic meetings to ensure that all Program record retention requirements are met.

7. Spending Restrictions:

Electric utilities must spend all associated revenues on transportation electrification and enabling activities as required by RCW 70A-535.080.

- a. Electric utilities must spend credit revenue according to the following parameters:
 - 1) 50% of retail credit revenue on transportation electrification efforts or activities that enable transportation electrification
 - i. 60% of this revenue must meet equity and environmental justice outcomes prescribed in law
 - 2) The remaining 50% of utility retail credit revenue on projects identified in a list created by a joint effort of Ecology and Washington's Department of Transportation
 - i. Equity and environmental justice outcomes may be mandated or preferred depending on the specific allowable activity
- b. Parties must comply with Ecology guidance for expenditures set forth in Washington Healthy Environment for All (HEAL) Act, RCW 70A.02, and the City's RSJI requirements to the greatest extent possible.
- c. Parties will report all expenditure actions using credit revenues to SCL regardless of whether these actions are required to be reported to Ecology. Parties will develop an expenditure reporting process based on final guidance issued by Ecology and amend that process as needed to comply with any Ecology updates to its expenditure reporting requirements.

8. Administration:

- a. Parties will collaboratively develop a written Program protocol to reflect known and forecasted acquisition of eligible FSE, associated administrative expenses, and resourcing based on each Party's respective compliance obligation that results from departmental transportation electrification activities.
- b. As part of this Program protocol, Parties will determine respective staff for each of the WFRS user profiles and associated platform protocols. These user profiles will be responsible for key Program compliance actions such as Registration and Reporting. Parties will designate staff for each applicable role and provide such staff's contact information, title, and supervisor in a shared document that will be stored in the secure SharePoint folder described in section 6 of this Agreement. Parties may also elect to have SCL staff complete these responsibilities upon mutual agreement and upon reimbursement to SCL for SCL staff time.
- c. Parties will develop a plan to ensure all Program costs attributable to each Party are sufficiently paid by that Party, including labor performed by a specific Party on behalf of other Parties necessary for Program compliance.

9. Penalties and Costs:

Each Party agrees to cover any fines or penalties resulting from actions attributable to that Party. Parties will work directly with Ecology regarding any potential regulatory non-compliance associated with the Party, but only after consulting with SCL about the nature of the issue, ways in which to resolve said issue, including strategies to engage Ecology to achieve a mutually desired outcome.

10. Notice/Designated Representatives

Any communication or notice required or permitted pursuant to this Agreement shall be in writing via electronic mail and sent to the Designated Representative(s) of the applicable Department(s) as set forth herein.

The City Departments' Designated Representatives are:

SCL: Michael Breish, Partnership and Policy Advisor, Michael.breish@seattle.gov
Angela Song, Transportation Electrification Portfolio Manager,
Angela.Song@seattle.gov

SDOT: Alison Redenz, Streetcar Program Manager, alison.redenz@seattle.gov

FAS: Daniel Holmberg, Green Fleet and Fuel Manager, Daniel. Holmberg@seattle.gov
Chris Wiley, Fleet Division Director, Chris.Wiley@seattle.gov

SPU: Ashima Sukhdev, Corporate Policy, Ashima.Sukhdev@seattle.gov
Mauricio Mondragon, Fleets, Mauricio.Mondragon@seattle.gov

Any Party may change or designate an alternative Designated Representative, temporary or otherwise, by notifying all other Parties in writing.

11. Dispute Resolution

- a. Disputes between the Parties will be resolved using the process set forth in this Section. The Parties will first make every effort to promptly resolve disputes arising under this Agreement at the Designated Representative level. If agreement is not reached to a Party's satisfaction by the Designated Representatives, any Party's Designated Representative may notify the other Party's or Parties' Designated Representative(s) in writing of any problem or dispute that the Party believes needs resolution.
- b. The written notice shall include (a) a description of the issue to be resolved; (b) a description of the differences between the Parties on the issue; and (c) a summary of any steps taken to resolve the issue. Upon receipt of the written notice of request for dispute resolution, the other Parties' Management Team representatives will schedule a meeting and meet with the requesting Department's Management Team representative within ten (10) business days and attempt to resolve the dispute. Any resolution of the dispute requires the agreement of both or all of the Management Team representatives.
- c. If the Parties have not resolved the dispute within ten (10) business days after the meeting, at any time thereafter any Party may request that the dispute be elevated to the next level by notifying the other Parties' Designated Representatives in writing. The written notification shall include (a) a description of the remaining issues to be resolved; (b) a description of the differences between the Parties on the issues, (c) a summary of the steps already taken to resolve the issue, and (d) the resolution of any issues that were initially involved in the dispute. Upon receiving a written request that the dispute be elevated to the next level, a meeting shall be held within ten (10) business days, unless another time period is agreed upon by all Parties, between the Department Director-level representatives listed in the table below, to resolve the dispute. Any resolution of the dispute requires the agreement of all Department Director-level representatives.

<u>For SCL:</u> Dawn Lindell General Manager and CEO Seattle City Light	<u>For SDOT:</u> Greg Spotts Director Seattle Department of Transportation
<u>For SPU:</u> Andrew Lee	<u>For FAS:</u> Kiersten Grove

General Manager and CEO Seattle Public Utilities	Acting Department Director Department of Finance and Administrative Services
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12. Effective Date/ Termination

This Agreement will become effective when signed by all Parties and will start on the date signed by the last Party. This Agreement will remain in effect unless or until it is terminated for any reason by written agreement between all Parties.

Any Party may withdraw from this Agreement by giving written notice of withdrawal to all other Parties at least thirty (30) days prior to the effective date of withdrawal, including the reasons for withdrawal. Any written notices of withdrawal shall be given at the addresses for notice provided in Section 10 of this Agreement. Termination or withdrawal will not absolve any Party of its pending or existing obligations under the Agreement.

13. Amendment

Provisions of this Agreement may be revised as necessary only by mutual written consent of all Designated Representatives. Any amendment to this Agreement will be in writing and approved by all Parties. Parties will review this Agreement one month prior to the commencement of the ensuing compliance year or within one month after Ecology promulgates changes to the Program that result in material impacts to Parties’ compliance with Program.

IN WITNESS WHEREOF, the Parties have executed this Agreement by having their Designated Representative sign below:

Dawn Lindell General Manager and CEO	 <small>Dawn Lindell (Jul 2, 2024 18:06 PDT)</small>	07/02/2024
Greg Spotts Director Seattle Department of Transportation Seattle City Light	 <small>Greg Spotts (Jul 2, 2024 13:36 PDT)</small>	07/02/2024
Andrew Lee General Manager and CEO Seattle Public Utilities	 <small>Andrew Lee (Jul 10, 2024 15:19 PDT)</small>	07/10/2024
Kiersten Grove Acting Department Director Department of Finance and Administrative Services	 <small>Kiersten Grove (Jul 2, 2024 14:06 PDT)</small>	07/02/2024











Interdepartmental MOA Clean Fuel Standards - 6.20.24 CLEAN

Final Audit Report

2024-07-10


Created:	2024-07-02
By:	Bridget Molina (Bridget.Molina@seattle.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAfHYw-GegYofx3p_PTp0aV1ieeUomwqQ8

"Interdepartmental MOA Clean Fuel Standards - 6.20.24 CLEAN" History


-  Document created by Bridget Molina (Bridget.Molina@seattle.gov)
2024-07-02 - 8:21:10 PM GMT- IP address: 156.74.250.7
-  Document emailed to Dawn Lindell (Dawn.Lindell@seattle.gov) for signature
2024-07-02 - 8:24:00 PM GMT
-  Document emailed to Greg Spotts (greg.spotts@seattle.gov) for signature
2024-07-02 - 8:24:01 PM GMT
-  Document emailed to Andrew Lee (ANDREW.LEE@SEATTLE.GOV) for signature
2024-07-02 - 8:24:01 PM GMT
-  Document emailed to Kiersten Grove (kiersten.grove@seattle.gov) for signature
2024-07-02 - 8:24:01 PM GMT
-  Email viewed by Greg Spotts (greg.spotts@seattle.gov)
2024-07-02 - 8:36:10 PM GMT- IP address: 174.224.206.189
-  Agreement viewed by Greg Spotts (greg.spotts@seattle.gov)
2024-07-02 - 8:36:14 PM GMT- IP address: 174.224.206.189
-  Document e-signed by Greg Spotts (greg.spotts@seattle.gov)
Signature Date: 2024-07-02 - 8:36:26 PM GMT - Time Source: server- IP address: 174.224.206.189
-  Agreement viewed by Francine Johnson (francine.johnson@seattle.gov)
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-  Email viewed by Kiersten Grove (kiersten.grove@seattle.gov)
2024-07-02 - 9:06:21 PM GMT- IP address: 104.47.64.254

 Agreement viewed by Kiersten Grove (kiersten.grove@seattle.gov)

2024-07-02 - 9:06:24 PM GMT- IP address: 156.74.250.10

 Document e-signed by Kiersten Grove (kiersten.grove@seattle.gov)

Signature Date: 2024-07-02 - 9:06:39 PM GMT - Time Source: server- IP address: 156.74.250.10

 Agreement viewed by David Logsdon (david.logsdon@seattle.gov)


2024-07-02 - 11:51:34 PM GMT- IP address: 156.74.250.7

 Email viewed by Dawn Lindell (Dawn.Lindell@seattle.gov)

2024-07-03 - 1:05:20 AM GMT- IP address: 104.47.64.254

 Agreement viewed by Dawn Lindell (Dawn.Lindell@seattle.gov)


2024-07-03 - 1:05:21 AM GMT- IP address: 156.74.250.7

 Document e-signed by Dawn Lindell (Dawn.Lindell@seattle.gov)

Signature Date: 2024-07-03 - 1:06:01 AM GMT - Time Source: server- IP address: 156.74.250.7

 Agreement viewed by Mike Haynes (Mike.Haynes@seattle.gov)

2024-07-08 - 10:12:19 PM GMT- IP address: 104.156.103.106

 Email viewed by Andrew Lee (ANDREW.LEE@SEATTLE.GOV)

2024-07-10 - 8:53:32 PM GMT- IP address: 104.47.65.254

 Agreement viewed by Andrew Lee (ANDREW.LEE@SEATTLE.GOV)

Agreement hosted by Bridget Molina (Bridget.Molina@seattle.gov)

2024-07-10 - 8:53:43 PM GMT- IP address: 156.74.250.11

 Document e-signed by Andrew Lee (ANDREW.LEE@SEATTLE.GOV)

Signature Date: 2024-07-10 - 10:19:44 PM GMT - Time Source: server- IP address: 174.231.139.142

 Agreement completed.

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