

**SUMMARY and FISCAL NOTE\***

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*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

**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 2022-2023 and a ten-year conservation potential.

**Summary and background of the Legislation:**

To comply with RCW 19.285 (also known as I-937 or the Energy Independence Act), 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 an 18.7 average megawatt (aMW) conservation target for 2022-2023 and a ten-year conservation potential of 76.9 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 Conservation Potential Assessment (CPA) to identify the biennial acquisition target and the ten-year potential for the service territory. City Light hired the consulting firm (Cadmus) to support the CPA 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 Seventh Power Plan. This CPA has identified a total of 18.7 aMW being achievable within the City Light service territory for 2022-2023 and a total conservation potential of 76.9 aMW for the ten-year period starting in 2022. City Light anticipates meeting or exceeding the 18.7 aMW biennial target for 2022-2023 and believes the spending plan adopted in the Strategic Plan’s rate path is sufficient to meet the biennial acquisition targets.

As a point of reference, this is the seventh Resolution to establish the biennial target and ten-year potential for the utility. The most recent legislation, Resolution #31932 established the 2020-2021 conservation target of 21.27 aMW and ten-year potential of 82.67 aMW. The 2022-2023 target of 18.7 aMW is a decrease from the 2020-2021 conservation target of approximately 12%. Other than the energy savings target and ten-year potential, this Resolution is quite similar to Resolution 31932 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 amend the Adopted Budget?** \_\_\_ Yes  No

**Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

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 targets 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.”

City Light’s proposed 2022 budget and the spending plan adopted in the Strategic Plan’s rate path provide the resources necessary to meet the target and it is anticipated that adequate resources will be available to meet the biennial acquisition targets for 2022-2023. City Light does not expect to propose any significant increase in budget levels to implement this legislation.

**Is there financial cost 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. City Light anticipates meeting the conservation targets with the funding levels proposed in the 2022-2026 Strategic Plan.

**4. OTHER IMPLICATIONS**

**a. Does this legislation affect any departments besides the originating department?**

No

**b. Is a public hearing required for this legislation?**

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.

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

No

**d. Does this legislation affect a piece of property?**

No

**e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

No, this resolution sets an overall savings target for City Light, but does not alter the way the organization offers services to vulnerable or historically disadvantaged communities.

**f. Climate Change Implications**

**1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

This resolution supports a decrease in carbon emissions by establishing a two- and ten-year energy conservation target. Energy efficiency 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.

**2. 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 in f2.

**g. 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).**

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

**List attachments/exhibits below:**

Summary Att A - 2022 Conservation Potential Assessment—Volume I