

Summary and Fiscal Note

1. Legislation Summary

Department: Seattle City Light

Title: An ordinance relating to the City Light Department; authorizing the Department to enter into long-term agreements for the acquisition of electric power, including attributes, transmission, or ancillary services; and amending Section 21.49.130 of the Seattle Municipal Code.

Background: According to Seattle City Light's 2026 Integrated Resource Plan, the utility needs to acquire more than 1700 megawatts of new resources in the next decade.

The primary mechanism for acquiring these new resources will be through long-term contracts known as a Power Purchase Agreement (PPA) with a private developer.

Many utilities across the northwest are experiencing significant load growth and the availability of renewable energy from new and existing facilities is not keeping pace with demand from electric utilities and large energy users, particularly data centers. This means that purchasing generation resources is increasingly competitive and higher priced, especially for renewable energy resources.

Developers of utility-scale resources are moving more quickly, and City Light is better positioned to bid and negotiate favorable terms if it can provide assurances during negotiations that they are authorized to execute longer duration agreements. As a public utility that is committed to maintaining affordable rates, City Light is at a disadvantage under the current Seattle Municipal Code (SMC), which only authorizes City Light to execute, implement, and administer contracts for up to 60 months. This is increasingly challenging as City Light engages in the competitive bidding process for

renewable resources being developed that could be used to meet anticipated load growth.

This ordinance adds language to section 21.49.130 of the SMC to authorize City Light to execute agreements for a power delivery term up to 240 months for capacity energy, including attributes, integration, transmission and ancillary service, for the purpose of meeting the utility's long-term resource adequacy needs.

Summary Attachments: None

2. Capital Improvement Program (CIP)

Does this legislation create, fund, or amend a CIP Project?

Yes

No

3. Summary of Financial Implications

Does this legislation have financial impacts to the City?

Yes

No

3d. Other Financial Impacts

a. Does this legislation create any other financial impacts for The City of Seattle, such as direct or indirect costs, one-time or ongoing, that aren't mentioned above? If yes, please explain these impacts.

No.

b. If the legislation has costs that can be covered within the current budget, explain how. Does the department have extra resources in its budget to handle

these costs? Or does the department need to shift resources away from other work to handle these costs?

No.

c. What financial costs or other impacts might happen if this legislation is not implemented?

The authority provided to City Light by this ordinance should provide the utility with a more competitive position to secure long-term Power Purchase Agreements (PPAs) with more favorable financial terms for the utility and its customers.

d. How might this legislation affect other City departments besides the one that proposed it?

N/A

4. Other Impacts

a. Does this legislation require a public hearing?

Yes

No

b. Does this legislation require a notice to be published in The Daily Journal of Commerce and/or The Seattle Times?

Yes

No

c. Does this legislation affect a piece of property?

No.

d. Race and Social Justice Initiative impacts:

1. How does this legislation affect vulnerable or historically disadvantaged communities? How did you come to this conclusion?

Please consider both impacts within City government (like employees and internal programs) and in the broader community.

N/A.

2. Please attach any Racial Equity Toolkits or other racial equity analyses used to develop or assess this legislation.

N/A

3. What is the Language Access Plan for communicating with the public about this legislation?

N/A

e. Climate change impacts:

1. Emissions: Will this legislation significantly increase or decrease carbon emissions? Attach any studies or materials that inform your answer.

This legislation allows City Light to secure longer-term Power Purchase Agreements for non-carbon emitting renewable energy resources. This will help City Light meet the demand of its growing load due to building and transportation decarbonization, rather than relying on market purchases, potentially from unspecified resources.

2. Resiliency: Will this legislation make Seattle more or less able to adapt to climate change? If it reduces resiliency, explain what can be done to lessen the impact.

Resource adequacy is critical for City Light to meet its growing peak demand while the region also experiences increased extreme weather events (heat/cold) due to climate change.

f. If this legislation creates a new program or expands an existing one, what are the long-term, measurable goals? How will this legislation help achieve those goals? What methods will be used to track progress?

N/A

SCL Authority to Execute Power Purchase Agreements SUM
Jeffrey Wolf
D1a

g. Does this legislation create a non-utility CIP that involves shared funding with a non-City partner or organization?

N/A