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Summary and Fiscal Note

1. Legislation Summary

Department: City Light

Title: An ordinance relating to the City Light Department; amending Sections 21.49.084 and 21.49.087 of the Seattle Municipal Code to update the Voluntary Green Power Programs and Community Solar Program.

Background: A community solar program provides Seattle City Light customers with access to the benefits of solar power and energy storage without needing to install their own solar generation and storage projects. Community solar programs particularly help customers who do not have the resources required to install their own photovoltaic (PV) array.

In 2022, the Washington State Legislature passed Second Substitute House Bill 1814 which created the Community Solar Expansion Program (CSEP). The program's intent is to expand equitable access to renewable energy benefits through community solar projects. The program provides state incentives, not to exceed 100% of the installed cost of the portion of the project that provides direct benefits to two or more low-income utility customers, or nonprofits that focus on providing services to low-income individuals earning no more than 80% of area median income or 200% of the federal poverty level. It also provides up to $20,000 for reasonable administrative costs related to starting up the project for qualifying subscribers.

City Light has a time-limited opportunity to leverage CSEP funding to support an initial savings-based program providing financial benefit to income-qualified customers. City Light also intends to offer future iterations of the community solar program to include additional savings- and/or premium-based options for market-rate residential and commercial customers.

Ordinance 123479 granted City Light the authority to implement the first iteration of a community solar program, which launched in 2011 and ended in 2020. The Seattle Municipal Code (SMC) needs to be updated to allow new community solar program design options. Updates include:

1. SMC 21.49.087 – Community Solar Program

    A. Authorizes a voluntary program that allows customers to collectively participate in solar generation projects without needing to install a solar generation system on their premises subject to rules and eligibility criteria developed by the Department.

    B. Removes reference to a specific federal grant used to build the solar photovoltaic (PV) arrays when the 2011 program was launched;

    C. Removes reference to the specific energy crediting mechanism and allows discounts or other program benefits;

    D. Removes reference to how customers pay to participate;

    E. Allows the Department to charge a participation fee to cover program costs; and

F. Allows the Department to make updates to program agreements over time.

2. SMC 21.49.084 – Voluntary Green Power Program

A. Clarifies that the department may use funds generated from Voluntary Green Power Programs to fund Community Solar Program projects.

City Light's Distributed Energy Resources (DER) Strategy, 2022-2026 Strategic Plan, 2026-2029 Clean Energy Implementation Plan (CEIP), and Integrated Resources Plan (IRP) all prioritize increased customer solar generation and increased access to renewable energy for those historically left out of the clean energy transition. This legislation will allow City Light to develop Community Solar projects aligned with those strategic drivers.

Summary Attachments:

Summary Attachment A – Racial Equity Toolkit Draft

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2. Capital Improvement Program (CIP)

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

☒ No

This legislation does not create or amend a CIP project. However, Seattle City Light plans to include a new detail project within the Energy Efficiency CIP (MC-CL-WC2250) in the 2027 Proposed Budget.

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3. Summary of Financial Implications

Does this legislation have financial impacts to the City?

☒ Yes

3b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Revenue/Reimbursement Notes: This legislation authorizes City Light to charge participation fees and to provide credits, discounts, and other benefits to Community Solar Program participants. Any revenue adjustments due to the Community Solar Program will be reflected in one or more future budget action(s).

This legislation also positions City Light to apply for state incentives as described above.

3c. Positions

This legislation adds, changes, or deletes positions.

This legislation does not create positions. However, City Light anticipates that the Community Solar Program will need additional staff beginning in 2027. This staffing could be achieved through future position adjustments or future additional staff hires:

Program Administration

Staff: ~0.2 FTE annually plus 1-2 days per month for billing activities

Project Development

Staff: ~0.5 FTE for 24 months plus consultant technical support

Project O&M

Staff: ~0.2 FTE annually plus O&M contract

If additional position authority is needed, it will be requested in a future budget process.

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.**

To leverage funding currently available through the CSEP program established by House Bill 1814 (2022), City Light intends to use its existing operating budget to pay for program design costs. This budget is supported by funds generated by the Voluntary Green Power Program and other program budgets. City Light projects that development of 4 megawatts (MW) will cost approximately $14,253,000 and anticipates 90% reimbursement of that cost from the CSEP program. The reimbursement is reflected in a reduction in Seattle City Light's annual public utility tax (PUT) obligation, which averages $3.5-$3.7 million per month. City Light must apply to WSU and pay a $5,000 application fee, included in the total cost estimate, for pre-certification of each project so funds can be reserved. City Light then has up to two years to complete the project and apply for certification at which point City Light can reduce its PUT liability by the eligible project cost, as determined by WSU, up to approximately $11 million per fiscal year. City Light expects to construct projects over several years starting in 2028.

City Light plans to own these community solar projects and there will be ongoing operating and maintenance costs estimated at approximately $160,000 in year 1 and escalating annually for each year the project is operational (assumed 25 years operational life). Ongoing operating and maintenance costs, and non-reimbursed development costs, will be covered by a fee paid by participating customers.

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?** N/A

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

Without this legislation, Seattle City Light cannot offer a community solar program aligned with customer priorities.

The Integrated Resource Plan (IRP) set a goal of adding 250MW of customer solar by 2043. Leveraging CSEP external funding offsets a portion of the costs that would otherwise be required to meet this goal.

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

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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.

This legislation will positively affect highly impacted communities and vulnerable populations. Through community solar projects supported with CSEP funding, income-qualified customers will see a reduction in their energy bill and increased access to renewable energy. Future projects may be sited in highly impacted communities provided those communities want those projects and it is technically feasible to interconnect to the Seattle City Light distribution grid. Additionally, authorizing Seattle City Light to implement the next iterations of this program may lead to increased training and apprenticeship opportunities for members of those same communities. City Light understands it must coordinate internally and with other City departments to ensure enrollment is streamlined and easy. Additionally, City Light is coordinating on all outreach efforts with other departments (e.g. DON, OSE) to ensure vulnerable populations and highly impacted communities are not burdened by engagement efforts.

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

The Community Solar Core Team (internal City Light working group) completed a draft of the attached Racial Equity Toolkit, and it was reviewed by City Light's Race and Social Justice Initiative staff as well as a group of six Department of Neighborhoods (DON) Community Liaisons supporting the Community Solar program and related outreach/empowerment efforts with our customers. This is not a static document and must be reviewed at least quarterly and updated as needed to ensure we are accountable to outcomes identified in the toolkit and we are maximizing benefits, while minimizing harm and unintended consequences.

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

Any communications to the public will be planned in partnership with the Department's Communications team and will be translated into multiple languages and use plain language marketing.

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 is expected to decrease carbon emissions by facilitating the installation and operation of new solar photovoltaic (PV) arrays and energy storage in Seattle City Light's territory. Seattle City Light expects load growth and needs to satisfy that load with clean, renewable energy generation and peak load reduction. Building new projects on its distribution grid can reduce line losses and therefore reduce carbon emissions by reducing the need to generate and transmit power from far away sources. When paired with battery storage, customers will have the option to shift their loads away from peak hours and potentially replace diesel generators and access back up power during power outages.

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.

This legislation may increase Seattle' resiliency to climate change because some of the new solar PV projects may include battery energy storage and may be co-located with community-identified resilience hubs providing back up power during outages.

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?

The Clean Energy Transformation Act (CETA) (Chapter 19.405 RCW) requires a Clean Energy Implementation Plan (CEIP) for 4-year periods. The 2026-2029 CEIP prioritizes community solar by identifying it as a method to reduce household energy burden and as a 'Specific Actions & Equity' - 'Design and deliver an accessible Community Solar Program'.

The community solar program aims to build up to 4 MW of new solar generation interconnected on Seattle City Light's distribution grid.

The community solar program is part of a portfolio of Customer Renewable and Storage programs. Program status, progress toward targets and goals, and overall performance are reported internally on a monthly and quarterly basis. Seattle City Light is legally obligated (by the State) to report progress toward meetings its CEIP goals.

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

No.