

Ordinance No. 120111

Council Bill No. 113357

The City of Seattle Council Bill/Ordinance

AN ORDINANCE relating to the City Light Department; amending Seattle Municipal Code chapter 21.49 by adding sections establishing a net metering program and a rate class for new large loads, and by eliminating the minimum charge for customers served under Schedules MDC, MDS and MDD.

CF No. _____

Date Introduced: <u>AUG 21 2000</u>		
Date 1st Referred:	To: (committee) <u>Planning, Housing, Energy & Services, Education, Environmental File Rights, Commercial Policy Committee</u>	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage: <u>10-9-00</u>	Full Council Vote: <u>8-0</u>	
Date Presented to Mayor: <u>10-10-00</u>	Date Approved: <u>OCT 16 2000</u>	
Date Returned to City Clerk: <u>OCT 16 2000</u>	Date Published: <u>10/16</u>	T.O. <input type="checkbox"/> F.T. <input checked="" type="checkbox"/>
Date Vetted by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

9/7/00 Energy
* P.H.
SC, T

9/15/00 Energy
* P.H.
RC

9/29/00 Energy
* P.H.
M

10/5/00 Energy
* P.H.

This file is complete and ready
10-9-00 Pa
(EXC)

Law Department

Law Dept. Review

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: _____

Will

Councilmember

Committee Action:

9/7/07 Energy & Environmental Policy Committee - HELD OVER
* P.H.

JC, HW, PC Tabled Discussion/Vote

9/15/00 Energy and environmental Policy Committee - HELD OVER
* P.H.

PC, HW

9/29/00 Energy & Environmental Policy Committee - HELD OVER
* P.H.

ML, JC, HW, PC

10/5/00 Energy & environmental Policy Committee - [3-0 passed]
* P.H. HW, MP, PC (Substitute legislation)

This file is complete and ready for presentation to Full Council. Committee:

(initials)

10-9-00 **Passed As Amended**
(Excused: Compton)

Law Department

Law Dept. Review

OMP
Review

City Clerk
Review

Electronic
Copy Loaded

Indexed

ORDINANCE 120111

1
2
3 AN ORDINANCE relating to the City Light Department; amending Seattle Municipal Code chapter
4 21.49 by adding sections establishing a net metering program and a rate class for new large
5 loads, and by eliminating the minimum charge for customers served under Schedules MDC,
6 MDS and MDD.

7 WHEREAS, the City expects to implement a new customer information and billing system for the
8 Department early in 2001; and

9 WHEREAS, applying a minimum charge to customers served under Schedules MDC, MDS and MDD is
10 not compatible with the capabilities of the new billing system; and

11 WHEREAS, new and existing customers have notified the Department that they intend to increase their
12 consumption of electricity by more than 10 average MW over a period of 24 months or less and
13 have requested service at this higher level; and

14 WHEREAS, the incremental cost of supplying electricity to these customers is likely to be considerably
15 above the average cost of service to existing customers at current levels of consumption; and

16 WHEREAS, including such incremental costs in the revenue requirements that serve as the basis for
17 setting rates for all customers would result in higher rates for all customers; and

18 WHEREAS, the Pacific Northwest Power Planning and Conservation Act requires the Bonneville Power
19 Administration to set higher prices for electricity provided to customers whose consumption of
20 electricity increases by more than 10 average MW over any consecutive twelve-month period;
21 and

22 WHEREAS, chapter 80.60 of the Revised Code of Washington requires electric utilities to make
23 available a net metering program under which eligible customers may generate electricity for
24 their own use, and feed back any excess to and purchase any deficit from the customer's electric
utility; and

WHEREAS, the City of Seattle supports the development of new renewable energy technologies, which
allow its customers to move in a sustainable way toward a clean and more diverse energy future;
and

WHEREAS, a net metering program is expected to stimulate the use and development of new renewable
technologies, create environmental benefits to the community and provide an opportunity for the
Seattle City Light Department to improve its understanding of how to manage such resources
within its electrical system; and

WHEREAS, the Seattle City Light Department has reviewed public safety and system reliability issues
in connection with implementation of a net metering program in areas served by an underground



1 distribution network (as such term is defined in SMC 21.49.090), and has presented its findings
2 to the City Council; and

3 WHEREAS, the City Council has provided appropriate notice and opportunity for public comment on
4 such issues; and

5 WHEREAS, based on the information presented to it and in accordance with RCW chapter 80.60, the
6 City Council finds and determines that (a) protective equipment in a Seattle City Light
7 Department underground distribution network is designed for the one-way flow of power, and
8 that such protective equipment can fail explosively if used with two-way power flow, as will
9 occur in a net metering program, (b) in an underground distribution network, reverse power flow
10 from a customer participating in a net metering program (as hereinafter defined) to an
11 underground distribution network may cause protective equipment to open and can de-energize
12 the customer's service, and (c) because of such potential negative effects on public safety and
13 system reliability, the Seattle City Light Department net metering program, as herein defined and
14 authorized, shall not be available to customers served by an underground distribution network;
15 NOW, THEREFORE,

16 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

17 Section 1. Subsection 21.49.020.A of the Seattle Municipal Code, is amended as follows to add
18 three new definitions, "net metering program," "net metering system," and "new large load," which will
19 be numbered 20, 21 and 22 respectively, and to renumber current definitions 20 through 27 accordingly:

20 SMC 21.49.020 Definitions.

21 A. The following terms or abbreviations, as used in this chapter, have the following meanings:

22 ***

23 20. "Net metering program" means a Department program under which eligible customers that
24 operate net metering systems may generate electricity for their own use, sell the excess to the
Department and purchase any deficit from the Department.

21. "Net metering system" means a fuel cell or a facility for the production of electrical energy
that uses as its fuel either solar, wind, or hydropower; has a generating capacity of not more than
twenty-five kilowatts; is located on the customer's premises; operates in parallel with the electric



1 utility's transmission and distribution facilities; and is intended to offset part or all of that
2 customer's requirements for electricity.

3 22. "New Large Load" means any service fed from an expanded or a new installation equal to or
4 greater than 12.5 MVA of energized capacity installed within any consecutive 5-year period after
5 August 31, 2000. Installed capacity may be a measure of either dedicated feeder or transformer
6 capacity, with the following qualifications:

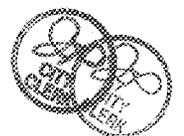
7 a. The measure of energized installed transformer capacity excludes any redundant transformer
8 capacity required in a network area.

9 b. Also excluded from the measure of energized installed transformer capacity is any redundant
10 capacity paid for by the customer, that is installed for the purpose of obtaining enhanced
11 reliability.

12 c. When the energized installed capacity is a measure of dedicated feeder capacity, the
13 installation shall not be considered a New Large Load until such time as the consumption is
14 confirmed to be equal to or greater than 10 annual average MW. The installation shall then
15 be back-billed on Schedule VRC, on a true-up basis, from the beginning of the twelve-month
16 period when the rolling average consumption equals or exceeds 10 annual average MW.

17 Customers anticipating becoming a New Large Load have the option of earlier proposing a
18 tailored delivery package pursuant to Section 21.49.059 (C).

19 d. Where a present customer relocates their existing service within the Department's service
20 area, the customer's previous load shall be considered to be transferred, establishing the
21 baseline from which increases will be measured.



1 ***

2 Section 2. Subsection 21.49.055 of the Seattle Municipal Code, is amended as follows to add a
3 new subsection E.

4 Section 21.49.055 Medium general service (Schedules MDC, MDS and MDD).

5 ***

6 E. When the City's new customer information and billing system is implemented, minimum
7 charges shall no longer apply to customers served under Schedules MDC, MDS and MDD.

8 ***

9
10 Section 3. A new section 21.49.059 is added to the Seattle Municipal Code, to read as follows:

11 21.49.59 New Large Load general service (Schedule NLL)

12 A. New Large Load general service is general service provided to a New Large Load.

13 1. The NLL rate shall not apply to individually metered services served from the
14 installed capacity of a New Large Load customer when such individually metered
15 service is a:

- 16 a. residential service individually metered and billed by the Department ; or
17 b. retail space individually metered and billed by the Department.

18 2. Any issues of load imbalance among the remaining non-retail and non-residential
19 tenants shall be addressed though an application for customer submetering pursuant
20 to SMC Section 21.49.100 (H) (3).

21 B. Unless otherwise superceded by an individually adopted contract rate pursuant to Subsection

22 C below, a New Large Load Customer shall be billed pursuant to the rates set forth in SMC
23 21.49.058, Schedule VRC.



1 C. Notwithstanding the one-year commitment otherwise provided in Schedule VRC, a New
2 Large Load customer may elect to work with the Department to create a more tailored power
3 delivery package either before a New Large Load is energized or after being billed under
4 Schedule VRC for any period of time.

5 1. Elements of a tailored power delivery package could include:

- 6 a. A power price indexed to alternate market price indices as in the Energy Charge
7 of Schedule VRC;
- 8 b. Pass-through cost of a specific power supply contract provided to the Department
9 by a third party;
- 10 c. A power price index rate, as in subsection (a) above, combined with the pass-
11 through of the cost of a specific power supply contract provided to the
12 Department by a third party, as in subsection (b) above;
- 13 d. Pass through of the costs, in whole or in part, of the Department's equity position
14 in a new generation resource;
- 15 e. A power price based upon the Department's estimated cost of purchasing power
16 for the New Large Load over an identified period, including an appropriate risk
17 premium for the power price risk that the Department would be assuming;
- 18 f. A rate based on the New Resources rate charged by the Bonneville Power
19 Administration for that portion of the customer's power needs the Department is
20 able to purchase from the Bonneville Power Administration under Bonneville's
21 current or future contract provisions for serving new large loads.



1 g. Supplementing purchased power with the Department's own generation
2 resources, provided the price of utilizing those resources is related to market
3 value; or

4 h. Other power purchase arrangements and associated prices that may be proposed
5 as a result of discussions between the Department and a New Large Load
6 customer.

7 2. Such a tailored power delivery package shall also include:

8 a. Energy and demand charges which reflect the incremental cost of providing
9 energy and capacity to meet the requirements of the New Large Load, including
10 the costs of transmitting energy to the Department's service area and the cost of
11 transmission losses, taxes, ancillary services and administrative services directly
12 related to the provision of New Large Load service;

13 b. The cost of mitigating greenhouse gas emissions associated with the provision of
14 energy to serve the New Large Load in accordance with Resolution 30144;

15 c. A delivery charge which reflects the incremental costs, other than costs incurred
16 in connecting the customer to the electrical delivery system, of delivering power
17 to the customer through the Department's transmission and distribution systems;
18 and

19 d. Charges to recover the costs of customer service, billing, public purpose programs
20 and streetlighting services

21 e. A term of five years, or less, except when exceptional circumstances or power
22 purchase arrangements justify a longer term.

23 3. Any such tailored power delivery package shall be adopted by ordinance.
24



1 D. In addition to installation costs under SMC 21.49.110 (T), a New Large Load customer shall
2 reimburse the Department for all costs incurred in extending distribution lines and providing
3 substation capacity to supply three-phase service to the New Large Load.

4
5 Section 4. City Light shall submit a report to the Energy and Environmental Policy Committee
6 by August 31, 2001 and yearly thereafter assessing the potential impact of both new large loads and
7 smaller dense loads on system costs, revenues, and net income. This analysis should include:

- 8 a. An assessment of how such loads are projected to contribute to overall system load;
9 b. An analysis of the specific effects of smaller dense loads and their impact on both
10 infrastructure needs and energy purchases;
11 c. An analysis of whether it may be appropriate to establish alternative new classes for these
12 customers, and an evaluation of alternative rate structures for this class (or classes) of
13 customers; and
14 d. A review of how other utilities, both public and private, have responded to these types of
15 loads.

16
17 Section 5. A new section 21.49.082 is added to the Seattle Municipal Code, to read as follows:

18 21.49.082 Net Metering Program

19 A. The Department shall offer a net metering program in accordance with Revised Code of
20 Washington chapter 80.60 and Seattle Municipal Code chapter 21.49. The Department shall
21 develop and enter into net metering agreements, consistent with such laws, with customers
22 desiring to participate in the net metering program. Customers are required to enter into net
23 metering agreements and to comply with their terms as a condition of participation in the net
24



1 metering program. The Department is authorized to establish policies and procedures for
2 implementing the net metering program.

3 B. The net metering program shall be available to customers that have net metering systems on a
4 first come, first served basis until such time as the cumulative nameplate capacity of such
5 systems exceeds 1.9 megawatts (0.1 percent of the Department's peak demand during 1996);
6 provided that the net metering program shall not be available to new customers using fuel cells
7 once the aggregate nameplate capacity of fuel cells in the net metering program equals 0.9
8 megawatts (0.05 percent of the Department's peak demand during 1996), and provided further
9 that the net metering program shall not be available to customers served by an underground
10 distribution network, unless safety concerns can be adequately addressed.

11 C. Net metering program customers shall be metered, billed and credited as follows:

12 (1) In accordance with its normal metering practices, the Department shall measure
13 the net electricity produced or consumed by each net metering program customer during
14 the billing period applicable to that net metering program customer's rate schedule for
15 electric service.

16 (2) If the electricity supplied to an net metering program customer by the Department
17 exceeds the electricity generated by that customer and fed back to the Department during
18 the billing period, that customer shall be billed in accordance with its then-current rate
19 schedule for the net electricity supplied by the Department. If electricity generated by an
20 net metering program customer and fed back to the Department exceeds the electricity
21 supplied by the Department during a billing period, that net metering program customer
22 shall be billed for all charges (including any minimum charges) applicable to that
23 customer's rate schedule, and shall be credited for the excess kilowatt-hours generated
24



1 and fed-back to the Department. A kilowatt hour credit shall appear on the bill for the
2 following billing period, shall be applied only to reduce the metered amount of kilowatt
3 hours billed by the Department to that customer, and shall be carried forward until the
4 end of each calendar year. At the beginning of the next calendar year, any unused
5 kilowatt-hour credit accumulated during the previous year shall be granted to the
6 Department, without any compensation to the net metering program customer.

7
8 Section 6. Any act pursuant to the authority and prior to the effective date of this ordinance is
9 hereby ratified and confirmed.

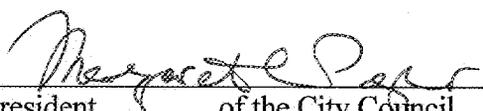
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

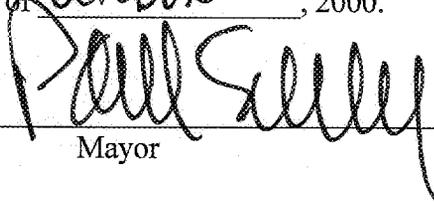
Section 7. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 9th day of October 2000, and signed by me in open session in authentication of its passage this 9th day of October, 2000.



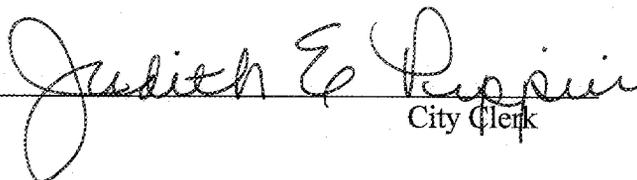
President _____ of the City Council

Approved by me this 16th day of OCTOBER, 2000.



Mayor

Filed by me this 16th day of October, 2000.



City Clerk

(Seal)





City of Seattle

Paul Schell, Mayor

Seattle City Light

Gary Zarker, Superintendent

August 15, 2000

The Honorable Margaret Pageler, President
Seattle City Council
600 Fourth Avenue
11th Floor, Municipal Building
Seattle, Washington 98104-1873

VIA: Joan Walters, Director City Budget Office

Dear Councilmember Pageler:

City Light Rates - Requested Legislation

Please find enclosed a proposed ordinance amending Section 21.49 of the Seattle Municipal Code related to electric rates.

The enclosed ordinance makes three changes to the rate ordinance adopted by the Council in November 1999.

First, the ordinance puts the Department in compliance with RCW 80.60 by creating a Net Metering Program for customers who install a fuel cell or other renewable generating device with up to 25 kW of capacity on their premises. Such customers will receive power from City Light in amounts equal to their total requirements minus the amount self-generated. If the customer generates more power than required, the balance will be delivered to the Department's distribution system, and the customer will receive a credit for that amount of power on the next billing statement. State law requires the Department to facilitate the installation of net metering systems up to 0.1% of system peak in 1996, or 1.9 MW in the case of City Light. The net metering program should foster the development of renewable resources and give the Department valuable experience in dealing with distributed generation.

Second, the ordinance creates a new rate class for customers whose consumption of electricity is expected to increase by 10 average MW or more over any consecutive 24 month period. There are a number of new or existing customers with expansion plans that will result in very large increases in the demand for energy in our system. With wholesale market

700 Fifth Avenue, Suite 3300, Seattle, WA 98104-5031

Tel: (206) 684-3000, TDD: (206) 684-3225, Fax: (206) 625-3709

An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.



Honorable Margaret Pageler, President
August 15, 2000
Page 2

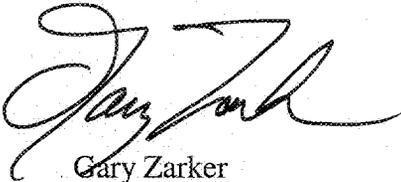
prices at historically high levels, serving this load growth will be very costly. In order to protect our existing customers from the potential rate impact of these higher costs, it is important that we ensure that the customers placing these large load increments on the system pay the full incremental cost of service. In order to accomplish this, the proposed ordinance authorizes the Department to enter into special contracts with such customers that specify the terms and conditions under which service will be provided and the charges that will be applied in order to recover the cost of service.

Finally, the proposed ordinance eliminates the minimum charge for customers in the Medium General Service class when the Consolidated Customer Service System is implemented. The new system will not have the capability of imposing a minimum charge on customers in this class. Eliminating the minimum charge will reduce the Department's annual revenues by about \$17,000.

In addition to this ordinance, I plan to submit for your consideration a second ordinance which will address the financial consequences of the high market prices that have characterized wholesale power markets this year.

Your favorable consideration of the enclosed draft ordinance is requested.

Yours truly,



Gary Zarker
Superintendent

JM:kk

Enclosures

cc: Paul Schell, Mayor
City Councilmembers
Joan Walters, Director City Budget Office
Jim Echert, City Budget Office
Will Patton, Seattle Law Department
Arlene Ragozin, Seattle Law Department



ORDINANCE _____

1
2
3 AN ORDINANCE relating to the City Light Department; amending Seattle Municipal Code chapter
4 21.49 by adding sections establishing a net metering program and a rate class for new large
5 loads, and by eliminating the minimum charge for customers served under Schedules MDC,
6 MDS and MDD.

7 WHEREAS, the City expects to implement a new customer information and billing system for the
8 Department early in 2001; and

9 WHEREAS, applying a minimum charge to customers served under Schedules MDC, MDS and MDD is
10 not compatible with the capabilities of the new billing system; and

11 WHEREAS, new and existing customers have notified the Department that they intend to increase their
12 consumption of electricity by more than 10 average MW over a period of 24 months or less and
13 have requested service at this higher level; and

14 WHEREAS, the incremental cost of supplying electricity to these customers is likely to be considerably
15 above the average cost of service to existing customers at current levels of consumption; and

16 WHEREAS, including such incremental costs in the revenue requirements that serve as the basis for
17 setting rates for all customers would result in higher rates for all customers; and

18 WHEREAS, the Pacific Northwest Power Planning and Conservation Act requires the Bonneville Power
19 Administration to set higher prices for electricity provided to customers whose consumption of
20 electricity increases by more than 10 average MW over any consecutive twelve-month period;
21 and

22 WHEREAS, chapter 80.60 of the Revised Code of Washington requires electric utilities to make
23 available a net metering program under which eligible customers may generate electricity for
24 their own use, and feed back any excess to and purchase any deficit from the customer's electric
utility; and

WHEREAS, the City of Seattle supports the development of new renewable energy technologies, which
allow its customers to move in a sustainable way toward a clean and more diverse energy future;
and

WHEREAS, a net metering program is expected to stimulate the use and development of new renewable
technologies, create environmental benefits to the community and provide an opportunity for the
Seattle City Light Department to improve its understanding of how to manage such resources
within its electrical system; and

WHEREAS, the Seattle City Light Department has reviewed public safety and system reliability issues
in connection with implementation of a net metering program in areas served by an underground



1 distribution network (as such term is defined in SMC 21.49.090), and has presented its findings
2 to the City Council; and

3 WHEREAS, the City Council has provided appropriate notice and opportunity for public comment on
4 such issues; and

5 WHEREAS, based on the information presented to it and in accordance with RCW chapter 80.60, the
6 City Council finds and determines that (a) protective equipment in a Seattle City Light
7 Department underground distribution network is designed for the one-way flow of power, and
8 that such protective equipment can fail explosively if used with two-way power flow, as will
9 occur in a net metering program, (b) in an underground distribution network, reverse power flow
10 from a customer participating in a net metering program (as hereinafter defined) to an
11 underground distribution network may cause protective equipment to open and can de-energize
12 the customer's service, and (c) because of such potential negative effects on public safety and
13 system reliability, the Seattle City Light Department net metering program, as herein defined and
14 authorized, shall not be available to customers served by an underground distribution network;
15 NOW, THEREFORE,

16 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

17 Section 1. Subsection 21.49.020.A of the Seattle Municipal Code, is amended as follows to add
18 three new definitions, "net metering program," "net metering system," and "new large load," which will
19 be numbered 20, 21 and 22 respectively, and to renumber current definitions 20 through 27 accordingly:
20 SMC 21.49.020 Definitions.

21 A. The following terms or abbreviations, as used in this chapter, have the following meanings:

22 ***

23 20. "Net metering program" means a Department program under which eligible customers that
24 operate net metering systems may generate electricity for their own use, sell the excess to the
Department and purchase any deficit from the Department.

21. "Net metering system" means a fuel cell or a facility for the production of electrical energy
that uses as its fuel either solar, wind, or hydropower; has a generating capacity of not more than
twenty-five kilowatts; is located on the customer's premises; operates in parallel with the electric



1 utility's transmission and distribution facilities; and is intended to offset part or all of that
2 customer's requirements for electricity.

3 22. "New large load" means any new development at a single site, or any coordinated expansion
4 of service to a current electric customer at a single site, that is expected to add 10 average MW or
5 more to the Department's system load over any consecutive 24-month period, commencing
6 November 1, 2000.

7 ***

8 Section 2. Subsection 21.49.055 of the Seattle Municipal Code, is amended as follows to add a
9 new subsection E.

10 Section 21.49.055 Medium general service (Schedules MDC, MDS and MDD).

11 ***

12 E. When the City's new customer information and billing system is implemented, minimum
13 charges shall no longer apply to customers served under Schedules MDC, MDS and MDD.

14 ***

15 Section 3. A new section 21.49.059 is added to the Seattle Municipal Code, to read as follows:

16 21.49.59 New large load general service (Schedule NGL)

17 A. New large load general service is general service provided to a new large load.

18 B. Charges to a customer receiving new large load general service shall be as specified in a
19 contract or contracts between the customer and the Department, which shall be adopted by
20 ordinance. Charges shall include the following elements:

21 Charges to reimburse the Department for costs incurred in connecting the customer to the
22 electrical delivery system.



1 Charges to reimburse the Department for costs incurred in extending distribution lines to
2 provide three-phase service to the new large load.

3 Energy and demand charges which reflect the incremental cost of providing energy and
4 capacity to meet the requirements of the customer, including the costs of transmitting
5 energy to the Department's service area and the cost of transmission losses, taxes,
6 ancillary services and administrative services directly related to the provision of new
7 large load service, and including further the cost of mitigating greenhouse gas emissions
8 associated with the provision of energy to serve the new large load in accordance with
9 Resolution 30144; provided that, if the Department is required to pay the New Resources
10 rate charged by the Bonneville Power Administration for power purchased to serve a new
11 large load customer, then cost of power at the Bonneville New Resources rate shall be
12 passed through to the new large load customer.

13 A delivery charge which reflects the incremental costs, other than costs incurred in
14 connecting the customer to the electrical delivery system, of delivering power to the
15 customer through the Department's transmission and distribution systems.

16 Charges to recover the costs of customer service, billing, public purpose programs and
17 streetlighting services

18 Section 4. A new section 21.49.082 is added to the Seattle Municipal Code, to read as follows:

19 21.49.082 Net Metering Program

20 A. The Department shall offer a net metering program in accordance with Revised Code of
21 Washington chapter 80.60 and Seattle Municipal Code chapter 21.49. The Department shall
22 develop and enter into net metering agreements, consistent with such laws, with customers
23 desiring to participate in the net metering program. Customers are required to enter into net
24



1 metering agreements and to comply with their terms as a condition of participation in the net
2 metering program. The Department is authorized to establish policies and procedures for
3 implementing the net metering program.

4 B. The net metering program shall be available to customers that have net metering systems on a
5 first come, first served basis until such time as the cumulative nameplate capacity of such
6 systems exceeds 1.9 megawatts (0.1 percent of the Department's peak demand during 1996);
7 provided that the net metering program shall not be available to new customers using fuel cells
8 once the aggregate nameplate capacity of fuel cells in the net metering program equals 0.9
9 megawatts (0.05 percent of the Department's peak demand during 1996), and provided further
10 that the net metering program shall not be available to customers served by an underground
11 distribution network.

12 C. Net metering program customers shall be metered, billed and credited as follows:

13 (1) In accordance with its normal metering practices, the Department shall measure
14 the net electricity produced or consumed by each net metering program customer during
15 the billing period applicable to that net metering program customer's rate schedule for
16 electric service.

17 (2) If the electricity supplied to an net metering program customer by the Department
18 exceeds the electricity generated by that customer and fed back to the Department during
19 the billing period, that customer shall be billed in accordance with its then-current rate
20 schedule for the net electricity supplied by the Department. If electricity generated by an
21 net metering program customer and fed back to the Department exceeds the electricity
22 supplied by the Department during a billing period, that net metering program customer
23 shall be billed for all charges (including any minimum charges) applicable to that
24



1 customer's rate schedule, and shall be credited for the excess kilowatt-hours generated
2 and fed-back to the Department. A kilowatt hour credit shall appear on the bill for the
3 following billing period, shall be applied only to reduce the metered amount of kilowatt
4 hours billed by the Department to that customer, and shall be carried forward until the
5 end of each calendar year. At the beginning of the next calendar year, any unused
6 kilowatt-hour credit accumulated during the previous year shall be granted to the
7 Department, without any compensation to the net metering program customer.

8 Section 5. Any act pursuant to the authority and prior to the effective date of this ordinance is
9 hereby ratified and confirmed.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24



1 Section 6. This ordinance shall take effect and be in force thirty (30) days from and after its
2 approval by the Mayor, but if not approved and returned by the Mayor within (10) days after
3 presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

4 Passed by the City Council the _____ day of _____, 2000, and signed by me in open
5 session in authentication of its passage this _____ day of _____, 2000.

6
7 _____
8 President _____ of the City Council

9 Approved by me this _____ day of _____, 2000.

10 _____
11 Mayor

12 Filed by me this _____ day of _____, 2000.

13
14 _____
15 City Clerk

16 (Seal)

17
18
19
20
21
22
23
24



ORDINANCE _____

1
2
3 AN ORDINANCE relating to the City Light Department; amending Seattle Municipal Code chapter
4 21.49 by adding sections establishing a net metering program and a rate class for new large
5 loads, and by eliminating the minimum charge for customers served under Schedules MDC,
6 MDS and MDD.

7 WHEREAS, the City expects to implement a new customer information and billing system for the
8 Department early in 2001; and

9 WHEREAS, applying a minimum charge to customers served under Schedules MDC, MDS and MDD is
10 not compatible with the capabilities of the new billing system; and

11 WHEREAS, new and existing customers have notified the Department that they intend to increase their
12 consumption of electricity by more than 10 average MW over a period of 24 months or less and
13 have requested service at this higher level; and

14 WHEREAS, the incremental cost of supplying electricity to these customers is likely to be considerably
15 above the average cost of service to existing customers at current levels of consumption; and

16 WHEREAS, including such incremental costs in the revenue requirements that serve as the basis for
17 setting rates for all customers would result in higher rates for all customers; and

18 WHEREAS, the Pacific Northwest Power Planning and Conservation Act requires the Bonneville Power
19 Administration to set higher prices for electricity provided to customers whose consumption of
20 electricity increases by more than 10 average MW over any consecutive twelve-month period;
21 and

22 WHEREAS, chapter 80.60 of the Revised Code of Washington requires electric utilities to make
23 available a net metering program under which eligible customers may generate electricity for
24 their own use, and feed back any excess to and purchase any deficit from the customer's electric
utility; and

WHEREAS, the City of Seattle supports the development of new renewable energy technologies, which
allow its customers to move in a sustainable way toward a clean and more diverse energy future;
and

WHEREAS, a net metering program is expected to stimulate the use and development of new renewable
technologies, create environmental benefits to the community and provide an opportunity for the
Seattle City Light Department to improve its understanding of how to manage such resources
within its electrical system; and

WHEREAS, the Seattle City Light Department has reviewed public safety and system reliability issues
in connection with implementation of a net metering program in areas served by an underground

1 distribution network (as such term is defined in SMC 21.49.090), and has presented its findings
2 to the City Council; and

3 WHEREAS, the City Council has provided appropriate notice and opportunity for public comment on
4 such issues; and

5 WHEREAS, based on the information presented to it and in accordance with RCW chapter 80.60, the
6 City Council finds and determines that (a) protective equipment in a Seattle City Light
7 Department underground distribution network is designed for the one-way flow of power, and
8 that such protective equipment can fail explosively if used with two-way power flow, as will
9 occur in a net metering program, (b) in an underground distribution network, reverse power flow
10 from a customer participating in a net metering program (as hereinafter defined) to an
11 underground distribution network may cause protective equipment to open and can de-energize
12 the customer's service, and (c) because of such potential negative effects on public safety and
13 system reliability, the Seattle City Light Department net metering program, as herein defined and
14 authorized, shall not be available to customers served by an underground distribution network;
15 NOW, THEREFORE,

16 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

17 Section 1. Subsection 21.49.020.A of the Seattle Municipal Code, is amended as follows to add
18 three new definitions, "net metering program," "net metering system," and "new large load," which will
19 be numbered 20, 21 and 22 respectively, and to renumber current definitions 20 through 27 accordingly:

20 SMC 21.49.020 Definitions.

21 A. The following terms or abbreviations, as used in this chapter, have the following meanings:

22 ***

23 20. "Net metering program" means a Department program under which eligible customers that
24 operate net metering systems may generate electricity for their own use, sell the excess to the
Department and purchase any deficit from the Department.

21. "Net metering system" means a fuel cell or a facility for the production of electrical energy
that uses as its fuel either solar, wind, or hydropower; has a generating capacity of not more than
twenty-five kilowatts; is located on the customer's premises; operates in parallel with the electric

1 utility's transmission and distribution facilities; and is intended to offset part or all of that
2 customer's requirements for electricity.

3 22. "New Large Load" means any service fed from an expanded or a new installation equal to or
4 greater than 12.5 MVA of energized capacity installed within any consecutive 5-year period after
5 August 31, 2000. Installed capacity may be a measure of either dedicated feeder or transformer
6 capacity, with the following qualifications:

7 a. The measure of energized installed transformer capacity excludes any redundant transformer
8 capacity required in a network area.

9 b. Also excluded from the measure of energized installed transformer capacity is any redundant
10 capacity paid for by the customer, that is installed for the purpose of obtaining enhanced
11 reliability.

12 c. When the energized installed capacity is a measure of dedicated feeder capacity, the
13 installation shall not be considered a New Large Load until such time as the consumption is
14 confirmed to be equal to or greater than 10 annual average MW. The installation shall then
15 be back-billed on Schedule VRC, on a true-up basis, from the beginning of the twelve-month
16 period when the rolling average consumption equals or exceeds 10 annual average MW.
17 Customers anticipating becoming a New Large Load have the option of earlier proposing a
18 tailored delivery package pursuant to Section 21.49.059 (C).

19
20
21 ***

22 Section 2. Subsection 21.49.055 of the Seattle Municipal Code, is amended as follows to add a
23 new subsection E.



1 Section 21.49.055 Medium general service (Schedules MDC, MDS and MDD).

2 ***

3 E. When the City's new customer information and billing system is implemented, minimum
4 charges shall no longer apply to customers served under Schedules MDC, MDS and MDD.

5 ***

6
7 Section 3. A new section 21.49.059 is added to the Seattle Municipal Code, to read as follows:

8 21.49.59 New Large Load general service (Schedule NLL)

9 A. New Large Load general service is general service provided to a New Large Load.

10 1. The NLL rate shall not apply to individually metered services served from the
11 installed capacity of a New Large Load customer when such individually metered
12 service is a:

13 a. residential service individually metered and billed by the Department ; or

14 b. retail space individually metered and billed by the Department.

15 2. Any issues of load imbalance among the remaining non-retail and non-residential
16 tenants shall be addressed through an application for customer submetering pursuant
17 to SMC Section 21.49.100(H) (3).

18 B. Unless otherwise superceded by an individually adopted contract rate pursuant to Subsection

19 C below, a New Large Load Customer shall be billed pursuant to the rates set forth in SMC
20 21.49.058, Schedule VRC.

21 C. Notwithstanding the one-year commitment otherwise provided in Schedule VRC, a New
22 Large Load customer may elect to work with the Department to create a more tailored power



1 delivery package either before a New Large Load is energized or after being billed under
2 Schedule VRC for any period of time.

3 1. Elements of a tailored power delivery package could include:

- 4 a. A power price indexed to alternate market price indices as in the Energy Charge
5 of Schedule VRC;
- 6 b. Pass-through cost of a specific power supply contract provided to the Department
7 by a third party;
- 8 c. A power price index rate, as in subsection (a) above, combined with the pass-
9 through of the cost of a specific power supply contract provided to the
10 Department by a third party, as in subsection (b) above;
- 11 d. Pass through of the costs, in whole or in part, of the Department's equity position
12 in a new generation resource;
- 13 e. A power price based upon the Department's estimated cost of purchasing power
14 for the New Large Load over an identified period, including an appropriate risk
15 premium for the power price risk that the Department would be assuming;
- 16 f. A rate based on the New Resources rate charged by the Bonneville Power
17 Administration for that portion of the customer's power needs the Department is
18 able to purchase from the Bonneville Power Administration under Bonneville's
19 current or future contract provisions for serving new large loads.
- 20 g. Supplementing purchased power with the Department's own generation
21 resources, provided the price of utilizing those resources is related to market
22 value; or



1 h. Other power purchase arrangements and associated prices that may be proposed
2 as a result of discussions between the Department and a New Large Load
3 customer.

4 2. Such a tailored power delivery package shall also include:

5 a. Energy and demand charges which reflect the incremental cost of providing
6 energy and capacity to meet the requirements of the New Large Load, including
7 the costs of transmitting energy to the Department's service area and the cost of
8 transmission losses, taxes, ancillary services and administrative services directly
9 related to the provision of New Large Load service;

10 b. The cost of mitigating greenhouse gas emissions associated with the provision of
11 energy to serve the New Large Load in accordance with Resolution 30144;

12 c. A delivery charge which reflects the incremental costs, other than costs incurred
13 in connecting the customer to the electrical delivery system, of delivering power
14 to the customer through the Department's transmission and distribution systems;

15 and

16 d. Charges to recover the costs of customer service, billing, public purpose programs
17 and streetlighting services

18 e. A term of five years, or less, except when exceptional circumstances or power
19 purchase arrangements justify a longer term.

20 3. Any such tailored power delivery package shall be adopted by ordinance.

21 D. In addition to installation costs under SMC 21.49.110 (T), a New Large Load customer shall
22 reimburse the Department for all costs incurred in extending distribution lines and providing
23 substation capacity to supply three-phase service to the New Large Load.



1
2 Section 4. City Light shall submit a report to the Energy and Environmental Policy Committee
3 by August 31, 2001 and yearly thereafter assessing the potential impact of both new large loads and
4 smaller dense loads on system costs, revenues, and net income. This analysis should include:

- 5 a. An assessment of how such loads are projected to contribute to overall system load;
6 b. An analysis of the specific effects of smaller dense loads and their impact on both
7 infrastructure needs and energy purchases;
8 c. An analysis of whether it may be appropriate to establish alternative new classes for these
9 customers, and an evaluation of alternative rate structures for this class (or classes) of
10 customers; and
11 d. A review of how other utilities, both public and private, have responded to these types of
12 loads.

13
14 Section 5. A new section 21.49.082 is added to the Seattle Municipal Code, to read as follows:

15 21.49.082 Net Metering Program

16 A. The Department shall offer a net metering program in accordance with Revised Code of
17 Washington chapter 80.60 and Seattle Municipal Code chapter 21.49. The Department shall
18 develop and enter into net metering agreements, consistent with such laws, with customers
19 desiring to participate in the net metering program. Customers are required to enter into net
20 metering agreements and to comply with their terms as a condition of participation in the net
21 metering program. The Department is authorized to establish policies and procedures for
22 implementing the net metering program.



1 B. The net metering program shall be available to customers that have net metering systems on a
2 first come, first served basis until such time as the cumulative nameplate capacity of such
3 systems exceeds 1.9 megawatts (0.1 percent of the Department's peak demand during 1996);
4 provided that the net metering program shall not be available to new customers using fuel cells
5 once the aggregate nameplate capacity of fuel cells in the net metering program equals 0.9
6 megawatts (0.05 percent of the Department's peak demand during 1996), and provided further
7 that the net metering program shall not be available to customers served by an underground
8 distribution network, unless safety concerns can be adequately addressed.

9 C. Net metering program customers shall be metered, billed and credited as follows:

10 (1) In accordance with its normal metering practices, the Department shall measure
11 the net electricity produced or consumed by each net metering program customer during
12 the billing period applicable to that net metering program customer's rate schedule for
13 electric service.

14 (2) If the electricity supplied to an net metering program customer by the Department
15 exceeds the electricity generated by that customer and fed back to the Department during
16 the billing period, that customer shall be billed in accordance with its then-current rate
17 schedule for the net electricity supplied by the Department. If electricity generated by an
18 net metering program customer and fed back to the Department exceeds the electricity
19 supplied by the Department during a billing period, that net metering program customer
20 shall be billed for all charges (including any minimum charges) applicable to that
21 customer's rate schedule, and shall be credited for the excess kilowatt-hours generated
22 and fed-back to the Department. A kilowatt hour credit shall appear on the bill for the
23 following billing period, shall be applied only to reduce the metered amount of kilowatt
24

1 hours billed by the Department to that customer, and shall be carried forward until the
2 end of each calendar year. At the beginning of the next calendar year, any unused
3 kilowatt-hour credit accumulated during the previous year shall be granted to the
4 Department, without any compensation to the net metering program customer.

5
6 Section 6. Any act pursuant to the authority and prior to the effective date of this ordinance is
7 hereby ratified and confirmed.

8
9 Section 7. This ordinance shall take effect and be in force thirty (30) days from and after its
10 approval by the Mayor, but if not approved and returned by the Mayor within (10) days after
11 presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

12 Passed by the City Council the ____ day of _____, 2000, and signed by me in open
13 session in authentication of its passage this ____ day of _____, 2000.

14
15 _____
16 President _____ of the City Council

17 Approved by me this ____ day of _____, 2000.

18 _____
19 Mayor

20 Filed by me this ____ day of _____, 2000.

21
22 _____
23 City Clerk

24 (Seal)

STATE OF WASHINGTON - KING COUNTY

123931
City of Seattle, Clerk's Office

—ss.

No. FULL ORD

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

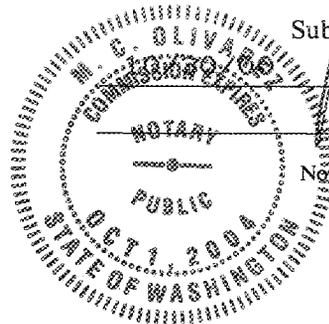
CT:120111 ORDINANCE

was published on

10/30/00

The amount of the fee charged for the foregoing publication is the sum of \$ _____, which amount has been paid in full.

Subscribed and sworn to before me on



Notary Public for the State of Washington, residing in Seattle

