

Ordinance No. 123277

Council Bill No. 116822

AN ORDINANCE relating to the City Light Department; authorizing City Light to enter into multiyear arrangements for transmission and/or integration and exchange services in order to continue delivering power and environmental attributes purchased from the State Line Wind Project to Seattle.

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Bruce A. Hunsell

Councilmember

Committee Action:

4/7/10 Pass BH

4-12-10 Passed B-O

(Excused: Clark)

CF No. _____

Date Introduced:	<u>3-22-10</u>	
Date 1st Referred:	To: (committee) <u>Energy, Technology, & Civil Rights</u>	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote: <u>8-0</u>	
Date Presented to Mayor:	Date Approved: <u>4-16-10</u>	
Date Returned to City Clerk:	Date Published:	T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

This file is complete and ready for presentation to Full Council. Committee: _____ (Initial/date)

Law Department

Law Dept. Review OMP Review City Clerk Review Electronic Copy Loaded Indexed

ORDINANCE 123277

AN ORDINANCE relating to the City Light Department; authorizing City Light to enter into multiyear agreements for transmission and/or integration and exchange service, including any other necessary or convenient related agreements, in order to continue delivering power and environmental attributes purchased from the State Line Wind Project to Seattle.

WHEREAS, Ordinance 120529 authorized City Light to purchase energy and environmental attributes associated with 175 MW of wind generation from State Line Wind Project through December 31, 2021, or as may be extended (the "State Line Wind Purchase"); and

WHEREAS, Ordinance 120529 further authorized City Light to execute an integration and exchange agreement with PacifiCorp ("2002 Integration and Exchange Agreement") to deliver a portion of the State Line Wind Purchase shaped and firmed to the Mid-Columbia trading hub through 2011; and

WHEREAS, Ordinance 121683, as amended by Ordinance 122765, authorized City Light to purchase from PacifiCorp transmission service (80 MW from May through September and 105 MW from October through April) to secure transmission rights through the end of the State Line Wind Purchase and to transmit a portion of the State Line Wind Purchase to the Bonneville Power Administration's transmission system; and

WHEREAS, after the expiration of the 2002 Integration and Exchange Agreement in 2011, City Light will need additional long-term transmission and/or integration and exchange services from PacifiCorp, Bonneville Power Administration and/or another transmission provider; and

WHEREAS, securing delivery arrangements in order to continue to deliver power and environmental attributes purchased from the State Line Wind Project to Seattle through the end of the State Line Wind Purchase agreement is in the best interests of the City;

NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Superintendent of the City Light Department, or his designee, is hereby authorized to execute for and on behalf of the City of Seattle agreements for transmission service



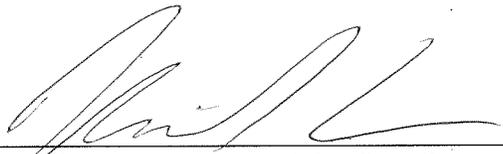
1 and/or integration and exchange service, including any necessary or convenient related
2 agreements, in order to deliver the energy and environmental attributes associated with the State
3 Line Wind Purchase to Seattle on terms and conditions that the Superintendent deems in the best
4 interests of City Light. The Superintendent, or his designee, is hereby further authorized to
5 renew such agreements for transmission and/or integration and exchange services, including any
6 necessary or convenient related agreements, as necessary or convenient for the entire term of the
7 State Line Wind Purchase, including any extensions thereof, and to reassign or remarket any
8 surplus transmission services as may become available from time to time.
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2 Section 2. This ordinance shall take effect and be in force thirty (30) days from and after
3 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days
4 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

5 Passed by the City Council the 12th day of April, 2009, and
6 signed by me in open session in authentication of its passage this
7

8 12th day of April, 2009.

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10 
11 President. _____ of the City Council

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13 Approved by me this 16 day of April, 2010, 2009.

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15 
16 Gregory J. Nickels, Mayor
17 *Michael McGinn, Mayor*

18 Filed by me this 19th day of April, 2010, 2009.

19
20 
21 City Clerk

22 (Seal)



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
City Light	Robert Cromwell/684-3856	Karl Stickel/684-8085

Legislation Title:

AN ORDINANCE relating to the City Light Department; authorizing City Light to enter into multiyear arrangements for transmission and/or integration and exchange services in order to continue delivering power and environmental attributes purchased from the State Line Wind Project to Seattle.

• **Summary of the Legislation:**

The proposed ordinance will authorize City Light to acquire transmission and/or integration and exchange services to deliver renewable energy and environmental attributes from the State Line Wind Project to Seattle through the end of the State Line Wind Purchase agreement. It also authorizes City Light to reassign or remarket any transmission services as may become available through these arrangements, which may be surplus to City Light's needs from time to time.

• **Background:**

In 2002, Ordinance 120529 authorized City Light to purchase the energy and environmental attributes associated with 175 MW of wind generation from the State Line Wind Project through 2021, or as may be extended ("State Line Wind Purchase"). That ordinance also provided for City Light to execute a 10-year integration and exchange agreement with PacifiCorp that delivers the energy associated with 150 MW of the State Line Wind Purchase shaped and firmed to Bonneville Power Administration's ("BPA") transmission system through 2011. The energy associated with the remaining 25 MW of State Line capacity is currently scheduled to Seattle in real-time by City Light's Power Marketing staff using transmission capacity reserved on the systems of PacifiCorp and BPA.

Section 5.3.3 of the State Line Wind Purchase agreement requires City Light to acquire transmission, which it did in part in 2004. Ordinance 121683, as amended by Ordinance 122765, authorized City Light to purchase from PacifiCorp 80 MW of summer transmission service (May through September) and 105 MW of winter transmission service (October through April). Although not immediately needed by City Light, the Superintendent determined that it was strategically important to secure scarce transmission rights that would be needed by City Light after the 2002 Integration and Exchange agreement expired at the end of 2011. At the time, these amounts (80 MW/105 MW) were the maximum amounts of seasonal firm transmission that was available at the location needed to transmit power from State Line to the BPA system.

Since City Light cannot reliably depend on non-firm transmission capacity to transmit wind



energy, City Light intends to make (with authority granted via the proposed ordinance) arrangements as soon as practicable to secure additional firm transmission and/or integration and exchange services to ensure that all of the energy and environmental attributes to which the City is entitled under the State Line Wind Purchase can be transmitted to Seattle after 2011 and through the end of the contract.

After 2011, City Light has two options for arranging delivery of State Line power to Seattle: (1) contract with PacifiCorp (or another transmission provider) to provide integration and exchange service, delivering the shaped wind output to City Light at a convenient time and place; or (2) secure a total of 175 MW of firm transmission capacity so that City Light's Power Marketing staff can monitor, forecast and schedule the wind output, tracking actual output in real-time to ensure that transmission schedules accommodate actual generation. Since the latter option is the more labor-intensive of the two, City Light may consider setting up a combination of delivery arrangements using both options.

City Light is concurrently exploring both options, negotiating a replacement integration and exchange agreement with PacifiCorp for the final years of the contract and also exploring the feasibility of acquiring additional firm transmission. While it is uncertain which option will come to fruition, it is clear that acquiring transmission and/or integration and exchange services for the last ten years of the State Line Wind Purchase is critical and must be secured prior to 2012.

Last year, PacifiCorp announced its intent to build additional transmission capacity connecting State Line to BPA near McNary and City Light submitted a long-term transmission service request to PacifiCorp for 95 MW of firm transmission on this new line. This amount, if secured, would bring City Light's total firm transmission capacity on PacifiCorp's system to 175 MW, preserving the option of transmitting all of the contracted energy and environmental attributes to Seattle. When PacifiCorp makes a transmission service offer to City Light under PacifiCorp's Open Access Transmission Tariff ("OATT"), City Light will have a very short (15 day) turn around time in which the Superintendent must execute the agreement to secure that additional firm transmission capacity. The minimum commitment period under both PacifiCorp and BPA's OATTs for long-term transmission service that allows "roll-over" for the remaining term of the State Line Wind Purchase agreement is five years.

Finally, to complete delivery arrangements in compliance with Federal Energy Regulatory Commission and North American Electric Reliability Corporation requirements, City Light may also need to acquire firm transmission from BPA to ensure delivery of energy and environmental attributes of the State Line Wind Purchase from PacifiCorp system all the way to Seattle.

- *Please check one of the following:*

This legislation does not have any financial implications.



X This legislation has financial implications.

Appropriations:

Fund Name and Number	Department	Budget Control Level*	2009 Appropriation	2010 Anticipated Appropriation
			\$0	\$1.5M
TOTAL				

**See budget book to obtain the appropriate Budget Control Level for your department.*

Notes: The final delivery arrangements may require acquisition of an additional 95 MW of transmission on BPA’s transmission system to transmit State Line power from McNary to Seattle, and City Light may be required to pay BPA a deposit of approximately \$1.5 million or the equivalent of a one-year service payment in 2010. The expected in-service date of BPA’s new line from McNary is 2013 or thereafter. Starting in 2012, the additional 95 MW of PacifiCorp transmission service will cost approximately \$2.3 million annually. Thus, by 2013, City Light’s annual transmission costs could increase by a total of about \$3.8 million for delivery of State Line wind energy.

If, on the other hand, City Light is able to renew the integration and exchange agreement to start in 2012 through 2021, it could take the form of an exchange of services. Under this type of agreement, net costs may be lower than under the “pure transmission” option, but City Light staff has insufficient information to estimate costs/benefits at this time. If City Light proceeds with this option, the Department’s Purchased Power budget would not be impacted until 2012.

Anticipated Revenue/Reimbursement: Resulting From This Legislation:

Fund Name and Number	Department	Revenue Source	2009 Revenue	2010 Revenue
TOTAL				

Notes: Any transmission acquired that from time to time may not be necessary for the delivery of State Line will be remarketed by City Light or used to deliver other new renewable resources. The resulting revenues cannot be accurately predicted at this time.

Total Regular Positions Created, Modified, Or Abrogated Through This Legislation, Including FTE Impact:

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2009 Positions	2009 FTE	2010 Positions*	2010 FTE*



TOTAL							
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* 2010 positions and FTE are total 2010 position changes resulting from this legislation, not incremental changes. Therefore, under 2010, please be sure to include any continuing positions from 2009.

Notes: None directly. Indirectly, after 2011 more short-term and long-term transmission sales and redirect opportunities could require more labor by an already understaffed Power Marketing group. Any revenues would more than offset this cost. Increased staffing may be addressed via future Department budget processes.

- **Do positions sunset in the future?**
 Not applicable.

Spending/Cash Flow:

Fund Name & #	Department	Budget Control Level*	2009 Expenditures	2010 Anticipated Expenditures
TOTAL				

* See budget book to obtain the appropriate Budget Control Level for your department.

Notes: Not applicable.

- **What is the financial cost of not implementing the legislation?**
 If City Light does not obtain sufficient transmission capacity, or an integration and exchange agreement that in lieu of transmission, it is highly probable that City Light will be unable to deliver some of its State Line power after 2011 and will risk 1) breach of contract (section 5.3.3 of the State Line Wind Purchase agreement); and 2) financial sanctions for unreserved/unscheduled use of transmission and/or creation of a reliability risk to PacifiCorp's transmission system. These consequences could represent significant financial penalties during the last 10 years of the State Line contract.
- **Does this legislation affect any departments besides the originating department?**
 No.
- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
 City Light must secure some combination of transmission and/or an integration and exchange services agreements to commence no later than January 1, 2012. As an alternative to the proposed ordinance, the Superintendent could propose individual ordinances for one or more agreements following their negotiation, but timing of authorization to execute such agreements could be problematic.

This is particularly true of a transmission services agreement. Transmission access is limited by system capacity in many regions. OATTs, which are primarily concerned with preventing



discriminatory practices by transmission providers, uniformly stipulate that service agreements be offered to an individual utility for a very short period of time (typically 15 days), after which time the party (having failed to execute such agreement) must go to the end of the queue and apply again. That party may miss out altogether if another party executes a service agreement before the first party is authorized to do so. It is therefore critical that the Superintendent have the authority to execute the agreements that he deems in the best interests of City Light's customers to deliver State Line wind energy.

- **Is the legislation subject to public hearing requirements:**

There have not been previous hearings, but in addition to the public notice and comment period, there will be an opportunity for public comment at the council meeting prior to council's vote to approve or reject the legislation.

- **Other Issues:**

None.

- **List attachments to the fiscal note below:**

None.





City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

September 15, 2009

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill that would authorize the Superintendent of the City Light Department to enter into multiyear arrangements for transmission services needed to deliver wind energy from State Line Wind Project to Seattle after 2011. Passage of this Council Bill would advance the City of Seattle's commitment to provide reliable, cost-effective and environmentally responsible electric power to the citizens of Seattle.

The 2001 State Line wind purchase provides valuable renewable energy and environmental attributes that help the City of Seattle satisfy the requirements of Initiative 937. The current delivery arrangements for this wind energy will expire at the end of December 2011. The proposed Council Bill will enable City Light to take the steps that are necessary to contractually secure transmission and/or integration and exchange services needed to deliver the wind energy and its environmental attributes to Seattle through the end of the contract.

Thank you for your consideration of this legislation. Should you have questions, please contact Robert Cromwell at (206) 684-3856.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Nickels".

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7th Floor, P.O. Box 94749, Seattle, WA 98124-4749

Tel: (206) 684-4000, TDD: (206) 615-0476 Fax: (206) 684-5360, Email: mayors.office@seattle.gov
An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.



STATE OF WASHINGTON – KING COUNTY

--SS.

253760
CITY OF SEATTLE, CLERKS OFFICE

No. 123273,74,75,76,77,78 194

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.

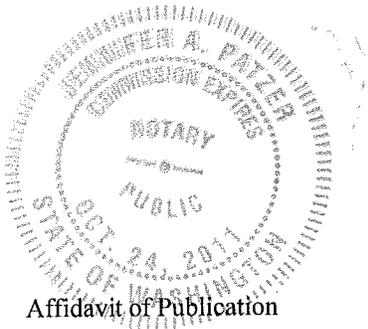
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:TITLE ONLY ORD/RES

was published on

04/26/10

The amount of the fee charged for the foregoing publication is the sum of \$ 109.20, which amount has been paid in full.



[Handwritten signature]

Subscribed and sworn to before me on

04/26/10

[Handwritten signature]

Notary public for the State of Washington,
residing in Seattle

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following legislation, passed by the City Council

on April 12, 2010, and published here by title only, will be mailed

upon request, or can be accessed at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 123273

AN ORDINANCE relating to the Department of Parks and Recreation;

accepting deeds in green spaces (including Duwamish Head Greenbelt, West Duwamish Greenbelt, Arroyos Natural Area, and Wolf Creek Ravine), for parks (including Lake Union Park, Gas Works Park, Viretta Park, Oxbow Park, Watton donation), playfields (including Loyal Heights and High Point Playfields), p-patch (Hillman City P-Patch), and community center (Yesler Community Center), all for open space, park, and recreation purposes.

ORDINANCE NO. 123274

AN ORDINANCE accepting the deed for the Westbridge Building property, located at 4201 West Marginal Way Southwest, for general municipal purposes.

ORDINANCE NO. 123275

AN ORDINANCE relating to the Department of Parks and Recreation; accepting deeds for real property acquired during the Open Space and Trails Bond Program in St. Mark's Greenbelt, Harrison Ridge Greenbelt, Duwamish Head Greenbelt, West Duwamish Greenbelt, East Duwamish Greenbelt, Piper's Creek Natural Area, Thornton Creek Natural Area, Leschi Natural Area, Longfellow Creek Greenspace, Arroyos Natural Area, Maple School Ravine Natural Area, Llandover Woods Greenspace; and as

additions to Dearborn Park and Fairview Park; and for creation of Ernst Park and Hitt's Hill Park, all for open space, park and recreation purposes.

ORDINANCE NO. 123276

AN ORDINANCE relating to the City Light Department; authorizing the execution of additional agreements necessary or convenient to effectively manage the Department's existing transmission capacity rights in order to facilitate efficient and economical delivery of energy resources, including without limitation, amendments and extensions to existing point-to-point transmission service agreements.

ORDINANCE NO. 123277

AN ORDINANCE relating to the City Light Department; authorizing City Light to enter into multiyear agreements for transmission and/or integration and exchange service, including any other necessary or convenient related agreements, in order to continue delivering power and environmental attributes purchased from the State Line Wind Project to Seattle.

ORDINANCE NO. 123278

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

RESOLUTION NO. 31194

A RESOLUTION approving the proposed budget of the Skagit Environmental Endowment Commission for fiscal year 2010.

Date of publication in the Seattle Daily Journal of Commerce, April 26, 2010.

4/26(253760)

State

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