

Ordinance No. 123578

Council Bill No. 117133

AN ORDINANCE relating to the City Light Department; amending Seattle Municipal Code, Chapter 21.49.130.B to clarify certain aspects of the Department's authority and extend the Department's authority to enter into contracts for periods of up to 24 months for the acquisition, exchange or sale of short-term capacity or energy, or integration, transmission or ancillary services; and ratifying and confirming prior acts.

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Bruce A. Hurrell
Councilmember

Committee Action:

4/6/11 PASS BH, RC, NL, MO

CF No. _____

Date Introduced:	<u>3.21.11</u>	
Date 1st Referred:	<u>3.21.11</u>	To: (committee) <u>Energy Technology</u>
Date Re - Referred:		To: (committee) <u>Civil Rights</u>
Date Re - Referred:		To: (committee)
Date of Final Passage:	<u>4/11/11</u>	Full Council Vote: <u>9-0</u>
Date Presented to Mayor:	<u>4/12/11</u>	Date Approved: <u>4.18.11</u>
Date Returned to City Clerk:	<u>4.19.11</u>	Date Published: <input checked="" type="checkbox"/> T.O. <input type="checkbox"/> F.T.
Date Vetoed by Mayor:		Date Veto Published:
Date Passed Over Veto:		Veto Sustained:

4/11/11 Full Council PASSED 9-0

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 123578

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3 AN ORDINANCE relating to the City Light Department; amending Seattle Municipal Code,
4 Chapter 21.49.130.B to clarify certain aspects of the Department's authority and extend
5 the Department's authority to enter into contracts for periods of up to 24 months for the
6 acquisition, exchange or sale of short-term capacity or energy, or integration,
7 transmission or ancillary services; and ratifying and confirming prior acts.

8
9 WHEREAS, the Seattle Municipal Code, Chapter 21.49.130.B provides specific authority for the
10 City Light Department ("City Light") to enter into contracts for the acquisition, exchange
11 or sale of short-term capacity or energy, or integration, transmission or ancillary services;
12 and

13
14 WHEREAS, the City recognizes that City Light will experience imbalances between its customer
15 demand and power supply portfolio, and must therefore transact in the wholesale energy
16 markets for energy and transmission services and products to effectively manage its
17 resources and achieve balance between supply and demand; and

18
19 WHEREAS, the authority provided by Seattle Municipal Code, Chapter 21.49.130.B was
20 amended on July 12, 2010, by the Council in Ordinance 123347 to address a number of
21 specific clarifications needed for the daily and forward marketing and purchase of power,
22 transmission and renewable energy credits; and

23
24 WHEREAS, City Light's Power Sales Agreement with the Bonneville Power Administration for
25 the Slice and Block energy products will decrease the available surplus of energy City
26 Light has to sell in the wholesale markets beginning in the fourth quarter of 2011; and

27
28 WHEREAS, the increasing quantity of variable energy resources such as wind have resulted in
more hours of the year with negative pricing which directly and adversely impacts City
Light's net wholesale revenue; and

WHEREAS, current energy market conditions indicate that City Light should take actions for the
fourth quarter of 2012 now, to reshape City Light's expected energy surplus which
exceeds the 18 month authority reaffirmed by the Council last summer; and

WHEREAS, City Light has a current market opportunity due to the forward price of wholesale
electricity being at a very low level, allowing City Light to minimize the risk associated
with negative pricing in the second quarter of 2012 and the risk of energy deficits in the
third and fourth quarters of 2012 by taking action as soon as possible; NOW,
THEREFORE,



BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsection 21.49.130.B of the Seattle Municipal Code is hereby amended as follows:

B. Rule-making and Contract Authority.

2. Effectively managing its power supply portfolio to achieve balance between supply and customer demand requires that City Light transact in the wholesale energy markets for energy and transmission services and products, including the purchase or sale of short-term capacity or energy, or integration, transmission or ancillary services. The Department may therefore enter into contracts with any city or town, public utility district, governmental agency, municipal corporation, mutual association, broker, agent, or with any person, firm, or corporation, or any other member of the general public, outside its service area, for an effective term of not more than ~~((18))~~ 24 months from the month following the date on which the contract is first signed ("prompt month"), providing for the acquisition, exchange or sale of capacity or energy, or integration, transmission or ancillary services, on terms most favorable to the Department under such circumstances and in compliance with state law, including RCW 43.09.210. Such acquisition, sale or exchange shall be made on a basis representing the value of such capacity or energy, or integration, transmission or ancillary services, under then existing market conditions and may include provisions that require indemnification by the Department.



1 Section 2. This ordinance does not affect any existing right acquired or liability or
2 obligation incurred under the sections amended or repealed in this ordinance or under any rule or
3 order adopted under those sections, nor does it affect any proceeding instituted under those
4 sections.

5 Section 3. Any act authorized by this ordinance and taken after its passage but prior to its
6 effective date is ratified and confirmed.
7



1 Section 4. This ordinance shall take effect and be in force 30 days after its approval by
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the 11th day of April, 2011, and
5 signed by me in open session in authentication of its passage this
6 11th day of April, 2011.

7
8 
9 _____
10 President _____ of the City Council

11 Approved by me this 18 day of April, 2011.

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13 
14 _____
15 Michael McGinn, Mayor

16 Filed by me this ^{19th} ~~18~~ day of April, 2011.

17
18 
19 _____
20 City Clerk

21 (Seal)



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
City Light	Robert Cromwell/684-3856	Calvin Chow/684-4652

Legislation Title: AN ORDINANCE relating to the City Light Department; amending Seattle Municipal Code, Chapter 21.49.130.B to clarify certain aspects of the Department’s authority and extend the Department’s authority to enter into contracts for periods of up to 24 months for the acquisition, exchange or sale of short-term capacity or energy, or integration, transmission or ancillary services; and ratifying and confirming prior acts.

Summary of the Legislation: The proposed ordinance will revise the Seattle Municipal Code, Chapter 21.49.130.B to extend the City Light Department’s existing contract authority by six months, from eighteen months to twenty-four months and confirming the City’s ability to include indemnity provisions in contracts.

Background: The Seattle Municipal Code, Chapter 21.49.130.B provides specific authority for the City Light Department (“City Light”) to enter into contracts for the acquisition, exchange or sale of surplus energy.

The authority provided by Seattle Municipal Code, Chapter 21.49.130.B was amended on July 12, 2010, by the Council in Ordinance 123347 to address a number of specific clarifications needed for the daily and forward marketing and purchase of power, transmission and renewable energy credits.

City Light faces decreases in its energy contracts with the Bonneville Power Administration beginning in the fourth quarter of 2011. In addition, the increasing quantity of variable energy resources such as wind is resulting in ever increasing periods of negative pricing, depressing City Light’s net wholesale revenue. This combination indicates City Light should take action to mitigate its risks.

The current energy market conditions indicate that City Light should take actions for the fourth quarter of 2012 now, to reshape City Light’s expected energy surplus which exceeds the 18 month authority reaffirmed by the Council last summer.

City Light has a current market opportunity due to the forward price of wholesale electricity being at near record lows, allowing City Light to minimize the risk associated with negative pricing in the second quarter of 2012 and the risk of energy deficits in the third and fourth quarters of 2012 by taking action as soon as possible.

X This legislation does not have any financial implications.





City of Seattle
Office of the Mayor

March 8, 2011

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 amend Seattle Municipal Code, Chapter 21.49.130.B, to extend the City Light Department's contract authority from 18 months to 24 months to mitigate existing price risks in the wholesale energy markets for 2012 and to take advantage of near-record low forward wholesale electricity prices.

The proposed Seattle Municipal Code revisions will extend City Light's existing contract authority by six months and allow City Light to take advantage of current market opportunities to mitigate the risk to City Light's ratepayers in 2012.

Thank you for your consideration of this legislation. Should you have questions, please contact Steve Kern at 684-3243.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael McGinn", written over a horizontal line.

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
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STATE OF WASHINGTON – KING COUNTY

--SS.

270167
CITY OF SEATTLE, CLERKS OFFICE

No.

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:123575-123582 TITLE

was published on

04/22/11

The amount of the fee charged for the foregoing publication is the sum of \$ 129.68, which amount has been paid in full.



Affidavit of Publication

Subscribed and sworn to before me on

04/22/11

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on April 11, 2011, and published here by title only, will be mailed upon request, or can be accessed at <http://clerk.seattle.gov>. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 123575

AN ORDINANCE amending the Seattle Comprehensive Plan to incorporate changes proposed as part of the 2010-2011 Comprehensive Plan annual amendment process.

ORDINANCE NO. 123576

AN ORDINANCE relating to financing the solid waste system of The City of Seattle, Washington; adopting a system or plan of additions and betterments to and extensions of the solid waste system; authorizing the issuance and sale of solid waste revenue bonds, in one or more series, for the purposes of paying all or part of the cost of carrying out that system or plan, providing a bond reserve and paying the costs of issuing and selling the bonds; authorizing the execution of certain agreements relating thereto; providing for the terms, conditions, covenants and manner of sale of the bonds; describing the lien of the bonds; creating certain accounts of the City relating to the bonds; and ratifying and confirming certain prior acts.

ORDINANCE NO. 123577

AN ORDINANCE relating to acceptance of energy efficiency funds for the Office of Housing; authorizing acceptance of grant funds from the State of Washington allocated by the U.S. Department of Energy through the American Recovery and Reinvestment Act of 2009, accepting funds from Puget Sound Energy, authorizing the Mayor and Director of Housing or their designees to execute related agreements, increasing an appropriation in the 2011 Adopted Budget for the Office of Housing, and ratifying and confirming prior acts; all by a three fourths vote of the City Council.

ORDINANCE NO. 123578

AN ORDINANCE relating to the City Light Department; amending Seattle Municipal Code, Chapter 21.49.130.B to clarify certain aspects of the Department's authority and extend the Department's authority to enter into contracts for periods of up to 24 months for the acquisition, exchange or sale of short-term capacity or energy, or integration, transmission or ancillary services; and ratifying and confirming prior acts.

ORDINANCE NO. 123579

AN ORDINANCE amending Ordinance 123442, which adopted the 2011 Budget; changing appropriations to various departments and budget control levels, and from various funds in the Budget; making cash transfers between funds; authorizing an agreement with the Seattle Indian Services Commission; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

ORDINANCE NO. 123580

AN ORDINANCE amending the 2010 Adopted Budget, including the 2010-2015 Capital Improvement Program (CIP); changing appropriations to various departments and from various funds in the Budget; and ratifying and confirming certain prior acts.

ORDINANCE NO. 123581

AN ORDINANCE relating to the 2008 Parks and Green Spaces Levy; accepting the recommendations of the 2008 Parks and Green Spaces Levy Oversight Committee concerning the Opportunity Fund and the Playfields subcategory; amending the 2011 Adopted Budget and 2011-2016 Capital Improvement Program; increasing appropriations in connection thereto; and ratifying and confirming certain prior acts, all by a three-fourths vote of the City Council.

ORDINANCE NO. 123582

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

Publication ordered by the City Clerk
Date of publication in the Seattle Daily Journal of Commerce, April 22, 2011.

4/22(270167)