

Ordinance No. 123651

Council Bill No. 117208

AN ORDINANCE relating to the City Light Department; authorizing the execution of a 15-year agreement with Tuana Springs Energy LLC for the purchase of environmental attributes in the form of renewable energy certificates that are necessary or convenient for meeting the requirements of the Washington State Energy Independence Act; and further authorizing the execution of other necessary and convenient agreements for the receipt, tracking, transferring, management, and sale of the environmental attributes.

# The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Bruce C. Hewitt  
Councilmember

## Committee Action:

07/06/2011 Passed BH, RC

7.11.11 Passed 9-0

CF No. \_\_\_\_\_

Date Introduced:	<u>6.20.11</u>	
Date 1st Referred:	To: (committee)	
Date Re - Referred:	To: (committee) <u>Energy, Technology &amp; Civil Rights</u>	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote: <u>9-0</u>	
Date Presented to Mayor:	Date Approved: <u>7.18.11</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



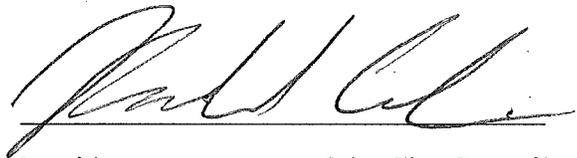
1 Section 2. The Superintendent of City Light, or his designee is hereby further authorized  
2 to execute for and on behalf of the City additional agreements necessary for use of the Western  
3 Renewable Energy Generation Information System or any other system for tracking and  
4 transferring the RECs to City Light and other necessary and convenient agreements to enable  
5 City Light to use the RECs purchased hereunder to meet its regulatory requirements.  
6

7 Section 3. Upon determining the availability of surplus environmental attributes within  
8 City Light's portfolio, and in order to minimize the cost to City Light's customers of compliance  
9 with the Washington State Energy Independence Act when the Superintendent believes it is cost-  
10 effective to acquire RECs in advance of need, the Superintendent, or his designee, is further  
11 authorized to execute for and on behalf of the City agreements for the sale of all or a portion of  
12 the environmental attributes purchased under the Renewable Energy Certificate Purchase and  
13 Sale Agreement with Tuana Springs Energy LLC, on terms and conditions that the  
14 Superintendent deems in the best interests of City Light provided, however, that no such sale  
15 shall jeopardize City Light's compliance with the Washington State Energy Independence Act.  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

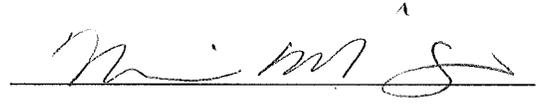


1 Section 4. This ordinance shall take effect and be in force 30 days after its approval by  
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

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

7  
8   
9 President \_\_\_\_\_ of the City Council

10  
11 Approved by me this 18<sup>th</sup> day of July, 2011.

12  
13   
14 Michael McGinn, Mayor

15  
16 Filed by me this 18<sup>th</sup> day of July, 2011.

17  
18   
19 Monica Martinez Simmons, City Clerk

20 (Seal)

21  
22 Attachment 1: Confirmation Agreement – Renewable Energy Certificates – Tuana Springs Wind  
23 Project



**ORDINANCE ATTACHMENT 1**

**MASTER AGREEMENT - EXHIBIT A - CONFIRMATION**

<b>Seller: Tuana Springs Energy, LLC</b>	<b>Buyer: The City of Seattle</b>
Contract ID:	Contract ID:
Deal Maker:	Deal Maker:
Phone:	Phone:
E-mail:	E-mail:
Fax:	Fax:

**CONFIRMATION AGREEMENT  
 RENEWABLE ENERGY CERTIFICATES  
 TUANA SPRINGS ENERGY LLC**

This Confirmation Agreement ("**Confirmation**") dated as of \_\_\_\_\_ 2011 ("**Trade Date**") is entered into by and between Tuana Springs Energy, LLC ("**Seller**") and The City of Seattle, a Washington municipal corporation ("**Buyer**"), by and through its City Light Department, each referred to herein individually as a "**Party**" and collectively as the "**Parties**".

This Confirmation confirms a Transaction between Buyer and Seller for the sale, purchase and delivery of the Product specified below pursuant to the terms of the Master Renewable Energy Certificate Purchase and Sale Agreement between them dated as of \_\_\_\_\_ 2011 ("**Master Agreement**"). This Confirmation is deemed part of and incorporated by reference into the Master Agreement and the Master Agreement and this Confirmation shall form a single, integrated agreement among the Parties. Special Terms and Exceptions are shown in this Confirmation.

- Product:** RECs, including all Environmental Attributes, generated from the Unit Specific Renewable Energy Facility during the Term. The Product is a Renewable energy credit as defined in the Applicable Program as of the Trade Date. The Unit Specific Renewable Energy Facility uses a "renewable resource" and has a date of commercial operation and location consistent with an "eligible renewable resource" both terms as defined in the Applicable Program as of the Trade Date.
- Term:** The Term of this Transaction shall commence on January 1, 2015 and shall continue through December 31, 2029. Furthermore, this Confirmation and



Master Agreement shall continue in effect until all obligations of the Parties have been satisfied.

**3. Unit Specific Renewable Energy Facility:**

- a. Name: Tuana Springs Wind Facility
- b. Location: Twin Falls County, Idaho
- c. ID Number:  EIA or  QF? (check one)
- d. Fuel Type: wind
- e. Initial Operating Date: 5/2010
- f. Nameplate Capacity (MW): 16.8
- g. WREGIS ID Number:

- 4. **Product Quantity:** 100% of the RECs generated by the Unit Specific Renewable Energy Facility during the Term.
- 5. **Purchase Price:** \$15 per REC during the entire Term.
- 6. **Delivery Date:** Within 10 Business Days after receipt by Seller of RECs from WREGIS, Seller shall Deliver such RECs to Buyer's WREGIS account.
- 7. **Invoice and Payment:** After Delivery of RECs to Buyer's WREGIS account, Seller shall invoice Buyer for such RECs in accordance with Section 2.3 of the Master Agreement, which invoice shall be paid in accordance with Section 2.4 of the Master Agreement.
- 8. Exhibit B to the Master Agreement is not applicable to this Transaction.
- 9. **Special Terms and Exceptions:** As follows:

**9.1 Miscellaneous**

Where the Special Terms and Exceptions conflict with the Master Agreement, the Special Terms and Exceptions shall control.

Verification shall not apply to this Transaction.

If the Certification Authority requires documentation from Buyer that is in the possession of Seller, Seller shall use reasonable efforts to provide such documentation to Buyer.

9.2 Certification Authority for this Transaction shall be: WREGIS.

9.3 Applicable Program for this Transaction shall be: Washington RPS.

9.4 This Transaction is Unit Contingent.



9.5 Section 2.6 of the Master Agreement is amended and restated in its entirety as follows:

**Taxes and Fees.** Seller will be responsible for any Taxes imposed on the creation, ownership, or transfer of Product under this Master Agreement up to, and including, the Delivery. Buyer will be responsible for any Taxes imposed on the receipt or ownership of Product after Delivery. Each Party will be responsible for the payment of any fees, including attorney and brokers' fees, incurred by it in connection with any Transactions hereunder, unless otherwise agreed by the Parties in the Confirmation.

9.6 Paragraph 3.2 "Warranties of Seller" is amended and restated in its entirety as follows:

With respect to each transaction, Seller represents and warrants that the Product is a "renewable energy credit" as defined, as of the Trade Date, in the Applicable Program.

Seller further represents and warrants that on the Delivery Date for each Product:

- (a) Seller has good and marketable title to such Product;
- (b) Seller has not sold the Product or any Environmental Attribute of the Product to be transferred to Buyer to any other person or entity;
- (c) all right, title and interest in and to such Product are free and clear of any liens, taxes, claims, security interests or other encumbrances except for any right or interest by any entity claiming through Buyer;
- (d) each Environmental Attribute and REC meets the specifications set forth in the Confirmation;
- (e) the Product is separate from the electric energy generated by the Renewable Energy Facility, unless otherwise specified by the Parties;
- (f) unless separately disclosed by Buyer in the Confirmation, with respect to Seller, the Product is not transferred, and has not been transferred pursuant to a contract filed or required to be filed with or approved by any Governmental Authority having jurisdiction over the sale of electric energy;
- (g) subject to Section 2.10 and unless otherwise specified to the contrary in the Confirmation, Seller has disclosed to Buyer any and all Transfer Certificates, Attestations, all other relevant documentation received by it in connection with its acquisition of the Product sold to Buyer hereunder, and any use by any Environmental Attribute of the Product by Seller or any other person or entity to



comply with any Applicable Program. Seller makes no claims respecting Verification that are not set forth in the Confirmation;

(h) Seller will not report the direct greenhouse gas emissions benefits from the Unit Specific Renewable Energy Facility in any legally binding cap and trade program; and

(i) the Unit Specific Renewable Energy Facility uses a "renewable resource" and has a date of commercial operation and location consistent with an "eligible renewable resource" both terms as defined, as of the Trade Date, in the Applicable Program.

9.7 Article 4 of the Master Agreement shall not apply to this Transaction.

9.8 Section 5.1(e) of the Master Agreement shall not apply to this Transaction.

9.9 Article 6 of the Master Agreement shall not apply to this Transaction.

9.10 Article 7 of the Master Agreement is amended by the deletion of the following sentence:

"With respect to any Transaction, as of the Trade Date Seller represents and warrants that the Product complies with the requirements of the Applicable Program."

9.11 Section 9.7 of the Master Agreement is amended and restated in its entirety as follows:

In the event of a dispute, both Parties agree to make best efforts and use all commercially reasonable practices to resolve the dispute before initiating a lawsuit or legal action. Such efforts shall include at a minimum a written communication between the Parties that details the complaining Party's position and rationale for such dispute or alleged breach.

9.12 Section 9.8 of the Master Agreement is amended and restated in its entirety as follows:

**Jurisdiction.** The Parties each hereby submit to the jurisdiction of the King County Superior Court, or the United States District Court for the Western District of Washington, each sitting in King County, Washington in respect of any disputes, actions or proceedings arising out of, in connection with or with respect to this Master Agreement, the subject matter of this Master Agreement, or the performance or non-performance of any obligation under this Master Agreement.

IN WITNESS WHEREOF, the parties have caused this Confirmation to be executed by their duly authorized representatives as of the Trade Date.



Robert W. Cromwell, Jr./EHE  
SCL Tuana Springs REC Purchase Authorization ORD ATT 1  
May 6, 2011  
Version 3

<b>Seller: Tuana Springs Energy, LLC</b>	<b>Buyer: The City of Seattle</b>
By:	By:
Name:	Name: Jorge Carrasco
Title:	Title: Superintendent



**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
City Light	Robert W. Cromwell, Jr./ 206-684-3856	Calvin Chow/206-684-4652

**Legislation Title:**

AN ORDINANCE relating to the City Light Department; authorizing the execution of a 15-year agreement with Tuana Springs Energy LLC for the purchase of environmental attributes in the form of renewable energy certificates that are necessary or convenient for meeting the requirements of the Washington State Energy Independence Act; and further authorizing the execution of other necessary and convenient agreements for the receipt, tracking, transferring, management, and sale of the environmental attributes.

**Summary of the Legislation:**

This legislation approves a fifteen year purchase of renewable energy certificates (RECs) to allow the City Light Department to comply with the Washington State Energy Independence Act also known as Initiative 937 or I-937. The City Light Department would pay \$15 per REC from 2015 through 2029 for approximately 40,000 RECs per year, as well as a one-time brokerage fee of \$213,750.

**Background:**

This legislation approves a transaction-specific confirmation of a 15-year renewable energy certificates ("RECs") purchase for the City Light Department to receive environmental attributes in the form of RECs from Tuana Springs Energy LLC's new Tuana Springs Wind facility located in Twin Falls County, Idaho. The facility is expected to produce about 40,000 RECs annually. City Light will receive 100 percent of the RECs associated with the 16.8 MW facility starting in 2015. The RECs will be delivered to City Light through the Western Renewable Energy Generation Information System. Tuana Springs Wind is an eligible renewable resource under Washington State's Energy Independence Act (Chapter 19.285 of the Revised Code of Washington) and City Light intends to use the RECs to partially meet this requirement.

  X   **This legislation has financial implications.**

**Appropriations:**

<b>Fund Name and Number</b>	<b>Department</b>	<b>Budget Control Level*</b>	<b>2011 Appropriation</b>	<b>2012 Anticipated Appropriation</b>



<b>TOTAL</b>			<b>0</b>	<b>0</b>

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

**Appropriations Notes:** A one-time brokerage fee of \$213,750 will be payable upon contract execution. There are no other costs or fees until 2015. Expected annual cost for the 15-year term starting in 2015 is \$600,000. City Light's approved 2011-12 budget includes sufficient budget authority for this transaction.

**Anticipated Revenue/Reimbursement: Resulting from this Legislation:**

Fund Name and Number	Department	Revenue Source	2011 Revenue	2012 Revenue
<b>TOTAL</b>			<b>0</b>	<b>0</b>

**Revenue/Reimbursement Notes:**

None.

**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	2011 Positions	2011 FTE	2012 Positions*	2012 FTE*
<b>TOTAL</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*\* 2012 positions and FTE are total 2012 position changes resulting from this legislation, not incremental changes. Therefore, under 2012, please be sure to include any continuing positions from 2011.*

**Position Notes:**

None.

**Do positions sunset in the future?**

Not applicable.

**Spending/Cash Flow:**

Fund Name & #	Department	Budget Control	2011	2012 Anticipated
---------------	------------	----------------	------	------------------



		Level*	Expenditures	Expenditures
<b>TOTAL</b>			<b>0</b>	<b>0</b>

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

**Spending/Cash Flow Notes:**

None.

**What is the financial cost of not implementing the legislation?**

The financial cost of not implementing this legislation would be to purchase RECs or resources that are more expensive or pay the costs related to the penalty in I-937 for not having sufficient RECs. The penalty cost is approximately four times greater than the acquisition cost of the RECs proposed in this legislation.

**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?**

Alternatives include purchasing RECs from other renewable resources and/or energy plus RECs from new renewable resources. City Light is acquiring and will continue to acquire both to meet its regulatory obligation and its retail customer load requirements. Renewable resources that include energy, RECs, and delivery cost approximately six times more than this REC purchase.

**Is the legislation subject to public hearing requirements?**

Yes. There have not been previous hearings. 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:** (Include long-term implications of the legislation.)

None.

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

None.





**City of Seattle**  
Office of the Mayor

June 7, 2011

Honorable Richard Conlin  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill that authorizes the City Light Department to execute a 15-year agreement with Tuana Springs Energy LLC for the purchase of environmental attributes in the form of renewable energy certificates from their new Tuana Springs Wind facility. City Light is required to purchase renewable resources and/or environmental attributes under Chapter 19.285.030 (18) of the Revised Code of Washington. This agreement will facilitate meeting this requirement.

By acquiring the "renewable energy certificates" from the Tuana Springs Wind facility we are not only taking a meaningful step to assure City Light's compliance with "I-937" for a number of years in the future, we are helping to support and promote the development of new, renewable electric generating resources in the Pacific Northwest. This agreement is fully consistent with our shared goal of promoting a sustainable community, doing so in a very cost-effective manner.

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

Sincerely,

Michael McGinn  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor  
Office of the Mayor  
600 Fourth Avenue, 7<sup>th</sup> Floor  
PO Box 94749  
Seattle, WA 98124-4749

Tel (206) 684-4000  
Fax (206) 684-5360  
TDD (206) 615-0476  
mike.mcgin@seattle.gov



---

STATE OF WASHINGTON – KING COUNTY

--SS.

---

274231  
CITY OF SEATTLE, CLERKS OFFICE

No. 123649,650,651,653,654

**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 12<sup>th</sup> 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 ORDINANCE

was published on

07/22/11

The amount of the fee charged for the foregoing publication is the sum of \$ 136.50, which amount has been paid in full.



Affidavit of Publication

Subscribed and sworn to before me on

07/22/11

Notary public for the State of Washington,  
residing in Seattle

# State of Washington, King County

## City of Seattle Title-Only Ordinance

The full text of the following legislation, passed by the City Council on July 11, 2011, and published below by title only, will be mailed upon request, or can be accessed at <http://clerk.seattle.gov>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Contact: Office of the City Clerk at (206) 684-8344.

### ORDINANCE NO. 123649

AN ORDINANCE relating to land use and zoning; amending Sections 23.22.064, 23.22.074, 23.22.078, 23.40.002, 23.40.006, 23.40.007, 23.41.004, 23.42.040, 23.42.050, 23.42.106, 23.42.112, 23.42.122, 23.44.008, 23.44.010, 23.44.012, 23.44.014, 23.44.016, 23.44.022, 23.44.041, 23.45.520, 23.47A.012, 23.47A.014, 23.47A.016, 23.47A.032, 23.48.010, 23.48.016, 23.48.034, 23.49.008, 23.49.020, 23.49.056, 23.49.166, 23.50.012, 23.50.024, 23.53.005, 23.53.015, 23.53.020, 23.53.025, 23.53.030, 23.54.015, 23.54.030, 23.54.035, 23.55.028, 23.55.030, 23.55.036, 23.57.002, 23.57.010, 23.57.013, 23.69.024, 23.69.030, 23.69.032, 23.71.016, 23.76.004, 23.76.006, 23.76.010, 23.76.026, 23.76.066, 23.80.004, 23.84A.010, 23.84A.016, 23.84A.024, 23.84A.025, 23.84A.036, 23.84A.038, 23.84A.044, 23.86.006, 23.88.010, 23.88.020, 23.90.019, 23.91.004, and 25.05.675 of the Seattle Municipal Code, to correct typographical errors, correct section references, clarify regulations, and make minor amendments; amending Chapter 23.32 of the Seattle Municipal Code at pages 117, 145, and 189 of the Official Land Use Map to rezone property located within the Columbia City Station Area, to correct an erroneous zone designation south of South Norfolk Street, and to revert zoning at 1400 South Lane Street, respectively; and adding a new Section 23.48.036.

### ORDINANCE NO. 123650

AN ORDINANCE relating to the Building and Construction Codes, Subtitle VI Fire Code; adding a new Section 22.602.090 to the Seattle Municipal Code to add a new \$10 report fee for processing required life safety system confidence testing documentation.

### ORDINANCE NO. 123651

AN ORDINANCE relating to the City Light Department; authorizing the execution of a 15-year agreement with Tuana Springs Energy LLC for the purchase of environmental attributes in the form of renewable energy certificates that are necessary or convenient for meeting the requirements of the Washington State Energy Independence Act; and further authorizing the execution of other necessary and convenient agreements for the receipt, tracking, transferring, management, and sale of the environmental attributes.

### ORDINANCE NO. 123652

AN ORDINANCE relating to the City Light Department; authorizing the execution

of a 15-year agreement with PaTu Wind Farm LLC for the purchase of environmental attributes in the form of renewable energy certificates that are necessary or convenient for meeting the requirements of the Washington State Energy Independence Act; and further authorizing the execution of other necessary and convenient agreements for the receipt, tracking, transferring, management, and sale of the environmental attributes.

### ORDINANCE NO. 123653

AN ORDINANCE relating to the City Light Department; authorizing the execution of three confirmation agreements with Exergy Development Group of Idaho LLC for the purchase of environmental attributes in the form of renewable energy certificates that are necessary or convenient for meeting the requirements of the Washington State Energy Independence Act; and further authorizing the execution of other necessary and convenient agreements for the receipt, tracking, transferring, management, and sale of the environmental attributes.

### ORDINANCE NO. 123654

AN ORDINANCE relating to the Seattle Department of Parks and Recreation; authorizing the Superintendent to execute an agreement with the Washington State Department of Transportation to review, coordinate and consult on natural environment mitigation efforts and design, develop and plan specific mitigation projects related to park properties and facilities to be supported through funding from the SR 520 Bridge Replacement and HOV Program; creating a new Capital Improvement Program project and ratifying and confirming prior acts; all by a three-fourths vote of the City Council.

Date of publication in the Seattle Daily Journal of Commerce, July 22, 2011.

7/22(274231)