



SEATTLE CITY COUNCIL

Legislative Summary

CB 119571

Record No.: CB 119571

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125904

In Control: City Clerk

File Created: 06/03/2019

Final Action: 09/06/2019

Title: AN ORDINANCE relating to the City Light Department; authorizing the Department to enter and participate in the Western Energy Imbalance Market, including the ability to execute additional agreements necessary or convenient to participating in the Western Energy Imbalance Market.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Mosqueda

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments:

Drafter: Alan.Matthews@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	07/02/2019	Mayor's leg transmitted to Council	City Clerk			
1	City Clerk	07/02/2019	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
1	Council President's Office	07/02/2019	sent for review	Housing, Health, Energy, and Workers' Rights Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Housing, Health, Energy, and Workers' Rights Committee						
1	City Council	07/15/2019	referred	Housing, Health, Energy, and Workers' Rights Committee			

Action Text: The Council Bill (CB) was referred. to the Housing, Health, Energy, and Workers' Rights Committee

1 Housing, Health, Energy, 08/15/2019 pass 09/03/2019 Pass
and Workers' Rights
Committee

Action Text: The Committee recommends that City Council pass the Council Bill (CB).

In Favor: 2 Chair Mosqueda, Member Bagshaw

Opposed: 0

1 City Council 09/03/2019 passed Pass

Action Text: The Council Bill (CB) was passed by the following vote, and the President signed the Bill:

Notes: *Councilmember Sawant left the Council Chamber at 3:31 p.m.*

In Favor: 8 Councilmember Bagshaw, Councilmember González , Council
President Harrell, Councilmember Herbold, Councilmember Juarez,
Councilmember Mosqueda, Councilmember O'Brien, Councilmember
Pacheco

Opposed: 0

Absent(NV): 1 Councilmember Sawant

1 City Clerk 09/06/2019 submitted for Mayor
Mayor's signature

1 Mayor 09/06/2019 Signed

1 Mayor 09/06/2019 returned City Clerk

1 City Clerk 09/06/2019 attested by City Clerk

Action Text: The Ordinance (Ord) was attested by City Clerk.

CITY OF SEATTLE

ORDINANCE 125904

COUNCIL BILL 119571

AN ORDINANCE relating to the City Light Department; authorizing the Department to enter and participate in the Western Energy Imbalance Market, including the ability to execute additional agreements necessary or convenient to participating in the Western Energy Imbalance Market.

WHEREAS, The City of Seattle (the "City") recognizes that the City Light Department ("City

Light") experiences imbalances between its customers' demand and power supply portfolio and must therefore transact in wholesale energy markets for energy and transmission services and products to effectively manage its resources and achieve balance between supply and demand on both a short-term and a long-term basis; and

WHEREAS, Seattle Municipal Code subsection 21.49.130.B provides specific authority for City

Light to enter into contracts for the acquisition, exchange, or sale of short-term capacity or energy, or integration, transmission, or ancillary services; and

WHEREAS, the California Independent System Operator (CAISO) manages and operates an

Energy Imbalance Market (EIM) that allows entities like City Light to participate in short-term energy transactions on a 15- and a five-minute basis; and

WHEREAS, the western United States has seen an increase in the development of variable

energy resources such as wind and solar generators that in turn create higher probabilities of energy imbalances in regional Balancing Authority Areas; and

WHEREAS, City Light's participation in such a market is in line with and would further its

commitment to be an environmental leader in the region and enable the broader integration of renewable resources across the western United States; and

1 WHEREAS, on October 31, 2016, the Seattle City Council (the “Council”) passed Ordinance
2 125176 authorizing City Light to take all steps necessary to prepare to participate in the
3 CAISO’s EIM including the authorization to execute agreements necessary for preparing
4 to participate; and

5 WHEREAS, City Light provided the Council’s Energy and Environment Committee an
6 informational briefing on the progress of its implementation and a showing of costs,
7 benefits, and potential risks of EIM participation to City Light customers on March 28,
8 2017; and

9 WHEREAS, the Council approved a budget of approximately \$14.0 million for the 2019-20
10 Adopted Budget and 2019-24 Capital Improvement Project plan for the EIM
11 implementation project; and

12 WHEREAS, after City Light determined that its existing Energy Trading and Risk Management
13 software vendor would be unable to support its participation in EIM, City Light initiated
14 a request for proposal process for a new software vendor and updated its timeline for
15 joining EIM to April 2020; and

16 WHEREAS, City Light has solicited and issued vendor and consultant contracts to perform work
17 to prepare the utility to enter and participate in the EIM, including hiring a System
18 Integrator to assist with implementation into EIM and a software vendor to provide new
19 energy trading and risk management software and interfaces required for transacting in
20 the market; and

21 WHEREAS, City Light has installed and programmed generation revenue quality meters at City
22 Light generators that meet CAISO generation metering requirements for participation in
23 EIM; and

1 WHEREAS, as required by CAISO, City Light's EIM project structure includes seven tracks of
2 work and six implementation milestones and City Light completed Milestone 1, Federal
3 Energy Regulatory Commission (FERC) Approval of City Light's EIM Implementation
4 agreement on July 3, 2017 and is on track to complete all other milestones and project
5 tracks according to the project schedule; and

6 WHEREAS, City Light's Wholesale Energy Risk Management policies and procedures have
7 been adopted by City Resolution and approved by CAISO and City Light will continue to
8 adhere to its existing risk oversight procedures and reporting, consistent with the
9 authority granted by Seattle Municipal Code Section 21.49.130; and

10 WHEREAS, City Light has and will continue, using prudent utility practices, to take the
11 necessary steps to be ready to join the EIM; NOW, THEREFORE,

12 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

13 Section 1. The City Light Department ("City Light") is authorized to enter and participate
14 in the Western Energy Imbalance Market (EIM) to the extent and for as long as the General
15 Manager and Chief Executive Officer of City Light (the "General Manager") believes
16 participation falls within the range of prudent utility practices for City Light.

17 Section 2. The General Manager, or the General Manager's designee, is further
18 authorized to execute, for and on behalf of The City of Seattle, additional agreement(s) necessary
19 or convenient for the purpose of participation in the CAISO's EIM, including the ability to enter
20 and make amendments and extensions of these additional agreements associated with EIM
21 participation, provided that such agreements, amendments, and extensions will not cause City
22 Light to exceed its then current budget authority.

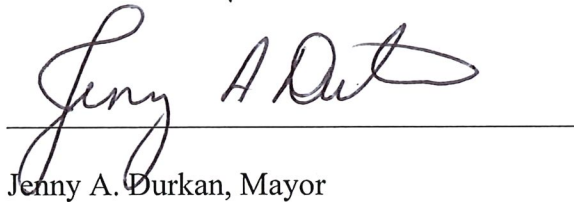
Section 3. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 31st day of September, 2019,
and signed by me in open session in authentication of its passage this 31st day of
September, 2019.



President _____ of the City Council

Approved by me this 6th day of September, 2019.


Jenny A. Durkan, Mayor

Filed by me this 6th day of September, 2019.



Monica Martinez Simmons, City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Seattle City Light	Sarah Davis/206-386-4537	Greg Shiring/206-386-4085

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the City Light Department; authorizing the Department to enter and participate in the Western Energy Imbalance Market, including the ability to execute additional agreements necessary or convenient to participating in the Western Energy Imbalance Market.

Summary and background of the Legislation: The Western Energy Imbalance Market (EIM) is a real-time energy imbalance market that allows participants to engage in short-term energy transactions on a real-time basis (15-minute and 5-minute ahead). The EIM balances fluctuations in supply and demand by automatically finding lower-cost resources from across a larger region to meet real-time needs, resulting in balanced supply and demand at a lower cost. The EIM was created in 2009 and is managed and operated by the California Independent System Operator (CAISO).

In 2016, Seattle City Light completed an analysis of potential participation in the EIM and determined that projected benefits are likely to result from participation. Benefits fall into three major categories:

- Environmental benefit - Flexible hydro can displace non-renewables, resulting in an overall carbon emission reduction.
- Potential Customer benefit - The opportunity for additional revenues, enhanced system reliability with increased grid visibility, and improved transmission planning and management all benefit customers.
- Core Business benefit - Employee growth and development, as well as improved operational coordination bring value to our core business.

On October 31, 2016, Council passed Ordinance 125176 authorizing City Light to participate in the EIM implementation process, including the authority to execute agreements and further evaluate potential benefits to City Light customers, but required approval to join the market. Since then, City Light has moved forward with implementation and take the following actions:

- City Light executed its EIM implementation agreement with CAISO, with approval by the Federal Energy Regulatory Commission (FERC) in July 2017.
- City Light provided briefings to Council on progress and updates related to implementation, benefits and costs during 2017.
- After completing a gaps analysis and bringing in an experienced Project Manager, it was realized that additional technology improvements would be needed to participate in the

market and the budget was increased from \$8.8 million to \$14.0 million to accommodate the new costs (additional labor, software, integration consulting support, and contingency).

- In late 2017, City Light determined that its existing marketing and risk software vendor would be unable to support the requirements of participation in EIM. As a result, City Light initiated a request for proposal process for a new software vendor and selected OATI to provide software required for both EIM participation and Energy Trading and Risk Management.
- As a result of City Light's need to replace existing software and obtain new software for EIM, the timeline for City Light joining EIM was moved from April 2019 to April 2020.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes ___ X ___ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes ___ X ___ No

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

Yes, this legislation will have indirect long-term financial impacts to City of Seattle. There are gross revenue impacts to Seattle anticipated associated with joining EIM. These revenues will vary year by year commensurate with the uncertainty in our current hydroelectric generation portfolio, due to variable weather and water conditions. It is anticipated that this revenue will, over time, recover the implementation and operating costs of the EIM project and potentially lower the revenue requirement for City Light customers.

Is there financial cost or other impacts of *not* implementing the legislation?

Yes, by not implementing this legislation, Seattle City Light will be forgoing the opportunities and benefits listed above, including the opportunity to accrue additional revenue. By forgoing this opportunity, City Light will be ignoring an opportunity to minimize future retail rate increases through additional, and potentially offsetting revenue.

Operationally, City Light would also be forgoing the opportunity to be prepared in advance for changes in the wholesale markets which are likely to impact City Light eventually, regardless of whether City Light choose to participate in the Western EIM.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

Yes, the actions associated with this legislation requires support from Seattle IT in implementing hardware and software associated with new operations technology systems and operations technology integrations.

b. Is a public hearing required for this legislation?

No

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

e. Does this legislation affect a piece of property?

No

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

City Light is estimating additional revenues associated with participating in EIM. Any additional revenues in excess of project costs and associated debt service payments would offset City Light's overall revenue requirement, and as such, would contribute to keeping rates lower than they would have otherwise been. Keeping rates low and following City Light's Strategic Plan rate path helps low-income customers and communities plan for their fixed costs, including utility costs, and also helps offset the need for any potential unplanned rate adjustments in the future.

There is no planned public communications since the impact is to the Utilities Power Marketing function.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

This legislation will enhance current business practices and is not a major programmatic expansion.

List attachments/exhibits below:

None

STATE OF WASHINGTON -- KING COUNTY

--SS.

377833

No.

CITY OF SEATTLE, CLERKS OFFICE

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:125898-125912 TITLE

was published on

09/19/19

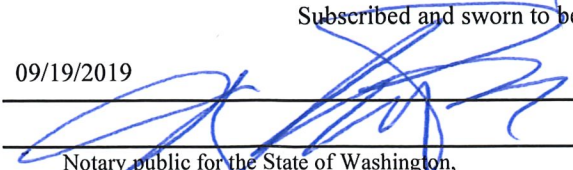
The amount of the fee charged for the foregoing publication is the sum of \$267.38.



Affidavit of Publication


Subscribed and sworn to before me on

09/19/2019


Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

The full text of the following legislation, passed by the City Council on September 03, 2019, and published below by title only, will be mailed upon request, or can be accessed at <http://seattle.legistar.com>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Ordinance 125898

Council Bill 119611

AN ORDINANCE appropriating money to pay certain audited claims for the week of August 5, 2019 through August 9, 2019 and ordering the payment thereof.

Ordinance 125899

Council Bill 119612

AN ORDINANCE appropriating money to pay certain audited claims for the week of August 12, 2019 through August 16, 2019 and ordering the payment thereof.

Ordinance 125900

Council Bill 119613

AN ORDINANCE appropriating money to pay certain audited claims for the week of August 19, 2019 through August 23, 2019 and ordering the payment thereof.

Ordinance 125901

Council Bill 119584

AN ORDINANCE relating to residential rental properties; conforming the Seattle Municipal Code with changes in state law; amending Sections 7.24.020, 7.24.030, 22.202.080, 22.206.160, 22.206.180, 22.210.030, and 22.902.120 of the Seattle Municipal Code.

Ordinance 125902

Council Bill 119601

AN ORDINANCE relating to the construction of protected bicycle lanes; requiring major paving projects to include protected bicycle lanes as identified in The City of Seattle Bicycle Master Plan; and adding a new Chapter 15.80 to the Seattle Municipal Code.

Ordinance 125903

Council Bill 119516

AN ORDINANCE relating to the City Light Department; authorizing a large solar program for customers with solar photovoltaic systems sized larger than 100 kilowatts and not greater than two megawatts; and adding a new Section 21.49.083 to the Seattle Municipal Code.

Ordinance 125904

Council Bill 119571

AN ORDINANCE relating to the City Light Department; authorizing the Department to enter and participate in the Western Energy Imbalance Market, including the ability to execute additional agreements necessary or convenient to participating in the Western Energy Imbalance Market.

Ordinance 125905

Council Bill 119577

AN ORDINANCE relating to City employment; adopting a 2019 Citywide Position List.

Ordinance 125906

Council Bill 119578

AN ORDINANCE relating to City employment; adjusting the pay zones for titles in the City's Power Marketing Compensation Program; establishing changes to provisions in the Power Marketing Compensation Program; and ratifying and confirming certain prior acts.

Ordinance 125907

Council Bill 119591

AN ORDINANCE relating to the City Light Department; declaring certain real property rights surplus to the needs of the City Light Department and authorizing the sale of a portion of the property to Snohomish County for road purposes; reserving an easement for electric transmission line purposes; and accepting the payment of fair market value for the property rights sold.

Ordinance 125908

Council Bill 119603

AN ORDINANCE relating to the transfer of City real property for housing development; declaring the property located at 1314, 1326, and 1336 Yakima Avenue South ("PMA 1594") surplus to the City's needs; transferring the jurisdiction of this property from the Department of Finance and Administrative Services to the Office of Housing; authorizing its transfer to Homestead Community Land Trust or its designee; and authorizing the Director of the Office of Housing to execute and deliver the contract for transfer of land, deed, and related documents.

Ordinance 125909

Council Bill 119498

AN ORDINANCE relating to the City Light Department; accepting statutory warranty deeds to the Massnick and Levins properties in Pend Oreille County, Washington, both to be managed as Project Habitat Lands as required by the Federal Energy Regulatory Commission (FERC) License Order for the Boundary Hydroelectric Project; and placing said lands under the jurisdiction of the City Light Department.

Ordinance 125910

Council Bill 119533

AN ORDINANCE relating to the City Light Department; accepting various easements for overhead and underground electrical rights in King County, Washington; placing said easements under the jurisdiction of the City Light Department; and ratifying and confirming certain prior acts.

Ordinance 125911

Council Bill 119534

AN ORDINANCE relating to the City Light Department; accepting various easements for overhead and underground electrical rights in King County, Washington; placing said easements under the jurisdiction of the City Light Department; and ratifying and confirming certain prior acts.

Ordinance 125912

Council Bill 119592

AN ORDINANCE relating to the City Light Department; authorizing the General Manager and Chief Executive Officer to negotiate for and purchase or lease up to two parcels of land and acquire other real property rights as necessary or desirable for the purpose of providing temporary housing for City Light personnel and contractors at the Boundary Hydroelectric Project in Pend Oreille County, Washington, and for other municipal utility purposes.

Date of publication in the Seattle Daily Journal of Commerce, September 19, 2019.

9/19(377833)