**RESOLUTION No.** 31006

A RESOLUTION relating to the City Light Department; documenting compliance with certain requirements under the Public Utility Regulatory Policies Act of 1978, as amended by the Energy Policy Act of 2005

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|---|---|
| **Introduced:** 8-1-07 | **By:** |
| **Referred:** 8-1-07 | **To:** ENERGY AND TECHNOLOGY |
| **Referred:** | **To:** |
| **Reported:** 8-13-07 | |
| **Passed:** 8-13-07 | **Signed:** |
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Jean Godden

Jean Godden

8/8/07 ADOPT - JG, DD, NL

LAW DEPARTMENT

Lisa Rennie
SCL PURPA RES
July 13, 2007
Version # 5a

**RESOLUTION** 31006

A RESOLUTION relating to the City Light Department; documenting compliance with certain requirements under the Public Utility Regulatory Policies Act of 1978, as amended by the Energy Policy Act of 2005.

WHEREAS, the Public Utility Regulatory Policies Act of 1978 ("PURPA") was enacted to encourage (1) the conservation of energy supplied by electric utilities, (2) the optimal efficiency of electric utility facilities and resources, and (3) equitable rates to electric consumers; and

WHEREAS, the Energy Policy Act of 2005 ("EPAct 2005") amended Section 111(d) of PURPA to add five new utility standards on Net Metering, Fuel Sources, Fossil Fuel Generation Efficiency, Time-Based Metering and Communications and Interconnection; and

WHEREAS, Section 111 of PURPA requires nonregulated utilities such as Seattle City Light to consider these new standards and determine whether they should be implemented; and

WHEREAS, the EPAct 2005 amended Section 112(b) of PURPA to require nonregulated utilities to commence consideration by August 8, 2006, and to determine whether to adopt the Time-Based Metering and Communications and Interconnection standards by August 8, 2007; and

WHEREAS, the EPAct 2005 amended Section 112(b) of PURPA to require nonregulated utilities to commence consideration by August 8, 2007, and to determine whether to adopt the Net Metering, Fuel Sources, and Fossil Fuel Generation Efficiency standards by August 8, 2008; and

WHEREAS, the EPAct 2005 amended Section 112(d) of PURPA to provide that the requirement to consider the new federal standards does not apply if a state has taken prior action to adopt or consider the standard or a comparable standard; and

WHEREAS, Seattle City Light provided public notice that it had commenced consideration of all five new federal standards and set a public hearing date for October 19, 2006, at which City Light presented background information on the new federal standards, identified and discussed issues related to the new standards, and provided opportunity for written and/or oral comment from interested parties; and

WHEREAS, Seattle City Light provided public notice of a June 28, 2007, public hearing at which Seattle City Light presented its findings on whether to adopt the five new federal standards and solicited final written and/or oral comments from interested parties; and

WHEREAS, Seattle City Light has completed the consideration and determination process for the five new federal standards in accordance with the PURPA public hearing process requirements and timelines established by the EPAct 2005 amendments to PURPA; NOW, THEREFORE,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:**

Section 1. The City Council hereby acknowledges and affirms Seattle City Light's consideration of five new federal standards on Net Metering, Fuel Sources, Fossil Fuel Generation Efficiency, Time Based-Metering and Communications, and Interconnection as set forth in the Public Utility Regulatory Policies Act of 1978 ("PURPA"), as amended by the Energy Policy Act of 2005 ("EPAct 2005").

Section 2. The City Council acknowledges and affirms Seattle City Light's determination that three of the proposed federal standards, Net Metering, Fuel Sources, and Fossil Fuel Generation Efficiency, are covered by prior State action and therefore no further consideration or determination of these federal standards are necessary or required at this time.

Section 3. The City Council acknowledges and affirms Seattle City Light's determination that implementation of the federal standard on Time-Based Metering and Communications is not appropriate at this time.

Section 4. The City Council acknowledges and affirms Seattle City Light's determination that because it, and other state utilities, have adopted uniform interconnection standards for

generation facilities up to 25 kW, and Seattle City Light will adopt uniform interconnection standards for systems up to 300 kW, implementation of the federal standard on Interconnection is not necessary or appropriate at this time.

Section 5. Attached as Attachment 1 to this Resolution is Seattle City Light's report on its Consideration and Determination of New PURPA Standards which provides more detail regarding Seattle City Light's consideration and determination of the five new federal standards.

Adopted by the City Council the 13th day of August, 2007, and signed by me in open session in authentication of its adoption this 13th day of August, 2007.

President _____ of the City Council

THE MAYOR CONCURRING:

Gregory J. Nickels, Mayor

Filed by me this 22nd day of August, 2007.

City Clerk

(Seal)

Attachment 1: Consideration and Determination of New PURPA Standards

# Seattle City Light

## Consideration and Determination of New PURPA Standards

## Background, Findings and Determination

### History of PURPA

The Public Utility Regulatory Policies Act (PURPA) was enacted by Congress in 1978 to encourage (1) energy conservation; (2) increased efficiency of electric utility facilities and resources; and (3) fair retail rates for electric consumers. PURPA originally included six federal standards related to rates: cost of service, declining block rates, time-of-day rates, seasonal rates, interruptible rates, and load management techniques. The Energy Policy Act of 1992 amended PURPA and added four additional standards including energy efficiency investments in power generation and supply. The current discussion is about new standards added in 2005.

### New PURPA Standards

The Energy Policy Act of 2005 added five more new standards to PURPA related to:

- Net Metering
- Fuel Sources
- Fossil Fuel Generation Efficiency
- Time-Based Metering and Communications
- Interconnection

Each of these new standards will be discussed in more detail below. While the Energy Policy Act of 2005 requires state regulatory authorities and certain nonregulated utilities, such as Seattle City Light, to consider the new standards and decide whether they are appropriate to implement, the law also says the requirement can be waived if a state has adopted or implemented a comparable standard. As discussed below, three of these standards have been addressed by Washington State legislation.



*Seattle City Light is a publicly owned utility dedicated to exceeding our customers' expectations in producing and delivering low cost, reliable power in an environmentally responsible and safe way. We are committed to delivering the best customer service experience of any utility in the nation.*

## Net-Metering

Section 1251(a) of the Energy Policy Act of 2005 (codified at Section 111(d)(11) of PURPA, 16 U.S.C. §2621(d)(11)) establishes this standard as:

> *NET METERING—Each electric utility shall make available upon request net metering service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term 'net metering service' means service to an electric consumer under which electric energy generated by that electric consumer from an eligible on-site generating facility and delivered to the local distribution facilities may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period.*

**Discussion:** Net metering refers to measuring the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator over a billing period that allows any excess electricity generated by the customer to be credited to the customer.

Washington State requires electric utilities to provide net-metering service pursuant to RCW Chapter 80.60. The Legislature reviewed and amended this statute during its 2006 session (ESHB 2352 Chapter 201, Laws of 2006). Under this law, net-metering is available to customer generators with certain types of generating systems. Eligible "net metering systems" are defined as fuel cells, small cogeneration facilities, or a renewable energy systems powered by water, wind, solar energy, or biogas from animal waste as a fuel.

The law requires utilities to offer net-metering to customers with systems that are no larger than 100 kilowatts (kW) in size, located on a customer's premises, and intended primarily to offset all or part of the customer's electricity consumption. Utilities must offer this service on a first-come, first-served basis until the cumulative capacity of all the net-metered systems reaches 0.25 percent of the utility's peak demand in 1996. On January 1, 2014, the cumulative generating capacity cap will increase to 0.5 percent of the utility's peak demand in 1996. The law requires that the net-metered systems meet safety requirements of the host utility.

During the 2007 Session, the Legislature further amended the net metering law (SHB 1140, Chapter 323, Laws of 2007) to require utilities to provide meter aggregation for net metering customer generators within their service territory. Seattle City Light currently has about 60 net-metering customers, all of which are solar electric systems less than 10 kW each. In addition, Seattle City Light has 25 solar demonstration projects, all of which are also less than 10 kW.

**Findings and Determination:** Existing Washington State law requires that utilities provide net-metering service. Consequently, the Energy Policy Act provisions regarding prior state action apply to this standard and no further consideration of the federal Net Metering standard is necessary or required at this time. Seattle City Light has policies (Seattle Municipal Code chapter 21.49) to manage interconnection, metering, and billing requirements pursuant to RCW 80.60. Seattle City Light will update the Seattle Municipal Code chapter 21.49 to reflect the

recent changes to the State's net metering law.

## Fuel Sources

Section 1251(a) of the Energy Policy Act of 2005 (codified at Section 111(d)(12) of PURPA, 16 U.S.C. §2621(d)(12)) establishes this standard as:

> *FUEL SOURCES—Each electric utility shall develop a plan to minimize dependence on 1 fuel source and to ensure that the electric energy it sells to consumers is generated using a diverse range of fuels and technologies, including renewable technologies.*

**Discussion:** Washington State law requires all Washington electric utilities with more than 25,000 customers to regularly prepare integrated resource plans (IRP) pursuant to RCW 19.280 (Chapter 195, Laws of 2006). Publicly-owned utilities are required to provide these plans to the state Department of Community Trade and Economic Development office. Utility IRPs are required to be "an analysis describing the mix of generating resources and conservation and efficiency resources that will meet current and projected needs at the lowest reasonable cost to the utility and its ratepayers." Additionally, passage of Washington State Initiative 937 in November 2006 requires Washington utilities with more than 25,000 customers to acquire cost-effective conservation and to serve load with increasing percentages of renewable power.

Seattle City Light began development of its IRP in 2005 and submitted it to the Seattle City Council in 2006. The 2006 IRP determines strategies for the type, amount, and timing of new resource acquisitions to meet customer needs over the 20 years between 2007 and 2026. The IRP process considered Initiative 937's direction in compiling resource portfolios. The preferred portfolio of resources identified to meet Seattle City Light's obligation to supply electricity to our customers satisfies the following planning criteria: reliability of service, reasonable costs, reasonable risks, and limited environmental costs. The IRP included a public involvement process to allow comments from stakeholders and the public and the issuance of an Environmental Impact Statement. Seattle City Light will update its 2006 IRP every two years. The next IRP update and any EIS update will be completed in 2008.

Seattle City Light's 2006 IRP is available at:
http://www.seattle.gov/light/news/issues/irp/

**Findings and Determination:** Existing Washington State law requires that utilities regularly prepare IRPs. Consequently, the Energy Policy Act of 2005 provisions regarding prior state action apply and no further consideration of the federal Fuel Sources standard is necessary or required at this time.

## Fossil Fuel Generation Efficiency

Section 1251(a) of the Energy Policy Act of 2005 (codified at Section 111(d)(13) of PURPA, 16

U.S.C. §2621(d)(13)) establishes this standard as:

> *FOSSIL FUEL GENERATION EFFICIENCY—Each electric utility shall develop and implement a 10-year plan to increase the efficiency of its fossil fuel generation.*

**Discussion:** Seattle City Light owns no fossil fuel generation resources at this time. However, Washington State law requires all Washington electricity utilities with more than 25,000 customers to regularly prepare integrated resource plans (IRP) pursuant to RCW 19.280 (Chapter 195, Laws of 2006). As part of its 2006 IRP, Seattle City Light considered a range of supply resources, which included fossil fuel generation resources. The utility considered natural gas -- combined-cycle combustion (CHP) and simple-cycle combustion turbine (SCCT) -- and coal -- pulverized coal and integrated gasification combined cycle (IGCC). All potential energy resources were evaluated in the IRP process against four basic criteria: reliability, cost, risk, and environmental impacts. Coal-fired generation technologies were eliminated from further consideration primarily because of associated environmental costs and current transmission capacity. Natural gas was considered in a second round of portfolio analysis, but ultimately was not a resource included in the preferred portfolio.

**Findings and Determination:** Existing Washington State law requires that utilities regularly prepare IRPs. Consequently, the Energy Policy Act provisions regarding prior state action apply and no further consideration of the Fossil Fuel Generation Efficiency standard is necessary or required at this time.

## Time-Based Metering and Communications

Section 1252(a) of the Energy Policy Act of 2005 (codified at Section 111(d)(14) of PURPA, 16 U.S.C. §2621(d)14)) establishes this standard as:

> *TIME-BASED METERING AND COMMUNICATIONS (A) Not later than 18 months after the date of enactment of this paragraph, each electric utility shall offer each of its customer classes, and provide individual customers upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level. The time-based rate schedule shall enable the electric consumer to manage energy use and cost through advanced metering and communications technology.*
>
> *(B) The types of time-based rate schedules that may be offered under the schedule referred to in subparagraph (A) include, among others —*
>
> > *(i) time-of-use pricing whereby electricity prices are set for a specific time period on an advance or forward basis, typically not changing more often than twice a year, based on the utility's cost of generating and/or purchasing such electricity at the wholesale level for the benefit of the consumer. Prices paid for energy consumed during these periods shall be pre-established and known to consumers in advance of such consumption, allowing them to vary their demand and*

*usage in response to such prices and manage their energy costs by shifting usage to a lower cost period or reducing their consumption overall;*

*(ii) critical peak pricing whereby time-of-use prices are in effect except for certain peak days, when prices may reflect the costs of generating and/or purchasing electricity at the wholesale level and when consumers may receive additional discounts for reducing peak period energy consumption;*

*(iii) real-time pricing whereby electricity prices are set for a specific time period on an advanced or forward basis, reflecting the utility's cost of generating and/or purchasing electricity at the wholesale level, and may change as often as hourly; and*

*(iv) credits for consumers with large loads who enter into pre-established peak load reduction agreements that reduce a utility's planned capacity obligations.*

*(C) Each electric utility subject to subparagraph (A) shall provide each customer requesting a time-based rate with a time-based meter capable of enabling the utility and customer to offer and receive such rate, respectively.*

*Section 1252(b) of the Energy Policy Act amends Section 115 of PURPA (16 U.S.C. § 2625) to provide further direction regarding factors that regulatory authorities must consider when determining whether this new standard should be adopted as a requirement for state regulated electric utilities:*

*(b) In undertaking the consideration and making the determination required under section 2621 of this title with respect to the standard for time-of-day rates established by section 2621(d)(3) and the standard for time-based metering and communications established by section 2621(d)(14) of this title, a time-of-day rate charged by an electric utility for providing electric service to each class of electric consumers shall be determined to be cost-effective with respect to each such class if the long-run benefits of such rate to the electric utility and its electric consumers in the class concerned are likely to exceed the metering and communications costs and other costs associated with the use of such rates.*

*(i) In making a determination with respect to the standard established by section 111(d)(14), the investigation requirement of section 111(d)(14)(F) shall be as follows: Each State regulatory authority shall conduct an investigation and issue a decision whether or not it is appropriate for electric utilities to provide and install time-based meters and communications devices for each of their customers which enable such customers to participate in time-based pricing rate schedules and other demand response programs.*

*(amendments underlined)*

**Discussion:** As a result of the original PURPA legislation in 1978, Seattle City Light began exploring the potential for time-based rate schedules and the associated metering technology for adopting the strategies described below. Time-based rates are known to be most effective for the utility and for the customer when there is a significant difference between on-peak and off-peak wholesale electricity prices or when utility resource costs are reflected in a time-based

rate strategy. The difference between on- and off-peak wholesale power costs in the Pacific Northwest, which is a hydro-dominated resource region, are generally less pronounced than in other regions where fossil fuel generation is more prevalent. Like several other Pacific Northwest electric utilities, Seattle City Light has initiated time-based rate schedules, and some of these rates continue in place today, but others have either been discontinued or were never fully implemented because there appeared to be little economic advantage for either the utility or the customer. Although the conditions that favor additional time-based rates in Seattle are negligible at this time, the utility will continue to explore rate designs and technological advances that could allow their adoption in the future.

Time-based rate structures also involve "communications" as addressed by the new PURPA standard. Time-based rates need metering and communication technology, energy data collection systems, and billing functions in order to capture the value associated with this rate structure. A "smart-meter" typically refers to a type of advanced electric meter with a 2-way communication system that collects more detailed energy consumption information more frequently. Additionally, these systems have the capacity to communicate directly with the meter to remotely reprogram it or with the customer to influence consumption patterns. Seattle City Light is intrigued by the communications capability of smart metering technology and is assessing its potential applications to certain geographic locations and/or customer classes within the service territory.

The 2005 PURPA standard cited above defines several types of time-based rates which may be considered, including but not limited to time-of-use (TOU) pricing, critical peak pricing (CPP), real-time pricing (RTP), and load management credits (LMC). Seattle City Light's actual experience with these and other time-based rates is outlined below.

**Seasonal Rates:** Following the adoption of the original PURPA standards by Seattle City Light, seasonal rates were developed for residential, commercial, and industrial customers and implemented in 1980. At that time, winter rates were higher than summer rates. The seasonal rate design reflected the underlying seasonal differential in power supply costs, particularly purchased power costs from the Bonneville Power Administration (BPA). Over time, as BPA realigned its seasonal price, the cost differential gradually eroded and the need for a seasonal rate diminished. All seasonal rate differentiation was dropped in favor of year-round rates during the 2001 energy crisis. Seasonal pricing was reconsidered in the 2007-2008 rate review but not recommended due to the small differential in seasonal energy prices.

**Time-of-Use-Prices:** Seattle City Light has had time-of-use prices in effect since 1986 for large commercial/industrial customers (currently about 160 accounts). These rate schedules have higher demand and energy charges during City Light's high-cost period (currently Monday-Saturday, 6 a.m. to 10 p.m.). Since the rate reflects actual power costs, the price differential is not as pronounced as other utilities with more fossil fuel generation within their resource portfolio. Proposals to extend these rates to medium-sized commercial/industrial customers were considered but not implemented in the 2007-2008 rate review and likely will be proposed

in the next rate review.

**Real-Time Prices:** A form of real-time pricing was offered to our High-Demand General Service customers beginning in 1996, through Seattle City Light's Variable Rate Schedule. This program allowed these customers to pay market-indexed rates. Their daily rates consisted of a retail services charge and an energy charge based on either the Dow Jones California-Oregon Border Price Index or the Dow Jones Mid-Columbia Price Index, adjusted for losses, taxes, and ancillary services. Their contract choices ultimately exposed these customers to unacceptable wholesale market price fluctuations. Several customers took advantage of the program during 1996-1998, but there have been no customers interested in this option since then, and the rate schedule was dropped in January 2007 due to City Light's concerns which stemmed mainly from price risk. Although wholesale electricity market conditions are calm compared to the 2000-2001 energy crisis, price risk persists.

**Critical Peak Prices:** In collaboration with the Electric Power Research Institute (EPRI), Seattle City Light completed a study of critical peak pricing for large commercial customers in 2000. A pilot demonstration proposed for large commercial buildings was prepared but tabled after October 2001 when the Federal Energy Regulatory Commission (FERC) capped the electricity market prices, removing the energy cost justification for the critical peak prices. Additionally, one of the major hurdles is the fact that the Pacific Northwest wholesale power market closely mimics the market for the entire West Coast and these programs are most effective during periods when the utility is exposed to very high peak prices. Seattle City Light currently has a stable, low-cost power supply and does not rely on either high-priced power purchases or high-cost peaking energy resources to meet peak demand. However, the cost and benefits of this approach will be revisited in the next 2008 Integrated Resource Plan update.

**Load Management Credits:** City Light has offered interruptible rates since 1980. Until 1986, discounted rates were offered based on the cost of peaking contracts with other Northwest utilities. Seattle City Light seldom interrupted, but when it tried, customers expressed strong dissatisfaction. In 1986, inexpensive peak power was available and interruptible rates were discontinued.

**Analysis:** Of the five PURPA standards addressed in the Energy Policy Act of 2005, issues and questions surrounding Time-Based Metering and Communications are the most complex and encompassing. When considering time-based metering and communications, Seattle City Light will need to consider the costs and benefits of such actions. These include:

Costs:

- Meter and installation costs
- Communication technology and associated costs with meter reading
- Administrative costs associated with data collection, billing and other associated functions

to enable time-of-use pricing

- Marketing, communication and maintenance costs
- Rate equity issues across customer classes

Benefits:

- The economic value associated with system capacity and energy benefits (i.e., the value of operational changes in utilization of generation, transmission, and distribution resources as a result of load impacts from time-based programs). These benefits are typically related to reduced peak loads, mitigating price spikes, increasing reliability, and lowering the utility's energy prices thereby reducing the customer's bills.
- Economic value associated with deferring, delaying or potentially, eliminating distribution or transmission capacity upgrades.
- Value associated with information gathered from a smart metering system.

Seattle City Light is currently examining and proceeding with efforts to develop parts of the metering, billing, and communication infrastructure. The utility has already deployed these technologies in two different areas of the City of Seattle as part of a demonstration project. Currently under examination are prerequisites to full-scale advanced metering infrastructure (AMI) conversion. This includes installing a meter data management system, replacing the current time-based billing system with one that is more flexible and expandable, and developing the business case justifying conversion of all electric meters to advanced meters with two-way communication, or AMI, also referred to as "smart meters." Based upon the examination of this issue to date, investment in AMI appears to be justifiable when considering customer benefits and business efficiencies without inclusion of any benefits from additional time-based rates.

The AMI meters being considered do have the capability of handling load-shedding and time-of-use rates. If Seattle City Light can deploy the AMI metering and billing infrastructure currently under examination, it will have the detailed data necessary to determine the economics and, if appropriate, to design and test those time-based schedules that are likely to have favorable results.

Pacific Northwest energy supply and demand conditions may change. Seattle City Light will continue to analyze future changes in supply and demand, power supply alternatives, class load characteristics, and price response of each customer class with the ultimate goal of determining what type of demand response programs (TOU, CPP, RTP) would be most effective for individual classes of customers. Seattle City Light also will evaluate whether the benefit of providing such service would outweigh the cost and whether other methods of meeting the goals described above would be more cost effective for its customers.

**Findings and Determination:** The ultimate purposes of PURPA standards, which are to encourage (1) energy conservation, (2) increase efficiency of electric utility facilities and

resources and (3) fair retail rates for electric consumers, continue to be important goals of the City of Seattle.

So far, Seattle City Light and other Pacific Northwest utilities have had mixed results with their time-based pricing experiments. There are not large market price differences in the Pacific Northwest between on-peak and off-peak periods. City Light currently has time-based rates in effect for its large general service and high-demand customer classes. It is not clear that additional time-based rates would be cost-effective for most customers at this time. Further study of potential rate designs, particularly CPP, is needed. To advance these studies, the development of a smart metering/communications platform is needed. Based on other justifications (customer services and business efficiencies), Seattle City Light is examining the feasibility and business case for building the billing and metering infrastructure that will include smart metering and could support additional time-based rates if and when these are economically justified.

The determination of cost effectiveness and proper implementation time frame for additional time-based rates will require a detailed analysis of customer class load characteristics, price response of each customer class as well as costs associated with investments in technology and administration to implement and consumer education. Based upon the results and findings of these studies, Seattle City Light will consider the implementation of the new federal standard or a comparable standard as appropriate. However, at this time, it is not appropriate to adopt the new federal standard for Time-Based Metering and Communications.

## Interconnection

Section 1254(a) of the Energy Policy Act of 2005 (codified at Section 111(d)(15) of PURPA, 16 U.S.C. §2621(d)(15)) establishes this standard as:

> *INTERCONNECTION—Each electric utility shall make available, upon request, interconnection service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term 'interconnection service' means service to an electric consumer under which an on-site generating facility on the consumer's premises shall be connected to the local distribution facilities. Interconnection services shall be offered based upon the standards developed by the Institute of Electrical and Electronics Engineers: IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems, as they may be amended from time to time. In addition, agreements and procedures shall be established whereby the services are offered shall promote current best practices of interconnection for distributed generation, including but not limited to practices stipulated in model codes adopted by associations of state regulatory agencies. All such agreements and procedures shall be just and reasonable, and not unduly discriminatory or preferential.*

**Discussion:** A Washington State law passed in 2005 created an incentive payment for small customer-owned renewable energy generators (Chapter 300, Laws of 2005; codified as RCW

Ch. 82.16.110 – 82.16.140) The incentive payment provisions for these interconnected generating systems were contingent upon utilities serving 80 percent of the state's total electric load adopting interconnection standards that had 90 percent of the requirements the same. To facilitate implementation of this law, Seattle City Light participated in a voluntary effort with other Washington utilities to establish standards for the interconnection of customer-owned generation facilities up to a capacity of 25 kW. The resulting standard was completed in 2006 and has been adopted by Seattle City Light as Department Policy & Procedure (DPP) III-305. This interconnection standard includes procedures for applying for interconnection, processing applications, technical and engineering standards for interconnections, safety standards, and other provisions.

Seattle City Light continued its participation in the Washington State utility workgroup that developed the interconnection standards for generation facilities larger than 25 kW and up to 300 kW. Seattle City Light is in the process of amending DPP III-305 to include generation facilities up to 300 kW. Additionally, Seattle City Light will continue to use its existing interconnection requirements for larger generating systems above 300 kW until such time that new standards are determined to be more functional or appropriate. *Procedures, Requirements, and Standards to Connect to Seattle City Light's Transmission and Distribution System* provides a framework for the application process, impact study, technical, safety and reliability requirements for large facility interconnections (over 300kW) to Seattle City Light's system.

**Findings and Determination:** Utilities representing 80 percent of the state's total electric load, including Seattle City Light, have adopted uniform interconnection standards for generation facilities up 25 kW. Additionally, Seattle City Light will adopt a uniform interconnection standard for systems up to 300 kW. The standards developed by the Washington state utility workgroup are compliant with the PURPA Interconnect Standard which specifies "practices stipulated in model codes adopted by associations of state regulatory agencies" and "based on IEEE Standard 1547". Seattle City Light has already implemented through its DPP a different though comparable standard and therefore it is not necessary or appropriate to implement the new federal Interconnection standard.

Form revised December 4, 2006

# FISCAL NOTE FOR NON-CAPITAL PROJECTS

| Department: | Contact Person/Phone: | DOF Analyst/Phone: |
|---|---|---|
| Seattle City Light | Lisa Rennie/684-3793 | Thomas Dunlap/386-9120 |

**Legislation Title:**
A RESOLUTION relating to the City Light Department; documenting compliance with certain requirements under the Public Utility Regulatory Policies Act of 1978, as amended by the Energy Policy Act of 2005.

- **Summary of the Legislation:**

The proposed Resolution acknowledges and affirms that Seattle City Light has completed the consideration and determination process for five new federal standards in accordance with the Public Utility Regulatory Policies Act of 1978 (PURPA) public hearing process requirements and the timelines established by the Energy Policy Act of 2005 (EPAct 2005)

- **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

  This proposed Resolution documents Seattle City Light's compliance with certain requirements under The Public Utility Regulatory Policies Act of 1978 ("PURPA"). PURPA was enacted to encourage the conservation of energy supplied by electric utilities, the optimal efficiency of electric utility facilities and resources, and equitable rates to electric consumers. In 2005, the EPAct amended PURPA by adding five new utility standards on Net Metering, Fuel Sources, Fossil Fuel Generation Efficiency, Time-Based Metering and Communications and Interconnection. EPAct 2005 required state regulatory authorities, and certain non-regulated utilities like City Light, to engage in a process by which the utilities would determine whether to adopt the new standards, and then document their final determinations before August 8, 2007. EPAct 2005 also established timelines for the consideration and determination process. In accordance with the federal law, Seattle City Light has completed its consideration and determination of the five new federal standards prior to the deadline.

- *Please check one of the following:*

__X__ **This legislation does not have any financial implications.** (*Stop here and delete the remainder of this document prior to saving and printing.)*

# City of Seattle

Gregory J. Nickels, Mayor

**Office of the Mayor**

July 24, 2007

Honorable Nick Licata
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Licata:

I am pleased to transmit the attached proposed Resolution, which affirms Seattle City Light's compliance with the process and determination requirements within the deadlines established by the Energy Policy Act of 2005 (EPAct 2005) with regard to five new federal utility standards.

The Public Utility Regulatory Policies Act of 1978 ("PURPA") was enacted to encourage the conservation of energy supplied by electric utilities, the optimal efficiency of electric utility facilities and resources, and equitable rates to electric consumers. In 2005, the EPAct amended PURPA by adding five new utility standards on Net Metering, Fuel Sources, Fossil Fuel Generation Efficiency, Time-Based Metering and Communications and Interconnection. EPAct 2005 required state regulatory authorities, and certain non-regulated utilities like City Light, to engage in a process by which the utilities would determine whether to adopt the new standards, and then document their final determinations before August 8, 2007.

City Light met these requirements by providing public notice it had commenced consideration of all five new federal standards, holding two public hearings, and documenting its findings in the report, *Consideration and Determination of New PURPA Standards*. This report, which is being transmitted as an attachment to the Resolution, provides detail on the background, findings, and determinations reached on each individual new standard.

The proposed Resolution affirms that City Light has completed the consideration and determination process in accordance with the PURPA public hearing process requirements and the timelines established by EPAct 2005. Thank you for your consideration of this legislation. Should you have any questions, please contact Lisa Rennie at (206) 684-3793.

Sincerely,

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) 684-8811 Fax: (206) 684-5360, Email: mayors.office@seattle.gov

31006

# STATE OF WASHINGTON – KING COUNTY

--ss.

214891 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:31004-31009 TITLE ONLY

was published on

08/27/07

The amount of the fee charged for the foregoing publication is the sum of $ 76.73, which amount has been paid in full.

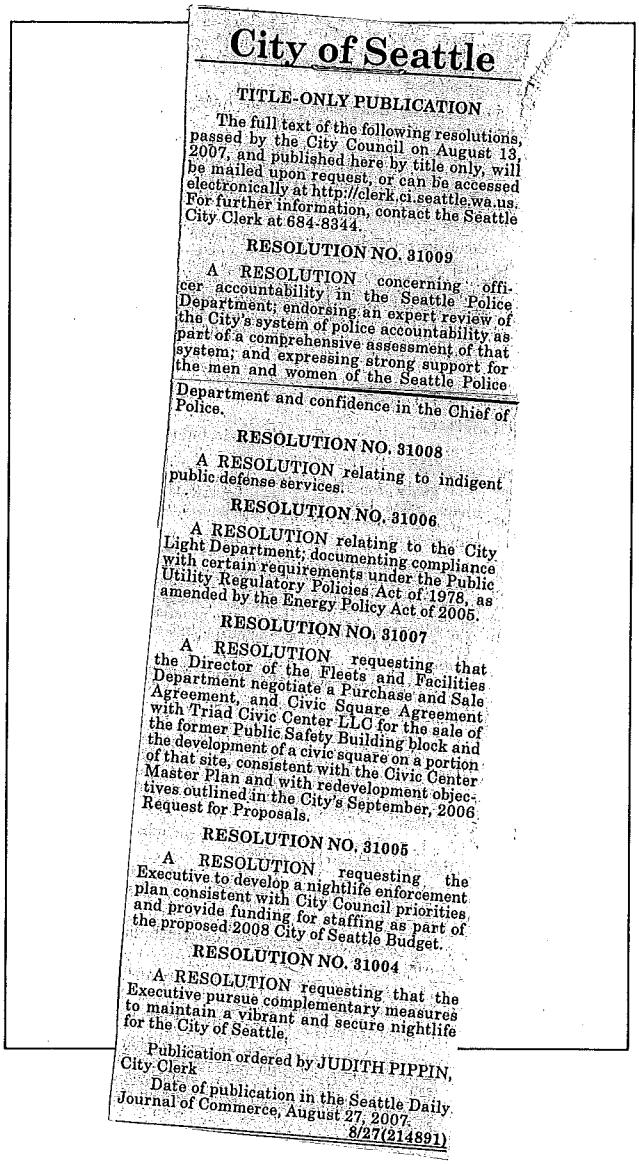
Subscribed and sworn to before me on

08/27/07

Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication

# State of Washington, King County



## City of Seattle

**TITLE-ONLY PUBLICATION**

The full text of the following resolutions, passed by the City Council on August 13, 2007, and published here by title only, will be mailed upon request, or can be accessed electronically at http://clerk.ci.seattle.wa.us. For further information, contact the Seattle City Clerk at 684-8344.

**RESOLUTION NO. 31009**

A RESOLUTION concerning officer accountability in the Seattle Police Department; endorsing an expert review of the City's system of police accountability as part of a comprehensive assessment of that system; and expressing strong support for the men and women of the Seattle Police Department and confidence in the Chief of Police.

**RESOLUTION NO. 31008**

A RESOLUTION relating to indigent public defense services.

**RESOLUTION NO. 31006**

A RESOLUTION relating to the City Light Department; documenting compliance with certain requirements under the Public Utility Regulatory Policies Act of 1978, as amended by the Energy Policy Act of 2005.

**RESOLUTION NO. 31007**

A RESOLUTION requesting that the Director of the Fleets and Facilities Department negotiate a Purchase and Sale Agreement, and Civic Square Agreement with Triad Civic Center LLC for the sale of the former Public Safety Building block and the development of a civic square on a portion of that site, consistent with the Civic Center Master Plan and with redevelopment objectives outlined in the City's September, 2006 Request for Proposals.

**RESOLUTION NO. 31005**

A RESOLUTION requesting the Executive to develop a nightlife enforcement plan consistent with City Council priorities and provide funding for staffing as part of the proposed 2008 City of Seattle Budget.

**RESOLUTION NO. 31004**

A RESOLUTION requesting that the Executive pursue complementary measures to maintain a vibrant and secure nightlife for the City of Seattle.

Publication ordered by JUDITH PIPPIN, City Clerk

Date of publication in the Seattle Daily Journal of Commerce, August 27, 2007.

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