

Draft 2010 Integrated Resource Plan

Date of this Brief	June 29, 2010		
Supersedes			
Key Contacts	David Clement	Phone 4-3564	Short Title Director IRP
Council Action Required?	Y	If YES, within the next 3 months?	Y
Presenters (if applicable)	Steve Kern, David Clement		

Summary Statement

The proposed 2010 Integrated Resource Plan (IRP) would establish a long-term conservation and power resource plan for Seattle City Light as required by Washington's HB 1010, Chapter 19.280 RCW. With the Council's approval of the plan by resolution, the 2010 IRP will be filed with the Washington Department of Commerce. The State's deadline for filing an approved plan is September 1, 2010.

Background

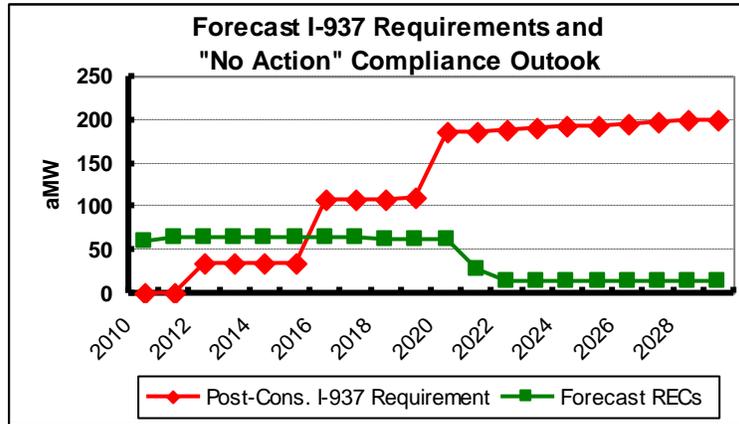
An overview of the 2010 IRP was presented to the City Council Energy, Technology, and Civil Rights Committee on May 6, 2010. That overview included the top three candidate resource portfolios (long-term resource plans) addressing the amount, type of resource, and timing for the Council's review. Subsequent analysis indicates that the Hi-Conservation portfolio performed best on performance measures and scenarios. This resource portfolio was endorsed by the IRP Stakeholders and was the favored portfolio in public meetings.

Requirements for the 2010 IRP include a public input process and approval by the governing board of the public utility, the Seattle City Council. The public input process included six IRP Stakeholder meetings, three public meetings, and a website to review documents and submit comments. The 2010 IRP Stakeholders include representatives of large customers, two universities, the BPA, the Northwest Power & Conservation Council, the Energy Coalition, the Sierra Club, and residential customers. The 2010 IRP Stakeholders are writing a letter of support to the City Council for the Draft 2010 IRP.

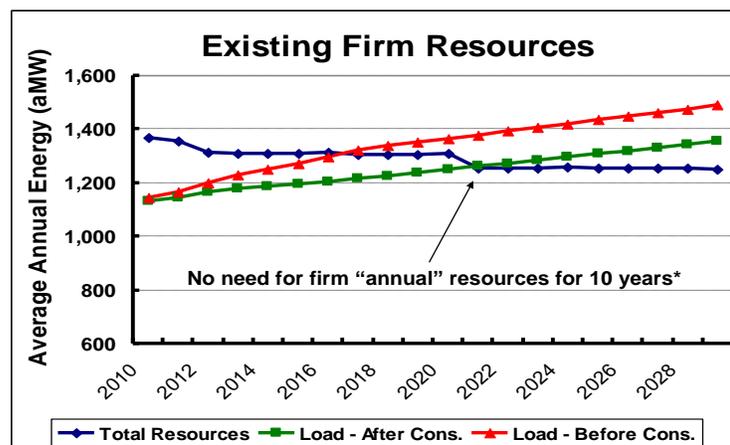
The resolution to adopt the Draft 2010 IRP does not have fiscal impacts. Near-term actions in the IRP Action Plan are addressed within the 2011-2012 budget process. The plan must be revised and filed again by September 1, 2012 and every two years thereafter. The City Council has previously approved the 2008 Integrated Resource Plan for the period September 2008 through August 2010.

Key Issues

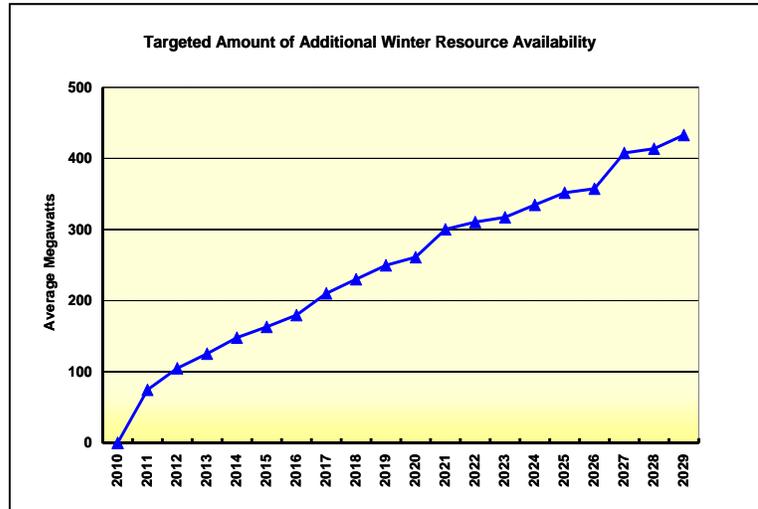
- The 2010 IRP would increase the pace of conservation acquisition and make greater use of the flexibility in existing long-term power resource contracts.
- The plan assumes the completion of Gorge Tunnel 2 hydro efficiency project in 2015.



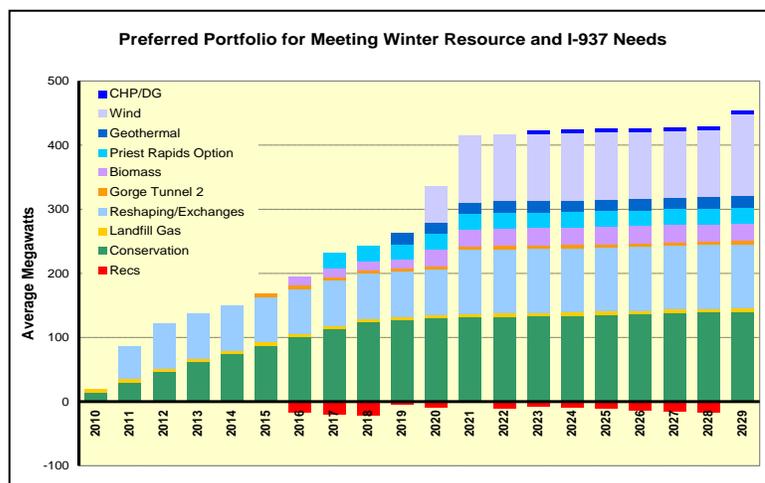
- Seattle City Light presently needs about 40 average megawatts to meet forecasted 2016 requirements for Initiative 937 (I-937), the Energy Independence Act. Failure to meet the target results in fines of \$54 per megawatt-hour, increasing by inflation each year (estimated at \$64/MWh in 2016). Seattle City Light has a choice of purchasing renewable energy credits (RECs) or purchasing qualifying renewable energy to meet its target under the law. RECs represent only the environmental attributes of renewable energy and can be purchased from the owners of qualifying renewable generation.
- The IRP Action Plan calls for RECs and/or renewable resources to be acquired on a phased approach (an average of 7.3 aMW/year) to meet the 2016 requirements of I-937. This approach is intended to minimize rate impacts and recognize future supply and price uncertainties in renewable energy and REC markets.



- The utility could potentially meet its own firm energy needs for annual average demand through 2020 without acquiring new generating resources. This average annual view does not include targets for additional resource availability in the winter season.



- The targeted amount of winter power availability needed to meet a 95% resource adequacy measure declined in the 2010 IRP as a result of the recession, greater use of flexibility in existing resource contracts, and changes in resource strategy.
- The 2010 IRP updates analyses of climate change impacts to City Light’s system and an electric vehicle analysis for new information developed since the 2008 IRP. It also contains an economic evaluation of solid oxide fuel cells such as the “Bloom Box.”



- The Higher Conservation portfolio (pictured above) placed first on the cost, risk, and environmental performance measures. Eight scenarios were developed to test portfolios by varying the level of system load, the cost of CO2 emissions, power prices driven by natural gas, and the price of renewable energy credits. The Higher Conservation

portfolio was first in six of eight scenarios, essentially tying the “Low-RECs” portfolio in two scenarios. Hence, it is the preferred portfolio in the 2010 IRP.

Next Steps

- Brief the Energy, Technology, and Civil Rights Committee on the recommended portfolio and IRP action plan.
- Seek City Council approval of the 2010 IRP in August.
- File the 2010 IRP with the Washington Department of Commerce by September 1, 2010.