



Seattle City Light Integrated Resource Plan Stakeholders

July 17, 2014

Honorable Tim Burgess, President
Seattle City Council
City Hall, 2nd Floor

Honorable Kshama Sawant, Chair
Energy Committee
City Hall, 2nd Floor

Dear Council President Burgess and Energy Committee Chair Sawant:

As members of the 2014 Integrated Resource Plan (IRP) Stakeholders, we would like to recommend the approval of the proposed 2014 Integrated Resource Plan Update and Progress Report. The report continues to support the utility's Strategic Plan and is consistent with the City Council's long-term policy of meeting growth in electricity demand with energy efficiency and renewable resources.

The 2012 Integrated Resource Plan included an Action Plan to keep Seattle City Light well-prepared to meet the future energy demand of its customers. Since 2012, Seattle City Light has pursued the Action Plan with the following accomplishments. The utility has achieved more conservation than targeted, completed a new Conservation Potential Assessment on schedule and has exceeded targets for renewable energy credits for I-937 compliance. It has also reshaped seasonal generation as planned, engaged with the Bonneville Power Administration to secure electric transmission capacity and to minimize future cost increases, monitored new generation resource costs, improved its long-term resource modeling and has continued research to understand climate change impacts upon its hydroelectric resources.

Today, Seattle City Light's resource situation is improved. Its resource strategy, defined in the 2012 IRP, remains robust. It is positioned to meet I-937 requirements into the 2020s. It is gradually acquiring small amounts of cost-effective, environmentally-sensitive, renewable resources. It continues to pursue conservation aggressively. Its latest forecast suggests slowing growth in energy demand, despite Seattle's growing population, a skyline dotted with construction cranes, and an expanding economy. The result of these forces is that the onset of the need for new generation resources in Seattle is expected to be delayed by at least two more years, helping to keep electricity costs lower for customers.

In preparing the 2014 Integrated Resource Plan Update and Progress Report, Seattle City Light asked the 2014 IRP Stakeholders to recommend ways to strengthen the planning



process for the upcoming 2016 Integrated Resource Plan. We would like to highlight four of our recommendations for the 2016 Integrated Resource Planning process.

1. Continue to research long-term impacts of climate change on Seattle City Light's hydro resources.

Seattle City has made a good start on climate change research. The results of research in the 2010 and 2012 IRPs suggest that climate change will reduce Seattle's hydro resource availability in the summer, while at the same time warmer temperatures are increasing electricity demand for air-conditioning.

2. Evaluate the impacts that EPA's rule on carbon dioxide emission might have on Seattle City Light.

On June 2, 2014, the Environmental Protection Agency proposed "Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units."

The final EPA ruling is expected to result in closure of some coal-fired generation plants in the Western United States. This could impact the supply and cost of electricity in western power markets.

3. Assess opportunities to increase the value of Seattle City Light's Conservation efforts.

Seattle City Light has long worked to achieve conservation across different classes of customers. However, there may be opportunities to further increase the value of conservation efforts by targeting locations with fast growing load to reduce capacity limitations of distribution lines or substations. Alternatively, targeting conservation to more directly reduce winter or summer peak loads.

4. Assess the impacts of growth in solar photovoltaic installations, electric vehicles, and the installation of a smart grid in Seattle in 2017.

While in early stages of development, each of these three technologies holds the potential to significantly impact electricity demand and resource planning at Seattle City Light.

The 2014 Integrated Resource Plan Update and Progress Report meets City Light's regulatory obligation for the biennium of 2014 – 2016, when the next Integrated Resource Plan is to be completed. We believe the report is an objective look at the City's Integrated Resource Plan;



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is consistent with the City Council's energy policies; and has City Light continuing on a good path to meet the future energy needs of the citizens of Seattle.

Sincerely,



John Chapman
University of Washington



Cameron Cossette
Nucor Steel Seattle, Inc.



Tom Eckman,
Northwest Power & Conservation Council



Steve Gelb
Emerald Cities



Nancy Hirsh
Northwest Energy Coalition



Steve LaFond



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