



SEATTLE CITY COUNCIL

Legislative Summary

CB 118798

Record No.: CB 118798

Type: Ordinance (Ord)

Status: Passed

Version: 3

Ord. no: Ord 125176

In Control: City Clerk

File Created: 08/02/2016

Final Action: 11/04/2016

Title: AN ORDINANCE relating to the City Light Department; authorizing the Department to participate in the California Independent System Operator's Energy Imbalance Market, including authorizing the execution of any necessary agreements with the California Independent System Operator, as well as any additional agreements necessary or convenient for implementation and participation in the California Independent System Operator's Energy Imbalance Market.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Sawant

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments:

Drafter: Wayne.Morter@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	08/09/2016	Mayor's leg transmitted to Council	City Clerk			
	Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk						
	Notes:						
1	City Clerk	08/09/2016	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	08/12/2016	sent for review	Energy and Environment Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Energy and Environment Committee						

Notes:

- 1 Full Council 09/12/2016 referred Energy and Environment Committee
- 1 Energy and Environment Committee 09/13/2016 discussed
Action Text: The Council Bill (CB) was discussed.
Notes:
- 1 Energy and Environment Committee 09/27/2016 pass as amended Pass
Action Text: The Committee recommends that Full Council pass as amended the Council Bill (CB).
In Favor: 2 Chair Sawant, O'Brien
Opposed: 0
- 2 Full Council 10/10/2016 held Pass
Action Text: The Motion carried and the Council Bill (CB) was held until October 31, 2016 by the following vote:
Notes: Motion was made and duly seconded to hold Council Bill 118798, until October 31, 2016.
In Favor: 9 Councilmember Bagshaw, Councilmember Burgess, Councilmember González, Council President Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant
Opposed: 0
- 2 Full Council 10/31/2016 passed as amended Pass
Action Text: The Motion carried, the Council Bill (CB) was passed as amended by the following vote, and the President signed the Bill:
Notes: ACTION 1:

Motion was made by Councilmember González, duly seconded and carried, to amend Council Bill 118798, by substituting Section 4, with the underlined and strike through language below:

Section 4. By April 10, 2017, City Light will provide the Council's Energy and Environment Committee with a detailed analysis of costs, benefits, and potential risks of participation in the CAISO EIM ~~as the information becomes available to support the Council's decision about its participation in the market.~~

ACTION 2:

Motion was made and duly seconded to pass Council Bill 118798 as amended.
In Favor: 9 Councilmember Bagshaw, Councilmember Burgess, Councilmember González, Council President Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant
Opposed: 0
- 3 City Clerk 11/02/2016 submitted for Mayor's signature Mayor
Action Text: The Council Bill (CB) was submitted for Mayor's signature. to the Mayor
Notes:
- 3 Mayor 11/04/2016 Signed

3	Mayor	11/04/2016	returned	City Clerk
3	City Clerk	11/04/2016	attested by City Clerk	

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

Notes:

CITY OF SEATTLE

ORDINANCE 125176

COUNCIL BILL 118798

AN ORDINANCE relating to the City Light Department; authorizing the Department to participate in the California Independent System Operator's Energy Imbalance Market, including authorizing the execution of any necessary agreements with the California Independent System Operator, as well as any additional agreements necessary or convenient for implementation and participation in the California Independent System Operator's 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 an Energy Imbalance Market ("EIM") that allows entities like City Light to participate in short-term energy transactions on a fifteen- and 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 generating resources, particularly its owned hydroelectric facilities, are uniquely able to respond to energy imbalance in short time increments similar to CAISO's EIM fifteen- and five-minute market dispatches; and

1 WHEREAS, City Light's participation in such a market is in line with and would further its
2 commitment to be an environmental leader in the region and enable the broader
3 integration of renewable resources across the western United States; and

4 WHEREAS, City Light can end its participation in the CAISO EIM on 30 days' notice without
5 penalty; and

6 WHEREAS, City Light has conducted a cost/benefit analysis showing positive customer benefits
7 from City Light's participation in the CAISO's EIM, but participation will require new
8 operations technology products and upgrades to existing infrastructure as well as new
9 business practices and processes; NOW, THEREFORE,

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

11 Section 1. The City Light Department ("City Light") is authorized to take all steps
12 necessary or convenient to prepare for participation in the California Independent System
13 Operator's ("CAISO") Energy Imbalance Market ("EIM") to the extent and for as long as the
14 General Manager and Chief Executive Officer of City Light (the "General Manager") believes
15 participation falls within the range of prudent utility practices for City Light.

16 Section 2. The General Manager, or the General Manager's designee, is hereby
17 authorized to execute, for and on behalf of The City of Seattle, any agreement with the CAISO
18 that is necessary or convenient to the purpose of preparing to participate in the CAISO's EIM,
19 including extensions of such agreements.

20 Section 3. The General Manager, or the General Manager's designee, is further
21 authorized to execute, for and on behalf of The City of Seattle, any additional agreement(s)
22 necessary or convenient for the purpose of preparing to participate in the CAISO's EIM,

1 including the ability to enter and make amendments and extensions of these additional
2 agreements associated with the CAISO's EIM implementation.

3 Section 4. By April 10, 2017, City Light will provide the Council's Energy and
4 Environment Committee with a detailed analysis of costs, benefits, and potential risks of
5 participation in the CAISO EIM to support the Council's decision about its participation in the
6 market.
7

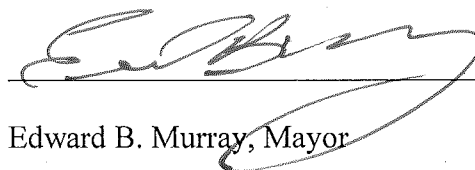
Section 5. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 31st day of October, 2016,
and signed by me in open session in authentication of its passage this 31st day of
October, 2016.



President _____ of the City Council

Approved by me this 4th day of November, 2016.



Edward B. Murray, Mayor

Filed by me this 4th day of NOVEMBER, 2016.



Monica Martinez Simmons, City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
Seattle City Light	Wayne Morter/ 684-3659	Greg Shiring/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 participate in the California Independent System Operator's Energy Imbalance Market, including authorizing the execution of any necessary agreements with the California Independent System Operator, as well as any additional agreements necessary or convenient for implementation and participation in the California Independent System Operator's Energy Imbalance Market.

Summary and background of the Legislation: In 2012, Seattle City Light and other members of the Northwest Power Pool formed the Northwest Power Pool Market Assessment and Coordination Initiative (NWPP MC) to address renewables integration and other system-operation issues within the region. While the effort was underway, a number of the investor owned utilities opted out of the MC effort in favor of the Western Energy Imbalance Market (EIM). With the loss of critical mass by the close of 2015 and shrinking regional benefits, the remaining MC Initiative members decided to stop pursuing the development of a northwest-centric within hour energy market.

As a result, Seattle City Light completed a cost benefit analysis on its participation in the Western EIM and determined that there are projected to be significant benefits associated with participation. Joining will allow City Light to more efficiently use generation and transmission assets, buy and sell energy in shorter term increments, and use pricing to match loads and resources across more buyers and sellers than existing markets currently permit. Most importantly, Seattle City Light will get paid for assisting the market to more effectively integrate renewable energy across the West due to its flexible hydro capacity. Seattle City Light is planning to begin participating in the market in the spring of 2019, subject to approval and the authority to initiate the project.

The Western EIM was developed for participants in 2009. In 2013, PacifiCorp announced that it would join the Western EIM, the first non-California participant to do so. Subsequent to PacifiCorp, Nevada Power joined in October 2015. Arizona Public Service and Puget Sound Energy intend to join in October 2016, Portland Gas and Electric plans to join in October 2017, and Idaho Power has announced plans to join in spring 2018.

2. CAPITAL IMPROVEMENT PROGRAM

_____ This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

 X This legislation does not have direct financial implications.

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?

Yes, this legislation will have indirect long-term financial impacts to the City of Seattle. The activities are currently funded in the 2017-18 Strategic Plan. There are also gross revenue opportunities for City Light estimated in a study done by Energy+Environmental Economics (E3) to be approximately \$4 million per year which will vary from year to year. While there is a range in the estimated benefits, it is commensurate with the uncertainty in our current hydroelectric generation portfolio because of variable weather and water conditions. This revenue will recover the implementation and operating costs of the EIM project and potentially lower the revenue requirement for City Light customers.

b) 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 foregoing 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 participates in the Western EIM.

c) 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.

To a lesser extent and further in time, City Light will need support from City of Seattle's Finance and Administrative Services to implement billing and payment practices consistent with the CAISO's practices.

d) Is a public hearing required for this legislation?

No

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

No

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle*

Times required for this legislation?

No

g) Does this legislation affect a piece of property?

No

h) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

As mentioned above, City Light is estimating an annual gross benefit of approximately \$4 million a year for participating in the EIM. This potential benefit would help offset City Light's overall revenue requirement and, as such, would help keep rates low.

Keeping rates low and following City Light's Strategic Plan rate path helps low income communities plan for their fixed costs, including utility costs, and also helps offset the need for any potential unplanned rate adjustments in the future.

i) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.

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

j) Other Issues:

List attachments/exhibits below:

STATE OF WASHINGTON -- KING COUNTY

--SS.

343394

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.

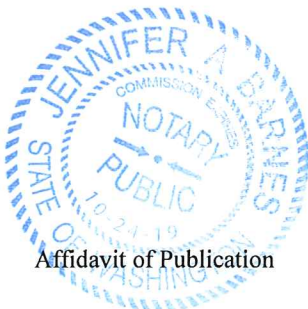
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:TITLE ONLY 125176 &77

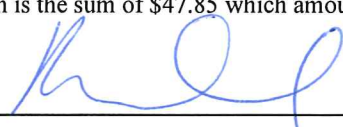
was published on

11/10/16

The amount of the fee charged for the foregoing publication is the sum of \$47.85 which amount has been paid in full.

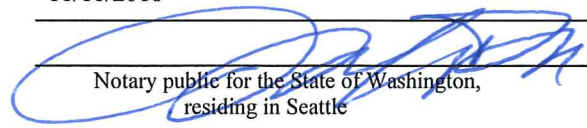


Affidavit of Publication



Subscribed and sworn to before me on

11/10/2016



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 October 31, 2016, 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 125176

Council Bill 118798

AN ORDINANCE relating to the City Light Department; authorizing the Department to participate in the California Independent System Operator's Energy Imbalance Market, including authorizing the execution of any necessary agreements with the California Independent System Operator, as well as any additional agreements necessary or convenient for implementation and participation in the California Independent System Operator's Energy Imbalance Market.

Ordinance 125177

Council Bill 118822

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Date of publication in the Seattle Daily Journal of Commerce, November 10, 2016.

11/10(343394)