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| **ATTACHMENT 2**  August 16, 2016 |  |  | **S1** |
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|  | Sponsor: | Dembowski | |
| GD |  |  |  |
|  | Proposed No.: | 2016-0349 | |
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**STRIKING AMENDMENT TO PROPOSED ORDINANCE 2016-0349, VERSION 1.**

On page 1, beginning on line 9, strike everything through page 3, line 56, and insert:

"1. The transit division operates a fleet of one hundred fifty-nine electric trolley buses in the city of Seattle. In 2016, it will also operate three battery buses and may operate significantly more in the future.

2. The electric trolley buses operated by the transit division have over twenty million boardings per year and are a major component of the public transportation system.

3. Under the United States Environmental Protection Agency's Renewable Fuel Standards Program, consumption of renewably generated electricity to power the trolley buses and the battery buses has the potential to create Renewable Identification Numbers ("RINs"), which can be sold to companies that blend gasoline for the retail market and have Environmental Protection Agency-mandated Renewable Fuel Obligations.

4. The transit division's trolley bus fleet consumes an estimated eighteen million kilowatt hours of electricity each year, which is equal to approximately 797,600 RINs.

5. On March 19, 2015, the transit division issued a request for proposals for the sale of RINs and other environmental attributes associated with the transit division's electric trolley and battery bus fleets.

6. The transit division has negotiated a contract with an outside party for the sale of RINs and other environmental attributes associated with the transit division's electric trolley and battery bus fleets. The contract also provides an option for the sale of RINS generated by other King County departments and divisions. Finally, the contract allows other governments to use the contract's terms and conditions for their own separate contracts with Element Markets.

7. The contract for the sale of RINs and other environmental attributes associated with the Metro Transit Division’s electric trolley and battery bus fleets with Element Markets Renewable Energy, LLC is in the best interest of the county.

8. Other county departments or divisions may utilize this contract to sell their RINs and other environmental attributes.

9. In accordance with the King County charter section 230.10.10, revenues received by the transit division from the sale of RINs associated with its electric trolley and battery bus fleets may only be used for specified purposes.

10. Under K.C.C chapter 4.56, sales of rights, title or interests in emissions credits, offsets or allowances or renewable energy certificates, credits, benefits, environmental air quality credits and any similar rights, title or interests held by the county are exempt from the real and personal property requirements of this chapter when unique circumstances are present. The sales may be made in the best interests of the public to a person or entity through a direct agreement negotiated by the county executive and approved by the county council.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1.  **Findings**: King County council hereby finds that the sale of Renewable Identification Numbers and other environmental attributes held by the county and associated with the transit division's electric trolley and battery bus fleets, or by other King County departments and divisions is in the best interests of the public.

SECTION 2. The executive is hereby authorized to execute a Renewable Energy Attributes Contract with Element Markets Renewable Energy, LLC, substantially in the form of Attachment A to this ordinance.

SECTION 3. Revenues from the sale of Renewable Identification Numbers shall be allocated to the originating department or division and shall be used to further the goals outlined in the 2015 Strategic Climate Action Plan as applicable to the originating department or division."

Delete Attachment A, Renewable Energy Attributes Contract, dated July 11, 2016, and insert Attachment A, dated Renewable Energy Attributes Contract, dated August 16, 2016.

***EFFECT: Makes technical, legal changes to the original ordinance. Substitutes revised contract, including changes to:.***

* ***Section 1: Technical clarifications regarding contract documents***
* ***Section 2. Technical clarifications regarding definition of terms***
* ***Section 4: Clarification to terms of agreement that if Metro is required to register its RINs, EM agrees to provide assistance as requested by Metro.***
* ***Section 10: Clarification language added about the conditions under which a Quality Assurance Program (QAP) contractor would be hired.***
* ***Section 12: Added modifications to note that reimbursable expenses would be expanded to include annual third party review and increases the expenses cap from $40,000 to $45,000 to ensure the County would be receiving its own distinct report from this review. Also added language to allow Metro to suspend the contract if insufficient revenue is receive in any three consecutive months and if revenues are insufficient to cover costs in the aggregate over the prior six months.***
* ***Section 14: Monthly report on revenues will include a detailed list of parties to whom the gross revenue is attributable, which will help County determine when EM has achieved $400K in RINs sales.***
* ***Section 15: Annual review report must be specific to King County.***
* ***Section 17: Warranties specify that the RERs provided to Metro will meet federal requirements for the creation of RINs.***
* ***Section 18: Includes standard County contract language regarding termination for non-appropriation. Clarifies that the County would pay EM only for the work performed to the date of the notice of termination.***
* ***Section 25: Adds language noting that EM will not be released from its obligations if it assigns the contract to another entity other than a wholly-owned subsidiary.***
* ***Section 29: Technical changes to clarify language.***
* ***Section 32: Technical changes to clarify language.***