



Legislation Text

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Clerk 01/26/2017

AN ORDINANCE relating to the purchase of renewable electricity; authorizing the executive to enter into a long-term agreement for the purchase of renewable, greenhouse gas neutral electricity from Puget Sound Energy.

STATEMENT OF FACTS:

1. Climate change is one of the paramount challenges of our generation. King County is already experiencing the impacts of a changing climate: warming temperatures, acidifying marine waters, rising seas, increasing flooding risk, decreasing mountain snowpack and less water in the summer. Climate change will have long-term consequences for the economy, the environment, and public health and safety in King County.
2. King County has a long record of innovation, leadership and investment in reducing greenhouse gas emissions and preparing for the impacts of climate change. Consideration of climate change impacts and opportunities to reduce energy use and greenhouse gas emissions are deeply embedded throughout the work plans and capital investments of county departments and lines of business.
3. Since 2007, investments in energy efficiency and changes in operations have reduced normalized energy use in existing buildings and facilities by more than twenty percent, generating over three million dollars in annual savings.
4. King County is now producing renewable energy equivalent to more than one hundred percent of total operational energy use, excluding public transit vehicles.

5. The 2015 King County Strategic Climate Action Plan maps specific pathways and actions needed to achieve the ambitious countywide climate goals of reducing greenhouse gas emissions by eighty percent by 2050 against a 2007 baseline with interim goals of twenty-five-percent reduction by 2020 and fifty-percent reduction by 2030.
6. The Strategic Climate Action Plan establishes goals, targets, measures and priority actions in five goal areas for reducing greenhouse gas emissions: (a) transportation and land use; (b) building and facilities energy; (c) green building; (d) consumption and materials management; and (e) forestry and agriculture.
7. While the county surpassed its energy efficiency goal for 2015 and is pursuing additional energy reductions by 2020, reducing greenhouse gas emissions associated with energy supplies through increased consumption of renewable energy and reduced reliance on fossil fuels continues to be an essential strategy for meeting the county's operational and countywide climate goals.
8. The Strategic Climate Action Plan calls for increasing the percentage of energy from renewable sources used in county operations, setting a target of consuming renewable energy equal to seventy percent of energy consumed in county operations by 2020 and eighty-five percent by 2025. The plan also calls for all electricity supplied for King County's government operations to be greenhouse gas neutral by 2025. The plan sets a countywide target of increasing renewable electricity supply to ninety percent of delivered electricity by 2030.
9. Ordinance 17971 requires the wastewater treatment division and solid waste division to be carbon neutral by 2025. The emissions related to electricity provided by Puget Sound Energy is the largest source of greenhouse gas emissions for the wastewater treatment division and the second largest source for the solid waste division.
10. The Strategic Climate Action Plan recommends that the county partner with utilities and

others to phase out coal-fired electricity by 2025 and support development of increasing amounts of renewable energy resources.

11. Within Puget Sound Energy's electricity service area, approximately fifty-nine percent of electricity supply is supplied by carbon-based sources, including thirty-five percent coal and twenty-four percent natural gas.

12. As of 2014, sixty-four percent of the county's electricity supply came from renewable sources, compared to the goal of ninety percent by 2030 in the Strategic Climate Action Plan.

13. King County is a major electricity customer of Puget Sound Energy, purchasing more than ten million dollars a year in electricity to operate county buildings and facilities within Puget Sound Energy's electricity service territory.

14. Puget Sound Energy has been a strong partner in helping King County achieve energy efficiency goals through energy conservation rebates and incentives.

15. Washington state regulations limit the ability of customers like King County to directly purchase renewable energy from non-utility suppliers.

16. King County and cities in King County have requested that Puget Sound Energy expand options for the purchase of renewable energy for customers within its service territory.

17. Puget Sound Energy developed and received approval from the Washington state Utilities and Transportation Commission in September 2016 for Tariff Schedule No. 139 Voluntary Long Term Renewable Energy, known as Green Direct, offering renewable electricity from a Washington wind facility that will be operational on January 1, 2019.

18. Green Direct is available to municipal and large commercial electricity users.

19. Qualified customers can contract to purchase renewable electricity available beginning in 2019 for a term of ten, fifteen, or twenty years under the service agreement approved as part of Schedule 139 and provided as Attachment A to this ordinance.

20. The service agreement calculates the net cost of Green Direct electricity to be the price of the renewable electricity charge in Schedule 139, which consists of an initial fixed rate that will increase two percent annually over the term, less a credit for the cost of conventional electricity, plus ongoing and standard charges for transmission, distribution, billing and other regular services.

21. According to the Seventh Power Plan issued by the Northwest Power and Conversation Council in February 2016, standard electricity prices are forecast to increase by three percent annually from years 2019 to 2028.

22. The service agreement requires King County to identify facilities and quantify its anticipated electrical use for enrollment in the Green Direct program, in order to match customer demand with projected electricity supply from the new wind facility.

23. The service agreement allows King County to exit the Green Direct program before the service agreement term ends, but requires payment of a termination fee. The Green Direct program enrollment form and service agreement transmittal letter from Puget Sound Energy to King County dated November 30, 2016, affirm that Puget Sound Energy will not impose penalties for reduced Green Direct energy consumption due to energy conservation.

24. King County is seeking the ten-year term option and has identified county facilities currently served with electricity supplied by Puget Sound Energy with a high certainty of operation through the ten-year term of the agreement.

25. King County expressed interest in enrollment during the first open season for Green Direct, which closed on November 18, 2016. Execution of a binding service agreement is needed to secure power on a first-come, first-served basis through the Green Direct option beginning in 2019.

26. King County will remain a full-service Puget Sound Energy customer, and will continue to

partner with Puget Sound Energy on conservation and outreach efforts.

27. The actual electrons generated from the wind facility may not directly supply King County operations, but will flow to the electrical grid. King County will receive equivalent renewable electricity under the service agreement.

28. Renewable Energy Certificates associated with this wind energy resource will be retired, ensuring that King County's electricity purchase is supporting development of additional renewable energy supply and that associated reductions in greenhouse gas emissions can be counted in King County's greenhouse gas emissions inventory. The retirement of the Renewable Energy Certificates will be verified by the Western Renewable Energy Generation Information System, an independent tracking system.

29. Purchasing renewable electricity through Green Direct is projected to reduce direct greenhouse emissions for King County operations by approximately twenty percent.

30. Purchasing power through Green Direct advances Strategic Climate Action Plan policy goals and commitments to reduce greenhouse gas emissions from county operations, increase the use of renewable energy, source greenhouse gas neutral electricity, and use county energy investments to catalyze development of our state's clean energy economy.

31. The county has evaluated the cost of Green Direct electricity compared to projected costs of conventional electricity over the term of the agreement using three scenarios based on historic average annual price increases for electricity purchased from Puget Sound Energy and one scenario using projected average annual increases in electricity prices in the Seventh Regional Power Plan. Based on this assessment, the county finds that the risk of higher incremental cost over the term of the agreement is minimal and is offset by the benefits of certain pricing for electricity supply and substantial, cost-effective progress in achieving the county's commitments in the Strategic Climate Action Plan.

32. The county will continue to work in partnership with utilities, cities and businesses to seek further energy conservation and clean, renewable energy supplies for all Puget Sound Energy customers.

33. The term of this agreement, through 2028, extends beyond current budget appropriation authorized by the King County council.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The King County council has determined that the purchase of renewable electricity under the Green Direct program offered by Puget Sound Energy for a ten-year term advances the county's renewable energy and greenhouse gas emission reduction goals adopted as part of King County's 2015 Strategic Climate Action Plan.

SECTION 2. The King County executive is hereby authorized to execute the service agreement for the purchase of renewable electricity with Puget Sound Energy substantially in the form of Attachment A to this ordinance for a term of ten years beginning in 2019 for the list of customer service address and account numbers identified in Attachment B to this ordinance.