

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OLYMPIA, WASHINGTON, APPROVING A SCHEDULE 139 VOLUNTARY LONG TERM RENEWABLE ENERGY SERVICE AGREEMENT WITH PUGET SOUND ENERGY FOR THE PURCHASE RENEWABLE, CLEAN ENERGY FOR THE CITY OF OLYMPIA.**

**WHEREAS**, since 2006, the City of Olympia has purchased renewable, clean power, also known as "green power," from Puget Sound Energy (PSE) to offset 100% of the electricity consumed by the City's water related utilities; and

**WHEREAS**, green power, otherwise known as renewable energy credits (RECs), represents the environmental attributes of renewable energy and these RECs are sold separately from the electricity and are purchased by people or organizations wanting to support developing renewable sources of energy that are more environmentally friendly than coal or other carbon based sources; and

**WHEREAS**, in 2016, the City made a one-time, bulk purchase of RECs from PSE that was sufficient to offset 100% of the City's electricity use city-wide, but this one-time, low cost option was no longer available in 2017; and

**WHEREAS**, representatives from Puget Sound Energy have approached the City about participation in a new "Green Direct" program beginning in 2019 which offers large customers the opportunity to directly purchase renewable energy (both electricity and RECs), and said program has been approved by the Washington State Utilities and Transportation Commission under Schedule 139; and

**WHEREAS**, due to interest in this new program, PSE is moving forward with a contract for purchase of wind power from a new, planned project in the south Thurston County/north Lewis County area whereby the City could acquire all of its power from renewable energy sources generated nearby and which project would benefit the local and regional economy; and

**WHEREAS**, PSE has commitments to support 75 percent of the project and is selling only a limited amount of renewable energy under this program and expects it to be fully committed this year; and

**WHEREAS**, the next open enrollment period starts May 1, 2017 and extends through July 31, 2017, and in order to qualify, the City is required to purchase 100% of its energy through the Green Direct program; and

**WHEREAS**, the City and its water related utilities consumed 8.4 million kWh of electricity in 2016; and

**WHEREAS**, the Green Direct program with PSE requires a long-term commitment and the available contract terms are 10-years, 15-years and 20-years. The longer term options would have slightly lower annual costs for the City and the cost of the renewable energy is fixed with a guaranteed 2% annual inflation factor, and when compared to the cost of traditional electricity purchases, it is possible that the City could save money through participation in the Green Direct program; and

**WHEREAS**, under the Green Direct Program, the City would pay the renewable energy power costs (these are fixed), along with traditional costs of transmission, customer service, billing, etc., but the cost of traditional "energy related power" costs are credited back to the City. As a result, whether the City saves money or spends more under the Green Direct Program depends on the level of traditional "energy-related power" cost increases over the life of the contract; and

**WHEREAS**, based on the rate formula provided in the attachment to the Schedule 139 Voluntary Long Term Renewable Energy Service Agreement, the break-even threshold appears to be 2.2 percent annually over the life of a 20-year contract. If regular electricity power costs go up more than 2.2 percent annually, the City may save money under the 20-year Green Direct agreement. Under a 10-year agreement, this break-even threshold is higher at 2.7 percent. Given the uncertainty of future costs related to PSE's retirement of coal plants and other rising costs, the Green Direct program looks very favorable; and

**WHEREAS**, after reviewing program details, City staff believes the Green Direct Program provides a cost-effective way to obtain 100% of the City's electricity from renewable energy sources, and it also provides the City with some degree of cost certainty, and could save the City money over time; and

**WHEREAS**, the Green Direct program will additionally lead to the development of a renewable energy facility within our region, thereby benefitting our regional economy, and also supports the City's Comprehensive Plan goals related to climate change and emissions reduction; and

**WHEREAS**, according to PSE, other municipalities and governmental entities are pursuing Green Direct contracts, including King County, Anacortes, Mercer Island and Bellevue, and others are currently evaluating entering into a Schedule 139 Voluntary Long Term Renewable Energy Service Agreement with PSE; and

**WHEREAS**, the Council's Finance Committee voted unanimously in favor of the staff recommendation to pursue a 20-year Green Direct agreement with PSE, and several community groups, including Thurston Climate Action Team, have expressed support for City action on reducing greenhouse emissions, and the City of Olympia is highly ranked nationally for the percentage of residents that choose to purchase green power or renewable energy credits;

**NOW, THEREFORE, THE OLYMPIA CITY COUNCIL DOES HEREBY RESOLVE** as follows:

1. The Olympia City Council hereby approves the attached form of Schedule 139 Voluntary Long Term Renewable Energy Service Agreement with Puget Sound Energy and Puget Sound Energy's Electric Tariff G – Schedule 139 Voluntary Long Term Renewable Energy Purchase Rider.
2. The City Manager, or his designee, is directed and authorized to enter into a long-term 20-year agreement with Puget Sound Energy to purchase renewable energy through the Green Direct Program, and to execute the attached Schedule 139 Voluntary Long Term Renewable Energy Service Agreement with Puget Sound Energy on behalf of the City of Olympia and any related documents, and to make any minor modifications as may be required and are consistent with the intent of the attached Agreement, or to correct any scrivener's errors that may appear in said documents.

**PASSED BY THE OLYMPIA CITY COUNCIL** this \_\_\_\_\_ day of April, 2017.

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MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

A handwritten signature in blue ink, appearing to read "Mark Barber", written over a horizontal line.

CITY ATTORNEY