



ORDINANCE NO. 28996

1 AN ORDINANCE relating to the Department of Public Utilities, Power Division;
2 amending Chapter 12.06 of the Tacoma Municipal Code, “Electric Energy -
3 Regulations and Rates,” by amending Section 12.06.373, entitled
4 “Electrofuel service pilot – Schedule EF”, to reflect the costs of serving large
5 new customers, effective January 1, 2025.

6 WHEREAS the City of Tacoma Department of Public Utilities, Power
7 Division (d.b.a. “Tacoma Power”) implemented Tacoma Municipal Code
8 (“TMC”) Section 12.06.373, “Electrofuel service pilot - Schedule EF” (“Schedule
9 EF”) on April 1, 2021, and

10 WHEREAS Schedule EF is a pilot program limited to 65 megawatts
11 (“MW”) of total load to serve customers who use a large quantity of electricity to
12 produce hydrogen fuels and also provides discounted rates based on system
13 average cost, but requires that customers’ electricity consumption be
14 interrupted at Tacoma Power’s discretion to avoid the expensive purchase of
15 additional power, and

16 WHEREAS currently, there are no customers on Schedule EF, and

17 WHEREAS the power market dynamic has changed since the
18 implementation of the pilot program in 2021, and

19 WHEREAS the current incremental cost of serving a new large electric
20 load, especially the cost of supplying them with a large amount of carbon-free
21 power, has significantly increased, and

22 WHEREAS if Tacoma Power continues to offer Schedule EF under the
23 existing rate structure, the large incremental cost caused by customers under
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Schedule EF will lead to substantial rate increases for all existing customers,
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2 WHEREAS, furthermore, the addition of such a large load can potentially
3 cause system-wide capacity shortages in some months, jeopardizing Tacoma
4 Power's resource adequacy, and
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6 WHEREAS to avoid cost shifting and ensure resource adequacy,
7 Tacoma Power proposes to modify Schedule EF to align it with Schedule Very
8 Large Load ("Schedule VLL") which is designed for customers with a load
9 requirement of 10 average MW or more over any consecutive 12-month period,
10 and
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12 WHEREAS under Schedule VLL and the modified Schedule EF, large
13 load customers will pay for the costs of new resources dedicated to their use,
14 and the power supply rate will be based on the incremental cost of serving
15 them, and
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17 WHEREAS, for the power delivery and customer-related rates, Tacoma
18 Power will charge the same delivery charge and customer charge as the
19 otherwise applicable rate schedules based on the system average cost, and
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21 WHEREAS this modification is consistent with the cost-causation
22 principal in rate making, and

23 WHEREAS in addition, under Schedule EF, demand response programs
24 will be offered to the Schedule EF customers that can be better tailored to their
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operation, as the interruptibility requirement under the current Schedule EF is too stringent for most, if not all, potential customers, and

WHEREAS the proposed amendment to Schedule EF will not negatively impact any existing customers, and

WHEREAS the Public Utility Board (“PUB”) approved the proposed changes on October 23, 2024, pursuant to PUB Resolution No. U-11482, and

WHEREAS revisions to the TMC applicable to Tacoma Public Utilities require approval by the PUB and the Tacoma City Council; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA :

Section 1. That the City Council hereby adopts the Recitals of this Ordinance as its formal legislative findings.

Section 2. That Section 12.06.373 of the Municipal Code, “Electrofuel service pilot – Schedule EF”, is hereby amended, effective January 1, 2025, to read as set forth in the attached Exhibit “A.”



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Section 3. That the City Clerk, in consultation with the City Attorney's Office, is authorized to make necessary corrections to this ordinance, including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any references thereto.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Chief Deputy City Attorney

Requested by Public Utility Board
Resolution No. U-11482



EXHIBIT "A"

CHAPTER 12.06

ELECTRIC ENERGY – REGULATIONS AND RATES

12.06.373 Electrofuel service pilot – Schedule EF.

A. Applicability.

For new loads with power used for the electrochemical production of hydrogen fuels ("electrofuel") usable for transportation or electrical energy storage, where a demand meter is installed, and where the customer does not require the use of Tacoma Power's high-to-medium voltage transformation or distribution facilities. For this schedule, each new electrofuel customer's load requirement shall be at 10 average megawatts (aMW) or more within any consecutive 12-month period. Electrofuel customers whose load requirement is lower than 10 aMW will be placed at other applicable rate schedules. No more than 65 MW of total load shall be served on this schedule. Unless otherwise extended, this rate schedule shall be closed to new customers in 2030.

B. Availability- Minimum Condition.

Upon the execution of a written Power Service Agreement (Contract) with Tacoma Power, which shall require, among other conditions:

- 1. Curtailment of the load upon request of Tacoma Power within 10 minutes or less;
2. A maximum number of hours for which Tacoma Power is entitled to curtail load. Such maximum shall be no less than 1,318 hours per year, and Tacoma Power shall reserve the right to elect to curtail for fewer hours;
3. Penalty for failure to curtail load according to Contract requirements;
4. Delivery of power at one primary voltage;
5. Metering at primary voltage but in no case at less than nominal 4,160 volts; and
6. Power factor adjustment to 95 percent lagging or better.

For very large power use upon the execution of a written Power Service Agreement (Contract) with Tacoma Power, which shall require among other conditions:

- 1. A minimum Contract Demand (as set forth in the Contract) of not less than 10 megawatts;
2. Delivery of power at one primary voltage;
3. Metering at primary voltage but in no case at less than nominal 4,160 volts;
4. Power factor adjustment to 95 percent lagging or better;
5. Service is subject to curtailment;
6. The new power supply resource acquisition to serve the customer may be based on a Power Purchase Agreement (PPA) Tacoma Power enters with an independent power provider. If the underlying PPA is terminated for any reason, Tacoma Power may look for a different power supply resource for the customer and shall have the right to amend the Contract based on the new resource costs and terms.
7. Service is subject to the evaluation and approval of Tacoma Power's Transmission and Distribution department. Customer is responsible for the cost of substation and other necessary infrastructure to serve their load.



Provisions described above reflect the minimum stringency of Contract terms; additional terms will be added as determined necessary by Tacoma Power.

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C. Monthly Rate.

~~The sum of the following volumetric, delivery, and monthly charges:~~

- ~~1. Energy: All energy measured in kilowatt hours at \$0.033147 per kWh.~~
- ~~2. Delivery: All kilowatts of Billing Demand delivered at \$5.72 per kW.~~
- ~~3. Customer Charge: Calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies: \$7,445.00 per month.~~ The sum of the applicable power supply charge, delivery charge and customer charge as set forth in TMC 12.06.266 Very large load service of 10 aMW or more – Schedule VLL.

D. Billing Demand.

Determined by means of a demand meter, 30-minute interval, reset monthly. The Billing Demand shall be the highest of:

- 1. The highest measured demand for the month adjusted for power factor, or
- 2. 60 percent of the highest measured demand occurring during any of the preceding 11 months after adjustment for power factor, ~~or~~
- 3. 60 percent of the highest Contract Demand (as set forth in the Contract).

For purposes of the determination of Billing Demand in subsection ~~2~~-above, the 11 months of history shall be carried forward from the customer’s previous account(s).

E. Demand Response Option

Any electrofuel customer under this rate schedule may elect to participate in a demand response program with demand response credits, terms and conditions determined by Tacoma Power. Tacoma Power is authorized to create and implement demand response credits appropriate for each electrofuel customer in a manner that assures that other customers are not subsidizing the electrofuel customer and consistent with this section. The demand response program will provide the customer with credits for temporary curtailing electricity consumption upon Tacoma Power’s request during certain events, such as peak system load or high market prices, or for shifting the timing in electricity consumption based on financial incentive constructs. The demand response credits will be based on the value of the customers’ curtailed consumption to Tacoma Power, minus the costs incurred by Tacoma Power to offer the program. The demand response program details will be further defined in the Contract.

~~E~~. Service Conditions.

- 1. Power factor provision applicable.
- 2. Applicable provisions of the Tacoma Municipal Code, General Provisions, and Customer Service Policies governing the sale of electric energy and delivery services shall apply.

