



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Jackie Flowers, Director of Utilities, Tacoma Public Utilities  
**COPY:** City Council and City Clerk  
**SUBJECT:** Proposed Rate Ordinance – Amend and revise TMC Chapters 12.06 regarding Shore Power Service  
**DATE:** October 28, 2020

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**SUMMARY AND PURPOSE:**

Tacoma Power requests approval by the City Council for a new rate category—Shore Power Service (Schedule SP).

**BACKGROUND:**

**This Department’s Recommendation is Based On:** The impacts of both climate change and low air-quality attainment fall most heavily on vulnerable communities. Meeting climate-change policy targets will be impossible without substantial electrification of transportation infrastructure. Increasing numbers of maritime vessels have systems that can accept electric power from shore in lieu of burning fossil fuels while in port. In California, China, and the United Kingdom, certain ports are mandated to use shore power infrastructure. By facilitating the electrification of operations in the Port of Tacoma, the Shore Power Service rate offering encourages the reduction of both greenhouse gases and other disease-causing noxious emissions, which improves air quality for the entire Tacoma region.

Under Tacoma Power’s current rate structure, shore power usage would be charged under Schedule G, which includes a demand charge. Under Schedule G, it would be difficult for terminal operators to allocate demand charges incurred by ships that dock at their terminals. Therefore, the proposed rate schedule recovers these revenues from an increased energy charge. The tariff enables Port of Tacoma marine vessels to use Tacoma Power’s clean, renewable hydropower instead of bunker fuel while in port.

**COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

Tacoma Power has conducted extensive stakeholder engagement with the Port of Tacoma in constructing this rate.

**2025 STRATEGIC PRIORITIES:**

**Equity and Accessibility:** *(Mandatory)*

As long ago as 2008, the City recognized the threat of climate change with its Climate Action Plan. In April 2016, world leaders from 175 countries recognized the threat of climate change and the urgent need to combat it by adopting the Paris Agreement, and working to limit warming to no more than 1.5°C. Meeting this target will be impossible without substantial electrification of transportation infrastructure, such as will be facilitated by this rate offering. In addition, burning fossil fuels is associated with low air-quality attainment, which is linked to increased disease burden, particularly in low-income and marginalized communities. Shore power at the Port of Tacoma would remove a source of this pollution in the City.

**Economy/Workforce:** *Equity Index Score:* High Opportunity

- Increase the number of infrastructure projects and improvements that support existing and new business developments.



- Increase positive public perception related to the Tacoma economy.

**Livability: Equity Index Score:** Moderate Opportunity

- How does your policy, program, or service help or harm the health of the natural environment?<sup>2</sup> (e.g. reduction in carbon emissions, open space conditions, sustainability, clean air, water and soil, and noise and light pollution).
- Improve health outcomes and reduce disparities, in alignment with the community health needs assessment and CHIP, for all Tacoma residents

**Explain how your legislation will affect the selected indicator(s).**

This rate offering will facilitate the installation of shore power facilities at the Port of Tacoma. Shore power facilities allow ships to use Tacoma Power’s clean, renewable hydropower instead of bunker fuel while in Port, which reduces greenhouse gas emissions and improves air quality for the entire Tacoma region.

With installation of shore power facilities, Port of Tacoma will join a number of West Coast ports providing shore power services, which increases the positive perception and competitiveness of this valuable economic engine.

**ALTERNATIVES:**

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Serve shore power facilities under existing rate Schedule G	No action needed.	<ul style="list-style-type: none"> <li>• Reduced likelihood for installation of shore power infrastructure at terminals due to administrative burden.</li> <li>• Uncertainty for ships considering a switch to shore power.</li> <li>• Persistence of greenhouse gas emissions.</li> <li>• Persistence of health impacts from particulate and other polluting emissions.</li> </ul>

**EVALUATION AND FOLLOW UP:**

The Port of Tacoma has preliminary plans to install shore power service at certain terminals as early as 2022, contingent, in part, upon rate availability. Installation of electrification infrastructure and resulting retail electric sales under this tariff represents the best positive outcome of this service offering.

**STAFF/SPONSOR RECOMMENDATION:**

Tacoma Power requests approval by the City Council of a Shore Power tariff.



**FISCAL IMPACT:**

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. 4700-Power			
2.			
<b>TOTAL</b>			

**What Funding is being used to support the expense?**

**Are the expenditures and revenues planned and budgeted in this biennium’s current budget?**

**YES**  
The Shore Power rate is designed to recover the same revenue that would be received by the utility under the otherwise-applicable rate (Schedule G). If customers respond to the institution of the rate by increasing load for shore power service, the utility will benefit from increased retail sales.

**Are there financial costs or other impacts of not implementing the legislation?**

**YES**  
Lost revenue from retail sales.

**Will the legislation have an ongoing/recurring fiscal impact?**

**YES**  
Power sales are on ongoing revenue source.

**Will the legislation change the City’s FTE/personnel counts?**

**NO**  
No additional resources needed.

**ATTACHMENTS:**

- Proposed Amendments to Chapters 12.06 TMC