



## Board Action Memorandum

**TO:** Jackie Flowers, Director of Utilities  
**COPY:** Charleen Jacobs, Director and Board Offices  
**FROM:** Chris Robinson, Tacoma Power Superintendent/COO  
**MEETING DATE:** October 28, 2020  
**DATE:** October 15, 2020

---

**SUMMARY:** Tacoma Power requests approval by the Public Utility Board for a new rate category—Electrofuel Service Pilot (Schedule EF).

**BACKGROUND:** The new tariff will provide service for the electrochemical production of fuels usable for transportation or electrical energy storage with low carbon content.

Electrofuels are carbon-neutral replacement fuels for applications that would usually require use of fossil fuels. Production processes for these types of fuels are very flexible. Under the proposed rate construct, Tacoma Power would have the option of requesting curtailment of electric consumption during time of high market prices or other electrical system need, up to 15% of the year. In return, the customer pays a rate lower than the standard industrial rate.

If the proposed rate is not passed, electrofuel facilities would fall under the existing industrial rates (Schedule NLL). Existing rates structures do not take advantage of the opportunity for flexibility provided by electrofuel loads. Without this rate, it would most likely be uneconomic for these nascent industries to locate in Tacoma Power's service territory.

The Electrofuel rate is designed to provide benefit to the utility through increased retail sales during the 85% of lowest-price market hours. Therefore, there is no anticipated cost to this rate offering. If the rate is successful in attracting new load, the utility would benefit from incremental retail revenue. As a pilot rate, this service offerings will be closed to new customers in 2030, unless otherwise extended.

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** Yes

**IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.**

**IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR?** n/a

**ATTACHMENTS:** Proposed Amendments to Chapter 12.06 of the Tacoma Municipal Code

**CONTACT:** Erin Erben, Tacoma Power Rates & Financial Planning Manager, 253-502-8986  
Bill Berry, Tacoma Power Rates, Planning & Analysis Section Manager, 253-502-8294