



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 Distributed Generation Provisions under the General Service Tariff
DATE: October 28, 2020

SUMMARY AND PURPOSE:

Tacoma Power requests approval by the City Council for new rate provisions under General Service (Schedule G) regarding customer-owned electric generation that feeds onto Tacoma Power’s grid (Distributed Generation, or DG).

BACKGROUND:

This Department’s Recommendation is Based On: Large customer-owned electric generation facilities can sometimes produce energy in excess of that required by the facility at which they are located. This energy is transmitted onto Tacoma Power’s electric grid. Under current law, there are no provisions for compensation for this excess customer generation, and there is no obligation for the utility to purchase it. The proposed rate provisions provide a clear pricing option for energy transmitted to Tacoma Power’s system, and clarify the ownership of the associated non-power attributes (such as RECs).

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Tacoma Power has recently received notice that several commercial customers intend to install large solar electric generation facilities. This rate schedule is a response to these customers’ requests for rate certainty surrounding the excess generation that may result from these installations.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: (Mandatory)

The projected effects of climate change fall most heavily on vulnerable communities. The proposed rate schedule facilitates installation of carbon-free electric generation facilities on the properties of large commercial customers who wish their business to contribute to environmental sustainability.

Livability: Equity Index Score: Moderate Opportunity

- How does your policy, program, or service help or harm the health of the natural environment?² (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
- Increase positive public perception of safety and overall quality of life.

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

The rate schedule facilitates installation of carbon-free customer generation facilities.



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. Do nothing.	No action needed.	<ul style="list-style-type: none">• No ability for Tacoma Power to compensate customers for distributed generation.• Negative customer perception.

EVALUATION AND FOLLOW UP:

Customer interest in distributed-generation installation is based on a large number of factors, including but not limited to electric rates. The total number and size of large customer-owned generators that may locate in Tacoma Power's service territory is unknown. The goal of the proposed provisions is to compensate customer generators for the value of their energy. Tacoma Power will monitor the usage, costs, and revenues associated with customers taking service under this schedule to ensure that this goal is being met.

STAFF/SPONSOR RECOMMENDATION:

Tacoma Power requests approval by the City Council of additional provisions to the Schedule G (General Service) tariff regarding customer-owned distributed generation.



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.			
TOTAL			

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 goal of the proposed compensation plan is to compensate customer generators for the value of their energy, so that Tacoma Power’s other ratepayers do not bear additional expense or burden and the net cost to the utility is negligible, which still providing fair compensation to customers choosing to invest in their own renewable solar (or other distributed generation) energy.

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

YES
Without additional rate provisions, Tacoma Power has no payment mechanism suitable for commercial customers with large distributed generation facilities.

Will the legislation have an ongoing/recurring fiscal impact?

YES
Retail rates provide ongoing revenue.

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

No
No additional personnel needed.

ATTACHMENTS:

- Proposed Amendments to Chapters 12.06 TMC