

City Light Advisory Board
Meeting Summary
August 19, 2003, 8:30 am – 12:00 pm
Boards & Commissions Conference Room L2, City Hall

Board members: Jay Lapin, Carol Arnold, Donald Wise, Sara Patton, Maura O'Neill, Randy Hardy (via phone)

Also present: Mike Sinowitz, Deputy Superintendent, Power Management; Jerry Wolf, Director, Power Marketing; Cindy Wright, Manager, Wholesale Contracts; Ipek Connolly, Director, Resource Operations Planning; Tony Kilduff, Risk Officer (Seattle City Light) Andrew Lofton (Mayor's Office); Julie Tobin (Office of Policy & Management); Thomas Dunlap, (Department of Finance); Bill Alves, Carol Butler (Legislative Central Staff)

Board Business

The Board should get any comments on the August 12 meeting notes to Julie Tobin by close of business August 20.

The October board meeting is rescheduled to October 14.

Communication Outreach

The SCL leadership group meeting will take place on September 24, 10 - noon. There will be approximately 150 participants comprising SCL directors and managers. All board members who are available committed to attend the meeting. Carol will contact Alice Ekman, SCL Superintendent's Office to work out the details.

Bob Royer provided a list of selected smaller staff meetings for the Board to attend. These are smaller groups of 10-20, meeting on an ad hoc basis, and include represented and un-represented employees. Maura and Carol will develop and send out a sign up sheet for the Board to sign up for selected meetings. Bob Royer will send one more version of the meeting list to the Board.

Carol Arnold and Sara Patton will meet with Natalie Kaminsky, union representative, on September 8.

The Board committed to completing as many of the community outreach meetings as possible, before the September Board meeting.

The Board will summarize their outreach meetings in a short report and send it to Carol Arnold who will compile a comprehensive summary without identifying the sources.

Jay Lapin will be interviewed for the article on the Board in the October edition of Network, the SCL employee newsletter. Bob Royer distributed the draft questions and asked the Board to contribute other questions they felt might be relevant. Jay will coordinate with the rest of the Board to get their comments and input. Bob will work directly with Jay on the article. The Board will review the final copy.

City Light Rate-Setting and Rate Advisory Committee (RAC)

Don Wise will meet with Andrew Lofton next week to get Mayor's Office perspective on the Board's role. They will also discuss more broadly how the Mayor and Board can best interface on policy matters.

September 2 Meeting

Steve Klein, Tacoma Power and Steve Reynolds, Puget Power have agreed to participate for approximately 1.5 hours. The rest of meeting will be a discussion on the information the Board has garnered during the summer and the Board's work plan for the fall and beyond. What does the Board feel are the principal takeaways from the information gathered? Which topics should drive the development of the Fall work plan? Jay Lapin will recirculate a draft of issues sent out earlier in the year. The Board

should provide their input and get comments to Jay by Friday August 29. Jay will compile the topics for ranking. This will give the Board a good head start on the discussion of the Fall workplan.

Jay Lapin's tenure as facilitator expires on Sept 2. The Board will need to elect a new facilitator.

Presentations

Power Management Branch Overview by Mike Sinowitz, Deputy Superintendent, Power Management

Presentation attached.

Follow up

The Board would like to have more discussion on succession planning throughout SCL in general.

The Board felt they needed a better understanding of, and more information on, the power management and risk management function/relationship and want to follow up on the basic question of whether it is industry best practice for the middle office to report in the Power Management Branch. They asked the Power Management group to look at best practices at load serving utilities that have a power marketing function and share those findings with the Board. Where do the Middle Office and Risk Management functions report? Do they report within the Power Marketing Branch, or report to different departments, etc. The Board agreed that the topic will be added as a discussion item to a future agenda and perhaps add to the list of topics for the future workplan discussion.

Risk Management Overview by Tony Kilduff, Risk Officer

Handout attached. Note: Last column on page 6 of handout - should say "less Klamath".

Follow up

The Board asked if they could help with the review of the Risk Management Manual. Are there certain issues where the consultants' [Touche, Vantage, and/or R.W. Beck] recommendations have been departed from and advice is needed? Tony will make a list of recommendations which vary from the consultants' recommendations and get back to the Board. The Board agreed to put the middle office independence issue on a future meeting agenda.

SCL has two draft ordinances ready to go to Council: the first clarifies its existing authority to trade; the second extends its authority. Tony agreed to send copies of the draft ordinances to the Board before the end of the week.

Green tags by Raquel Bennett.

At the August 12 meeting the Board asked for more definition on green tags. What are the policy alternatives and potential economic benefits to the utility and the City?

Green tags refer to the environmental attributes associated with electricity generated from renewable resources and can be marketed separately from the electricity. The environmental benefits result when generation of electricity from a non-renewable resource, such as coal or gas, is avoided. Green tags are sold to businesses and individuals who wish to "green" a portion or all of their energy supply. The green tag purchaser still pays for electricity in the same way as before. Seattle City Light has been authorized to sell the green tags from the State Line Wind project for the period when this resource is surplus to its customer load (expected through 2005). Markets for green tags are still rather thin. The utility issued an RFP and two companies have responded - Sterling Planet and Three Phases. Once green tags are sold and separated from the power they have gone to the purchaser, what's left is no longer green power. SCL could also consider the sale of green tags from the Skagit project, which has recently been certified as low impact by the Low Impact Hydro Institute. However, this option would preclude allowing its customers the claim that 25% of their use is met with green power, as desired by customers committed to meeting LEED standards (i.e. 50 percent of consumption uses renewable resources). Since Skagit is not a new resource, the demand for and the price of its green tags in the current markets is quite low. The

choice between keeping Skagit green tags for the utility customers or selling them in the market is a policy issue. Sarah will make copies of the Regulatory Assistance Projects (RAP) analysis for Board.

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Meeting notes drafted by Julie Tobin, Office of Policy & Management