



# City of Seattle

Gregory J. Nickels, Mayor

## Seattle City Light

Jorge Carrasco, Superintendent

### FREQUENTLY ASKED QUESTIONS

#### IRP Process

#### 1. What is an Integrated Resource Plan (IRP)?

An Integrated Resource Plan – or IRP – provides a process for a utility to evaluate a range of power resource alternatives to include in its long-term strategy. The IRP process sets a framework so that the utility can later make well-informed decisions about acquisition of specific power resources. In addition to existing Seattle City Light (SCL) hydro resources, conservation, and power purchases from the Bonneville Power Administration (BPA), SCL is looking at alternatives such as biomass, landfill gas, wind, natural gas, and coal.

#### 2. Why is SCL doing an IRP?

Seattle City Light's need for electricity is growing and the existing resources cannot meet the future needs. Seattle has long had its own resources providing low cost power with low environmental impact. However, electricity demand has grown to the point that today these resources fill less than half Seattle's total electric power needs. The remainder is purchased from BPA and from other power suppliers. To ensure reliable service in the future, SCL needs to look at all long-term power supply alternatives and weigh the risks, environmental impacts, and costs to help make the best decision for the ratepayers of Seattle. In order to get the best pricing on some of the resources, long-term contracts must be negotiated and established over the course of several years. It can be risky and expensive to rely on buying power in short-term markets to meet long-term needs. SCL is dedicated to keeping rates as low as possible and negotiating long-term contracts is just one way we do that.

#### 3. How will SCL involve its customers?

Seattle City Light wants to involve as many customers as possible in the IRP process – including residential customers, businesses and civic leaders. A Stakeholders group, made up of businesses, public entities, environmental groups, and residential customers has been meeting over the last year to evaluate power supply options that are available, including the risks and the costs. In addition, SCL will make contact with the neighborhood councils this summer and take some information to the neighborhoods for a more informal discussion about the IRP process. Two more public meetings are currently being scheduled: one on July 18 and another one in October. These meetings are open to the public and all are invited to attend to listen to presentations about the alternatives and discuss the costs, risks, and environmental impacts of

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each one. The final decision rests with the City Council and that meeting will be set for November. The Public is always welcome to attend City Council meetings.

#### **4. What is the timing for the IRP process?**

Over this last year, SCL's staff has been working on the development of the first round of resource portfolio options that are being reviewed the summer of 2006. The stakeholders met on June 29, a public meeting July 18, and a separate Environmental Impact Statement (EIS) public meeting will take place in August. Then in the autumn of 2006, SCL will fine tune the IRP portfolio options and a second round of portfolios will be developed for public review in October. You can expect a recommendation to the City Council and Mayor before the end of 2006.

#### **5. What resources is SCL looking at?**

- Current SCL hydro
- Bonneville Power Administration
- Wind
- Biomass
- Geothermal
- Landfill Gas
- Hydro efficiency improvements
- Conservation
- Call Options
- Coal
- Exchanges
- Gas-fired combustion turbines

#### **6. What are the risk factors SCL is considering?**

- Changes to the retail electrical loads of SCL's customers
- Market prices for electricity and natural gas
- Variability of our hydroelectric generation
- Future changes with the BPA contract
- The potential for regulation of carbon dioxide emissions
- Technology advances that could affect the availability, cost or environmental impacts of various types of resources
- Price escalation of green power because of supply/demand

#### **7. Why is SCL planning to mitigate any carbon dioxide emissions?**

Seattle City Light plans to achieve zero net greenhouse gas emissions, consistent with city policy. This means that any carbon dioxide emitted as a result of City Light power generation

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must be offset. SCL will purchase emissions offsets for future amounts of carbon dioxide emitted if necessary to meet zero net greenhouse gas emissions. Examples of ways to offset carbon dioxide emissions already in use include improving the efficiency of manufacturing processes, providing bio-diesel to buses, and providing shore power to docked cruise ships to avoid their burning bunker oil for power generation.

#### **8. How is SCL taking into consideration conservation as a resource?**

The IRP team developed nine different resource portfolios and conservation is in each one. SCL is committed to its strong pledge to help customers save electricity through its conservation measures. The kwhs saved by the customer is a resource SCL can use elsewhere. It is also the least cost resource.

#### **9. How is SCL factoring in renewable energy and the possibility of increased requirements for new renewables?**

Five of nine portfolios developed for Round One of the IRP process use renewable resources to meet the electrical needs of customers: The Renewables portfolio has large amounts of wind, biomass, geothermal, landfill gas and hydro; the 50% Block, 50% Slice Portfolio has included wind after 2012; the Hydro, Wind, and Gas portfolio has wind, landfill gas and hydro efficiency; the Diverse Portfolio has wind, biomass, and landfill gas; the IGCC and Wind portfolio has wind added in 2011.

#### **10. What's a "scenario" and how is it used?**

Seattle City Light examined several different possible national events that "could" occur over the next twenty years and examined economic growth, natural gas supplies and prices, new environmental regulations, coal-fired generation, transmission, and nuclear plant construction. Events tested were terrorism, a nuclear resurgence, a Green world, and a new focus on reliability. In planning for resources over a twenty-year period, it's important to flush out possible national events that could affect energy decisions for Seattle.

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