



## RESOLUTION NO. U-11206

1 A RESOLUTION related to Tacoma Power, amending Chapter 12.06 of the  
2 Municipal Code, Electric Energy – Regulation and Rates, by adding  
thereto a new Section 12.06.373 to be known as “Electrofuel Service  
Pilot (Schedule EF)”, effective April 15, 2021.

3 WHEREAS the City of Tacoma, Department of Public Utilities, Light  
4 Division, (d/b/a “Tacoma Power”) proposes to construct a pilot rate for the  
5 electrochemical production of fuels usable for transportation or electric energy  
6 storage with low carbon content, and  
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8 WHEREAS electrofuels are carbon-neutral replacement fuels for  
9 applications that would usually require use of fossil fuels, and

10 WHEREAS the production process for these types of fuels is flexible  
11 which would provide Tacoma Power with the option of requesting the  
12 curtailment of electric consumption during times of high market prices or other  
13 electrical system needs, up to 15 percent of the year, and  
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15 WHEREAS due to the ability of Tacoma Power to require curtailment of  
16 electric consumption by electrofuels producers, the pilot rate would be lower  
17 than the standard industrial rate, and  
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19 WHEREAS the electrofuel rate would benefit the utility through an  
20 expected increase in sales during the remaining 85 percent of the year, at  
21 lowest-price market hours, or at or at other times of system benefit, and  
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23 WHEREAS electrofuels producers are not expected to locate in Tacoma  
24 without the creation of the proposed Electrofuel Service Pilot rate, and

25 WHEREAS as a pilot rate, this service offering will be closed to new  
26 customers in 2030, unless otherwise extended, and



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WHEREAS Tacoma Power desires to amend Chapter 12.06 of the Tacoma Municipal Code, Electric Energy - Regulations and Rates, by adding a new Section 12.06.373, "Electrofuel Service Pilot (Schedule EF); Now, therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the Public Utility Board approves the new pilot rate category - Electrofuel Service Pilot (Schedule EF), effective April 1, 2021, and the Council of the City of Tacoma is requested to concur by enacting an ordinance adding a new Section 12.06.373, "Electrofuel Service Pilot (Schedule EF), substantially in the same form as on file with the Clerk of the Board and as approved by the City Attorney.

Approved as to form:

\_\_\_\_\_  
/s/

Chief Deputy City Attorney

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

Adopted \_\_\_\_\_



## 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

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**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



**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 Electrofuel Pilot 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—Electrofuel Service Pilot (Schedule EF). Unless otherwise extended, this pilot rate will be closed to new customers in 2030.

**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 infrastructure traditionally dependent on fossil fuels. The new tariff will provide service for the electrochemical production of low carbon-content fuels usable for transportation or electrical energy storage.

As an added benefit, production processes for these types of fuels are very flexible. Under the proposed rate construct, Tacoma Power may request curtailment of electricity consumption (up to 15% of a year) in times that benefit its retail customer base. These times might be during periods of high market prices or other electrical system needs. In return, the Schedule EF customer pays a rate lower than the standard industrial rate.

**COMMUNITY ENGAGEMENT / CUSTOMER RESEARCH:**

Tacoma Power conducted stakeholder outreach with electrofuel market advocates in the construction of this rate offering.

**2025 STRATEGIC PRIORITIES:**

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

Along with state and national governments across the world, the City of Tacoma has recognized the threat of climate change and the urgent need to combat it. Meeting the targets of the Paris Agreement and limiting warming to no more than 1.5°C will be impossible without substantial electrification of infrastructure traditionally dependent on fossil fuels, such as will be facilitated by this rate offering. Without action, climate change will bring drastic decline to the health and prosperity of all Tacomans, particularly the City's most vulnerable communities.

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

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

**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).



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

This rate offering will facilitate the location of electrofuel facilities in Tacoma. Such facilities would transform Tacoma Power’s clean, renewable hydropower into a portable, storable fuel able to replace fossil fuels across the region and possibly even the world.

Electrofuel development is on the cutting edge of technological innovation to combat climate change. With the introduction of this rate, Tacoma Power would become the first utility in the nation to have a rate offering specifically designed to capture the operational and social benefit of this technology.

**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"> <li>• Utility unable to monetize benefits of electrofuel production process flexibility.</li> <li>• Reduce likelihood of electrofuel siting in Tacoma.</li> </ul> |

**EVALUATION AND FOLLOW UP:**

Industrial siting decisions depend on many factors, including but not limited to electric rates. Tacoma Power staff will continue to monitor developments in the electrofuel industry to ensure the rate offering is as competitive as possible.

**STAFF/SPONSOR RECOMMENDATION:**

Tacoma Power requests approval the City Council of an Electrofuel Pilot 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<br>(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 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.

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

No

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

YES

Retail rates are an 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

**Chapter 12.06**  
**Electric Energy – Regulations and Rates<sup>1</sup>**

Amended and Added Section:

12.06.373 Electrofuel service pilot – Schedule EF.

**12.06.373 Electrofuel service pilot – Schedule EF. Effective April 1, 2021.**

A. Applicability. For new loads with power used for the electrochemical production of fuels usable for transportation or electrical energy storage, where a demand meter is installed, and where the customer does not require the use of Tacoma Power's distribution facilities. No more than 65 MW of total load shall be served on this schedule. Unless otherwise extended, this rate schedule shall be closed to new customers in 2030.

B. Applicability. Upon the execution of a written Power Service Agreement (Contract) with Tacoma Power, which shall require, among other conditions:

1. Curtailment of the load upon request of Tacoma Power within 10 minutes or less;
2. A maximum number of hours for which Tacoma Power is entitled to curtail load. Such maximum shall be no less than 1,318 hours per year, and Tacoma Power shall reserve the right to elect to curtail for fewer hours;
3. Penalty for failure to curtail load according to Contract requirements;
4. Delivery of power at one primary voltage;
5. Metering at primary voltage but in no case at less than nominal 4,160 volts; and
6. Power factor adjustment to 95 percent lagging or better.

Provisions described above reflect the minimum stringency of Contract terms; additional terms will be added as determined necessary by Tacoma Power.

C. Monthly Rate. The sum of the following volumetric, delivery, and monthly charges:

1. Energy: All energy measured in kilowatt-hours at \$0.033147 per kWh.
2. Delivery: All kilowatts of Billing Demand delivered at \$5.72 per kW.
3. Customer Charge: Calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies: \$7,445.00 per month.

D. Billing Demand. Determined by means of a demand meter, 30-minute interval, reset monthly. The Billing Demand shall be the highest of:

1. The highest measured demand for the month adjusted for power factor, or
2. 60 percent of the highest measured demand occurring during any of the preceding 11 months after adjustment for power factor.

For purposes of the determination of Billing Demand in subsection 2 above, the 11 months of history shall be carried forward from the customer's previous account(s).

E. Service Conditions.

1. Power factor provision applicable.
2. Applicable provisions of the Tacoma Municipal Code, General Provisions, and Customer Service Policies governing the sale of electric energy and delivery services shall apply.

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<sup>1</sup> Prior legislation: Ords. 16486, 16718, 16729, 16979, 17181, 17335, 17652, 17740, 18074, 18121, 18378, 18379, 18577, 18654, 18705 and 19120.