



RESOLUTION NO. U-11209

1 A RESOLUTION related to Tacoma Power, amending Chapter 12.06 of the
2 Municipal Code, Electric Energy – Regulation and Rates by adding
3 thereto a new subsection (E) “Customer-Owned Generation” to Section
4 12.06.215 “General Service (Schedule G)”, and renumbering the existing
5 subsections, effective January 1, 2021.

6 WHEREAS the City of Tacoma, Department of Public Utilities, Light
7 Division (d.b.a. “Tacoma Power”), has requested the addition of a new
8 subsection (E) “Customer-Owned Generation” to the General Service
9 (Schedule G) rate provisions in Section 12.06.215 in Title 12 (“Utilities”) of the
10 Tacoma Municipal Code (“TMC”), and

11 WHEREAS, although customer-owned generation facilities with a
12 capacity less than 100kW are subject to Tacoma Power’s net metering
13 requirements under RCW 80.60.030, there are currently no rate provisions that
14 cover larger customer-owned generation facilities and

15 WHEREAS Tacoma power has received notice that several commercial
16 customers may install such facilities, and without the proposed new rate
17 provisions Tacoma Power will have no provisions for compensating large
18 customer-owned generation facilities for their excess generation, and there is
19 no obligation for the utility to purchase it, and

20 WHEREAS large customer-owned facilities may at times produce
21 energy in excess of that required by the facility at which they are located, with
22 the excess energy then transmitted onto Tacoma Power’s electric grid, and

23 WHEREAS the proposed new subsection to the Schedule G rate will
24 provide a clear pricing option for the excess energy transmitted to Tacoma
25
26



Power's system and clarify the ownership of the non-power attributes of the
1 excess energy, and

2 WHEREAS the total number and size of large customer-owned
3 generators that may locate in Tacoma Power's service area is unknown, and
4

5 WHEREAS the goal of the proposed rate amendments is to ensure that
6 Tacoma Power's other ratepayers do not bear additional expense or burden
7 and the net cost to the utility is negligible, while still providing fair compensation
8 to customers choosing to invest in their own renewable solar (or other
9 distributed energy), and
10

11 WHEREAS revisions to Tacoma Power rates require approval by the
12 Public Utility Board and Tacoma City Council pursuant to Tacoma City Charter
13 section 4.11, and
14

15 WHEREAS the recommended changes to the General Service
16 (Schedule G) rate are just, fair and reasonable, in the best interest of the
17 citizens of Tacoma and the customers of Tacoma Power, and

18 WHEREAS Tacoma Power desires to amend Chapter 12.06 of the
19 Tacoma Municipal Code, Electric Energy - Regulations and Rates, by adding a
20 new subsection (E) "Customer-Owned Generation" to Section 12.06.215
21 "General Service (Schedule G)", and renumbering the existing subsections,
22 effective January 1, 2021; Now, Therefore,
23

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

25 That the Public Utility Board approves the new subsection (E)
26 "Customer-Owned Generation" to be added to Section 12.06.215 "General



Service (Schedule G)", and the renumbering of the existing subsections in TMC 12.06.215, and the Council of the City of Tacoma is requested to concur by enacting an ordinance adding a new subsection (E) "Customer-Owned Generation" to TMC 12.06.215, "General Service (Schedule G)" and renumbering the existing subsections, effective January 1, 2021, substantially in the form as on file with the Clerk of the Board, and in final form to be approved by the City Attorney.

Approved as to form:

/s/

Chief Deputy City Attorney

Chair

Secretary

Clerk

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

SUMMARY: Tacoma Power requests approval by the Public Utility Board for a 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: The rate treatment of customer-owned generation facilities with a capacity less than 100 kW are subject to Tacoma Power's net metering requirements under RCW 80.60.030. No rate provisions currently cover larger customer-owned generation facilities. Tacoma Power has recently received notice that several commercial customers may intend to install such facilities. If the proposed rate is not passed, Tacoma Power will have no provisions to compensate large customer-owned generation facilities for their excess generation.

Large customer-owned 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. These additional provisions provide a clear pricing option for energy transmitted to Tacoma Power's system, and clarify the ownership of non-power attributes under such circumstances.

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 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, while still providing fair compensation to customers choosing to invest in their own renewable solar (or other distributed generation) energy.

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 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

Chapter 12.06 Electric Energy – Regulations and Rates¹

Sections:

- 12.06.010 General application.
- 12.06.020 Definitions.
- 12.06.030 Available voltages.
- 12.06.040 Application for service and contract.
- 12.06.050 Inspection.
- 12.06.060 Equipment and wires.
- 12.06.070 Rearranging lines or equipment.
- 12.06.080 Metering.
- 12.06.090 Connected load.
- 12.06.100 Deposits and connection charges.
- 12.06.110 Billing – Payment of bills and delinquency.
- 12.06.115 Disconnection of electric service.
- 12.06.120 Resale of electric energy prohibited.
- 12.06.130 Diversion of current.
- 12.06.140 Tampering and injury to City equipment.
- 12.06.150 City not liable for damages.
- 12.06.160 Residential service -- Schedule A-1. *Effective July 1, 2020.*
- 12.06.165 Low-income/senior and/or low-income/disabled discount residential service – Schedule A-2.
- 12.06.170 Small general service – Schedule B. *Effective July 1, 2020.*
- 12.06.180 *Repealed.*
- 12.06.190 *Repealed.*
- 12.06.210 *Repealed.*
- 12.06.215 General service – Schedule G. *Effective July 1, 2020.*
- 12.06.220 *Repealed.*
- 12.06.225 High voltage general service -- Schedule HVG. *Effective July 1, 2020.*
- 12.06.240 *Repealed.*
- 12.06.250 *Repealed.*
- 12.06.260 Contract industrial service – Schedule CP. *Effective July 1, 2020.*
- 12.06.270 *Repealed.*
- 12.06.280 *Repealed.*
- 12.06.290 Street lighting and traffic signal service – Schedule H-1. *Effective July 1, 2020.*
- 12.06.295 Street lighting service – Schedule H-3. *Effective April 1, 2018.*
- 12.06.300 Private off-street lighting service – Schedule H-2. *Effective July 1, 2020.*
- 12.06.310 Power factor provisions – Schedule P.
- 12.06.314 Tax credit -- Schedule TC.
- 12.06.315 *Repealed.*
- 12.06.317 *Repealed.*
- 12.06.318 *Repealed.*
- 12.06.320 Additional rules may be made by director.
- 12.06.330 Customer service policies – Additional rules and regulations.
- 12.06.340 Violations – Penalties – Enforcement.
- 12.06.350 Severability.
- 12.06.360 *Repealed.*
- 12.06.370 Renewable Energy Program.
- 12.06.371 Electric Vehicle Fast Charge – Schedule FC. *Effective January 1, 2019, to December 31, 2031.*

12.06.215 General service – Schedule G. *Effective July 1, 2020.*

A. Availability. For general power use where a demand meter is installed, for standby capacity to customers generating all or a part of their electric power requirements, and for intermittent use. The customer's actual demand as determined by Tacoma Power must exceed 50 kilovolt amperes or total connected load as estimated by Tacoma Power must exceed 65 kilowatts upon initial service energization.

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

For customers providing all their own transformation from Tacoma Power's distribution system voltage, a discount for transformer investment and maintenance will be provided by reducing the monthly bill by 0.8 percent. For customers metered on the primary side of a transformer, a discount for transformer losses will be provided by reducing the monthly bill by 1 percent. These discount percentages are additive, and not compounded.

B. Monthly Rate. The sum of the following energy, delivery, and customer charges:

1. Energy: All energy measured in kilowatt-hours at \$0.049961 per kWh.
2. Delivery: All kilowatts of Billing Demand delivered at \$8.51 per kW.
3. Customer Charge: Calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies: \$80.00 per month.
4. Exceptions:

(a) Within the City of Fife:

- (1) Energy: All energy measured in kilowatt-hours at \$0.049961 per kWh.
- (2) Delivery: All kilowatts of Billing Demand delivered at \$8.51 per kW.
- (3) Customer Charge: Calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies: \$80.00 per month.

(b) Within the City of Fircrest:

- (1) Energy: All energy measured in kilowatt-hours at \$0.049961 per kWh.
- (2) Delivery: All kilowatts of Billing Demand delivered at \$8.51 per kW.
- (3) Customer Charge: Calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies: \$80.00 per month.

(c) Within the City of Lakewood:

- (1) Energy: All energy measured in kilowatt-hours at \$0.049961 per kWh.
- (2) Delivery: All kilowatts of Billing Demand delivered at \$8.51 per kW.
- (3) Customer Charge: Calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies: \$80.00 per month.

(d) Within the City of Steilacoom:

- (1) Energy: All energy measured in kilowatt-hours at \$0.049961 per kWh.
- (2) Delivery: All kilowatts of Billing Demand delivered at \$8.51 per kW.
- (3) Customer Charge: Calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies: \$80.00 per month.

(e) Within the City of University Place:

- (1) Energy: All energy measured in kilowatt-hours at \$0.049961 per kWh.
- (2) Delivery: All kilowatts of Billing Demand delivered at \$8.51 per kW.
- (3) Customer Charge: Calculated on a monthly basis, invoiced, and collected pursuant to the applicable customer service policies: \$80.00 per month.

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

1. The highest measured demand for the month adjusted for power factor;
2. 60 percent of the highest measured demand occurring during any of the preceding 11 months after adjustment for power factor; or
3. 100 percent of the standby capacity.

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).

D. Standby Capacity. That amount of power requested by written application or estimated by the Director to be made continuously available for exclusive use of the customer.

E. Customer-Owned Generation: Effective January 1, 2021.

1. Any customer taking service under this schedule is eligible to sell to Tacoma Power the quantity of generation that exceeds its actual demand over an hour along with the generation's associated Renewable Energy Credits (REC), as defined by RCW 19.285.030, provided that such a customer:

(a) utilizes solar photovoltaic (PV) arrays sized not greater than 2 MW, or

(b) owns generation and has an agreement with Tacoma Power that provides for:

(i) compensation of excess generation under this rate schedule,

(ii) the purchase of Standby Capacity in the amount of no less than the expected energy output of the generator, and

(iii) the recovery of the cost of integration into Tacoma Power's system.

This section shall not apply to customer-owned generation facilities with a capacity less than 100 kW, which are subject to Tacoma Power's net metering requirements under RCW 80.60.030.

2. To participate, an eligible customer must comply with the following subsections (a), (b), and (c):

(a) Enter into a generator interconnection agreement with Tacoma Power and comply with all its terms. Tacoma Power may adopt any generator interconnection requirements as necessary to protect public safety, system reliability, or other regulatory requirements.

(b) Transfer to Tacoma Power ownership of all environmental, social, REC, and other non-power attributes of the electricity generated in excess of that consumed by the customer. The customer may retain ownership of all environmental, social, REC, and other non-power attributes of the electricity produced by the generator that is consumed on-site.

(c) Pay for a two-way advanced meter that is selected and installed by Tacoma Power at the generator that will be used to measure kilowatt-hours of inbound retail energy consumed by the customer's load and the outbound exported generation. Customers totalizing multiple meters may integrate customer-owned generation into their totalized service consistent with Tacoma Power's policies for meter totalization. Otherwise, meter aggregation across multiple customer premises shall not be permitted.

3. Any electricity produced by the customer's generation may be used to reduce inbound retail electricity consumption in accordance with this schedule.

4. The price Tacoma Power shall pay the customer for the quantity of excess generation delivered to Tacoma Power shall equal the quantity, as measured by the advanced meter over each hour, multiplied by:

(a) if available, the applicable Pricing Node of the Real-time Dispatch price of Energy Imbalance Market where the generator is located, as determined by the California Independent System Operator under its market tariff, or

(b) a published index price for firm energy at the Mid-Columbia applicable to the time in which energy was delivered;

(c) plus \$4.43 for each REC transferred to Tacoma Power.

If excess generation is provided during any hour in which the advanced meter fails to record generation, Tacoma Power shall estimate the quantity of excess generation.

FF. Service Conditions.

1. At the option of Tacoma Power, primary metering may be installed where the service transformers aggregate 500 kVA or more.

2. At the option of Tacoma Power, a customer may be transferred to a non-demand metered rate if the customer's actual demand has not exceeded 50 kilovolt amperes in the prior 24-month period.

3. Power factor provision applicable.

4. Applicable provisions of the Tacoma Municipal Code, General Provisions, and Customer Service Policies governing the sale of electric energy shall apply.

(Ord. 28689 Ex. A; passed Sept. 1, 2020: Ord. 28665 Ex. A-1 and Ex. B-1; passed Mar. 31, 2020: Ord. 28551 Ex. A; passed Nov. 20, 2018: Ord. 28489 Ex. A, passed Feb. 13, 2018: Ord. 28422 Ex. A and Ex. B; passed Apr. 4, 2017: Ord. 28285 Ex. A; passed Mar. 17, 2015: Ord. 28134 Ex. A and Ex. B; passed Feb. 26, 2013: Ord. 27976 Ex. A and Ex. B; passed Mar. 29, 2011:

Tacoma Municipal Code

Ord. 27332 § 4; passed Mar. 22, 2005: Ord. 27150 § 3; passed Oct. 7, 2003: Ord. 27058 § 4; passed Mar. 18, 2003:
Ord. 26848 § 12; passed Sept. 18, 2001: Ord. 26628 § 1; passed May 16, 2000: Ord. 25681 § 11; passed Mar. 21, 1995:
Ord. 25460 § 7; passed Mar. 22, 1994: Ord. 25076 § 4; passed Mar. 24, 1992: Ord. 24584 § 7; passed Mar. 20, 1990:
Ord. 24050 § 5; passed Mar. 29, 1988)