



CITY OF SALEM

585 Liberty St SE
Salem, OR 97301

Staff Report

File #: 19-322

Version: 1

Date: 7/8/2019

Item #: 3.3j.

TO: Mayor and City Council
THROUGH: Steve Powers, City Manager
FROM: Ryan Zink, Franchise Administrator

SUBJECT:

Portland General Electric Green Future Impact.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Natural Environment Stewardship.

ISSUE:

Shall the City Council direct the City Manager to execute the Green Energy Affinity Rider Service Agreement with Portland General Electric (PGE) to subscribe to PGE's Green Future Impact program?

RECOMMENDATION:

Direct the City Manager to execute the Green Energy Affinity Rider Service Agreement with PGE to subscribe to PGE's Green Future Impact program.

SUMMARY:

PGE is offering a new renewable power purchase option, called Green Future Impact. Participating in this program allows the City to increase its purchase of renewable energy at a third of the per-unit cost of the current Clean Wind program. Power generated through Green Future Impact will be 100 percent locally produced in Oregon or Washington through wind or solar, and offered at a fixed price of \$1.00 per MWh, in addition to the basic rate, with a 15-year commitment.

Participation in the Green Future Impact will bring the City's total purchase of renewable electricity up to 80 percent at an additional cost of \$17,000 per year.

FACTS AND FINDINGS:

The City Manager submitted a non-binding letter of interest to PGE on May 29, 2019, signifying a tentative level of commitment to this program with an anticipated purchase of 17,000 MWh (17,000,000 kWh) per year for a 15-year term. Subscription at this level will increase the City's usage of renewable energy by about 60 percent, to a total of approximately 80 percent for City operations. The total obligation over the term of the contract is \$255,000. The largest share of the cost, at approximately 50 percent, will be borne by the Utility Fund, followed by the Streetlight Fund at 20 percent, and the General Fund at 18 percent.

PGE will be purchasing the energy from a not-yet-built renewable facility. The City's payment for Green Future Impact would not begin until the project is built and operating, expected to be mid-late 2021. The program requires a 15-year commitment by the City that starts once the renewable energy facility becomes operational.

The attached service agreement commits the City to purchase 17,000 MWh per year through PGE's Green Future Impact.

BACKGROUND and ALTERNATIVE:

The City currently participates in PGE's Clean Wind program at a market-based rate of approximately \$3.00 per MWh, in addition to the basic rate. In 2018, the City's operations used 28,683 MWh of electricity within the PGE service area.

Approximately six percent of the City operations' total energy use came from PGE's Clean Wind program at a cost of \$5,108. Coupled with PGE's Basic Mix (see attached Basic Mix information sheet) that is expected to be 20 percent renewable in 2020, the City's usage of renewable electricity will be 26 percent. Through the Clean Wind program, reaching a level of 100 percent renewable energy use would require increasing the City's subscription level to 80 percent at an annual cost of over \$68,000.

RYAN ZINK
FRANCHISE ADMINISTRATOR

Attachments:

1. Basic Mix information sheet.
2. Large Nonresidential Green Energy Affinity Rider Service Agreement.