

CITY COUNCIL STUDY SESSION ITEM

SUBJECT:

Energize Eastside project briefing update

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POLICY ISSUES:

State Law/Growth Management Act:

The City of Bellevue has the authority to regulate land use and, under GMA, the requirement to consider the location of existing and proposed utilities and potential utility corridors in land use planning. The City must also plan for the provision of essential public facilities such as utilities consistent with the goals and objectives of its Comprehensive Plan, taking into consideration the public service obligation of the utility involved.

Where facilities being proposed by PSE qualify as Essential Public Facilities (EPF), under state law, they cannot be precluded by local municipalities; however the municipality may impose conditions including mitigation.

Puget Sound Energy (PSE) must obtain a Conditional Use Permit for the proposed Energize Eastside project and, due to the scale and potential impacts, must complete a multi-jurisdictional Environmental Impact Statement (EIS).

Comprehensive Plan:

Comprehensive Plan policy UT-32 defers to the serving utility the implementation sequence of utility plan components, and mandates a robust data validation process. The City Council has elected to secure technical expertise to evaluate the need for the project to address Bellevue-specific issues.

DIRECTION NEEDED FROM COUNCIL:

☐ Action
☒ Discussion
☒ Information

BACKGROUND ANALYSIS:

In December, 2013 PSE introduced Energize Eastside, an electrical utility facilities project to build approximately 18 miles of new 230kV transmission lines from Renton to Redmond through Bellevue, as part of its implementation sequence of utility plan components described in the Comprehensive Plan. PSE intends the project to provide sufficient electrical capacity to serve growth on the Eastside and to improve electrical grid reliability.

Following PSE's introduction of Energize Eastside, the City initiated a community engagement and public outreach process around the project. This included regular briefings to Council, community

meetings facilitated by Neighborhood Outreach staff, a maintained electrical facilities planning website, *ex officio* participation in the PSE Community Advisory Group (a public outreach process conducted by PSE to satisfy the City's Land Use Code for electrical facilities), staff-conducted training around the environmental impact statement review process and, with City Council direction, the City initiated an independent technical analysis to evaluate the need for the project.

Following introduction of the proposed project by PSE, preliminary discussions between potentially-affected jurisdictions and PSE indicate that the proposal is likely to have probable significant adverse environmental impacts leading to the issuance of a SEPA Threshold Determination of Significance. This will require processing of an Environmental Impact Statement (EIS). In response, the City sponsored and coordinated an inter-jurisdictional approach and agreement to the EIS review process with Renton, Redmond, Newcastle, and Kirkland. Bellevue is the lead agency responsible for the \$1.4 million EIS contract. Issuance of a DS and opening of a scoping period are the initial steps for this process and are expected to start in 2Q 2015.

The Energize Eastside environmental review process is included as Attachment 1.

STATUS OF KEY ELECTRICAL FACILITY PLANNING COMPONENTS

Independent Technical Analysis (ITA)

Scope

The City's objective in entering into the professional services contract with USE, Inc. was to understand the following as applied specifically to Bellevue's growth and the reliability of the electrical system serving the city:

- Specifically evaluate the purpose, timing and need for the proposed electrical system improvements including assessment of forecast growth and timing for delivery of improvements to meet forecast growth.

The City sought an experienced firm or firms to conduct technical and independent electrical utility facility analysis of the Energize Eastside Project and, using that analysis, to evaluate the need for the project. This work includes independent assessment of forecast growth and demand, timing for delivery of improvements to meet forecast growth, and evaluates impacts to electrical system reliability. USE, Inc. as the selected firm has the ability and experience to conduct this analysis within the context of specific issues pertaining to the City, its jurisdiction, regulatory authority, and growth management policy framework.

Deliverable

As defined by the Scope of Services Tasks, the consultant is developing a formal, written evaluation of the need for the project, including assessment of forecast growth and demand, timing for delivery of improvements to meet forecast growth, and the impacts to electrical system reliability. See Attachment 2.

Schedule

The City has extended its contract with USE Inc. to April 13, 2015. The purpose of this date extension is to allow sufficient time for consultant review and examination of PSE's new 2014 load forecast and base cases, and to run the optional technical analysis (USE-modelled analysis of alternatives to PSE's modelled sensitivities and contingencies) on this updated information. The contract originally considered only the availability of 2012 information. City staff and USE, Inc. power engineers are scheduled to present the independent technical analysis report during the March 30, 2015, Council Study Session.

Current Status

USE, Inc. is well under way in conducting the independent technical analysis responding to questions regarding PSE's growth projections and electric load need for Bellevue and the Eastside. In presenting the report to Council the public will also have the opportunity to review the results.

As defined in the Scope of Services Tasks, USE conducted and documented stakeholder interviews with City staff, PSE staff and interested community members. The City sponsored a two-week-long "Ask the Consultant" link on the electrical facilities planning web page, and provided USE with those stakeholder questions and comments appropriate to the issue of need. All submitted materials will be included as an attachment to the report.

Environmental Impact Statement (EIS)

Preparation for the first phase of the EIS process is underway. The City, in cooperation with affected cities, has secured a contract with Environmental Science Associates (ESA) to prepare the required EIS. Staff have been working closely with ESA to provide background information and develop an appropriate EIS process that follows Washington State SEPA rules, the City's Environmental Procedures Code, and the terms of the executed interagency agreement.

EIS Process

The EIS process is anticipated to run for approximately 2 years, and will unfold over two phases and include specific points of planned public engagement. The EIS is not intended to challenge the need for the project, and the EIS is not a permit. The EIS process is an analysis of the proposal resulting in documentation and disclosure of potential impacts and potential mitigation measures. A general schedule outlining the anticipated timing of the different phases of the EIS is included as Attachment 1.

EIS Project Website

The first visible step taken in the EIS process will be the launching of the project website on March 6, 2015 (EnergizeEastsideEIS.org). The website is hosted by the consultant under the direction and supervision of the City and under the terms of the interagency agreement. The initial website content posted on March 6 outlines the EIS process and schedule and includes background information provided with PSE's EIS application. The website platform is dynamic and additional content/functionality will be added at appropriate points in the project. Interested parties can register to receive electronic notification of site updates.

EIS Phase I

The first phase of the EIS will consider various viable solutions that could be implemented to meet the stated need. This phase will commence with issuance of a notice of Determination of Significance (DS) and distribution/publication of a scoping notice. Up to five scoping meetings will be held throughout the project's geographic reach. Background information to help frame scoping comments will be provided in the form of a 'scoping document library' and public comment will be taken in contemplation of different viable project solutions.

Following scoping, and in consideration of background information and public comment, the EIS consultant in collaboration with City staff will research and analyze a reasonable range of viable solution alternatives culminating in the issuance of a Draft Environmental Impact Statement (DEIS). A preferred solution will be identified as part of the Phase I DEIS and carried forward for consideration as part of the Phase II analysis. Public comment will be taken on the Phase I DEIS.

The scoping period for Phase I of the EIS process will begin at the end of April 2015 and continue into May and the DEIS issuance is anticipated in Fall 2015.

EIS Phase II

The second phase of the EIS begins with a second and new scoping period after issuance of the Phase I DEIS. Phase II of the EIS process is a project-level review analyzing environmental impacts associated with solution alternatives carried forward from Phase I and identifying project-specific design alternatives and associated mitigation. Up to five scoping meetings will also be held with this Phase throughout the project's geographic reach. Scoping comments will be solicited with this phase with a focus on the potential impacts of the solutions under consideration.

Similar to Phase I, following scoping the EIS consultant, in collaboration with City staff, will research and analyze a reasonable range of viable construction alternatives culminating in the issuance of a Supplemental Draft Environmental Impact Statement (SDEIS). Comment on the SDEIS will be taken and Final Environmental Impact Statement (FEIS) issued. The FEIS will inform the drafting of conditions that would be attached to the future Conditional Use Permit and ultimately regulate development of the proposed electrical facility through construction and long-term operations.

The scoping period for Phase II of the EIS process is anticipated to begin in Winter 2016 with SDEIS issuance anticipated in Summer 2016 and FEIS issuance anticipated in Fall 2016.

Electrical Reliability Study (ERS)

The 2011 City-initiated Electrical Reliability Study Report made recommendations for ways in which the City could continue to work with PSE to maintain and improve electrical reliability and to increase the City's engagement as a stakeholder. In order to implement those recommendations, PSE and City staff worked on a proposed new "Amended and Restated Memorandum of Understanding" through 2012 and the first part of 2013. See Attachment 3.

The City did not adopt the proposed new reliability MOU with PSE after it took action in May 2013 to renew the PSE Franchise Agreement (Attachment 5). At that time, hearing community comment that the undergrounding recommendation (shown in Attachment 4 at number 8) did not go far enough in reflecting consultant recommendations, Councilmembers directed further work on an undergrounding policy before bringing the MOU back for adoption.

Both the city and PSE have continued to implement specific actions called for in the ERS report recommendations to increase the reliability of the electrical system and facilities serving Bellevue. See Attachment 4.

Reliability and outage metrics—and the response steps taken by PSE—are reported through the reliability workshop, as are PSE's system plan expansions and upgrades. The City provides multiple staff to the reliability and planning workshops, and assigns staff to PSE's Integrated Resource Plan (IRP) advisory group process. The City has also developed a specific relationship with WUTC staff. The City used the Comprehensive Plan Update process to examine undergrounding policy. PSE's work on community communications, emergency response, and Smart Grid strategies have all been reported out. As a result, due to discussions at the last reliability workshop, City operating department staff identified with their PSE counterparts opportunities to begin talking about potential areas of application for shared smart grid issues.

ATTACHMENTS

1. Energize Eastside environmental review process
2. Independent Technical Analysis Scope of Services
3. Draft Reliability Memorandum of Understanding May 2013
4. ERS Recommendations/MOU implementation matrix
- 5a-d. PSE Franchise Agreement and existing MOUs