



**COMMISSION
AGENDA MEMORANDUM**

Item No. 7b

BRIEFING ITEM

Date of Meeting February 28, 2017

DATE: February 22, 2017
TO: Port of Seattle Commission
FROM: Aaron Pritchard, Commission Issues and Policy Manager
SUBJECT: Energy and Sustainability Committee Policy Directive Briefing

EXECUTIVE SUMMARY

The Port of Seattle Commission unanimously chartered the Energy and Sustainability Committee by motion on January 26, 2016. The charter tasked the Committee to develop and propose policy directives to help guide the development of policies to support the Port of Seattle’s greenhouse gas (GHG) emissions reductions effort, with a focus on energy efficiency and alternative energy generation. Commissioners Felleman and Gregoire were named as Chairs of the Committee.

The Chairs brought together 23 advisors to participate in the formation of the policy recommendations. The advisors, from diverse sectors of our community including environmental, business, labor, social justice, academia, think tanks, maritime, aviation, construction, and government agencies, met six times as a full group and held a significant number of small work group meetings.

The Committee divided the advisors into **four work groups including:**

- **Regional Goals Alignment** work group that analyzed our Port GHG reduction goals in relation to other regional municipalities;
- **Energy Production** work group that developed a framework for analyzing Port projects that have energy implications;
- **Energy Conservation** work group that developed recommendations around transportation and leasing policies among other recommendations;
- **Equity** work group that started with environmental equity, but is recommending a broader look into Port equity policies.

You will hear directly from the advisors today. The Commission has committed \$1 million to start implementation of these recommendations. The Port will be working hard to leverage matching funds to increase opportunities for collaboration.

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Significant work is already underway to reduce and mitigate environmental impacts of port operations, and other environmental areas at both the Port of Seattle and the Northwest Seaport Alliance (NWSA). The Co-chairs' recommendations to the full Commission, informed by input from the Committee work groups, are meant to enhance the Port of Seattle's ongoing GHG emissions reduction efforts.

The Committee focused primarily on GHG emissions generated directly by the Port. However, we acknowledge the Port's efforts to measure and address the GHG emissions of port tenants and customers in its contributions to the Northwest Ports Clean Air Strategy, aviation biofuels, electrification of airport ground support, or identifying sources of renewable natural gas.

In addition to aligning Port's GHG emission reduction goals with that of our neighboring jurisdictions, the Committee plans to propose a project evaluation framework used to evaluate the GHG and energy implications of Port projects and alternative ways emissions can be reduced for consideration by the full Commission.

The Committee also recommends vetting the project evaluation framework with the NWSA as part of the current NWSA Energy and Sustainability work underway. We recognize that two projects specifically involve the NWSA, including a proposal to reduce emissions and community harms from trucks that serve container port operations and evaluate the feasibility of creating a microgrid and electric power generation near container cargo facilities. We will work closely with our NWSA elected officials and staff to ensure alignment between the Port of Seattle and NWSA.

We will brief the Commission today on all of the work group recommendations.

The intended next step will be a briefing on the first Energy and Sustainability Committee policy directive resolution on March 28th. The Co-Chairs will review the work group recommendations and develop a schedule for bringing the policy directives forward. This schedule will allow the Environment and Sustainability Center of Expertise (COE) to be fully operational and any resource needs identified in the 2018 budget. The COE will prepare an assessment of the resources and timeframes necessary to implement the policy recommendations and will provide recommendations within 60 days of passage of the policy directives. This policy will affect the work of many Port departments; the COE will meet with Project Managers, Engineering, Finance and Investment, lease teams and other teams as necessary. After review, the COE will present alternative ways to implements findings to the Commission.

Energy and Sustainability Committee Work Group Recommendations

- A. Regionally Aligned Goals Work Group:** The work group recommends that we align the Port greenhouse gas reduction goals with other regional governments. This alignment will allow the Port to join the region in collaborative efforts to reduce greenhouse gas emissions.

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1. The proposed goals are consistent with the Greenhouse Gas Protocols, developed by the World Resources Institute and the World Business Council on Sustainable Development. The GHG Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, manage, and report greenhouse gas emissions. The work group recommendations address the following categories of emissions consistent with the Protocol:
 - a. Scope 1 emissions are direct emissions from owned or controlled sources.
 - b. Scope 2 emissions include only the indirect emissions connected with the consumption of purchased electricity.
 - c. Scope 3 emissions are emissions the Port has influence over, not direct control. Scope 3 is defined in the GHG Protocols as “all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.” *The Port of Seattle currently does not have Century Agenda Goals associated with Scope 3.*

2. We recommend making the following changes to the Century Agenda (CA):
 - a. **Scope 1 – Port Controlled Emissions**
 - i. **15% below 2005 levels by 2020**
 - a. This is an additional short-term Century Agenda goal.
 - b. Creates a short term “step” goal to measure our progress.
 - ii. **50% below 2005 levels by 2030**
 - a. This adjusts the Port’s current mid-term Century Agenda goal of reducing air pollutants and carbon emissions by 50% of 2005 levels by 2037.
 - iii. **Carbon Neutral by 2050 OR Carbon Negative by 2050**

This is an additional long-term Century Agenda Goal of Carbon neutrality or carbon negative, the net effect of removing CO₂ from the atmosphere rather than adding it.
 - b. **Scope 3 – Port Influenced Emissions**
 - i. **50% below 2007 by 2030**
 - a. This is an additional mid-term Century Agenda goal.
 - ii. **80% below 2007 by 2050**
 - a. This is an additional long-term Century Agenda goal.

B. Energy Production Work Group Recommendations

The work group recommends the Port consider environmental, safety, economic, and race and social justice factors when evaluating projects that have energy implications for Port operations, including in its role as a landlord.

The work group recognizes that existing decision making processes already include consideration of many of the recommended criteria, but there is a lack of transparency both within Port decision making processes and with the community. The factors considered and

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the final decision to pursue or reject a potential project may not always be elevated to Port leadership. The work group developed the attached evaluation framework and recommends the Port, within a timeframe recommended by the COE:

1. Revise project and design review procedures to reflect the proposed criteria.
2. Include Port leadership in decisions about energy supply and projects with energy implications. Criteria will be developed and reviewed with the Commission.
3. Seek the advice of clean energy experts to assist the Port in evaluating renewable energy strategies and advanced technologies.
4. Establish partnerships with neighboring industrial partners and Seattle City Light to assess the opportunity and strategic issues for creating a microgrid near container cargo facilities and a small scale electricity power generation center from waste heat, large scale solar array and/or other distributed generators.

C. Conservation Work Group Recommendations

1. **Scope 1 - Port Controlled emissions:** The following recommendations require the Port to reduce GHG emissions from sources within our control, even though these emissions may be small in comparison to emissions that we influence. This includes taking the lead in endorsing initiatives and or regulations for controlling greenhouse gas emissions in the Aviation and Maritime industries. Implement the following within a timeframe recommended by the COE:
 - a. Evaluate the feasibility of an internal “Carbon Tax.” Implementing a program such as an internal carbon tax will be intended to reduce incentives for employee activities (such as travel or energy use) that create carbon and other harmful emissions and create a fund that could be used for activities that address both carbon reduction and equity.
 - b. Eliminate the Port’s purchase of fossil fuel vehicles unless it is demonstrated that it is not technically feasible to purchase a zero-emission or plug-in hybrid option or if a zero-emission or plug-in hybrid option has a higher total life cost by more than 30%.
 - c. Maintain Port habitat and ecosystems that absorb carbon where this does not interfere with Port operations. The Port should continually look for areas to develop more habitat and should calculate the carbon benefits.
- ii. **Scope 3 – Port Influenced Emissions:** The following recommendations require the Port to reduce greenhouse gas emissions from sources that the Port can influence through contracting, incentives or other such measures. These emissions have the potential to greatly decrease GHG emissions associated with Port operations.
 - a. **Leasing:** When providing energy incentives in leases, the Port should provide flexibility for tenants and business partners to achieve reductions in their own way so long as solutions do not lock-in technology that precludes further reductions. The Port should first identify specific categories of leases

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held by the Port (not the Seaport Alliance) and propose policies around renewal of those types of leases, so that lease renewals going forward will include appropriate energy conservation measures. The following policies and tools should be evaluated and proposed to the Port Commission within the timeframe recommended by the COE:

- i. Review and recommend opportunities to invest in infrastructure that allows tenants and business partners to reduce their GHG, specifically in areas where infrastructure could remove barriers to energy conservation for tenants.
 - ii. Evaluate Ports ability, legal and otherwise, to impose lease charges or other fees based upon climate impact
 - b. **Aviation:** Promote an education program tied to the current airport program that allows users to purchase carbon offsets and improve users' understanding the impact of aviation on climate. Implement in the timeframe recommended by the COE.
 - c. **Transportation:** Implement the following policies in the timeframe recommended by the COE:
 - i. Develop a proposal to reduce emissions for all commercial vehicles serving the airport. This could include a broader application of the Environmental Key Performance Indicator standard or establishing a policy requiring commercial vehicles serving the airport to be zero-emission or plug-in hybrid by a specified date, 2022 is suggested.
 - ii. Review and recommend, in partnership with rental car agencies, requirements to be implemented in car rental facility leases, at lease renewal, for escalating percentages of hybrid, plug-in hybrid, and zero-emission vehicles for car rental agencies. Evaluate the recommended requirement to have 30% plug-in hybrid and 60% hybrid by a specified date, 2020 is suggested.
 - iii. Measure GHG from employee commuting as part of the Port's total GHG emissions and recommend whether policy changes are necessary to reduce employee commuting GHG emissions.
 - iv. Review, recommend, and implement a pilot for technology to reduce emissions from trucks serving container port operations. Work with the community to mitigate the harms from truck emissions in most impacted near-Port communities.
- iii. **Metering:** Use metering to improve decisions about energy usage as well as to give better visibility for energy usage by both Port and tenants. With individual metering and appropriate lease language, the Port could develop appropriate tenant incentives for energy conservation and efficiency. Therefore, the work group recommends that the Port implement two metering pilot projects within the timeframe recommended by the COE:
 - a. Implement metering at one Port-owned facility to better understand how to

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change building user behaviors.

- b. Implement metering at one-tenant occupied facility to better understand how to influence tenant behavior.

D. Equity Committee Work Group Recommendations

1. The work group recommends the Port establish an inter-departmental team to support Port involvement with near-port environmental justice communities, starting with the Duwamish Valley, and in order to coordinate with the King County and City of Seattle inter-departmental teams, within six months of passage of this Policy Directive. Items for review by this team should include:
 - a. Seek the advice of community-based consultants for environmental equity policy development. These consultants should provide input to the Port on items including:
 - i. An annual community-directed fund for ameliorating environmental justice impacts in low income communities of color, and labor communities affected by Port operations.
 - ii. Development of a Port-wide Equity policy similar to that of King County's Equity & Social Justice Office and the City of Seattle's Race and Social Justice Initiative.

ATTACHMENTS TO THIS BRIEFING

- (1) Motion to Charter the Energy and Sustainability Committee
- (2) Advisory Committee Members
- (3) Proposed Port Energy Production Project Evaluation Criteria

PREVIOUS COMMITTEE MEETINGS

First committee meeting – June 14, 2016

- Provided information about the Port of Seattle’s current greenhouse gas reduction goals and what work we are doing to reduce our greenhouse gas emissions.

Second meeting – July 26, 2016

- King County Cities Climate Collaboration, or K4C, briefed us on the goals as developed by 11 cities within King County.
- Port staff provided an updated Port environmental scorecard for review and a briefing on Port solar projects.
- Got Green provided a briefing on Environmental Equity principles.

Third meeting – September 13, 2016

- Focused on committee process and policy proposals by subject matter. Advisors chose work groups based on subject matter.

Fourth meeting – October 11, 2016

- Workgroup breakouts including Regional Alignment, Energy Production, Energy Conservation, and Environmental Equity to begin work on potential Policy Directives.

Fifth meeting – November 28, 2016

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- Report outs from work groups. Next steps and schedule discussed.

Sixth meeting – January 24, 2017

- Group presentations of proposed final policy directives.