



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6g

ACTION ITEM

Date of Meeting September 22, 2020

DATE: August 17, 2020

TO: Stephen P. Metruck, Executive Director

FROM: Sandra Kilroy, Director, Environment & Sustainability
Michael McLaughlin, Director of Cruise Operations
Ryann Child, Sr. Environmental Management Specialist
Fred Chou, Capital Program Leader

SUBJECT: Delegation of Authority for Executive Director to Accept Grant Award for Pier 66 Shore Power Project

Amount of this request: Not applicable

Total estimated project cost: Not applicable

ACTION REQUESTED

Request Commission authorization to delegate authority to the Executive Director to apply for and accept a \$1,000,000 privately-funded grant award from the Energy Technology Fund of TransAlta’s Centralia Coal Transition Grants for the Pier 66 Shore Power Project.

EXECUTIVE SUMMARY

The Pier 66 Shore Power Project will install shore power at the Bell Street Pier Cruise Terminal at Pier 66. The shore power connection will enable cruise ship calls equipped with shore power technology —71% of all vessel calls at Pier 66 in 2019 —to plug into cleaner, landside electrical power while at berth, eliminating harmful diesel emissions and reducing greenhouse gas emissions for the duration of the connection. At the December 10, 2019 Commission meeting, the Commission approved funding for design, construction document development, and permitting for the project and directed Port staff to pursue grant funding to offset the estimated project cost of \$17,050,000. At the direction of the commission, staff successfully applied and received notice of award for over \$2.9 million in grant funding toward the Pier 66 Shore Power Project from three separate funding opportunities including federal public funding, state public funding, and \$1,000,000 in private grant funding from the TransAlta USA Centralia Coal Transition Grant Program’s Energy Technology Fund.

In accordance with the General Delegation of Authority to the Executive Director, Resolution 3605 as amended, the Executive Director has authority to accept federal, state, and local grants, but not the authority to accept private grant funds. The Centralia Coal Transition Grants are private and funded by TransAlta USA, a coal company, and the Energy Technology Fund supports

Meeting Date: September 22, 2020

projects in Washington State that improve energy efficiency, enhance worker retraining and economic development, and seed energy technology projects that improve our environment. This grant program is funded by TransAlta USA to help the community as it transitions away from coal-fired electric power generation. It is the result of a historic agreement to phase out TransAlta’s coal-fired plant in Centralia, Washington.

This request for Commission action to delegate authority to the Executive Director to apply for and accept the \$1,000,000 grant award will enable Port staff to carry out Commission's direction to offset the costs of the Pier 66 shore power system with grant funding and work through TransAlta’s process to officially accept the \$1,000,000 award.

JUSTIFICATION

Delegating authority to allow the Executive Director to apply for and accept the grant award from TransAlta USA is consistent with Commission direction for Port staff to seek grant funding to offset the cost of the Pier 66 Shore Power Project. The grant award reduces Port of Seattle’s cost-share to complete the project by \$1,000,000, which supports the Port’s Century Agenda strategy to “be a highly effective public agency.” Leveraging all available grant funding leaves more resources available for other projects critical to the Port’s mission.

In addition, TransAlta USA has provided funding to other shore power projects in Washington through the Central Coal Transition Grant Energy Technology Fund. In 2019, the Northwest Seaport Alliance accepted a \$1,000,000 Energy Technology Fund grant award to install shore power at Husky Terminal.

Accepting the TransAlta USA grant award will contribute to funding and enabling the completion of the Pier 66 Shore Power Project. A shore power connection at Pier 66 will allow equipped ships to plug in to clean electricity while at berth rather than running diesel engines, reducing air pollution and greenhouse gas emissions. Also, the project contributes to the Port’s Century Agenda goal to be the greenest port in North America and meeting the target to reduce greenhouse gas emissions from Scope 3 sources by 80% by 2050 (from 2007). Shore power at Pier 66 is estimated to achieve the following reductions in emissions each year¹:

	NO_x	SO_x	DPM	PM_{2.5}	CO₂
Annual Emission Reductions (metric tons/year)	54	0.4	1.0	0.9	2,716

Shore power at Pier 66 also offers the following benefits beyond reducing greenhouse gas emissions:

- Reduces exposure to air pollutants in the Seattle Waterfront neighborhood, a densely populated area of King County.
- Reduces visible emissions from Pier 66, an area highly visible to the downtown Seattle community and a major tourist destination.

¹ The annual emission reduction estimates are based on pre-COVID assumptions for cruise ship calls anticipated at Pier 66 once the shore power system is complete.

Meeting Date: September 22, 2020

- Sends a strong market signal to the cruise industry to continue to invest in shore power-capable ships for Seattle-Alaska cruises. As more vessels become shore power-capable, annual emission reductions will increase over time.
- Accelerates progress toward implementing the Northwest Ports Clean Air Strategy.
- Adds an additional amenity for cruise ships that makes Seattle a more appealing and sustainable homeport and provides the opportunity for advancement of shared Port and industry environmental objectives.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Decline the grant award from TransAlta USA.

Cost Implications: Reduce grant funding received to offset the costs of the Pier 66 shore power project by \$1,000,000.

Pros:

- (1) Reduce staff time for grant administration.

Cons:

- (1) Declining the award will reduce the total grant funding received by \$1,000,000 and Port of Seattle will need to pay for a higher portion toward the estimated total project cost of \$17,050,000.

This is not the recommended alternative.

Alternative 2 – The Commission approves the Delegation of Authority and the Executive Director accepts the grant award from TransAlta USA.

Cost Implications: Provides additional \$1,000,000 in grant funding received to offset the cost of the Pier 66 Shore Power Project.

Pros:

- (1) Accepting the grant award provides \$1,000,000 in funding to offset the overall cost of the Pier 66 Shore Power project, bringing the total grant funding received to \$2,923,773 toward the estimated \$17,050,000 total project cost.
- (2) Approach consistent with Commission direction to seek external funding sources from the December 10, 2019 design funding authorization.
- (3) Approach follows Port’s policy guidance.

Cons:

- (1) The Port will be responsible for grant administration requirements per an agreement with TransAlta USA, which will require staff time.

This is the recommended alternative.

Meeting Date: September 22, 2020

ATTACHMENTS TO THIS REQUEST

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

December 10, 2019 – The Commission authorized funding for design and permitting phase of the project (Item 8c.)