

CRYPTOCURRENCY MORATORIUM PUBLIC HEARING

August 20, 2018



CHELAN COUNTY

TODAY'S DISCUSSION

Rate Considerations

Public comment

Next steps

What we've heard from public comment

Costs associated with a new group of customers should not increase rates for others

Allow new technology a chance to succeed

Volatility of market rates is a concern, particularly small operators

Impact of a new rate is significant for established miners who have complied with PUD rules

Consider phase-in for new rates

Market variability in the rate is reasonable but going forward, customers need to be able to have reasonable expectations of stability in other rate elements

No opposition to proposed rates for larger loads

Draft Cryptocurrency Rate Considerations

For use over 1 MW, with past market monthly average index energy price average (last 24 months through June 2018)
5.5 ¢/kWh*

For use over 1 MW, with future market energy estimate, average approx. 6 ¢/kWh* for commercial or industrial services (as of May 2018), July/August 2018 estimated to be ~10 ¢/kWh

For residential services**, recommend adjusting delivery charge, resulting in 7-10 ¢/kWh* (as of May 2018), also increases with market

Excess use charges apply for incidental use over authorized levels

*Includes customer charge, delivery and energy, does not include upfront charges (detailed in appendix A-1)

**This customer group needs further evaluation

Estimated Rate Elements*

Basic Charge: \$900/mo (*under evaluation for small customers*)

Delivery Charge: \$5.50/KW-mo commercial & industrial

2-3 times higher for residential (*residential under evaluation*)

Energy Charge (forward market price indicators):

Est. market energy: 2.6 cents/kWh

Est. specified source/carbon-free: 0.4 cents/kWh

Est. ancillary services & other: 0.8 cents/kWh

Est. risk: 1.3 cents/kWh

*Description of elements available in Appendix A-2

Efforts underway for next update

Response to public comment, including:

- Evaluation and update to rates for small customers (<1MW) that address concerns regarding impact of high basic charges and the variable energy rate
- Development of phase-in options

Propose a rate outreach plan

PUBLIC COMMENT

Proposed Motion

In order to allow time for staff to implement Board direction provided today, move to:

Continue the moratorium and set the next public hearing for **September 17, 2018**, during the Board's regular meeting.



Proposed Next Step:

MORATORIUM DISCUSSION

September 17, 2018 | Regular Commission Meeting

Appendix/Resources

A-1: Upfront Capital Charges

Transmission Costs

- » \$55/kW (first 100 MW) in Wenatchee corridor (Monitor, Olds Station, Wenatchee, Malaga)
- » No connections allowed north of Leavenworth (Anderson Canyon-Summit Line)
- » \$400/kW - \$500/kW in all other areas, or cost based on Transmission Study

Distribution Costs

- » \$270-388/kW depending on substation capacity
- » Where substation capacity not available customer may be required to build necessary infrastructure

Willingness to pay does not guarantee service availability

A-2: Rate Element Descriptions

Basic Charge

Intended to cover cost associated with providing a service connection, such as metering, customer service, customer billing & receiving, etc. Billed as a flat monthly charge per meter served.

Delivery Charge

Intended to cover cost associated with the actual delivery of electricity, such as operation and maintenance of the transmission and distribution systems, outage response & restoration, etc. Billed on the peak demand (KW) within the month.

Energy Charge

Intended to cover cost associated with the purchase of electricity, including the energy index price, ancillary services, carbon-free/specified source, risk. Billed on the usage (kWh) within the month.