

# Energy Sales Diversification

The Role of New Large Load (Schedule-4) Customers

**To Inform**

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# Agenda

- Introduction
- Why are we doing this?
- What are we planning on doing...and what are we not doing...?
- What has been accomplished to date?
- Next Steps
- Questions

# Introduction

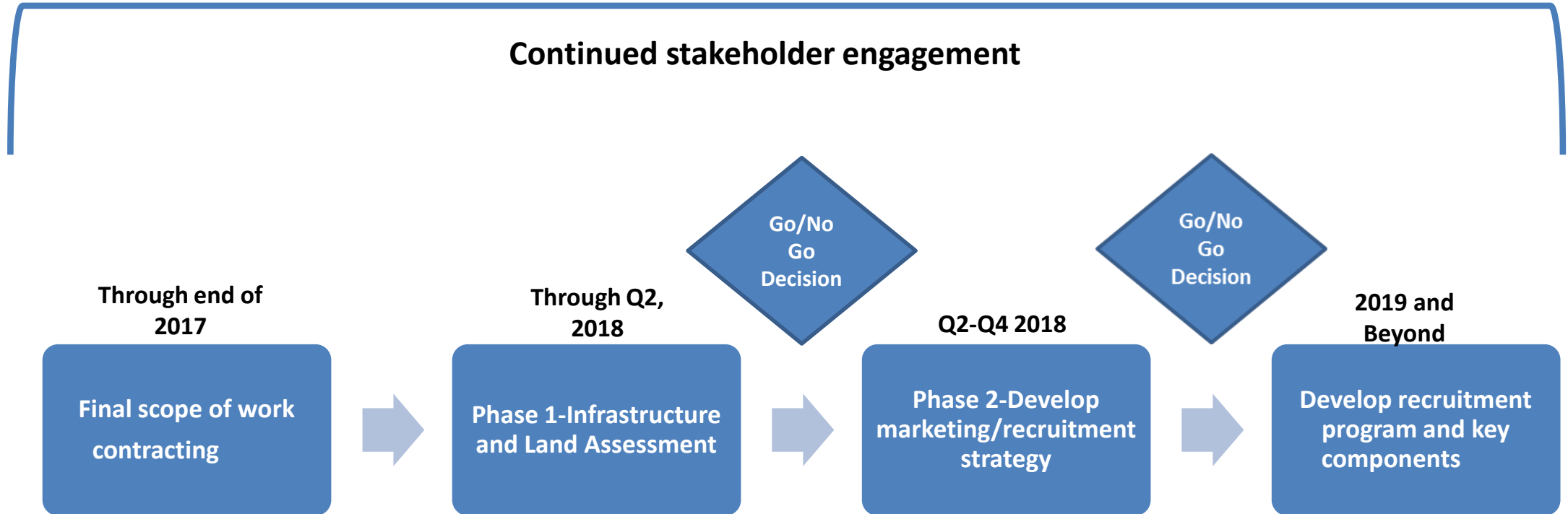
- 80% of Chelan PUD's revenues are from cost- and market-based power purchase agreements
- Revenues from these agreements subsidize local retail rates
- Energy prices have decreased over the last several years
- Many of the drivers responsible for the decrease could continue
- We are supplying low-cost renewable hydropower to much of the West Coast. We would like to use some of this energy locally
- The proposed program helps protect against low prices while also benefiting the Chelan County economy
- The proposed program builds on our Public Power Benefit project-the Economic Development Tool

# Why diversify?

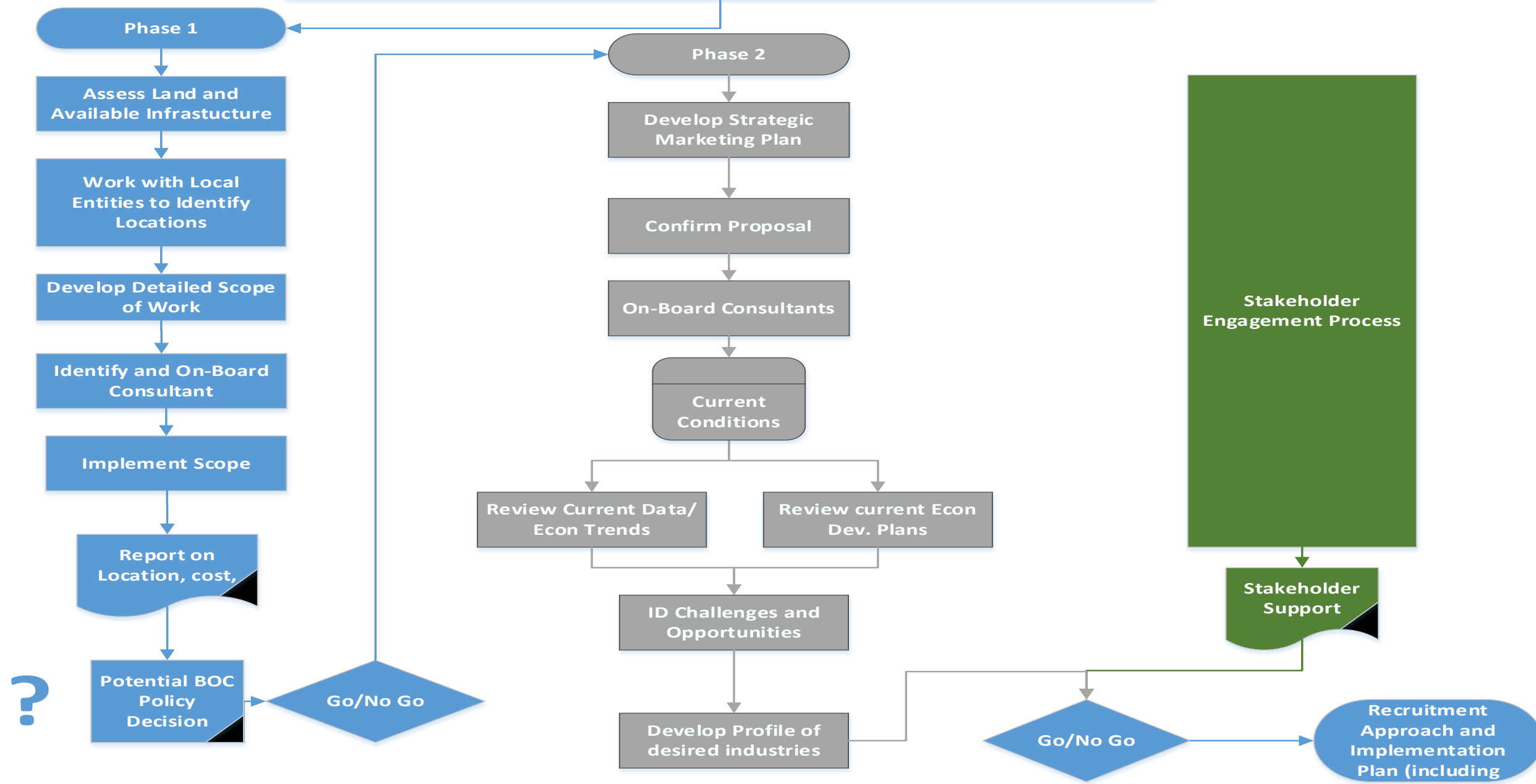
- Current sales portfolio is a mix of market-based, cost-of-production (plus adders) and retail
- There is a potential benefit of attracting large local loads that use the Schedule 4 Rate (similar to HDL contracts) to diversify this mix
- Helps protect the District from future low energy prices, but could also impact the District's ability to capture value from upward market movements
- Diversifying a portion of the District's contract portfolio is a good practice (similar to how we currently diversify types/terms of contracts)
- Increasing load may increase our streamflow, outage, and potentially credit risks
- Ancillary benefit of supporting the Chelan County economy
- Promoting and enhancing the local economy within our statutory authority is consistent with customer surveys

# What are we planning to do?

**Project Purpose:** Determine the feasibility of diversifying sales through development of large local loads and create a common playbook for entities in Chelan County



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# Work has been accomplished to date

- Identified Steering Committee and Project Team
- Two draft scopes of work
  - Infrastructure Assessment (Phase 1)
  - Develop strategic marketing plan (Phase 2)
- Outreach to Chelan County, cities, and Port of Chelan
  - Economic and community development staff
  - Utilized Tri-Commission sponsored planning group

# Next Steps

- Near Term: Review Port of Chelan assessment project to determine similarities and gaps
- By end of 2017: Contract with consultants
- 2018:
  - Initiate and complete infrastructure assessment, and
  - Pending go/non go decision; develop marketing/recruitment strategy
- Q4 2018: Develop a recommendation to stop or move forward with continued program development



# Questions