



Steve Wright | Can energy-intensive businesses create economic benefit here?

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Commentary

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Chelan County PUD is a steward of some of the most valuable assets in Chelan County. Sometimes, we are confronted with difficult choices that have the potential to impact all county residents. One of those decisions faces us now and it is generating substantially different points of view. You will want to take a moment to understand the issue because our decisions will likely affect you.

Today, the use of computers and the internet has allowed data transformation to become a growth industry around the world as consumers seek more access to information and businesses seek to improve efficiency. Computing power holds the promise of improving everything from smart phones to keeping track of bank ledgers. As innovators across the world increase computing power they have a growing need for large amounts of electricity to power these improvements.

The high-use computing businesses, both large and small, look for places that provide low-cost electricity. This is very similar to the aluminum industry that came to the Pacific Northwest 50 years ago because of the low-cost hydroelectric power that would provide the fuel for otherwise high-cost production. Today, load server farms and Bitcoin miners are arriving in the Northwest seeking our low-cost power.

We have seen substantial growth in these types of load request services in Chelan County. We have received information requests that would far exceed the current usage of electricity in the county. It is hard to tell how much is serious inquiry vs. a tire-kicker, but there was enough interest coming through our door that we took a cautious approach. Last year, our board put in place a moratorium to allow us time to study and take action. So far, the operating loads for this group remain small. We believe we must be consistent with our values of stewardship and trustworthiness and that it is important to call attention to the potential ramifications of these loads early while our policy options are greatest.

There are many technical questions, but there is also an important public policy question associated with how we respond to these service requests. At Chelan PUD we sell a substantial amount of power outside the county at rates higher than we sell it inside the county. These “wholesale” sales provide revenue that allows us to keep your rates inside the county among the lowest in the country. If we encourage high electric users in the county we may get more jobs, but it could result in higher electric rates for everyone.

We have additional concerns about the impact to our costs for additional infrastructure. The potential impact could mean significant — and unplanned — investments would be necessary to meet the load requirements of those expressing an interest as an energy-intensive user. Unlike a large industrial customer, the current operations are not centralized to allow for a more efficient delivery of power. Rather, they are scattered throughout the county, placing demand on existing substations and distribution systems.

During our strategic planning process, we got substantial feedback that economic development is important to county residents and that the PUD should take action to support job growth. But we also heard that we should be careful not to pursue jobs at any cost and to keep electric rates low. I'd summarize what we have heard as — some rate increases may be worth it if lots of jobs are produced, but don't squander our low rates for only a few jobs. Under state law, economic development is not a part of the PUD's

mission and we must follow the law. But we also do our best to consider community input for what would do the most to enhance the quality of life in Chelan County.

Throughout the last year we have heard various opinions about the value of high-intensity electric users. Some have argued that there are very few jobs per unit of electricity use and that we should be very cautious about encouraging such loads to locate here. Others have said that high intensity users represent vast economic development opportunity from construction to actual operations to spin-offs.

The PUD staff has proposed to the board a new rate classification that would keep the remainder of the county economically neutral to decisions by high intensity electric users who might locate here. Representatives of those industries have said the new rate would dramatically curtail the growth of this industry.

Given the disparity of views, we have asked representatives of the high-intensity user community to provide information about economic development opportunities to the community. The meeting is scheduled for 5:30 p.m. Wednesday at the Confluence Technology Center. This is a chance for us all to learn and to be better informed about decisions that will have a significant impact on our future. The PUD's decisions must be based on the law, but the community's view on whether to encourage this type of power usage is an important factor in our decision-making.

We hope you can make it. We will post an audio recording online at chelanpud.org following the meeting.

Steve Wright is general manager of Chelan County PUD.
