

Diamond Foundry Electric Service Agreement

May 13, 2019

Information only – No Board decision required today



Who is the Diamond Foundry?

- Diamond Foundry manufactures diamond via high heat plasma (gas subjected to electromagnetic field)
- Locating in Wenatchee was a collaboration of the City of Wenatchee and Port of Chelan County
- Leasing unused, existing warehouse space
- Bringing 35-50 jobs to the area
- Stemilt has worked with the Diamond Foundry and PUD, via separate agreements, to construct a substation to serve long-term power needs

Estimated annual contract

- 14 year term to match lease agreement
- At 7 MW, ~\$1.8M per year
- At 19 MW, ~\$5.3M per year
- Assumptions
 - 95% load factor
 - No power factor adjustment occurs
 - No schedule 4 charges incurred
 - 6% City tax added at time of billing, other taxes included

Rates

- Basic: at schedule 35 (currently \$860/mo)
- Demand:
 - First 1,675 kW at Schedule 3 (currently \$3.23/kW-mo)
 - All use above 1,675 at Schedule 35 (currently \$5.50/kW-mo)
- Energy:
 - First 1,145,833 kWh (~1.59 aMW) at Schedule 3 (currently \$0.0135/kWh)
 - All other use at Schedule 35 (currently \$0.027/kWh)
- Applicable during ramp-up and then while load is over 5 aMW, otherwise all charges at Schedule 35

Other Recurring Charges

- Power factor adjustment if $PF < 0.95$
- Schedule 4 performance based items:
 - Energy Capacity Charge
 - Load Imbalance Charge
 - Load Following Charge
 - Demand Exceedance Charge
 - Excess Energy Charge
 - Schedule 4 charges expected to have minimal impact to billing under expected operation

Non-Recurring Charges

- Account Deposit:
 - Letter of credit equivalent to 2 months estimated billing
 - Subject to shorter than normal disconnect process
- Upfront Capital Charge:
 - Deferred pending Stemilt substation construction
 - Due only if Foundry load is not transferred to new Stemilt station

Timeline

- This week: Post contract on-line with Board meeting materials for public comment
- Through June 3 Board meeting: Accepting public comment via email (contactus@chelanpud.org), mail, or at next Board meeting
- June 3: Pending result of public comment, request Board approval to enter into contract with the Diamond Foundry