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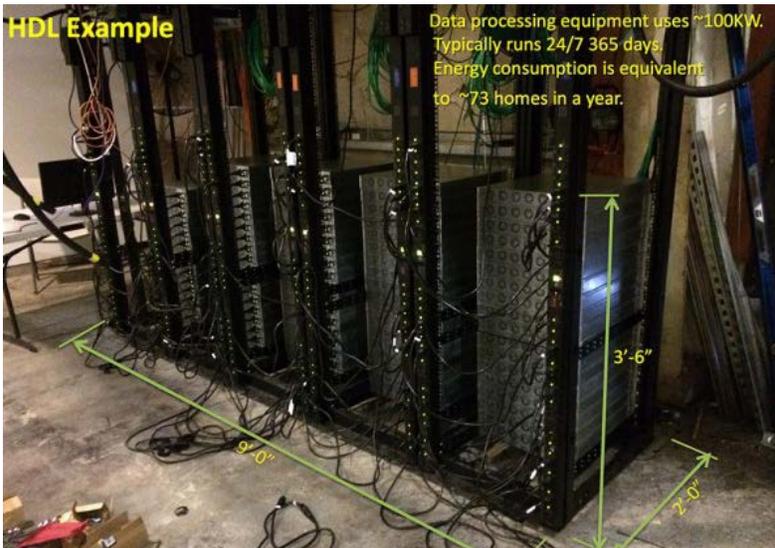
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Chelan County PUD staff and commissioners begin process to finalize new rates for Bitcoiners

Posted on January 20, 2016 by GoLakeChelan in News

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An example of what a High Density Load (HDL) looks like in a server room (courtesy of Chelan County PUD)

With a public hearing quickly approaching, Chelan County PUD staff are preparing to present their recommendation of a High Density Load (HDL) rate change to PUD commissioners and the public, in an effort to preserve low residential rates.

The public hearing will take place on Feb. 1 at the District's Wenatchee Headquarters at 1 p.m.

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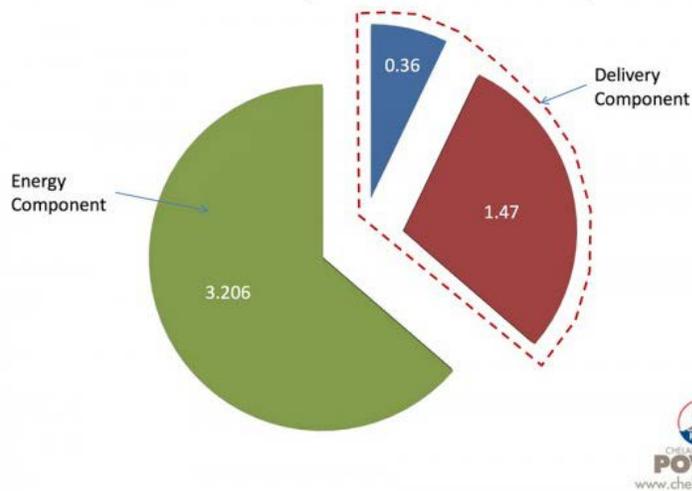
Chelan PUD has studied these high-energy-rate uses for more than a year, and issued a moratorium in 2014 after a high number of requests for large amounts of power began coming in.

“We noticed that we were seeing a big spike in power use in places that would not traditionally have that,” said Chelan County PUD public information officer Kimberlee Craig. “We realized they were from people who were doing large amounts of data processing, and in fact it turned out to be many of them were participating in what is commonly called Bitcoining—or crypto-currency. It is alternative currency used in the digital world.”

Craig said in an effort to gain a handle on the requests, the PUD declared a moratorium on accepting new applications for power over one average megawatt, after they received inquiries totaling 220 average megawatts of electricity.

For reference, one megawatt in Chelan County serves some 417 homes, and the utility needs 185 megawatts to power Chelan County.

HDL Rate Proposal – 5.036¢/KWH



A breakdown of the PUD proposed rate change for High Density Load customers. (Courtesy of Chelan County PUD)

“The moratorium was to give our folks a chance to analyze what was going on and to be proactive instead of reactive in recognizing that something fundamental had changed,” Craig said. “The moratorium was refined after studying where the new load was coming from, and instead of just saying one average megawatt, they recognized that this load was coming from something called energy intense uses.”

The PUD defines an energy intense use as a customer who uses 250 kilowatts an hour, per square foot of space or more a year.

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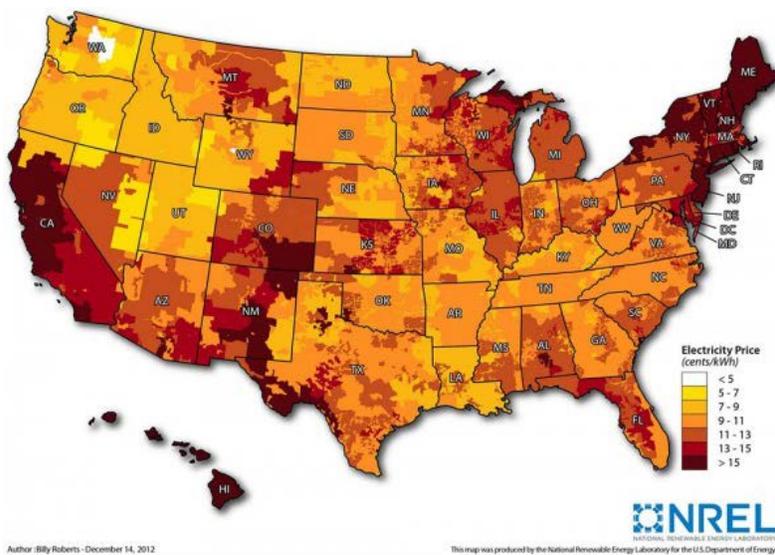
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"That compares with a fruit warehouse, their load might be more than an average megawatt, but spread over a large space," Craig said.

Chelan PUD proposed a new rate class for these energy intense users, or High Density Loads. The PUD must follow the legal requirements to create this new class.

"We see enough differences within that unique group of customers that we're recommending they are a stand-alone rate classification," said Andrew Wendell, customer service director for Chelan PUD. "This is no different than any of our other rate classifications. The High Density users have unique characteristics that we believe warrant the separate rate classification and a separate rate."

The proposed rate increases costs up to 5.036 cents per kilowatt hour for their electricity, compared to the current commercial rate of 3.40 cents per kilowatt hour or an industrial rate of 2.04 cents per kilowatt hour.



A map showing the prices of electricity throughout the United States. Chelan County is less than five cents per kilowatt hour. (Courtesy of Chelan County PUD)

Without the proposed rate classification, PUD staff believe the power use could spike other electricity rates.

"We generate more power than we use in Chelan County," Craig said.

"That [excess] power is sold on the open market, and the revenue from that is used to keep rates here lower."

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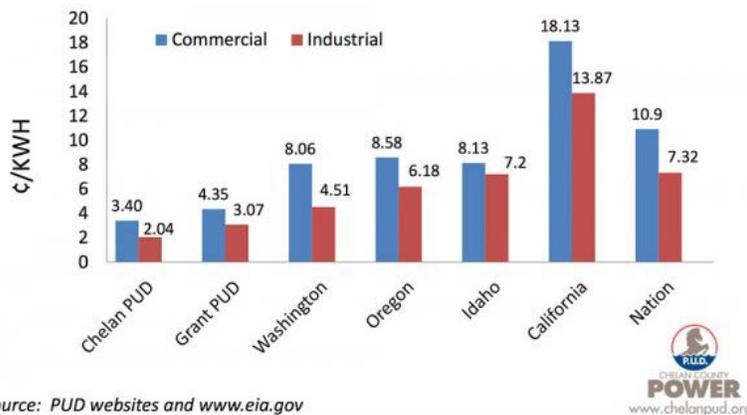
By allocating High Density users this surplus energy, the PUD would no longer have the revenue to maintain low electricity rates, Craig said.

“We are blessed here with the abundant hydroelectric power,” Wendell said. “If we change our financial model by significantly reducing the amount of energy that we have to sell on the market, that is going to put pressure on our rates.”

Wendell added that the proposal has seen mixed reviews from Bitcoin miners and data processors alike, but that the PUD is also seeing an increase in support for the rate recommendation.

“Stakeholders are getting a better understanding of what is happening here, and are expressing support for the rate recommendation in the spirit of they don’t want their rates impacted now or in the future as a result of allowing these High Density Loads,” Wendell said. “I think over the next few weeks, including Feb. 1, we’re going to see more in the way of balanced stakeholder input.”

Commercial and Industrial Average Rate Comparison (2014)



A chart comparing the average rates for commercial and industrial prices throughout the region. (Courtesy of Chelan County PUD)

After the first three public information meetings, the PUD summarized six themes that the public would like to see alternatives for.

Wendell presented these themes to PUD Commissioners, and will present alternatives or options for some of them at the Feb. 1 public hearing.

The six themes, according to a PUD press release were:

- “Grandfather” existing High Density Load (HDL) customers
- Consider a change in rate structure alternatives
- Consider increased upfront cost recovery
- Consider schedule alternatives for putting the rate into place
- Allocate energy limits for an HDL rate class
- Create a forum for further discussion of the proposed HDL rate

At the Feb. 1 public hearing, Wendell said commissioners will hear recommendations from PUD staff and alternatives for the six themes, as well as public input.

“The [Commissioners] may take action [on the rate recommendation], or they may make a motion to extend the rate hearing process,” Wendell said. “We’re not exactly sure what they will do there, but we don’t anticipate them saying ‘yes we approve this rate and want you to put it into motion today.’”

At the request of PUD Commissioners, PUD staff is inviting potential HDL customers to organize a community forum to present more information.

“Bitcoin miners and the data processing community can present, in whatever way they see fit, information about their business models and how they would be impacted by rates,” Wendell said. “They can also give information about how their businesses drive economic benefits to the community, and where those trade-offs are.”

The community forum is scheduled for Wednesday, Feb. 3 at 5:30 p.m. in the Confluence Technology Center in Wenatchee.

“This is the great thing about public power is that we’re owned by the people we serve,” Wendell said. “This is the opportunity for people in the community that currently enjoy the benefits of hydropower to get involved and help influence policy and rates.”

Feb. 1 – PUD Commissioners hold public hearing at Chelan PUD Wenatchee headquarters at 1 p.m. (327 N. Wenatchee Ave, Wenatchee, WA 98801)

Feb. 3 – Community Forum – Bitcoin and data processing community presents at the Confluence Technology Center in Wenatchee at 5:30 p.m. (285 Technology Center Way, Wenatchee, WA 98801)

(By Kaitlin Hetterscheidt)

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