



# Why we are here

## Previous steps

- Introduced large load power supply guiding principles, framework
- Developed large load contract template

# Today's objectives

- Introduce proposed contract template for service to large loads
- Get feedback on Microsoft data center contract



# **Key Points**

1. Large Load framework is designed not to affect <u>rates</u> or <u>reliability</u> of other customers

2. Chelan PUD will maintain control of its assets and manage them for the benefit of its customer-owners





# What is a large load?

Energy-intensive industries that rely heavily on electricity for operations, generally more than 5 average megawatts a year

Examples: Manufacturing, metal production, refining, cement and mineral processing, data centers

Large load rates and terms are negotiated to ensure rates of other customers (including residential) are not affected

# Large Load Guiding Principles

## **Neutral-to-positive for other customers**

- Maintain reliability
- Maintain stable and predictable rates
- Protect local hydropower by maintaining wholesale marketing and hedging strategy

#### Preserve local control

## Comprehensive and durable framework

- Serve all large load customers comparably and consistently



# Where will the energy come from?

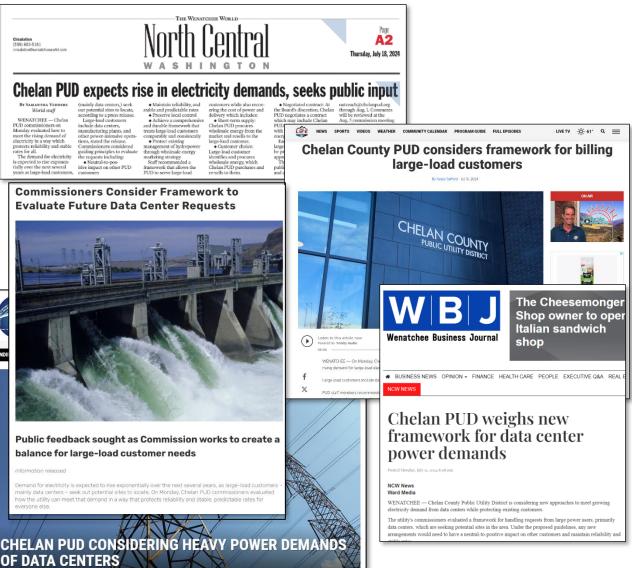
## Possible sources of energy for large loads:

- 1) Short-term supply (1-5 years): Chelan PUD procures wholesale energy and resells to large load customer.
- 2) Customer choice: Customer procures/identifies wholesale energy, which Chelan PUD purchases. PUD resells to customer. \*Chelan PUD retains ability to approve or reject sources of energy.
- 3) Negotiated contract: At the Board's discretion, a customized agreement can be created, if it is determined to be in the best interest of existing customers and aligned with our energy marketing strategy.

Options 1 and 2 do not include Chelan PUD hydropower. Option 3 may be from Chelan PUD's hydropower if authorized by the Board, and in the best interest of existing customers



## **Public comment**



- Large-load companies must pay their fair share. Customers made comparisons to past conversations about cryptocurrency.
- Customers highly value low rates.
- Concern about priority of service in the event of energy shortfall.
- Concerns about relationship with large-load companies changing over time.
- Concerns about job creation proportionate to energy usage
- Guiding principles and framework look correct, need to allocate enough power to meet historical customer base, pleased with approach
- Concerns about large loads exhausting finite hydropower resources



# **Contract Aligns with Guiding Principles**

#### **Guiding Principles Contract Template** Principle #1: Neutral-to-positive for other customers ✓ PUD can interrupt service to a large load if it causes Maintain reliability and compliance of electricity service reliability problems for other customers Maintain stable and predictable rates for other ✓ Service to large loads is contingent on identifying customers separate power supply Large-load customers pay all costs they cause Protect existing management of hydro resources Designed not to affect rates of other customers through wholesale marketing and hedging strategy Large-load customers bear risks of future power supply availability and costs Does not commit Chelan PUD's hydropower to serve large loads power needs



# **Contract Aligns with Guiding Principles**

Guiding Principles	Contract Template
Principle #2: Preserve local control	<ul> <li>✓ Serve businesses in the community while protecting autonomy over Chelan PUD hydroelectric and transmission assets</li> <li>✓ Elected Board of Commissioners retains ongoing oversight of rates</li> </ul>
Principle #3: Comprehensive and durable framework  ☐ Serve all large load customers comparably and consistently	<ul> <li>✓ Template contract is reusable for future large loads</li> <li>✓ Contract is adaptable for changes in laws and markets</li> </ul>



# Proposed power supply for Microsoft data center

#### August – December 2025\*

- Chelan PUD surplus power (up to 18 MW)
- Priced at market value of energy, capacity, and environmental attributes
- Consistent with staff recommendation in July and August 2024

#### 2026-2040: To be decided

- Possible sources: Third-party generation identified by Microsoft or Chelan PUD
- If authorized by the Board, and in the best interest of existing customers, may be from Chelan PUD's hydropower



## Summary

Contract with Microsoft aligns with guiding principles

 Large Load framework is designed not to affect <u>rates</u> or <u>reliability</u> of other customers

2. Chelan PUD will maintain control of its assets and manage them for the benefit of its customer-owners



# **Next Steps**

## June 2-12 public comment period

Gathering comments at public meetings, and via email at <a href="mailto:contactus@chelanpud.org">contactus@chelanpud.org</a> More information available at <a href="https://www.chelanpud.org/learning-center/large-loads">https://www.chelanpud.org/learning-center/large-loads</a>

## June 4 public meeting, 5:30 p.m.

Confluence Technology Center, presentations by Chelan PUD, Microsoft

## June 16, 1 p.m. board of commissioners meeting

Commissioners to consider authorizing execution of contract with Microsoft and to update Rate Schedules 4 and 36.

## **August**

Microsoft intends to start operations



# Public comments, questions

- Please speak into the microphone
- State your name, address
- Please limit comments to three minutes

