



# CLEARING UP

## **Chelan PUD Extends Large Load Pause, Sets Hearings on HDL Rate**

The Chelan County PUD Board has modified a moratorium on new large loads to apply only to customers who would use 250 kWh/square foot or more per year, rather than all applicants requesting service of 1 MW or more, and extended the moratorium to March 7, 2016. The commissioners voted after a public hearing on the moratorium during their Dec. 7 meeting, when they also took comment on a proposed new high-density-load rate class that would charge such customers— server farms, bitcoin miners and the like—5.036 cents/kWh.

## **Chelan PUD Extends Large Load Freeze, Sets Hearings on HDL Rate • *from [1]***

The Chelan County PUD Board has modified a moratorium on new large loads, narrowing it to apply only to customers who would use 250 kWh or more per square foot per year, rather than all applicants requesting 1 MW or more of service. The board also voted to extend the moratorium to March 7, 2016. The commissioners voted unanimously in favor of those changes at their Dec. 7 meeting. The vote was taken after a public hearing on the moratorium that also gathered comments on a proposed new high-density load (HDL) rate that would charge such customers 5.036 cents/kWh (CU No. 1724 [14]). That rate would offset the risks and costs such customers pose to the PUD, including transiency and impacts on utility infrastructure and reliability, PUD staff has said. Customers subject to the HDL rate would include server farms, bitcoin miners and similar operations that typically require 250 kWh or more of electricity per square foot per year.

Several speakers from the industry urged the board to consider an alternative to the new rate class. General Counsel Erik Wahlquist expressed appreciation for their comments and said he hoped for more input at additional public meetings on the proposal, which will be held in January and February of next year.

**The PUD enacted its moratorium** on new large load applications about a year ago (CU No. 1677 [15]), Lindsey Mohns, Chelan’s customer utilities business adviser, said during the meeting. Since then, PUD staff has obtained a broader understanding of the high-density loads that prompted the moratorium, adopted policy adjustments, strengthened application processes and proposed the new rate for such customers, Mohns said.

Staff has also determined that customers who use 1 aMW but are not high-density loads do not pose the same impacts on PUD operations and finances. Therefore, staff proposed lifting the moratorium based on load size alone, but continuing it for applications for new or expanding high-density-load customers until a new rate plan can be adopted.

Board members unanimously approved staff’s proposal, lifting the moratorium on all applications for new or expanding electric service except for server farms and similar technological operations, “unless the applicant demonstrates to the District’s reasonable satisfaction, or the District determines on its own initiative, that the energy use intensity (EUI) of the subject facility” is less than 250 kWh of electricity per square foot per year.

For purposes of the motion, “server farm” was defined as “any person or entity whose energy use at the point of delivery serves mostly one or more computer server machines and any ancillary loads including HVAC, UPS, power systems, and lighting.”

The motion extends the modified moratorium to at least March 7, 2016, when the PUD will hold another public hearing.

**The board also approved a motion** establishing a timeline for public hearings on the proposed high-density load rate class. The PUD will hold three public hearings in January, followed by a final hearing Feb. 1 during the commission’s regular board meeting.

Speakers at the Dec. 7 meeting urged the board to consider alternatives. “The proposed HDL rate would cause irreversible damage to our organization,” said Malachi Salcido of Salcido Connection. He described his company as a “significant contributor of technology development and skilled manufacturing” that has anticipated ramping up ASIC server solutions applications in Chelan County and developed its business plan based on the PUD’s current rate structure. The new proposed rate represents a threefold increase over current rates and the company’s business model. Salcido said, He suggested an alternative approach similar to that taken by Douglas County PUD, which charges “higher up-front costs.” Customers with loads of 1.5 MW or more are required to sign a special contract with Douglas PUD, spokeswoman Meaghan Vibbert told *Clearing Up*. The contracts are specific to each customer and provide a certain amount of power at the PUD’s Schedule 1 general service rate, with anything beyond that priced at market rates. The contracts also stipulate infrastructure costs that must be paid up front, she added.

From March to May 2014, Douglas set a moratorium on new large load connections over 1 MW. In December of that year, commissioners decreased the minimum load requiring a special contract to the current 1.5 MW from 2.5 MW, Vibbert said in an email, which allowed the PUD “to better serve these customers and have them share in the engineering and infrastructure costs, up front.”

Jared Richardson of Dedicated Hosting Services also suggested Chelan consider Douglas’s approach, or that taken by Grant PUD, which requires customers to pay in advance for any required infrastructure improvements.

Bitcoin operations represent an opportunity for the county, he added. “Chelan could receive a massive Economic and employment boost by not excluding these customers,” Richardson said. “Let us work with you before the impacts are felt by PUD customers at large.”

“Just saying ‘no’ outright [to new applications] is not going to benefit our valley,” said Mathew Heppner, executive director of Certified Electricians of Washington state, who recommended the PUD keep the applications process open.

“Data centers create jobs and put money in the local economy,” he added. “Please think about it more.” Modifying the HDL rate proposal would be a board decision, said John Stoll, Chelan’s managing director of customer utilities. “The public process will run its course, and the board will receive more feedback and may direct staff to bring back other options in response to that.”

Stoll said the new rate is intended to neutralize the impact of HDL businesses on the PUD’s other customers. “When we look at the overall energy impact for all our customers, that was the rate design

proposed to keep it neutral,” he said. “If we lifted the moratorium and lowered the rate to something other than what is neutral, we would be in a position where that would have an impact on the overall cost of service and potentially impact rates of all customer classes,” he added [*Jude Noland*].