

# Large Load Power Supply in Chelan County

(No Decision Required, Feedback Desired)

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# Overview

- Demand for power supply from large load customers
- Guiding principles for large load power supply
- Staff recommendations
  - Interim/start-up power
  - Power supply framework

# Increasing Demand from Data Centers

- Large load interest in Chelan County match national trend of significant growth in data center load
  - Predictions of > 40 GW of incremental data center load in the U.S. by 2030, double current amounts
  - Trend preceded artificial intelligence (AI), but has been accelerated by AI demand
- Microsoft is constructing a data center in Chelan County
- A typical large data center could more than double the existing load in Chelan PUD's service area

# Large Load Power Supply Guiding Principles

- Neutral-to-positive for other customers
  - Maintain reliability and compliance of electricity service
  - Maintain stable and predictable rates for other customers
  - Protect existing management of hydro resources through wholesale marketing and hedging strategy
- Preserve local control
- Comprehensive and durable framework
  - Serve all large load customers comparably and consistently

# Interim Power Supply

- Interim power supply arrangement would cover early start-up of large load facilities when volumes are below typical long-term supply contracts
  - Allows Chelan PUD more time to pursue long-term supply options
  - Provides large load customers certainty that power will be available for early start-up
- Interim power supply arrangement would follow the large load power supply guiding principles

# Interim Power Supply Staff Recommendation

- **Recommendation: Offer interim power supply service from mix of available Chelan PUD generation and market purchases for a short period of time**
  - Terms and conditions would be determined by Chelan PUD (amount of available Chelan PUD generation, length of term, etc.) and be subject to approval by the Board
  - Quantities and duration would be limited to avoid material effects on long-term marketing strategy
  - Pricing would be consistent with large load power supply guiding principles

# Large Load Power Supply Framework

## Staff Recommendation

- **Recommendation: Serve large load customers in Chelan County through one or more of the following arrangements:**
  1. Short-Term Supply (1 to 5 years): Chelan PUD procures wholesale energy and resells to retail customer
  2. Customer Choice: Customer procures/identifies wholesale energy, which Chelan PUD purchases then Chelan PUD resells to customer
    - Chelan PUD retains ability to approve or reject sources of energy
  3. Negotiated Contract: Negotiate any alternative power supply arrangement at Chelan PUD's discretion
    - At the Board's discretion, may include Chelan PUD generation consistent with wholesale marketing and hedging strategy
- All arrangements are contingent on the customer providing adequate credit assurance and assuming certain risks

# Proposed Next Steps

- **August 1:** Submit public comments by August 1st on the power supply framework
  - Submit comments to: [customeroutreach@chelanpud.org](mailto:customeroutreach@chelanpud.org)
- **August 5:** Review public comments at the next Commission Meeting
- **September:** Present large load package to the Commission for consideration, including:
  - Details on retail service agreement with Microsoft
  - Updates to Large Loads – Schedule 4 rates
- **October:** Potential Commission vote on approving the package