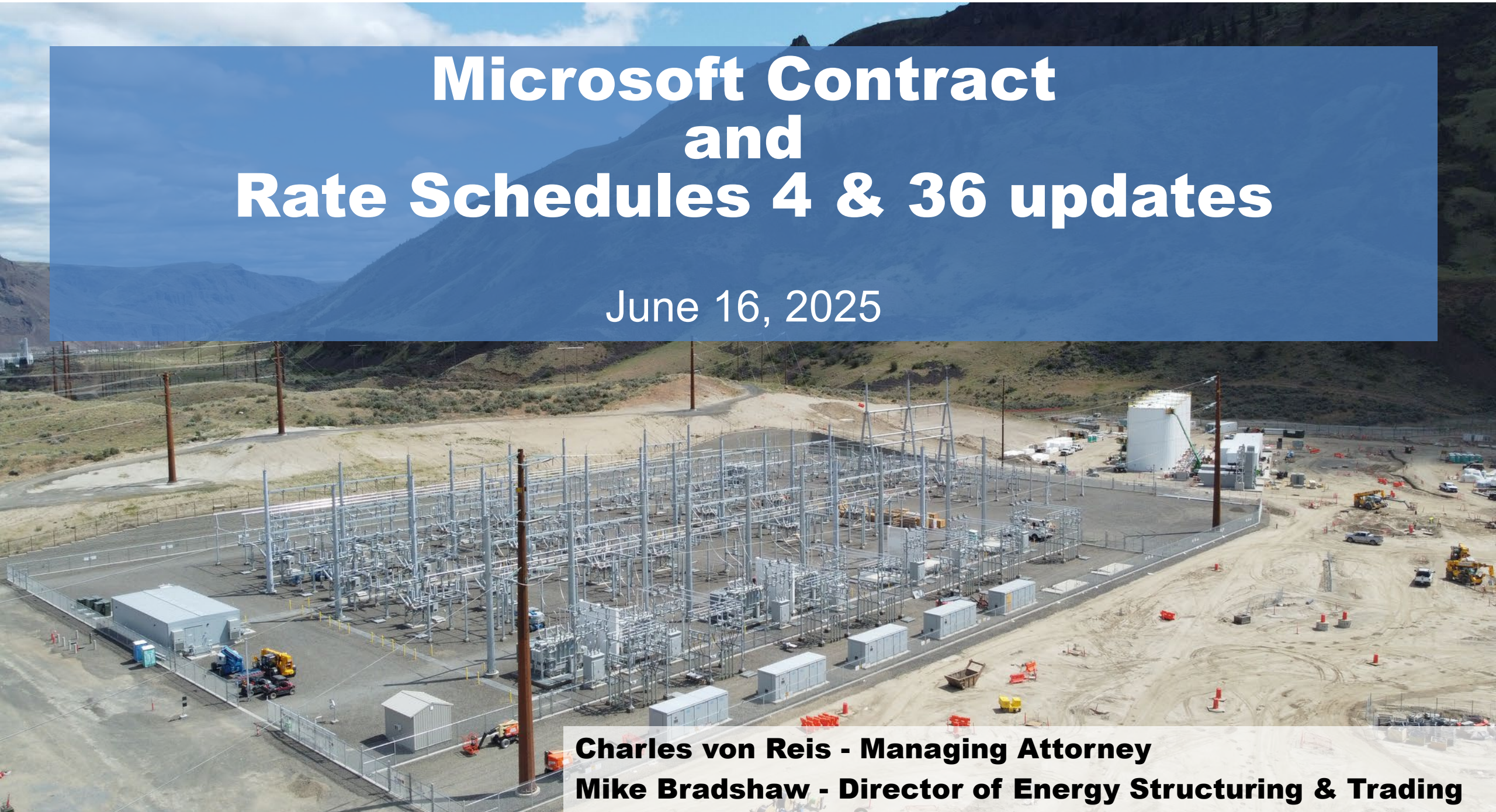
Microsoft Contract and Rate Schedules 4 & 36 updates

June 16, 2025



Charles von Reis - Managing Attorney
Mike Bradshaw - Director of Energy Structuring & Trading

Why we are here

Previous steps

- June 2nd: Introduced proposed contract template for service to large loads and changes to Rate Schedules 4 & 36
- June 4th (evening): Held public meeting jointly with Microsoft to further engage with the community on proposed Microsoft contract
- Sought public comments/feedback (June 2 – June 12)
- Contacted customers affected by Rate Schedules 4 & 36 changes

Today's objectives

- Review public comments and changes to Rate Schedules 4 & 36
- Consider authorizing execution of contract with Microsoft
- Consider approving changes to Rate Schedules 4 & 36

Key Points

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

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

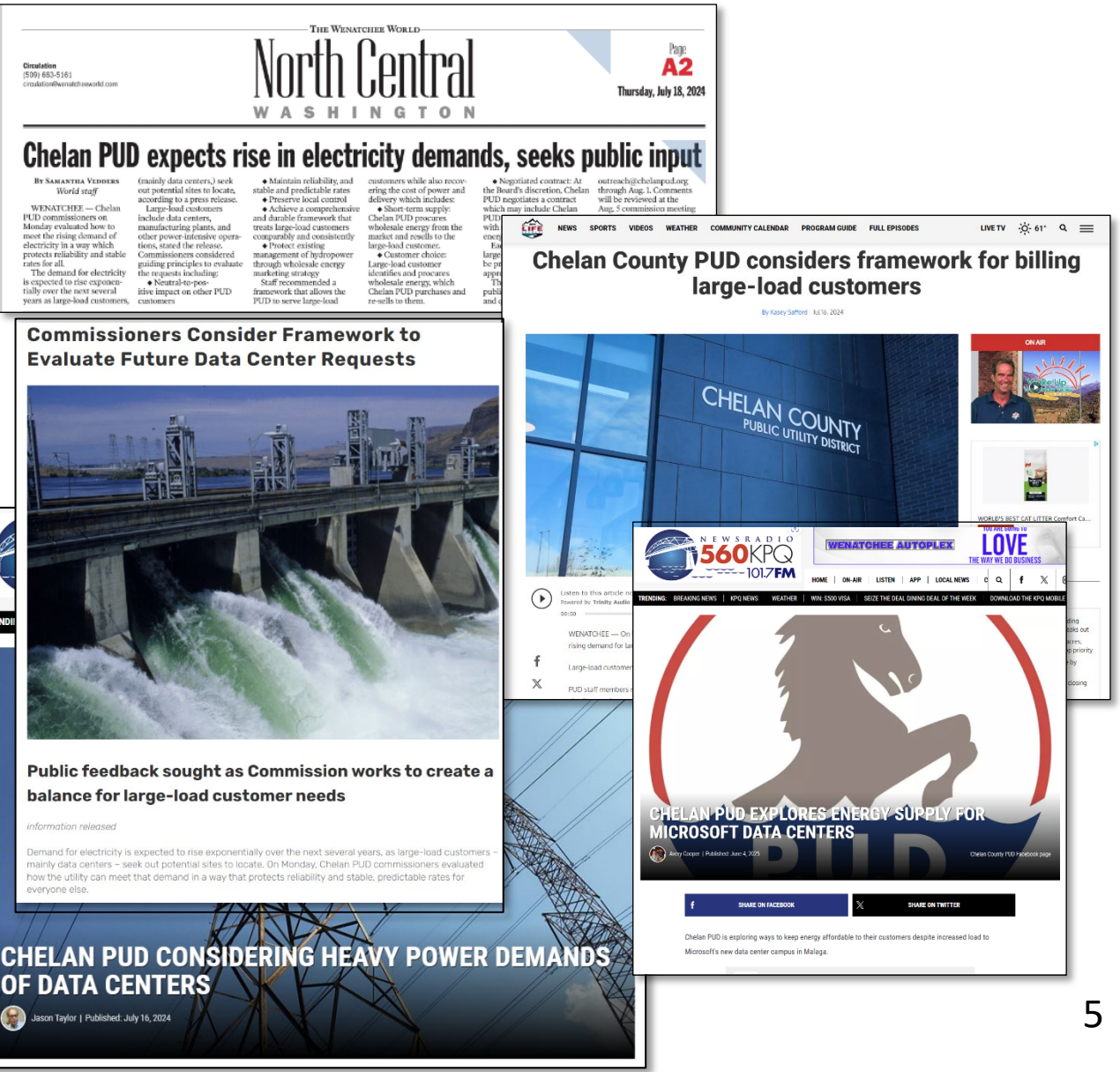
What is a large load?

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

Public comment



- About 24 public comments submitted via email
- Support for the “customer choice” option of the large load framework, that power supply should be sourced elsewhere
- Customers highly value low rates, and clean renewable hydropower
- Concern about priority of service in the event of energy shortfall, concerns about capacity to meet peak loads
- Concerns about relationship with large-load companies changing over time
- Concerns about job creation proportionate to energy usage
- Concerns about large loads exhausting finite hydropower resources

P.U.D.
CHELAN COUNTY

Changes to Rate Schedule Rate 4 “Large Loads”

Need for Changes

- Reflect large load guiding principles and power supply framework
- Accommodate proposed agreements with Microsoft

Summary of Changes

- Added process for arranging power supply, consistent with the framework
- Updated charges to reflect current market conditions
- Updated methodologies for calculating some existing charges to ensure full cost recovery and no negative impacts to other customers; and
- New charges introduced to cover necessary services required to support large load customers

Changes to Rate Schedule Rate 36 “Small Data Centers and Similar Loads”

Need for Changes

- Clarify larger data centers are to be served under Schedule 4

Summary of Changes

- Clarified that availability is limited to loads of 5 MW or less
- Added “Small” to the name of the rate schedule: “Small Data Centers and Similar Loads”

Resolutions Presented Today

1. Authorize execution of the agreements to serve the Microsoft data center in Malaga
2. Approve changes to Rate Schedules 4, Large Loads, and 36, Small Data Centers and Similar Loads

Appendices

Changes to Rate Schedule 4

	Schedule 4 Charges	Proposed Schedule 4 Calculations	Existing Schedule 4 Calculations
4.a	Energy Capacity Charge	$10.93/kW × (90% of Demand less Avg. Demand)	$4.38/kW × (90% of Demand less Avg. Demand)
4.b	Load Imbalance Charge	See Imbalance Tables	See Imbalance Tables
4.c	Load Following Charge	$13.66/kW × Max Load-Following kW	$5.48/kW × Avg Load-Following kW >10% of Avg Demand
4.d	Demand Exceedance Charge	$150 + 1.5 × demand charge × highest exceedance (daily)	3 x the highest demand charge
4.e	Excess Energy Surcharge	Greater of Contract or Hourly Index price	Greater of Contract or Hourly Index price

Changes to Rate Schedule 4 (cont'd)

	Schedule 4 Charges	Proposed Schedule 4 Calculations	Existing Schedule 4 Calculations
4.f	Scheduling Service Charge	$0.00644/kWh	N/A
4.g	Reserves Charge	$13.66/kW × 3.5% of Peak kW Demand	N/A
4.h	Transmission Charge	$2.10/kW	N/A
4.i	Transmission Losses Charge	0.321% of total energy usage (kWh) x Hourly Index ($/kWh)	N/A
4.j	Basic Charge	$1000 + $0.10 × (Max Auth Demand less 5000 kW)	N/A

Changes to Rate Schedule 4 (cont'd)

	Schedule 4 Charges	Proposed Schedule 4 Calculations	Existing Schedule 4 Calculations
4.k	Power Factor Charge	If PF < 0.95, PF Demand × Demand Charge	N/A
4.l	Day-Ahead Charge	Day Ahead Mid-C ICE Price	N/A
4.m	Liquidity Risk Charge	(Sum of charges 4.a – 4.l) × Risk Rate (0.5% to 3.0% based on credit rating level)	N/A
4.n	Transaction specific charge	6.4% × Sum of charges 4.a – 4.m	N/A
4.o	Transitional Energy Service	Provisions for serving if the primary contract terminated and being replaced	NA