

High Density Load/Cryptocurrency Rate Review and Proposal

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What We Will Cover

- Background
- Staff Proposal
- Board Discussion
- Next Steps
- Motion to defer implementation of Rate 36 market energy rate adjustment

Background - Board Discussions

- **March 21, 2022** - Board presentation to address consideration of options to customers' requests for transition plan from Rate 35 High Density Load to Schedule 36 Cryptocurrency
 - Deferred market energy rate adjustment from April 1 to June 1 while options are considered by the board
- **May 16, 2022** – Recommendations to allow transition plan for Rate 36 customers. Decision deferred until a future meeting date
- **June 6, 2022** – Resolution establishing transition plan for loads transitioning from Rate 35 to Rate 36
- **March 20, 2023** – Update on review process. Motion to defer annual market energy rate adjustment from April 1 to August 1, 2023 allowing staff to complete the review process.

Results of Rate Review Process

- Staff proposal summary:
 - Revise Rate 35 (High Density Load) and Rate 36 (Cryptocurrency) class applicability
 - Update Rate 36 Energy charge calculation
 - Implement risk mitigation measures for Distribution system operations and financial sustainability

Rate 35/36 Class Applicability

Rate 35 (Resolution 16-14059)

- Currently applicable to server farms and similar technological operations with energy use intensity of 250 kWh/ft²/yr and load up to 5 MW
- Proposal: Applicable to loads up to 3 MW with energy use intensity of 250 kWh/ft²/yr that are not covered under a more specific rate schedule

Rate 36 (Resolution 18-14287)

- Currently applicable to computing or data processing load related to cryptocurrency/ blockchain up to 3 MW
- Proposal: Applicable to data centers and similar computing loads up to 3 MW

Rate 36 Qualifying Customers

- Currently 7 services
- Total authorized load ~9 MW
- 1 application under review
- New total authorized load forecast 9.5 MW

Rate 35 & 36 Cost Recovery

- Rate 35 – High Density Load
 - Cost of Production rate, no change from current rate plan
- Rate 36 – Data Centers and Similar Loads
 - Basic and Demand: no change from current rate plan
 - Energy:
 - Cost of Production for total class load up to 10 MW
 - When total load forecast at Feb 1 is over 10 MW, the Cost of Production is blended proportionately with Market Energy Charge

Rate 36 Energy Charge

Total authorized load \leq 10,000 kW	3.04¢ per kWh (Equivalent to Rate 35, current rate through 5/31/2024)
Total authorized load $>$ 10,000 kW	<p>3.04¢ per kWh blended with the Market Energy Charge in the ratio of 10,000 kW to the amount total load exceeds 10,000 kW.</p> <p>For example, if total load is 15,000 kW, the Energy Charge will be $3.04 * (10/15) + \text{Market Energy Charge} * (5/15)$.</p>

Rate 36 Energy Charge

Market Energy Charge

- Average flat Mid-C Peak and Off-Peak Futures published daily by the Intercontinental Exchange (ICE)
- Plus 6% administrative cost
- Plus 3.1¢/kWh other energy charges
- Set as of Feb 1 for the 12 months starting June 1
 - As of Feb. 1, 2023, the calculated Market Energy Charge totals 12¢/kWh until May 31, 2024

Rate calculations for an example total load of 15,000 kW:

$3.04\text{¢} * (10/15) + 12\text{¢} * (5/15) = 6.03\text{¢}/\text{kWh}$, for the entire class

Risk Mitigation

- Operating Systems
 - Rate availability area limited based on transmission system
 - New loads approved only where serving substation capacity does not exceed 70% of design capacity after load addition
 - Total loads served under this rate schedule may not exceed 3MW per substation
 - Priority Interruptability

Risk Mitigation (cont.)

- Financial
 - Up front capital charge remains in place, no change
 - Demand will be billed at the greater of the maximum authorized demand or the measured, power factor adjusted, demand
 - Energy will be billed at the greater of the actual energy used in the billing period or authorized energy at 90% load factor
 - Security deposit of the highest projected monthly billed amount times three

Questions/Discussion

Next Steps, as applicable: Proposed Rate Outreach Plan

- Jul. 24 – Preview of rate proposals
- Jul. 25 – Aug. 4: Public notice, including legal notice, of rate hearing in newspapers, direct mail, social media, PUD website
- Aug. 7: Rate Hearing; public comment period
- Aug. 21: Resolution seeking adoption
 - If rate is adopted, by 30 days after rate adoption: direct notice to affected customers
- Rate effective date - TBD

Proposed Motion

- To further defer the 2023 annual adjustment of the Rate Schedule 36 market energy charge to October 3, 2023, to allow time to complete the consideration and potential modification of Rate Schedule 36.

Appendix – Rate 36, proposed

Rate Schedule 36: Data Centers and Similar Loads

Monthly Basic Charges

Up to 300kW	\$150.00 per month
300kW to < 1MW	\$630.00
1 MW to ≤ 3MW	\$970.00

Monthly Demand Charges (residential) \$16.40 per authorized KW

Monthly Demand Charges (non-residential) \$6.20 per authorized KW

Energy Charge (examples)

Total authorized load ≤ 10MW	3.04 ¢/kWh
Total authorized load 15MW	6.03 ¢/kWh
Total authorized load 20MW	7.52 ¢/kWh

Upfront Capital Charge (one-time)

Wenatchee corridor	\$325/KW
All other areas (except excluded areas)	\$720/KW